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THE PROPOSED TRANSACTION IN RELATION TO 100.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF EACH OF (1) OUELH JAPAN MEDICAL FACILITIES PTE. LTD., WHICH OWNS A 100.0% INTEREST IN 12 NURSING HOMES LOCATED IN JAPAN; AND (2) OUELH JAPAN MEDICAL ASSETS PTE. LTD.

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## 1. INTRODUCTION

1.1. The Board of Directors (the "**Board**" or "**Directors**") of OUE Lippo Healthcare Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 7 December 2021 entered into:

- (a) a sale and purchase agreement (the "**JMF SPA**") with Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust ("**First REIT**")) (the "**Purchaser**") for the divestment of 100.0% of the issued and paid-up share capital (the "**JMF Sale Shares**") of OUELH Japan Medical Facilities Pte. Ltd. ("**JMF**"), a wholly-owned subsidiary of the Group which owns a 100.0% interest in the Japan Nursing Homes (as defined below), to the Purchaser, for a purchase consideration of approximately S\$163.2 million ("**JMF Consideration**"), subject to certain post-completion adjustments based on the net assets of the JMF Group (as defined below) as at the Completion Date (as defined below); and
- (b) a sale and purchase agreement (the "**JMA SPA**") with the Purchaser for the divestment of 100.0% of the issued and paid-up share capital (the "**JMA Sale Shares**" and together with the JMF Sale Shares, the "**Target Shares**") of OUELH Japan Medical Assets Pte. Ltd. ("**JMA**"), a wholly-owned subsidiary of the Group, to the Purchaser, for a purchase consideration of approximately S\$0.3 million ("**JMA Consideration**"), subject to certain post-completion adjustments based on the net assets of the JMA Group (as defined below) as at the Completion Date,

(collectively, the "**Proposed Transaction**").

- 1.2. The divestment of the JMF Sale Shares and the JMA Sale Shares by the Company to the Purchaser under the JMF SPA and JMA SPA, respectively, shall be completed simultaneously. Please refer to Paragraph 6 of this Announcement for further details.
- 1.3. The Proposed Transaction is considered a "major transaction" of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, the Proposed Transaction will be subject to, amongst others, the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting of the Company (the "**EGM**") to be convened in due course.

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- 1.4. For further information on the Proposed Transaction, please refer to the announcement dated 8 December 2021 released by First REIT Management Limited (the "**First REIT Manager**"), in its capacity as the manager of First REIT, in relation to, *inter alia*, the proposed acquisition by the Purchaser of the JMF Sale Shares and the JMA Sale Shares, a copy of which is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

## 2. INFORMATION RELATING TO FIRST REIT

First REIT is a real estate investment trust listed on the Main Board of the SGX-ST. The First REIT Manager is responsible for the day-to-day management of First REIT. Listed on the SGX-ST on 11 December 2006, First REIT's investment policy is to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes<sup>1</sup>.

As at 30 June 2021, First REIT's existing portfolio comprised 20<sup>2</sup> properties, 16 of which were located in Indonesia, three in Singapore and one in South Korea<sup>2</sup>. The value of First REIT and its subsidiaries' total assets as at 30 June 2021 was S\$1,016.5 million. As at 15 October 2021, the market capitalisation of First REIT was S\$426.5 million<sup>3</sup>.

As at 26 October 2021, OUE Limited ("**OUE**"), a controlling shareholder of the Company, has a deemed interest in approximately 28.81%<sup>4</sup> of the units in First REIT ("**Units**"), held through OLH Healthcare Investments Pte. Ltd., a wholly-owned subsidiary of the Company (approximately 15.30%), the First REIT Manager (approximately 10.19%) and Clifford Development Pte. Ltd., a wholly-owned subsidiary of OUE (approximately 3.32%).

## 3. INFORMATION RELATING TO THE TARGET GROUP (AS DEFINED BELOW) AND THE TARGET SHARES

### 3.1. Information relating to the JMF Group (as defined below)

JMF is a private company limited by shares incorporated in Singapore on 3 January 2013 and is an investment holding company. As at the date of this Announcement, the Company holds 45,734,139 shares in JMF, representing 100.0% of the issued and paid-up share capital of JMF.

