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) the Company[1], (b) Cobb Netherlands B.V., a private company with limited liability incorporated under the laws of the Netherlands ("**P2**"), (c) Maleny Netherlands B.V., a private company with limited liability incorporated under the laws of the Netherlands ("**P3**"), and (d) a Dutch high net worth individual ("**P4**", and together with the Company, P2 and P3, collectively, the "**Purchasers**" and each a "**Purchaser**") have entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") dated 13 November 2015 with Delta Lloyd Levensverzekering N.V., a company incorporated under the laws of the Netherlands (the "**Seller**"), in connection with the acquisition by the Purchasers from the Seller of all of the issued shares (the "**Target Shares**") in the capital of Delta Lloyd Vastgoed Kantoren B.V. (the "**Target**"), a private company with limited liability incorporated under the laws of the Netherlands (collectively, the "**Acquisition**"). For the avoidance of doubt, P2, P3 and P4 are third parties which are not interested persons of the Company for the purposes of Chapter 9 of the Listing Manual. P2 and P3 are private investment vehicles of two other high net worth individuals, and the Company has previously partnered the respective holding companies of P2 and P3 when acquiring the Zuiderhof I property in February 2015.

1.2 Delta Lloyd N.V. ("**Delta Lloyd**"), the holding company of the Seller, is a Dutch financial services provider predominantly focused on providing insurances and pensions in the Netherlands and Belgium. Delta Lloyd employs approximately 4,440 full time employees and is listed on Euronext Amsterdam and Brussels, and included in the DJSI World, DJSI Europe, AEX- and Bel-20 indices. The sales information memorandum of Delta Lloyd mentioned that it plans to focus its direct and indirect real estate investments on Dutch residential housing, loans and mortgages. As a result, Delta Lloyd has decided to sell its Dutch office property portfolio.

1.3 The Target holds the titles to 16 properties and a 50% interest in VOF De Omval, a joint venture partnership with Onroerende Goederen Maatschappij De Omval B.V. which holds retail space, collectively the "**DL Portfolio**" (further details provided under paragraph 2), geographically spread across the Netherlands, including key business cities such as Amsterdam, Rotterdam, The Hague, and prime residential areas in Zeist and Bilthoven.

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[1] As set out in the Sale and Purchase Agreement, the Company intends to assign its position as purchaser to FS NL Holdings B.V. ("**P1**"), its indirect wholly owned subsidiary incorporated in the Netherlands. Following the relevant share transfers, the Target shall become a 33% indirectly-owned associated company of the Company.

1.4 Following the successful execution of the Netherlands expansion plan with the acquisitions of the Zuiderhof I and Arena Towers properties in the first and second quarters of 2015 respectively, the Acquisition represents the Group's first office portfolio acquisition to further expand its footprint in the Netherlands. This is in line with the Group's objective 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. The Group will continue to explore investment opportunities in the Netherlands to further build up the Group's property holding business and will also seize this acquisition opportunity to explore the feasibility of doing property development in the Netherlands.

1.5 The Seller currently holds all of the Target Shares, comprising the entire issued and outstanding share capital of the Target. 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	33%
P2	33%
P3	33%
P4	1%
Total	*100%*

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 the Company 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 Purchasers will acquire the Target Shares in their respective proportions above and has presented the information herein accordingly.

1.6 The issued and outstanding share capital of the Target currently comprises 35 ordinary shares with a nominal value of €520 each. It is intended that the Target will be subject to certain pre-acquisition restructuring on or before Completion, which will include *inter alia* an increase in the number of ordinary shares in the Target so as to enable the Purchasers to hold their respective shareholding percentages in the Target as shown in paragraph 1.5, as well as the transfer of certain other assets currently held by the Target which do not form part of the Acquisition.

1.7 Completion shall take place on 30 November 2015 or on such other date as the parties may agree in writing, subject to any delay in accordance with the Sale and Purchase Agreement ("**Completion Date**").

2. INFORMATION ON THE DL PORTFOLIO

The following description of the properties in the DL Portfolio which are the subject of the Acquisition is based on information made available to the Company.

2.1 The Target is a property investment and ownership company that was set up by the Seller to invest in office real estate in the Netherlands. The Target was incorporated on 22 July 1980.

2.2 14 of the 16 properties in the DL Portfolio have freehold land tenures, with the remaining 2 properties being "effective freehold", that is, perpetual leasehold properties with all ground rent paid in advance. The retail space owned by VOF De Omval ("**Retail Space**"), which is regarded as an integral part of the Mondriaan Tower, the crown jewel of the DL Portfolio, is also freehold in tenure.

