

**PROPOSED SUBSCRIPTION OF UNITS IN ICD SB PITT STREET TRUST ABN 74 749 377 894  
AND SHARES IN ICD SB PITT STREET PTY LTD ACN 605 393 397**

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**1. INTRODUCTION**

1.1 **Proposed Subscription.** The Board of Directors of First Sponsor Group Limited (“**Company**”, and collectively with its subsidiaries, “**Group**”) wishes to announce that on 22 November 2019, (1) FS Australia Property 5 Pte. Ltd. (“**FSAP5**”), the Company’s wholly-owned subsidiary incorporated in Singapore, (2) Applewood Holdings Pty Ltd ACN 637 391 407 (“**Applewood**”), a company incorporated in Australia, (3) Bull-Oak Investments Limited (“**Bull-Oak**”), a company incorporated in Hong Kong, (4) ICD SB Pitt Street Pty Ltd, a company incorporated in Australia, (“**Trustee**”) in its personal capacity and in its capacity as trustee of the ICD SB Pitt Street Trust (“**Trust**”), (5) P0009 Pitt Street Pty Ltd, a company incorporated in Australia, (“**Existing Holder**”) and (6) ICD Land Pty Ltd, a company incorporated in Australia, (“**ICD Land**”) entered into a conditional equity subscription agreement (“**ESA**”) pursuant to which FSAP5, Applewood and Bull-Oak (collectively, “**Subscribers**”) agreed to acquire a 39.9%, 30.1% and 10% interest, respectively, in each of the Trust and the Trustee by way of subscription of (a) 399,000, 301,000 and 100,000 new units in the Trust (“**Subscription Units**”) and (b) 399, 301 and 100 new ordinary shares in the Trustee (“**Subscription Shares**”), respectively (“**Subscription**”).

FSAP5 is a newly incorporated company and has an issued and paid-up share capital of A\$1.00 (approximately S\$0.93<sup>1</sup>). Its principal business activity is investment holding. The incorporation of FSAP5 was funded through internal cash resources.

Applewood and Bull-Oak are the investment vehicles of high net worth individuals. Information on the Trust, the Trustee, the Existing Holder and ICD Land is set out in paragraph 2 below.

1.2 **Chapters 9 and 10 of the Listing Manual.** None of Applewood, Bull-Oak, the Trustee, the Trust, the Existing Holder and ICD Land is an “interested person” of the Company for the purposes of Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”). The Board is of the view that the acquisition by way of the Subscription is in the ordinary course of the Company’s business and therefore does not fall within the scope of Chapter 10 of the Listing Manual.

1.3 **Completion.** Completion of the Subscription (“**Completion**”) is expected to take place in the first quarter of 2020. Upon Completion, the Company will indirectly hold 39.9% of the units in the Trust and 39.9% of the shares in the Trustee and the Trustee will become a 39.9%-owned associated company of the Company.

**2. INFORMATION ON THE TRUST, TRUSTEE, EXISTING HOLDER, ICD LAND, PROJECT AND PROPERTY**

2.1 **Information on the Trust, Trustee, Existing Holder and ICD Land.** The Trust is a unit trust established in and governed by the laws of the State of Victoria, Australia, all of the issued units (“**Units**”) in which are, as at the date of this announcement, owned by ICD Land. The Trustee is the trustee of the Trust, all of the issued ordinary shares (“**Shares**”) in which are, as at the date of this announcement, owned by ICD Land. Prior to Completion, the Units and Shares owned by ICD Land will be transferred to the Existing Holder.

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<sup>1</sup> Unless otherwise stated, the exchange rate of A\$1 : S\$0.9261 is used in this announcement.

The Existing Holder is a wholly-owned subsidiary of ICD Land which is in turn a member of the ICD Property Group, a property development group based in Australia which has delivered projects such as the EQ Tower in Melbourne, Australia.

The Subscription was arranged by CBRE Capital Advisors (Asia Pacific) Pty Limited.