JMF indirectly owns 12 nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto (the "**Japan Nursing Homes**") which are leased to independent nursing home operators via OUELH Japan First *Tokutei Mokuteki Kaisha* ("**OUELH TMK (Japan)**"). OUELH TMK (Japan) holds the Japan Nursing Homes, as well as acts as lessor to the master lease agreements entered into with the various local Japanese operators of the Japan Nursing Homes that provide daily services, medical consultation services, leisure and entertainment

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<sup>1</sup> Including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

<sup>2</sup> As announced by the First REIT Manager on 19 July 2021, First REIT's wholly-owned subsidiaries had entered into conditional sale and purchase agreements in relation to the sale by First REIT's indirect wholly-owned subsidiary, Kalmore (Korea) Limited ("**Kalmore Korea**"), of the property known as "Sarang Hospital" and the sale by First REIT's direct wholly-owned subsidiary, Kalmore Investments Pte. Ltd., of all of the shares of Kalmore Korea (the "**Divestment**"). As announced by the First REIT Manager on 31 August 2021, the Divestment had been completed on 31 August 2021.

<sup>3</sup> Based on a total number of Units of 1,609,277,956 Units and a closing price of S\$0.265 per Unit.

<sup>4</sup> Unless otherwise stated, all percentage unitholdings in this Announcement are based on 1,613,028,634 Units in issue as at the date of this Announcement and any discrepancies in the percentage unitholdings are due to rounding.

programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.

*Tokutei Mokuteki Kaisha* ("**TMK**") refers to a special purpose company established under the Act on Securitization of Assets of Japan ("**Securitization Law**"), which is entitled to reduced tax rates (upon the acquisition of a real estate) provided certain criteria are met. A TMK can also constitute a tax pass-through entity (although only with respect to profits) if certain criteria are satisfied.

In order to be a tax-qualifying TMK, the shareholding structure of OUELH TMK (Japan) is as follows:

- (a) 75.0% of the specified equities<sup>5</sup> in OUELH TMK (Japan) are held by OUELH Japan One *ippan shadan hojin* ("**OUELH ISH (Japan)**"), which is a bankruptcy remote entity<sup>6</sup> established solely to act as a holder of the specified equities of OUELH TMK (Japan). OUELH ISH (Japan) has no potential income, loss or net worth. As at the date of this Announcement, JMF and Mr. Hiroko Takizawa, JMF's representative director on the board of OUELH ISH (Japan), are the members of OUELH ISH (Japan);
- (b) 51.0% of the preferred equities<sup>7</sup> in OUELH TMK (Japan) are held by OUELH Japan 1 *godo kaisha* ("**OUELH GK (Japan)**"), which is a limited liability company established under the Company Act of Japan. As at the date of this Announcement, JMF holds 100.0% of the issued and paid-up capital of OUELH GK (Japan); and
- (c) the remaining 25.0% of the specified equities and 49.0% of the preferred equities of OUELH TMK (Japan) are held by JMF.

### 3.2. Information relating to JMA

JMA is a private company limited by shares incorporated in Singapore on 2 October 2014 and is an investment holding company. As at the date of this Announcement, the Company holds one (1) ordinary share in JMA, representing 100.0% of the issued and paid-up share capital of JMA.

JMA in turn holds 100.0% of the total issued and paid-up capital in OUELH Japan Management Co., Ltd. ("**HJKK**"), a *kabushiki kaisha* company incorporated in Japan, which is a joint stock company established to act as the current asset manager in respect of the Japan Nursing Homes.

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<sup>5</sup> The equivalent of ordinary shares. The holders of specified equities are subordinated to the holders of the preferred equities in the distributions of the dividends from and, at the time of winding-up, the residual assets of, the TMK. Usually, no dividend is distributed to the specified equity holders. Under the Securitization Law, the holders of the specified equities are entitled to vote at the general meetings of the equity holders. The transfer of a specified equity is subject to the approval of the TMK.