2.3 Details of the DL Portfolio are as follows:

Property	Location	Total Lettable Floor Area (sqm)	Occupancy as at November 2015
1. a) Mondriaan Tower, Amstelplein 6 and 8 b) Retail Space (see paragraph 2.4 below)	Amsterdam	24,796 699	100% 100%
2. Utrechtseweg 46 and 46a	Zeist	1,428	100%
3. Herengracht 21	The Hague	473	100%
4. Boompjes 55 and 57	Rotterdam	9,566	43%
5. Munthof, Reguliersdwarsstraat 50 - 64	Amsterdam	1,719	100%
6. Terminal Noord Schedeldoekshaven 127, 129 and 131	The Hague	8,897	0%
7. Berg & Bosch Professor Bronkhorstlaan 4, 4A, 6, 8, 10A - 10M, 12 - 20 and 26	Bilthoven	34,024	77%
8. Marathon 4, 4A – 4M, 5, 5A - 5K, 6, 6A - 6M, 7, 7A - 7M and Colosseum (unnumbered)	Hilversum	14,660	100%
9. Gemini Siriusdreef 22	Hoofddorp	9,720	56%
10. HS Building J.Westerdijkplein 1, 40 and 50 and Waldorpstraat 120	The Hague	21,152	57%
11. Ooyevaarsnest Rijksweg-West 2	Arnhem	29,932	45%
12. Le Carre Randstad 20 4 and 20 6 - 20 22	Almere	2,292	0%
13. Asserring 188	Amstelveen	1,444	80%
14. Mr B.M. Teldersstraat 15	Arnhem	1,643	49%
15. The Boxx Spicalaan 10	Hoofddorp	1,320	97%
16. Montaubanstraat 14, 16 and 18	Zeist	536	100%
DL Portfolio	**Various cities in the Netherlands (see above)**	**164,301**	**66%**

Note: The Company has currently identified properties numbered 1 to 3 as "core" properties in the DL Portfolio, properties numbered 4 to 7 as properties with redevelopment potential, and the remainder as "non-core" properties.

2.4 VOF De Omval owns the Blookerhuis and Restaurant Riva. The Riva Restaurant is one of the highest rated restaurants in Amsterdam and is situated at a unique location at the Amstel River waterfront and in close proximity to the Mondriaan Tower, the headquarters of Delta Lloyd and Rabobank Amsterdam. The Blookerhuis lunch cafeteria has been leased to Heineken and is situated on the square in front of the Mondriaan Tower and adjacent to the surrounding offices in Rembrandt Tower and the Breitner Centre, the headquarters of Philips.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

3.1 Quality portfolio acquisition

(a) The Acquisition offers the opportunity for the Group to acquire multiple fine quality core properties and properties with good redevelopment potential in the Netherlands at an attractive price. This augurs well with the strategy of the Group to grow its recurrent income stream from its property holding business segment.

(b) All of the properties in the DL Portfolio are freehold or "effective freehold", of which the three properties which are currently identified as "core" properties are currently leased at an approximate net yield of 5.6% on a weighted average lease term ("**WALT**") of 5.7 years.

(c) While most properties in Amsterdam have perpetual leasehold land tenures, the two Amsterdam properties in the DL Portfolio, constituting approximately 66.1% and 58.1% of the proforma property value ("**PPV**") and estimated net property income ("**NPI**") of the DL Portfolio respectively, have freehold land tenures. The freehold and "effective freehold" land tenures of the properties in the DL Portfolio fit well with the Group's long term investment strategy for capital appreciation.

3.2 Potential Upside Return

(a) The DL Portfolio has an average rental rate of €165 psm with an average vacancy rate of 34%. Given that the national average vacancy rate in the Netherlands is much lower at approximately 16%, this indicates a significant potential upside for the DL Portfolio in the future. As an illustration, an increase of 5% in the average occupancy rate of the DL Portfolio, based on an assumed average rental rate of €133 psm, will enhance the total NPI of the DL Portfolio by approximately 6% or €0.8 million per annum.

(b) For the four properties in the DL Portfolio which are currently identified to have redevelopment potential, the Purchasers intend to explore the feasibility of entering into strategic cooperation arrangements with local property developers and/or property advisors in the Netherlands to redevelop these properties, thereby unlocking their redevelopment value.

(c) In respect of the properties in the DL Portfolio which are currently identified as "non-core", the Acquisition presents the opportunity to acquire these properties at an average price of €439 psm, which represents a net yield of approximately 8.6% with a WALT of 3.2 years. In view of the improving business landscape in the Netherlands, the Purchasers see an opportunity to trade these properties at the appropriate time.

