



Alset International Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200916763W)

ENTRY INTO A SUBSCRIPTION AGREEMENT IN RELATION TO A PROPOSED SUBSCRIPTION OF CONVERTIBLE PROMISSORY NOTE TO BE ISSUED BY AMERICAN MEDICAL REIT INC.

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Alset International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 29 October 2021 entered into a subscription agreement (the “**Subscription Agreement**”) with American Medical REIT Inc. (“**AMRE**”) in relation to, *inter alia*, a proposed subscription of a convertible promissory note at a principal amount of US\$8,350,000 (“**AMRE Convertible Promissory Note**”).
- 1.2 The relative figures computed on the bases set out in Catalist Rule 1006(a) and Catalist Rule 1006(c) amounts to more than 5% but less than 50%. Accordingly, the Proposed Subscription is classified as a “discloseable transaction” under Chapter 10 of the Catalist Rules.

2. Information on American Medical REIT Inc.

Corporate Information

American Medical REIT Inc., is a company incorporated in Maryland, the United States of America on 6 November 2019 and as at the date of this announcement, has:

- (a) an issued and paid-up share capital of US\$ US\$284.04 comprising 284,043 shares; and
- (b) an authorised capital of 100,000,000 shares, each with a par value of US\$0.001.

The shareholders of AMRE as at the date of this announcement are as follows:

AMRE’s shareholder	No. of shares	Percentage
AMRE Asset Management Inc. ⁽¹⁾	930	0.33%
LiquidValue Asset Management Pte. Ltd. ⁽²⁾	9,294	3.27%
AMRE Tennessee, LLC	9,294	3.27%
DSS Securities, Inc. ⁽³⁾⁽⁴⁾	264,525	93.13%
Total	284,043	100.00%

Note:

- (1) AMRE Asset Management Inc. is an indirect associate of the Company
- (2) LiquidValue Asset Management Pte Ltd is a wholly owned subsidiary of the Company
- (3) Mr Chan Heng Fai, the Executive Chairman, Executive Director and Group Chief Executive Officer and controlling shareholder of the Company, together with his associates, is deemed to be interested in approximately 27.83% of DSS Securities, Inc’s shares.
- (4) The Group owns approximately 9.70% of DSS Securities, Inc’s shares.

AMRE was formed to originate, acquire, and lease a credit-centric portfolio of licensed medical real estate. AMRE provides investors the opportunity for direct ownership of Class A licensed medical real estate and is 12.43% effectively owned by the Group.

3. The Proposed Subscription

Principal Terms and Conditions of the AMRE Convertible Promissory Note

The following is a summary of the principal terms and conditions of the AMRE Convertible Promissory Note:

- Issuer : American Medical REIT Inc.
- Size of the AMRE Convertible Promissory Note : The Company will subscribe for US\$8,350,000 being the principal amount of the AMRE Convertible Promissory Note.
- Status of the AMRE Convertible Promissory Note : The AMRE Convertible Promissory Note is duly authorized and upon issuance shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, mortgages, defects, claims, liens, pledges, charges, taxes, rights of first refusal, encumbrances, security interests and other encumbrances (collectively "Liens") with respect to the issuance thereof.
- Conversion Right : The conversion date shall be the date that such notice of conversion is deemed delivered in accordance with the AMRE Convertible Promissory Note. Upon conversion of the entire principal balance, the principal represented thereby shall be canceled. Such conversion shall be effectuated by the holder submitting to AMRE a notice of conversion. The notice of conversion shall state the dollar amount thereof to be so converted and shall include or be accompanied by representations as to the holder's investment intent substantially similar to those contained in this AMRE Convertible Promissory Note. Shares issuable upon conversion of the AMRE Convertible Promissory Note shall be issued in the name of the holder and shall be transferrable only in accordance with all of the terms and restrictions contained herein.
- No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the AMRE Convertible Promissory Note. As to any fraction of a share which the holder would otherwise be entitled to purchase upon such conversion, AMRE shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the AMRE Conversion Price or round up to the next whole share.
- AMRE Conversion Price : Subject to and upon compliance with the provision of the AMRE Convertible Promissory Note, at the option of the holder, at any time on or before the maturity date the unpaid principal and interest balance of the AMRE Convertible Promissory Note may

be converted in whole or in part, into fully-paid and non-assessable shares of common stock, par value US\$0.001 per share, of AMRE Conversion Shares at variable conversion rate equal to US\$10.00 per share, except as otherwise adjusted in accordance with the AMRE Convertible Promissory Note (the “**AMRE Conversion Price**”). The conversion rate is based on the previous share issuance to DSS Securities, Inc. at US\$10.00 per share.

- Adjustments : The AMRE Conversion Price is subject to adjustments under certain circumstances in accordance with the terms and conditions of the AMRE Convertible Promissory Note.
- Interest : Interest on the outstanding balance of the AMRE Convertible Promissory Note shall accrue at a rate of eight percent (8.00%) per annum, and shall be payable in accordance with the terms of the AMRE Convertible Promissory Note
- Maturity Date : Principal sum of the AMRE Convertible Promissory Note shall be due on demand, and the absence of any demand is due twenty-five (25) months from the date of the AMRE Convertible Promissory Note.
- Use of Proceeds : The proceeds from the sale of the AMRE Convertible Promissory Note shall be used to finance the down payment for an acquisition of three hospitals from Doc-LifeCare Pittsburgh LTACH, LLC, DOC-LifeCare Plano LTACH, LLC and DOC-LifeCare FT. Worth LTACH, LLC (collectively, the “**LifeCare Group**”)
- Governing Law : AMRE Convertible Promissory Note is be governed by the laws of the State of Texas.