<sup>6</sup> This refers to an entity formed to own a specific asset (which, in the case of OUELH ISH (Japan), would be the specified equities) while isolating financial risk and minimising bankruptcy risk. It is typically prohibited from incurring debt and is limited in its purpose and the activities in which it may engage (which, in the case of OUELH ISH (Japan), is to own the specified equities). Often, a person who is independent from an owner of the entity will take a seat of the governance of the entity so that the entity may not be affected by the bankruptcy risk of the owner.

<sup>7</sup> The equivalent of preference shares, designed for investment by investors. The holders of preferred equities have priority over the holders of the specified equities in the distributions of the dividends from and, at the time of winding-up, the residual assets of, the TMK. Under the Securitization Law, except otherwise provided by law or the articles of incorporation of the TMK, the holders of the preferred equities are not entitled to vote at the general meeting of the equity holders. The restriction on the transfer of the preferred equity is prohibited.

### 3.3. Information relating to the Target Group (as defined below)

Based on the latest full year audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("**FY2020**"), JMF, JMA and their subsidiaries (collectively, the "**Target Group**") recorded a book value and net tangible asset value of S\$159.4 million, a revenue of approximately S\$17.5 million and a net profit of approximately S\$11.2 million.

Based on the unaudited consolidated financial statements of the Group for the six-month period ended 30 June 2021 ("**1H2021**"):

- (a) the book value and the net tangible asset ("**NTA**") value attributable to the Target Group are approximately S\$157.7 million; and
- (b) the net profits attributable to the Target Group is approximately S\$6.2 million.

The Proposed Transaction will not result in a net gain or net loss for the Group upon completion.

### 3.4. Independent Valuation of the Japan Nursing Homes

For the purposes of the Proposed Transaction, the Company has commissioned Colliers International Japan KK Valuation & Advisory Services (the "**Independent Valuer**"), as a competent and independent valuer, to perform a valuation on the Japan Nursing Homes. The Independent Valuer is licensed as a real estate appraiser under the Tokyo Metropolitan Government Office to perform property valuations in Japan, and has more than five (5) years of experience in valuing real properties in a similar industry and area as the Japan Nursing Homes.

Based on the valuation reports issued by the Independent Valuer on 3 December 2021 (the "**Valuation Report**"), the market value of the Japan Nursing Homes as at 12 November 2021 is approximately JPY24.2 billion (approximately S\$302.7 million<sup>8</sup>). The valuation of the Japan Nursing Homes was arrived at based on the income approach (discounted cash flow ("**DCF**") method and direct capitalisation method), with reference made to the cost approach. In respect of the income approach, the DCF method was the preferred approach as it is considered to be a more convincing method due to, among others, using specific net operating income for each period and reversionary value in arriving at the income approach value. The valuation was conducted in accordance with the Japan's Real Estate Appraisal Standard.

## 4. PRINCIPAL TERMS OF THE JMF SPA

A summary of the material terms and conditions of the JMF SPA is as follows.

### 4.1. JMF Sale Shares

The Company shall sell, and the Purchaser shall purchase, the JMF Sale Shares free and clear of any encumbrance and together with all rights, benefits and advantages attaching thereto from the Completion Date.

### 4.2. JMF Consideration

The JMF Consideration, subject to post-completion adjustments, shall be satisfied by the Purchaser on completion under the JMF SPA (the "**JMF SPA Completion**") in the following manner:

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<sup>8</sup> Computed based on the exchange rate of S\$1.00:JPY80.00.

- (a) approximately S\$9.4 million and any net JMF Accrued Amounts (as defined below) will be net-off against the Company's obligation to pay the amount of the JMF Intercompany Balances (as defined below);
- (b) approximately S\$6.8 million and any net JMA Accrued Amounts (as defined below) will be net-off against the Company's obligation to pay the amount of the JMA Intercompany Balances (as defined below);
- (c) approximately S\$15.5 million shall be satisfied in cash; and
- (d) approximately S\$131.5 million shall be satisfied by way of the allotment and issuance of 431,147,541 new Units ("**Consideration Units**") at the issue price of S\$0.305 per Consideration Unit to the Company and/or its nominee(s). In connection therewith, the Company intends to nominate OLH Healthcare Investments Pte. Ltd., a wholly-owned subsidiary of the Company, to receive the Consideration Units.