3.3 Diversification – Business and Geographic

(a) Based on the Group's property portfolio as of 30 September 2015, and on the assumption that Completion occurred on the same date:

(i) the total value of the Group's assets in the property holding business segment will increase from 24% to 29% of the Group's total assets. As a result, together with the Group's property financing segment, the Group's recurrent income assets will increase from 38% to 42% of the Group's total assets. The Acquisition will also reduce the Group's tenant concentration risk as the DL Portfolio is leased to more than 90 tenants, including reputable ones such as Delta Lloyd, Rabobank Amsterdam, Philips, ABN Amro

MeesPierson, Amazon and Nike; and

(ii) geographically, the proportion of the Group's assets held in the Netherlands will increase from 11% to 16% of the Group's total assets. The Group's exposure in the Netherlands will also move away from being only Amsterdam-centric to include other Dutch key business cities such as Rotterdam, The Hague, and prime residential areas in Zeist and Bilthoven.

(b) The above-mentioned business and geographic diversification will serve to enhance the Group's overall risk profile and further strengthen its business resilience.

4. CONSIDERATION

4.1 For the purposes of this Announcement, the aggregate consideration due from the Purchasers for the Acquisition ("**Consideration**") is currently estimated, based on a proforma set of accounts of the Target which provide for an estimate of the working capital of the Target as at Completion Date, to be approximately €205.6 million (equivalent to approximately S$313.8 million based on the Illustrative Exchange Rate[2]). The Consideration payable by the Purchasers for the Acquisition is calculated as follows: as a starting point, on a cash free debt free basis, using the commercial value of the DL Portfolio as agreed between the Seller and the Purchasers of €226.6 million (the "**Commercial Portfolio Value**"); adjusting for *inter alia*:

(a) an amount which is equivalent to 50% of the deferred tax liability associated with the difference between the Commercial Portfolio Value and the tax book value of the DL Portfolio;

(b) the agreed value of the lease incentives granted by the Seller to the tenants of the DL Portfolio which shall be borne by the Seller; and

(c) estimated transaction related costs.

The Consideration may, pursuant to the terms and conditions of the Sale and Purchase Agreement, be subject to certain closing adjustments based on the audited accounts of the Target reflecting the actual financial position of the Target on the Completion of the Acquisition.

4.2 A deposit ("**Deposit**") of €22.5 million (equivalent to approximately S$34.3 million based on the Illustrative Exchange Rate) shall be paid by the Purchasers no later than 20 November 2015. The Deposit shall be held in escrow and refunded to the Purchasers in the event the Seller fails to perform its obligations and the Sale and Purchase Agreement has been validly cancelled by the Purchasers in accordance with the terms of the Sale and Purchase Agreement.

4.3 The Company's *pro rata* portion of the Consideration for the Target Shares attributed to it is approximately €67.8 million (equivalent to approximately S$103.5 million based on the Illustrative Exchange Rate).

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2 The "**Illustrative Exchange Rate**" used in this Announcement is €1: S$1.5263. 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.

4.4 The Commercial Portfolio 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 the Netherlands, the historical and estimated rental yield from the DL Portfolio[3], the physical condition of the DL Portfolio, as well as the commercial analysis provided by DTZ Zadelhoff as the appointed commercial advisors in relation to the Acquisition.

4.5 Based on the unaudited financial statements of the Target for the nine (9) months ended 30 September 2015 provided by the Seller, the book value of, and net tangible asset value attributable to, the Company's pro rata portion of the Target Shares was approximately €122.1 million (equivalent to approximately S$186.4 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

The Company will finance its *pro rata* share of the Consideration through its existing unsecured committed Euro-denominated revolving credit facilities.

6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 **For illustrative purposes only**, the financial effects of the Company's *pro rata* share in the Acquisition as set out below are prepared based on the audited consolidated financial statements of the Group for the 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.

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 9.5% from 4.33 Singapore cents to 4.74 Singapore cents (based on the Illustrative Exchange Rate) as a result of the Acquisition.

[3] The estimated net property income (before financing costs and tax) generated by the DL Portfolio is €12.6 million (equivalent to approximately S$19.2 million based on the Illustrative Exchange Rate) per annum.

7. POTENTIAL FURTHER CAPITAL RESTRUCTURING OF THE DL PORTFOLIO FOLLOWING COMPLETION

7.1 The Purchasers have sought the advice of legal and tax advisors to restructure the Target and the manner in which the DL Portfolio is held, including by incorporating a number of single purpose entities ("**SPVs**") to hold the various properties in the DL Portfolio after Completion.

7.2 The Purchasers also intend to rebalance the financial capital structure of the Target, including but not limited to the possible extension of loans from the Group to the said SPVs and/or the Target for the purposes of the said restructuring, as well as undertaking such other capital management measures which the Purchasers will explore in detail with its legal and tax advisors after Completion.

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 Sale and Purchase 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
Group Chief Executive Officer
14 November 2015