



SINGAPORE PRESS HOLDINGS LIMITED
(Registration No. 198402868E)
Incorporated in the Republic of Singapore

ACQUISITION OF AGED CARE ASSETS IN CANADA

1. INTRODUCTION

Singapore Press Holdings Limited (the "Company") is pleased to announce that it has entered into an agreement to acquire a portfolio comprising six senior housing properties in Canada, five of which are located in Ontario and one in Saskatchewan (including related assets, the "Portfolio") (collectively, the "Acquisition").

The Company has, through its wholly-owned subsidiary, **Times Properties Pte Ltd** (the "Purchaser"), entered into an agreement of purchase and sale ("APS") on 25 February 2020 with HRG Canada Holdings Ltd, HRG Canada Regina GP Ltd, HRG Canada Regina LP, HRG Canada Cambridge GP Ltd, HRG Canada Cambridge LP, HRG Canada Kanata GP Ltd, HRG Canada Kanata LP, HRG Canada Woodstock GP Ltd, HRG Canada Woodstock LP, HRG Canada Guelph GP Ltd, HRG Canada Guelph LP, HRG Canada Cobourg GP Ltd, HRG Canada Cobourg LP, HRG Canada TRS, GP Ltd and HRG Canada TRS LP (collectively, the "Vendors") in respect of the Portfolio.

The Vendors are entities incorporated in Canada under the common control of affiliates of **Columbia Pacific Advisors, LLC**

2. INFORMATION ON THE PORTFOLIO

The Portfolio comprises the following five independent living properties and one assisted living property in Canada:

Independent Living Properties:

- (a) Heritage Meadows Gracious Retirement Living, Cambridge, Ontario, Canada (the "**Cambridge Property**");
- (b) The Bradley Gracious Retirement Living, Kanata, Ontario, Canada (the "**Kanata Property**");
- (c) Guelph Lake Commons, Guelph, Ontario, Canada (the "**Guelph Property**");
- (d) Cedarview Gracious Living Retirement Living, Woodstock, Ontario, Canada (the "**Woodstock Property**"); and
- (e) Rosewood Estates, Cobourg, Ontario, Canada (the "**Cobourg Property**");

Assisted Living Property:

- (f) Victoria Park Personal Care Community, Regina, Saskatchewan, Canada (the "**Regina Property**").

(collectively, the "Assets", and each, an "Asset").

The Regina Property is managed by Regina Assisted Group Ltd, which holds a licence from the Canadian Health Authority to manage and run the Asset as an Assisted Living facility. Regina Assisted Group Ltd will be acquired from the Vendors as part of the Acquisition.

The Portfolio comprises 717 suites, with the average occupancy of the Portfolio exceeding 90% for the last three years.

The Cambridge Property, the Guelph Property, the Woodstock Property, the Cobourg Property, and the Regina Property are established assets in operations for over 6 years, with a stable and recurring cash flow, while the Kanata Property is a newly developed asset that has commenced operations in 2019.

The Acquisition is in line with the Company's strategy of investing in aged care and healthcare assets and expanding its business footprint in markets with a fast-ageing population.

3. SALIENT TERMS OF THE ACQUISITION

3.1 Consideration

The aggregate consideration payable by the Purchaser in connection with the Acquisition is the sum of C\$232,900,000 (approximately S\$244,545,000) (the "Total Consideration").

The Total Consideration was arrived at on a willing-seller, willing-buyer basis after arm's length negotiations between the Purchaser and the Vendors, taking into account, amongst others, the valuation of the Assets, the historical performance of the Assets, rent levels and operating budgets of the Assets, market capitalisation rates, (including a downward adjustment of C\$3,800,000 (approximately S\$3,990,000) in respect of existing debt mark-to-market) and a downward adjustment of C\$800,000 (approximately S\$840,000) in respect of certain capital expenditures expected to be incurred by the Purchaser.

The Total Consideration payable to the Vendors will be satisfied (a) by the assumption of existing mortgage debt; and (b) in cash, funded through; internal as well as external resources.

Unless indicated otherwise, the indicative C\$-to-S\$ exchange rate used for the purposes of this announcement is C\$1.00: S\$1.05

3.2 Conditions Precedent

The Acquisition is conditional upon, amongst others, the following conditions being fulfilled, including:

- (a) the completion of satisfactory due diligence by the Purchaser;
- (b) the relevant corporate approvals relating to the Acquisition being obtained by the Purchaser; and
- (c) the relevant approvals, permits, consents and licences from the authorities or other third parties relating to the Acquisition, including lender approvals, being obtained on terms acceptable to the Purchaser.

3.3 Due Diligence

The due diligence exercise is designed to confirm the deal valuation taking into account asset valuation, portfolio structuring, legal, financial and other technical due diligence.

3.4 Income Support

The APS provides for an income support arrangement ("Income Support Arrangement") in respect of the Kanata Property of up to C\$3,830,000 ("Income Support Amount"). In connection with the Income Support Arrangement, the Purchaser and the Vendors will enter into an escrow agreement with an escrow agent for the Income Support Amount to be held in escrow, with the full Income Support Amount being deducted from the Total Consideration payable at completion of the Acquisition ("Completion"). The Income Support Amount will be paid to the Purchaser over a 24 month period following Completion (the "Income Support Period") to the extent that the net operating income of the Kanata Property is below C\$3,382,768 for the Income Support Period, with any balance Income Support Amount being paid to the Vendors upon the expiry of the Income Support Period.