As the Consideration Units will not be entitled to participate in the distributable income of First REIT for the period immediately prior to the date the Consideration Units are issued and will only be entitled to participate in the distributable income of First REIT from the date of their issue, it is necessary for the Consideration Units to trade under a separate stock counter for the period commencing from their date of issue to the last day of "cum-distribution" trading, in respect of the distribution period in which the Consideration Units are issued. After the last day of "cum-distribution" trading, the Consideration Units trading on the temporary stock counter as well as the existing Units will be aggregated and traded under the same stock counter on the next market day, i.e. the first day of "ex-distribution" trading for both the Consideration Units and the existing Units.

The Consideration Units, when issued and delivered in accordance with the terms of the JMF SPA, shall rank *pari passu* in all respects with all Units in issue as at the date prior to the date of issue of the Consideration Units, including the right to receive any distributions declared, made or paid, save for the entitlement to any distribution to Unitholders (as defined below) for the period up to the day immediately preceding the date of issue of the Consideration Units. The Consideration Units will be entitled to receive distributions by First REIT from the date of their issue to the end of the distribution period in which the Consideration Units are issued, as well as all distributions thereafter.

The JMF Consideration of approximately S\$163.2 million and the issue price of S\$0.305 per Consideration Unit was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, (a) the estimated net asset value of JMF and its subsidiaries (collectively, the "**JMF Group**") as set out in the consolidated accounts of the JMF Group as at 30 September 2021, which includes the valuation of the Japan Nursing Homes based on the Valuation Reports; (b) that the issue price of S\$0.305 per Consideration Unit represents a discount of 13.1% to the net asset value per Unit of S\$0.351 of First REIT as at 30 June 2021; and (c) that the issue price of S\$0.305 per Consideration Unit represents a slight premium of 3.4% to the volume weighted average price of S\$0.295 of the Units for the full market day on 6 December 2021, being the full market day prior to which the JMF SPA was signed.

The JMF Consideration represents an excess of approximately S\$4.1 million and S\$5.8 million over the book value of the JMF Group as at 31 December 2020 and 30 June 2021 respectively.

#### 4.3. **Novation of JMF Intercompany Balances**

There are certain loans and other amounts owing by the Company to the JMF Group amounting to the net amount equivalent to approximately S\$9.4 million as at 30 September 2021 (the "**JMF Intercompany Balances**"). At the JMF SPA Completion, the Company shall novate all of its rights, interests, obligations and liabilities under the JMF Intercompany Balances to the Purchaser, and the Purchaser shall assume all of such rights, interests, obligations and liabilities from the Company under the JMF Intercompany Balances on and subject to the terms of the JMF SPA and the deeds of novation to be entered into on the JMF SPA Completion in respect of the JMF Intercompany Balances.

As disclosed in Paragraph 4.2(a) of this Announcement, the amount of the JMF Intercompany Balances of approximately S\$9.4 million and any interest and other amounts accruing under the JMF Intercompany Balances after 30 September 2021 (the "**Balance Sheet Date**") and up to the Completion Date (the "**JMF Accrued Amounts**") shall be net-off against the JMF Consideration payable in accordance with the terms of the JMF SPA.

#### 4.4. **Conditions Precedent**

The JMF SPA Completion is conditional upon, among others, the following conditions ("**Conditions Precedent**" and each, a "**Condition Precedent**"):

