

## GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY FIRST SPONSOR GROUP LIMITED, AN ASSOCIATE OF MILLENNIUM & COPTHORNE HOTELS PLC

---

### Issuer & Securities

---

#### Issuer/ Manager

CITY DEVELOPMENTS LIMITED

---

#### Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

---

#### Stapled Security

No

---

### Announcement Details

---

#### Announcement Title

General Announcement

---

#### Date & Time of Broadcast

25-Jan-2019 12:11:20

---

#### Status

New

---

#### Announcement Sub Title

Announcement by First Sponsor Group Limited, an associate of Millennium & Copthorne Hotels plc

---

#### Announcement Reference

SG190125OTHRMN3I

---

#### Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

---

#### Designation

Company Secretary

---

#### Description (Please provide a detailed description of the event in the box below)

First Sponsor Group Limited ("FSGL"), an associate of Millennium & Copthorne Hotels plc, has on 25 January 2019 released an announcement relating to Acquisition of Property in Milan, Italy.

For details, please refer to the announcement released by FSGL on the SGX website [www.sgx.com](http://www.sgx.com).

---

## ASSET ACQUISITIONS AND DISPOSALS::ACQUISITION OF PROPERTY

### Issuer & Securities

#### Issuer/ Manager

FIRST SPONSOR GROUP LIMITED

#### Securities

FIRST SPONSOR GROUP LIMITED - KYG3488W1078 - ADN

#### Stapled Security

No

### Announcement Details

#### Announcement Title

Asset Acquisitions and Disposals

#### Date & Time of Broadcast

25-Jan-2019 07:06:53

#### Status

New

#### Announcement Sub Title

ACQUISITION OF PROPERTY

#### Announcement Reference

SG190125OTHRJ3PM

#### Submitted By (Co./ Ind. Name)

Neo Teck Pheng

#### Designation

Group Chief Executive Officer and Executive Director

#### Description (Please provide a detailed description of the event in the box below)

Please see attached.

### Attachments

[FSGL%20-%20Announcement%20-%20Acquisition%20of%20a%2065-room%20Milan%20hotel.pdf](#)

Total size =125K MB

# FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)  
(Company Registration No. : AT-195714)

---

## ACQUISITION OF PROPERTY

---

### 1. INTRODUCTION

- 1.1 The board of directors ("**Board**") of First Sponsor Group Limited ("**Company**", together with its subsidiaries, "**Group**") wishes to announce that FS Milan Property 1 S.r.l. ("**Purchaser**") has on 24 January 2019 entered into a sale and purchase agreement ("**S&P Agreement**") with BNP Paribas REIM SGR p.A., acting as management company of the Italian real estate close-ended alternative investment fund called "Fondo Kona" ("**Seller**"), pursuant to which the Purchaser has purchased from the Seller a property located in Corso Buenos Aires no. 33 in Milan, Italy ("**Property**") for a purchase price of approximately EUR9.3 million (approximately S\$14.4 million<sup>1</sup>) ("**Purchase Price**") ("**Acquisition**"). The Board is of the view that the Acquisition is in, or in connection with, the ordinary course of the Group's business.
- 1.2 The Purchaser is an indirect wholly-owned subsidiary of the Company, incorporated in Italy on 11 January 2019. As at the date of this announcement, the issued and paid-up share capital of the Purchaser is EUR10,000 (approximately S\$15,450) and its principal business activities are property holding and hotel management. The incorporation was funded through internal cash resources.
- 1.3 The sale and purchase of the Property was completed on 24 January 2019.

### 2. INFORMATION ON THE SELLER AND THE PROPERTY

- 2.1 The Seller is an Italian real estate investment management company which serves retail and institutional investors in Italy. It is controlled by BNP Paribas, a leading group in the financial services sector in Europe. The Seller manages, *inter alia*, the Italian real estate close-ended alternative investment fund called "Fondo Kona", which is the owner of the Property.
- 2.2 The Property, consisting of a six-storey building with a basement, is situated in a prime location in Milan. The Property was formerly a 65-room four-star hotel named "Grand Hotel Puccini". The Property is currently vacant and is not leased under any valid lease agreement. The Property's current designation of use is as a hotel.
- 2.3 As at the date of this announcement, there is an on-going litigation brought by a former tenant of the Property ("**Ex-Tenant**") against the Seller with respect to the Property in the courts of Milan ("**Litigation**"). The Ex-Tenant has also registered the claim with the competent real estate registry in Milan. Based on documents available to the Purchaser, the Ex-Tenant has alleged that (a) a preliminary sale and purchase agreement in relation to the Property exists between the Seller and the Ex-Tenant and (b) the Seller is obliged, but has failed, to execute the sale and purchase agreement to sell the Property to the Ex-Tenant. The Ex-Tenant has sought a court ruling in order to declare, *inter alia*, the existence of such preliminary sale and purchase agreement and to give effect to the sale of the Property to the Ex-Tenant.