2.2 **The Project.** The Trustee in its capacity as trustee of the Trust entered into a development management agreement dated 22 December 2015 as varied by a deed of variation dated 19 January 2018 and a variation letter dated 20 May 2019 (“**DMA**”) with the Chairman of the City Tattersall’s Club for and on behalf of the City Tattersall’s Club (“**Club**”), a members club which owns the property situated at 194 to 204 Pitt Street, Sydney (“**Property**”). Pursuant to the DMA, the Trust shall improve and renovate the Club’s premises located at the Property and develop the airspace above the Club’s premises into a hotel and residential apartments (“**Project**”). Under the DMA, in connection with the Project, the Trustee in its capacity as trustee of the Trust shall, among other things:

- (a) spend a maximum amount of A\$100 million (approximately S\$92.6 million), subject to an annual escalation of any uncommitted portion thereof by a percentage representing forecast increases in building costs for the following 12 months as determined by a quantity surveyor (“**Developer Amount**”), in respect of the works for the Club’s premises and the hotel (“**Club Components**”). If the amount spent to complete the Club Components is less than the Developer Amount, the Trust shall pay the Club the shortfall. If the amount spent to complete the Club Components exceeds the Developer Amount, the excess shall be borne by the Club;
- (b) select, and enter into a building contract with, a builder for the Project;
- (c) obtain, at its own cost and expense, construction financing for the Project. The Club shall, however, be obliged to grant to the construction financier, among others, a mortgage over the stratum lots which will contain the hotel and the residential apartments (“**Construction Mortgage**”); and
- (d) at an appropriate time after the obtaining of the stage 2 development approval from the City of Sydney Council, enter into contracts for sale with purchasers of the residential apartments on behalf of the Club (“**Residential Sale Contracts**”).

Pursuant to the DMA, the Trustee in its capacity as trustee of the Trust shall, in return, be entitled to the payment of a development fee which shall, subject to certain deductions, be an amount equal to:

- (a) the gross proceeds received or receivable by the Club in connection with the Residential Sale Contracts including amounts in respect of deposits forfeited;
- (b) interest earned on deposits and any interest charged to a purchaser for delayed completion; and
- (c) any other income or gain arising in connection with the residential apartments (including rent arising from any lease of the residential apartments).

2.3 **The Property.** The Property has a site area of approximately 2,337 square metres. It is located within the core central business district of Sydney with a high concentration of premium retail as well as major office and hotel developments. It is situated on Pitt Street, approximately 100 metres south of the intersection with Market Street. The Property is approximately 300 metres from the St James Railway Station and approximately 200 metres from the upcoming Pitt Street Metro Station which is expected to be completed in 2024.

- 2.4 **Book value/net tangible asset value of the Trust and Trustee.** Based on the latest unaudited financial statements of each of the Trust and the Trustee as at 31 October 2019 provided by the Trustee, the book value/net tangible asset value attributable to (a) FSAP5's 39.9% proposed interest in the Trust was approximately A\$0.4 million (approximately S\$0.4 million) and (b) FSAP5's 39.9% proposed interest in the Trustee was approximately A\$40 (approximately S\$37). As the Units and Shares are not publicly listed and traded, the Company does not have information on their available open market value.
- 2.5 **No material financial impact.** The Subscription is 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.

### 3. KEY TERMS OF THE SUBSCRIPTION

- 3.1 **Subscription Price.** The consideration to be paid by FSAP5 for its proportion of the Subscription Units shall be 39.9% of the following amount ("**Relevant Amount**"):

$$\text{Relevant Amount} = (A + B + C - D) \div 20\%$$

where:

- (a) A shall be the commercial premium attributed to the Trust as agreed between the parties, after taking into account, among others, tax adjustments ("**Agreed Commercial Premium**");
- (b) B shall be the amount of certain development costs incurred in relation to the Project ("**Incurred Costs**") as at the date of Completion ("**Completion Date**");
- (c) C shall be the amount of an interest-free loan owed by the Club to the Trust ("**Developer Refinancing Loan**") which may be set off against the disturbance fee owed by the Trust to the Club pursuant to the DMA; and
- (d) D shall be the amount of any outstanding loans owed by the Trust (i) plus any negative working capital of the Trust or (ii) less any positive working capital of the Trust, as at the Completion Date.

As at the date of this announcement, the commercial premium attributed to the Trust is estimated to be approximately A\$6.7 million (approximately S\$6.2 million) ("**Estimated Commercial Premium**"). The Estimated Commercial Premium and the aggregate consideration for the Subscription Units (which is 80% of the Relevant Amount) ("**Aggregate Subscription Price**") were arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis, taking into account, among others, the Existing Holder's and ICD Land's contributions to the Project to-date.

The Subscription Shares shall be issued at a nominal subscription price of A\$1 (approximately S\$0.93) per Subscription Share ("**Nominal Share Price**").