- (a) the passing at the EGM of the resolution to approve the Proposed Transaction;
- (b) the passing at a general meeting of unitholders of First REIT ("**Unitholders**") of (i) a resolution to approve the proposed acquisition of the Target Shares; and (ii) a resolution to approve the issue of the Consideration Units as part payment of the JMF Consideration;
- (c) the receipt of a waiver from the Securities Industry Council of Singapore of the obligation on OLH Healthcare Investments Pte. Ltd. to make a mandatory offer under Rule 14 of The Singapore Code on Take-overs and Mergers ("**Code**");
- (d) the passing at a general meeting of Unitholders of a resolution by Unitholders other than OLH Healthcare Investments Pte. Ltd. and its concert parties<sup>9</sup> (together, the "**Concert Parties**") by way of a poll to waive their rights to receive a mandatory general offer under Rule 14 of the Code for Units not already owned or controlled by the Concert Parties;
- (e) the receipt of approval-in-principle of the SGX-ST for the listing of and quotation for the Consideration Units, and there not having occurred any revocation, amendment or withdrawal of such approval and, if applicable, the conditions to such approval having been fulfilled on or before the Completion Date;
- (f) none of the Japan Nursing Homes and the plant and equipment located in or which otherwise relate to each of the Japan Nursing Homes or their respective operations, and which are owned by JMF are materially damaged;
- (g) the written consent in a form and on terms (if any) reasonably satisfactory to the Purchaser from the Purchaser's existing financiers in respect of the assumption by the Purchaser of the Guarantee of Specified Indemnified Obligations (for Specified Bondholder) dated 29 May 2020 (the "**Shinsei Bank Guarantee**") executed by the

<sup>9</sup> OUE, the First REIT Manager, the Company and Clifford Development Pte. Ltd. would be presumed to be persons acting in concert in the acquisition of voting rights in First REIT under the Code.

Company in favour of Shinsei Bank Limited ("**Shinsei Bank**");

- (h) the written consent in a form and on terms (if any) reasonably satisfactory to the Purchaser from Shinsei Bank in respect of:
  - (i) the novation of the Shinsei Bank Guarantee from the Company to the Purchaser or the termination of the Shinsei Bank Guarantee and the execution of a guarantee agreement by and between the Purchaser and Shinsei Bank in the form and substance equivalent to the Shinsei Bank Guarantee (as the case may be);
  - (ii) the change of the directors of OUELH TMK (Japan) (if applicable); and
  - (iii) the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Purchaser; and
- (i) the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Purchaser and Shinsei Bank, the cessation of the asset management business of HJKK (including the cancellation, termination, assignment and/or novation of substantially all licenses and relevant agreements) and, to the extent required, the entry into such agreements or deeds to evidence the JMA Intercompany Balances (as defined below) on terms satisfactory to the Purchaser acting reasonably.

#### 4.5. **JMF SPA Completion**

Subject to the fulfilment (or waiver, as applicable) of the Conditions Precedent, the JMF SPA Completion is to take place on the tenth business day after all the Conditions Precedent (except for such conditions that, by their nature, can only be satisfied on the Completion Date) have been satisfied or waived (or such other date as the Company and the Purchaser may agree in writing but not later than the Long Stop Date (as defined below)) (the "**Completion Date**"). Completion under the JMF SPA shall take place simultaneously with completion under the JMA SPA.

#### 4.6. **Long Stop Date**

If any of the Conditions Precedent are not satisfied or waived by the Purchaser on or before the date falling six (6) months from the date of the JMF SPA (or such other date as the Company and the Purchaser (collectively, the "**Parties**" and each, a "**Party**" mutually agree in writing) (the "**Long Stop Date**"), then the JMF SPA shall lapse and neither Party shall have any claim against the other in relation to the JMF SPA, save for any claim arising from any antecedent breach of certain undertakings under the JMF SPA for each Party to use its best endeavours to procure the fulfilment of the Conditions Precedent or to co-operate with any request for information by any government agency.

### 5. **PRINCIPAL TERMS OF THE JMA SPA**

A summary of the material terms and conditions of the JMA SPA is as follows.

#### 5.1. **JMA Sale Shares**

The Company shall sell, and the Purchaser shall purchase, the JMA Sale Shares free and clear of any encumbrance and together with all rights, benefits and advantages attaching thereto from the Completion Date.

## 5.2. **JMA Consideration**

The JMA Consideration of approximately S\$0.3 million, subject to post-completion adjustments, shall be satisfied in cash by the Purchaser on completion under the JMA SPA (the "**JMA SPA Completion**").

The JMA Consideration of approximately S\$0.3 million was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the estimated net asset value of JMA and its subsidiaries (collectively, the "**JMA Group**") as set out in the consolidated accounts of the JMA Group as at 30 September 2021.