---

<sup>1</sup> Unless otherwise stated, the exchange rate of €1 : S\$1.545 is used in this announcement.

- 2.4 The next hearing of the Litigation is expected to be held in March 2019 at which the court is likely to set deadlines for the parties to file their final pleadings. Thereafter, a court ruling is expected to be issued sometime at the end of 2019. Assuming that appeals are made up to the Supreme Court in Italy, the litigation process may take up to approximately eight (8) years.
- 2.5 The Seller is obliged under the S&P Agreement to, among other things, continue with the Litigation, consult with the Purchaser on the appropriate defences and not to compromise, dispose or settle the Litigation without the Purchaser's prior consent. Pursuant to the S&P Agreement, the Seller has undertaken to transfer to the Purchaser the entire price actually paid by the Ex-Tenant for the purchase of the Property in the unlikely event of loss in the Litigation. Based on information available to the Purchaser, the Ex-Tenant has alleged that the Seller has agreed to sell the Property to it for EUR 6.1 million (approximately S\$9.4 million).
- 2.6 Based on a legal opinion dated 29 March 2018 issued by the Seller's lawyers and addressed to the Seller, the Seller's lawyers are of the opinion that the Seller has good prospects of succeeding in the Litigation. The Seller's lawyers considered, among other things, that the document that the Ex-Tenant alleged to be the preliminary sale and purchase agreement was given to the Ex-Tenant by a person with no authority to bind the Seller and that all documents exchanged between the Seller and the Ex-Tenant were described as "mere drafts" and had different contents and forms and therefore were not capable of creating any contractual obligation. Notwithstanding this, the Purchaser has taken up an insurance policy to cover, in particular the price paid for the Property and the cost and expenses suffered by it should the Ex-Tenant succeed in the Litigation ("**Insurance Policy**").
- 2.7 Shareholders should note that there is no assurance that the Seller will succeed in the Litigation or that the Ex-Tenant will not bring collateral actions against the Property that may affect the possession and/or use of the Property by the Group. There is also no assurance that the Purchaser will be able to recover all losses and liabilities arising from the Litigation under the Insurance Policy.

### **3. PURCHASE PRICE**

- 3.1 The Purchase Price was arrived at on a willing-buyer, willing-seller basis, after taking into consideration, among other things, the current property market conditions in Milan, the physical condition of the Property, the location of the Property, the estimated amount of capital expenditure to be incurred for the renovation of the Property, the estimated EBITDA<sup>2</sup> of the Property based on hospitality use and the costs of the Insurance Policy.
- 3.2 The Company does not have information on the book value or the net tangible asset value of the Property. The Property does not have an available open market value and the Company has not commissioned a third party valuation of the Property.
- 3.3 The Purchaser has paid the Purchase Price in full, using its existing internal cash resources and credit facilities. Acquisition costs are estimated to be approximately EUR1.4 million (approximately S\$2.2 million), which includes EUR0.7 million (approximately S\$1.1 million) in insurance premium and taxes paid in respect of the Insurance Policy. Such acquisition costs have been, or (as the case may be) will be, paid using existing internal cash resources and credit facilities.

---

<sup>2</sup> EBITDA denotes earnings before interest, tax, depreciation and amortisation.

#### **4. RATIONALE FOR THE ACQUISITION**

- 4.1 Since 2015, the Group has embarked on initiatives to accelerate its growth through selective developments and acquisitions in Europe. The Group has since 2015 acquired properties in the Netherlands and Germany. The Acquisition is an opportunity for the Group to expand its property holding business into Italy.
- 4.2 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.

#### **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

BY ORDER OF THE BOARD  
FIRST SPONSOR GROUP LIMITED

Neo Teck Pheng  
Group Chief Executive Officer and  
Executive Director  
25 January 2019