

ACQUISITION OF SHARES AND SHAREHOLDER LOAN OF ROTALI B.V.

1. INTRODUCTION

1.1 **Acquisition.** The Board of Directors (“**Board**”) of First Sponsor Group Limited (“**Company**”, together with its subsidiaries, “**Group**”) wishes to announce that on 15 September 2023, (a) FS NL Holdings B.V. (“**P1**”), an indirect wholly-owned subsidiary of the Company, (b) Cobb Netherlands B.V. (“**P2**”), (c) Maleny Netherlands B.V. (“**P3**”), (d) Robinvale Netherlands B.V. (“**P4**”), each a limited liability company incorporated under the laws of the Netherlands (collectively, “**Share Purchasers**”), and (e) FS Euro 5 Pte. Ltd. (“**SHL Purchaser**”), an indirect wholly-owned subsidiary of the Company and a limited liability company incorporated under the laws of Singapore, entered into a sale and purchase agreement (“**SPA**”) with a French institutional investor (“**Seller**”), in connection with the acquisition (“**Share Acquisition**”) by the Share Purchasers from the Seller of all the issued shares (“**Target Shares**”) in the capital of Rotali B.V. (“**Target**”), a limited liability company incorporated under the laws of the Netherlands, and the acquisition (“**SHL Acquisition**”) by the SHL Purchaser from the Seller of all outstanding shareholder loans (“**Shareholder Loan**”) extended by the Seller to Target (the Share Acquisition and the SHL Acquisition collectively, “**Acquisition**”).

The completion of the Acquisition (“**Completion**”) took place on 15 September 2023 and Target has become an associated company of the Group.

1.2 **Chapters 9 and 10 of the Listing Manual.** None of P2, P3, P4 and the Seller are “interested persons” of the Company for the purposes of Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited. P2, P3 and P4 are private investment vehicles of three high net worth individuals. The Group had partnered (a) P2 and P3 when acquiring the shares in the capital of NL Property 1 B.V., the owner of the Zuiderhof I property, in February 2015 and the shares in the capital of FSMC NL Property Group B.V., the owner of the Delta Lloyd office property portfolio, in November 2015 (after which P4 also became a partner from June 2019) and (b) P2, P3 and P4 when acquiring shares in the capital of Hotelmaatschappij Rotterdam B.V., the owner of the Hilton Rotterdam in January 2018.

The Board is of the view that the Acquisition is in the ordinary course of the Group’s business.

1.3 **Target Shares.** The Target Shares comprise the entire issued share capital of Target. Following Completion, the Share Purchasers hold the Target Shares in the following proportions:

Share Purchaser	Percentage shareholding in Target
P1	33%
P2	33%
P3	33%
P4	1%
Total	100%

2. INFORMATION ON TARGET AND THE PROPERTY

2.1 **Information on Target.** Target holds the legal and beneficial title to the Allianz Tower, an office building located at Coolingsel 120 in Rotterdam, registered with the Land Registry as Municipality of Rotterdam, section AF, numbers 1344 and 1345 ("**Property**"). The Allianz Tower has a total lettable floor area of 19,607 square meters divided over a 3-storey basement, ground floor and 21 upper floors and 207 indoor parking spaces. It is a Grade A office space with a national credit rating of AAA and is located in the heart of Rotterdam's Central Business District, next to the Beurs metro station which is two stops from the Rotterdam Central Station.

2.2 **Information on the Property.** The Property has a leasehold tenure. The ground lease with respect to the Property was issued by the Municipality of Rotterdam for a period of 99 years ending on 22 December 2087. The ground rent has been paid in advance for the entire duration of the lease.

As at the date of this announcement, the Property is fully leased to Allianz Nederland Groep N.V. ("**Tenant**"). The lease expires on 31 December 2035 and is renewable for consecutive periods of five years each, unless terminated by either party. However, the Tenant has a one-off right to terminate the lease agreement on 31 December 2030 with a one year notice period and subject to a payment equivalent to 22.5 times of the initial monthly rent.

2.3 **Book value/net tangible asset value of the Target Shares.** Based on the audited financial statements of Target for the financial year ended 31 December 2022 provided by the Seller, the book value of, and net tangible asset value attributable to, P1's pro rata portion of the Target Shares was approximately €11.4 million (approximately S\$16.7 million¹). As the Target Shares are not publicly listed and traded, the Company is not able to determine their available open market value.

2.4 **No material financial impact.** The Acquisition 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. RATIONALE FOR THE ACQUISITION

3.1 **Expansion of the Group's recurrent income base.** The Acquisition offers a good opportunity for the Group to acquire a Grade A office building in the heart of Rotterdam's Central Business District to further expand the recurrent income base of the Group's property holding and property financing business segments.

3.2 **Potential upside.** The Acquisition also aligns well with the Group's long term investment strategy for capital appreciation.

4. PURCHASE PRICE

4.1 **Share Purchase Price.** The aggregate cash consideration payable by the Share Purchasers for the Share Acquisition ("**Share Purchase Price**") is an amount equal to:

- (a) the agreed commercial value of the Property of €62.0 million (approximately S\$90.6 million) ("**Commercial Value**");
- (b) plus the amount of, among others, any cash at banks, cash in transit, cash in hand, deposits, marketable securities and receivables ("**Cash**") of Target at Completion;

¹ Unless otherwise stated, the exchange rate of €1 : S\$1.461 is used in this announcement.

- (c) minus the debt of Target (which includes, among others, the Shareholder Loan, notes, bonds, debentures and other debt securities issued by Target, deferred rent income and tax payables) (“**Debt**”) at Completion;
- (d) minus €175,000 (approximately S\$256,000), which is the cost for certain capex works in relation to the Property; and
- (e) minus €15,000 (approximately S\$22,000), which is the cost of certain inspection works for the Property.

4.2 **Factors taken into account in arriving at the Commercial Value.** The Commercial Value was arrived at after arm's length, commercial negotiations between the Share Purchasers and the Seller on a willing-buyer, willing-seller basis, after taking into account factors such as the current property market conditions in the Netherlands, long lease tenure and quality of the Tenant, capital investments made towards the Property, fiscal book value and physical condition of the Property.

4.3 **Preliminary Share Purchase Price.** On 15 September 2023 (“**Completion Date**”), the Share Purchasers paid, in cash, to the Seller the agreed preliminary Share Purchase Price (“**Preliminary Share Purchase Price**”) of €15.6 million (approximately S\$22.8 million), which was arrived at based on estimates of the Cash and Debt of Target as at Completion.

P1's pro rata portion of the Preliminary Share Purchase Price was approximately €5.2 million (approximately S\$7.6 million).

4.4 **Post-Completion adjustments.** Post-Completion, the actual Share Purchase Price shall be computed based on the actual Cash and Debt of Target as at the Completion Date. Any difference between the actual Share Purchase Price and the Preliminary Share Purchase Price shall be settled accordingly within 15 business days after the actual Share Purchase Price has been agreed or determined.

4.5 **SHL Purchase Price.** On the Completion Date, the SHL Purchaser paid, in cash, to the Seller the aggregate purchase price for the SHL Acquisition (“**SHL Purchase Price**”) of €46.0 million (approximately S\$67.2 million), which is equal to the principal amount of the Shareholder Loan outstanding as at Completion.

5. FUNDING OF THE ACQUISITION

P1's pro rata portion of the Preliminary Share Purchase Price and the SHL Purchase Price which amounted to an aggregate of €51.2 million (approximately S\$74.8 million) were funded by existing cash resources and committed credit facilities.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Acquisition.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer and Executive Director

18 September 2023