The JMA Consideration represents an excess of approximately S\$43,000 and S\$69,000 over the book value of the JMA Group as at 31 December 2020 and 30 June 2021 respectively.

## 5.3. **Novation of JMA Intercompany Balances**

There are certain loans and other amounts owing by the Company and its subsidiary OUE LH Medical Assets Pte. Ltd. ("**HMAC**") to the JMA Group equivalent to approximately S\$6.8 million as at 30 September 2021 (the "**JMA Intercompany Balances**"). At the JMA SPA Completion, the Company, and the Company shall procure HMAC, shall novate all of its rights, interests, obligations and liabilities under the JMA Intercompany Balances to the Purchaser, and the Purchaser shall assume all of such rights, interests, obligations and liabilities from the Company and HMAC under the respective JMA Intercompany Balances on and subject to the terms of the JMA SPA and the deeds of novation to be entered into on the JMA SPA Completion in respect of the JMA Intercompany Balances.

As disclosed in Paragraph 4.2(b) of this Announcement, the amount of the JMA Intercompany Balances of approximately S\$6.8 million and any interest and other amounts accruing under the JMA Intercompany Balances after the Balance Sheet Date and up to the Completion Date (the "**JMA Accrued Amounts**") shall be net-off against the JMF Consideration payable in accordance with the terms of the JMF SPA.

## 5.4. **Conditions Precedent**

The JMA SPA Completion is conditional upon, among others, the fulfilment (or waiver, as applicable) of the Conditions Precedent set out in Paragraph 4.4 of this Announcement.

## 5.5. **JMA SPA Completion**

Subject to the fulfilment (or waiver, as applicable) of the Conditions Precedent, the JMA SPA Completion is to take place on the Completion Date, and shall take place simultaneously with completion under the JMF SPA.

## 5.6. **Long Stop Date**

If any of the Conditions Precedent are not satisfied or waived by the Purchaser on or before the Long Stop Date, then the JMA SPA shall lapse and neither of the Parties shall have any claim against the other in relation to the JMA SPA, save for any claim arising from any antecedent breach of certain undertakings under the JMA SPA for each Party to use its best endeavours to procure the fulfilment of the Conditions Precedent or to co-operate with any request for information by any government agency.



## 6. SIMULTANEOUS COMPLETION OF THE JMF SPA AND THE JMA SPA

It is the intention of the Parties that the JMF SPA Completion will take place simultaneously with the JMA SPA Completion. Accordingly, neither the Company nor the Purchaser shall be bound to effect the JMF SPA Completion or the JMA SPA Completion unless all of the below are completed at the same time:

- (a) the transfer of all (and not some only) of the JMF Sale Shares to the Purchaser;
- (b) the transfer of all (and not some only) of the JMA Sale Shares to the Purchaser;
- (c) the novation of the JMF Intercompany Balances; and
- (d) the novation of the JMA Intercompany Balances.

In view of the foregoing, the JMF SPA and JMA SPA will be presented under a single resolution for Shareholders' approval at the EGM.

## 7. RATIONALE FOR THE PROPOSED TRANSACTION

The Board is of the view that the Proposed Transaction is in the best interests of the Company and proposes to undertake the Proposed Transaction for the following reasons:

### (a) **Consistent with Asset-Light Business Model**

The Proposed Transaction is in line with the asset-light business model which the Company undertakes towards its long-term growth. As part of the JMF Consideration, the Company will be issued Consideration Units in First REIT. Assuming that the Proposed Transaction had completed on 1 January 2021 and based on the unaudited consolidated financial statements of the Group for 1H2021, the Consideration Units would have generated similar net income and cash flows for the Group as compared to the Japan Nursing Homes. Further, the Group's gearing position would have improved from 0.5 to 0.1. The Company believes that its investment in First REIT remains an integral component of the Company's three-pronged business strategy, with First REIT serving as a capital recycling platform allowing the Group to continue its growth strategy with an asset-light business model.

With the Proposed Transaction, the Company is able to sharpen its focus on its asset-light businesses, which includes asset management and healthcare services. Furthermore, the Proposed Transaction will provide the Company with greater capital efficiency and flexibility, allowing it to redeploy capital to fund any future organic or inorganic growth, including any increase in business scalability or investment in new high-growth, quality healthcare investments in the Pan-Asian market.