- 3.2 **Payment of the Subscription Price.** Under the ESA, the Completion Date shall be the date falling ten business days after the last of the conditions precedent set out in the ESA has been fulfilled or, if applicable, waived. On the Completion Date, each Subscriber shall pay in cash:

- (a) approximately 73% of its relevant proportion of the estimated Aggregate Subscription Price of approximately A\$49.4 million (approximately S\$45.7 million) ("**Estimated Aggregate Subscription Price**") based on the Estimated Commercial Premium and pre-Completion estimates of the Developer Refinancing Loan, Incurred Costs, outstanding loans and working capital as at the Completion Date; and
- (b) its relevant proportion of the aggregate Nominal Share Price.

On Completion, the Subscription Units shall be issued partly-paid while the Subscription Shares shall be issued fully-paid.

Post-Completion, the actual Aggregate Subscription Price (“**Actual Aggregate Subscription Price**”) shall be computed based on the actual Relevant Amount as at the Completion Date. Any difference between approximately 73% of the Actual Aggregate Subscription Price and approximately 73% of the Estimated Aggregate Subscription Price shall be settled accordingly within five business days of the date the calculation of the Actual Aggregate Subscription Price is finally agreed or determined in accordance with the ESA, whichever is later. The remaining approximately 27% of the Actual Aggregate Subscription Price shall be settled by way of cash contributions by the Subscribers pursuant to regular equity calls made in accordance with the securityholders’ agreement in relation to the Trust and the Trustee to be entered into among the Subscribers, the Existing Holder and the Trustee in its personal capacity and in its capacity as trustee of the Trust (“**Securityholders’ Agreement**”) until such partly paid Subscription Units are fully paid.

- 3.3 **Other salient terms of the ESA.** The ESA contains customary provisions relating to the Subscription including representations and warranties, indemnities and pre-Completion undertakings. Pursuant to the ESA, Completion is conditional upon the conditions precedent set out in the ESA having been fulfilled or, if applicable, waived which include, among others:
- (a) the issue by the City of Sydney Council of the stage 1 development approval on terms and conditions satisfactory to each Subscriber (acting reasonably); and
  - (b) the obtaining of approval from the Australian Foreign Investment Review Board to the issue of the Subscription Units and Subscription Shares to FSAP5 and Bull-Oak pursuant to the ESA on terms and conditions satisfactory to each Subscriber (acting reasonably).

With regard to condition (a), the stage 1 development approval was issued by the City of Sydney Council on 21 November 2019.

- 3.4 **Certain salient terms of the Securityholders’ Agreement.** The Securityholders’ Agreement, which will be executed on Completion, will contain a set of reserved matters that will require the approval of all unitholders of the Trust, in relation to, among others, any material change to the trust deed and variation to the DMA. Save for certain permitted transfers, the parties will have pre-emptive rights in the event of any proposed sale, transfer or disposal of Units and Shares. In addition, the Securityholders’ Agreement will contain dilutive provisions which apply in the event equity calls are made but not met by any of the Subscribers and the Existing Holder.
- 3.5 **Entry into the ICD Development Management Agreement.** On Completion, the Trustee in its capacity as trustee of the Trust shall also enter into a development management agreement with Innovative Construction and Development Pty Ltd (“**ICD**”), a wholly-owned subsidiary of ICD Land, pursuant to which ICD will provide project services for the period commencing from the Completion Date up to the date of completion of the Project, for a fee which is computed based on certain costs accrued and incurred in respect of the Project.
- 3.6 **Extension of construction facilities by the Group.** On 22 November 2019, FS Australia Property 3 Pte. Ltd. (“**FSAP3**”), the Company’s indirect wholly-owned subsidiary, entered into a loan note subscription agreement (“**LNSA**”) with the Trustee in its capacity as the trustee of the Trust pursuant to which FSAP3 shall make available to the Trust, by way of subscription of loan notes, construction facilities of an aggregate amount of up to A\$370 million (approximately S\$342.7 million) for, among other things, the purpose of funding the costs of the Project (“**Construction Facilities**”). The Construction Facilities shall be secured by, among other things, the Construction Mortgage. The LNSA contains customary provisions including representations and warranties, financial covenants, undertakings and conditions precedent to drawdown. The Construction Facilities are expected to be drawn down in tranches starting from 2022.

**4. RATIONALE FOR THE SUBSCRIPTION**

The Subscription is in line with the Group's plan to increase its business footprint in the key cities of Australia by way of equity participation in, and financing of, property development projects.

**5. FINANCING OF THE SUBSCRIPTION**

The Group will finance the Subscription using its existing cash resources and committed unsecured credit facilities.

BY ORDER OF THE BOARD  
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng  
Group Chief Executive Officer and Executive Director

25 November 2019