4. Rationale

The Proposed Subscription is to provide financial assistance to AMRE for the down payment for an acquisition of three hospitals from the LifeCare Group. The proposed acquisition of additional hospitals would increase the management fee income earned by AMRE Asset Management Inc., an indirect associate of the Company and the manager of AMRE, from the expanded pool of hospitals.

The provision of financial assistance also allows the Company to earn a reasonable interest income each year.

5. Source of Funds for the Proposed Subscription

The Proposed Subscription and the costs and expenses incurred or to be incurred in connection with the Proposed Subscription shall be funded through the Group’s internal resources.

6. Relative Figures computed on the bases set out in Catalyst Rule 1006

6.1 The relative figures computed on the bases set out in Catalyst Rule 1006 for the Proposed Subscription are as follows:

Catalist Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	10.77% ⁽²⁾
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not Applicable ⁽³⁾
Catalist Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	6.73% ⁽⁴⁾
Catalist Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁵⁾
Catalist Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁶⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 June 2021, the "net asset value of the assets to be disposed of" which shall refer to the value of the financial assistance is US\$9,741,667 (which comprise of the principal amount of the AMRE Convertible Promissory Note of US\$8,350,000 plus the interest of 8% on the principal amount of the AMRE Convertible Promissory Note of US\$1,391,667 for the entire tenure of twenty-five months) where the Singapore Dollars ("SGD") equivalent is S\$13,096,697¹ as at 30 June 2021 which represents approximately 10.77% of the Group's net asset value of approximately S\$121,564,000 as at 30 June 2021.
- (3) Not applicable as there are no assets being acquired or disposed of.
- (4) The "aggregate value of consideration given or received" shall refer to the value of the financial assistance the value of the financial assistance is US\$9,741,667 (which comprise of the principal amount of the AMRE Convertible Promissory Note of US\$8,350,000 plus the interest of 8% on the principal amount of the AMRE Convertible Promissory Note of US\$1,391,667 for the entire tenure of twenty-five months) where the SGD equivalent is S\$13,096,697 as at 30 June 2021. The market capitalisation of the Company of approximately S\$ 194,474,721 was determined by multiplying 3,241,245,345 issued shares (excluding treasury shares) by the volume-weighted average market price of approximately S\$0.06 per Share as at the market day immediately preceding the date of this announcement on 29 October 2021.
- (5) No equity securities will be issued by the Company in connection with the Proposed Subscription.
- (6) The Company is not a mineral, oil and gas company.

7. Financial Effects

7.1 The financial effects of the Proposed Subscription on the basic NTA per ordinary share in the share capital of the Company ("Share") and the basic earnings per Share ("EPS") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020").

¹ Based on Monetary Authority of Singapore exchange rate of US\$1: S\$1.3444 as at 29 October 2021.

7.2 For the purpose of illustrating the financial effects of the Proposed Subscription, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the total value of the financial assistance shall be US\$9,741,667 (which comprise of the principal amount of the AMRE Convertible Promissory Note of US\$8,350,000 plus the interest of 8% on the principal amount of the AMRE Convertible Promissory Note of US\$1,391,667 for the entire tenure of twenty-five months), where the SGD equivalent is S\$13,096,697;
- (b) the financial effects on the basic NTA per Share of the Group are computed assuming that the Proposed Subscription was completed on 31 December 2020;
- (c) the financial effects on the basic EPS of the Group are computed assuming that the Proposed Subscription was completed on 1 January 2020; and
- (d) the costs and expenses incurred or to be incurred in connection with the Proposed Subscription shall be disregarded.

7.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Subscription	After Completion of the Proposed Subscription
NTA as at 31 December 2020 (S\$'000)	110,844	110,844
Basic number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	1,769,910	1,769,910
Basic NTA per Share (Singapore cents)	6.26	6.26

7.4 Financial Effects on the EPS of the Group

	Before Completion of the Proposed Subscription	After Completion of the Proposed Subscription
Net (Loss) / Profit for FY2020 (S\$'000)	56,066	56,964
Basic weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	1,356,239	1,356,239
Basic EPS (Singapore cents)	4.13	4.20

7.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

8. Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Subscription and no service contracts in relation thereto is proposed to be entered into by the Company.

9. Interests of Directors and Substantial Shareholders

Save as disclosed in this announcement, none of the directors and/or the substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Subscription, other than through their respective shareholdings in the Company, if any.

10. Documents Available for Inspection

A copy of the Subscription Agreement may be inspected at the registered office of the Company located at 7 Temasek Boulevard #29-01B Suntec Tower One Singapore 038987 during normal business hours for three months from the date of this announcement.

11. Cautionary Statement

- 11.1 **Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Subscription will be completed. In particular, the Subscription Agreement is subject to conditions which may or may not be fulfilled.**
- 11.2 **Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board

Chan Tung Moe
Executive Director and Co-Chief Executive Officer

1 November 2021

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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