3.5 Completion

Completion of the Acquisition will take place in approximately 90 days, subject to due diligence and regulatory approvals, or such other date as the Purchaser and the Vendors or their respective solicitors mutually agree upon in writing

4. DISCLOSURE UNDER RULE 1013 OF THE LISTING MANUAL

4.1 Rule 1013(1) of the Listing Manual provides, inter alia, that where an issuer enters into a discloseable transaction and accepts a profit guarantee (or any covenant which quantifies the anticipated level of future profits) from a vendor of assets/business, the issuer's announcement in Rule 1010 must contain information on the profit guarantee, including the following:

- (a) the views of the board of directors of the issuer in accepting the profit guarantee and the factors taken into consideration and basis for such a view;
- (b) the principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee is based;
- (c) the manner and amount of compensation to be paid by the vendor in the event that the profit guarantee is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and
- (d) the safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee is not met, if any.

4.2 The directors of the Company are of the view that the Income Support Arrangement is on normal commercial terms and is not prejudicial to the interests of the Company and its shareholders.

- 4.3 The Income Support Arrangement will provide regular income streams from the Kanata Property whilst occupancy increases. The Income Support Amount was determined based on the quarterly net operating income on the assumption of the potential stabilised occupancy rate of the Property.
- 4.4 As stated in paragraph 3.4, the Income Support Amount will be held back from the Total Consideration to be paid to the Vendors at Completion and placed in an escrow account for the duration of the Income Support Period.

5. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Company believes that the Acquisition will be beneficial to the Company and its subsidiaries (the "Group"), for the reasons set out below.

- (a) Dovetails with the Group's acquisition strategy

The Company considers that the Acquisition dovetails with the Group's ongoing strategy of expanding the Group's asset management business to acquire cash-yielding assets in multiple defensive sectors.

- (b) Expanding the Group's geographical reach

The Acquisition demonstrates the Group's intent to build its aged care asset portfolio into a sizeable platform.

- (c) Boost the Group's capabilities within the aged care industry.

Regina Assisted Group Ltd is the entity licensed to provide assisted living services.

6. FINANCIAL EFFECTS OF THE ACQUISITION

- 6.1 For illustrative purposes only, the financial effects of the Acquisition on the Company as set out below are prepared based on the Group's audited consolidated financial statements for the financial year ended 31 August 2019 ("FY2019") (being the latest announced consolidated full-year financial statements of the Group) and are subject to the following key assumptions:

- (a) the effect of the Acquisition on the Company's net tangible assets ("NTA") per share in the capital of the Company ("Share") is based on the assumption that the Acquisition had been effected at the end of FY2019; and
- (b) the effect of the Acquisition on the Company's earnings per Share ("EPS") for FY2019 is based on the assumption that the Acquisition had been effected at the beginning of FY2019.

- 6.2 The financial effects as set out below, which are based on the assumptions set out in paragraph 6.1 above, are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

(a) NTA per Share

	Before the Acquisition	After the Acquisition
NTA (S\$'000)	3,347,259	3,347,259
Number of Shares (excluding treasury shares) ('000)	1,611,865	1,611,865
NTA per Share (S\$)	2.08	2.08

(b) EPS

	Before the Acquisition	After the Acquisition
Profit after taxation attributable to shareholders (S\$'000)	213,211	220,906
Accrued distribution for perpetual securities	1,688	1,688
Weighted average number of Shares (excluding treasury shares) ('000)	1,613,808	1,613,808
EPS (S\$)	0.13	0.14

7. RELATIVE FIGURES OF THE ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the Group's latest announced consolidated financial statements for the quarter ended 30 November 2019 (1Q 2020), the relative figures for the Acquisition as computed using the applicable bases of comparison in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the Assets, compared with the Group's net profits	3.3 ⁽¹⁾
(c)	Aggregate value of the Total Consideration, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares and management shares	7.8 ⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) The relative figure for Rule 1006(b) was computed based on (i) the Group's profit before taxation for 1Q 2020 of approximately S\$68,258,000; and (ii) the profit before taxation attributable to the Assets, which is the subject of the Acquisition, of approximately S\$2,270,000.
- (2) The relative figure for Rule 1006(c) was computed based on (i) the market capitalisation of the Company of approximately S\$3.2 billion (which was determined by multiplying 1,594,222,297 issued shares (excluding treasury shares and management shares) of the Company by the weighted average price of approximately S\$1.9785 per share transacted on 25 February 2020, being the market day immediately preceding the date of the SPA); and (ii) assumes that the Total Consideration is approximately S\$244,545,000.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company has any interest, direct or indirect, in the Acquisition. The Company has no controlling shareholders (as defined in the Listing Manual).

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Acquisition.

Issued by Singapore Press Holdings Limited
Singapore
26 February 2020