### (b) **Benefit from First REIT's Repositioning Strategy**

The Proposed Transaction is expected to assist with First REIT's repositioning strategy for future growth across the Pan-Asian market.

Following the Proposed Transaction and the issuance of the Consideration Units, the Company's investment in First REIT is expected to more than double from 15.3% to 33.2%. As such, the Company's prospects are expected to become more closely aligned with the growth and success of First REIT, including any potential market re-rating and share price appreciation following from First REIT's repositioning strategy and diversification of its assets.

Based on the foregoing, the Board is of the view that the Proposed Transaction is a good opportunity for the Company to dispose of a stable, low-risk asset and realise its value at a satisfactory consideration.

## 8. USE OF PROCEEDS

As the JMF Consideration will be satisfied through a combination of (a) net-off against the amount of the JMF Intercompany Balances and JMA Intercompany Balances; (b) cash; and (c) the issue of Consideration Units, while the JMA Consideration will be satisfied entirely in cash, the total cash proceeds from the Proposed Transaction are approximately S\$15.8 million. The total cash proceeds of the Proposed Transaction (with deductions for expenses incurred in connection with the Proposed Transaction) ("**Net Proceeds**") will be used for working capital purposes.

The Company will make periodic announcement(s) as to the use of the Net Proceeds, including a breakdown on the working capital purposes, as and when such Net Proceeds are materially disbursed and whether such use of the Net Proceeds is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements and/or its annual report(s). Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in its results announcement(s) and annual report(s). Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

## 9. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE CATALIST RULES

The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

| Rule 1006 | Bases  | Relative Figures (%)          |
|-----------|--|-------------------------------|
| (a)       | The net asset value of the assets to be disposed of, compared with the Group's net asset value   | 48.3% <sup>(1)</sup>          |
| (b)       | The net profits attributable to the assets disposed of, compared with the Group's net profits  | 127.2% <sup>(2)</sup>         |
| (c)       | The aggregate value of the consideration received for the Proposed Transaction, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares | 99.5% <sup>(3)</sup>          |
| (d)       | The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities of the Company previously in issue                      | Not applicable <sup>(4)</sup> |
| (e)       | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's probable and proved reserves   | Not applicable <sup>(5)</sup> |

**Notes:**

- (1) "Net assets" means total assets less total liabilities. Based on the net asset value of the Target Group of approximately S\$157.7 million and the unaudited net asset value of the Group of approximately S\$326.5 million as at 30 June 2021.
- (2) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the net profits attributable to the Target Group of approximately S\$6.2 million for 1H2021 and the unaudited consolidated net profits of the Group of approximately S\$4.8 million for 1H2021, excluding the one-off gain from the TIHPL Shareholder Loan Conversion (as defined below).
- (3) The Company's market capitalisation of approximately S\$164.4 million is based on its total number of 4,443,129,206 issued ordinary shares ("**Shares**") in the capital of the Company and the volume weighted average price of S\$0.037 per Share on 6 December 2021, being the last traded market day prior to the date of the JMF SPA and JMA SPA.
- (4) Not applicable as the transaction is not an acquisition.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

As the relative figures for the Proposed Transaction as computed on the bases set out in Rules 1006(b) and (c) of the Catalist Rules exceed 50.0%, the Proposed Transaction will be classified as a major transaction under Rule 1014 of the Catalist Rules and is subject to the approval of Shareholders at the EGM.

## **10. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION**

The *pro forma* financial effects of the Proposed Transaction set out below are purely for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Proposed Transaction nor a projection of the future financial performance or position of the Group after completion of the Proposed Transaction.

The *pro forma* financial effects of the Proposed Transaction are prepared based on the latest audited consolidated financial statements of the Group for FY2020 and the unaudited consolidated financial statements of the Group for 1H2021 as well as the following bases and assumptions:

- (a) the financial effects on the NTA per Share of the Group for FY2020 are computed assuming that the Proposed Transaction had been completed on 31 December 2020;
- (b) the financial effects on the NTA per Share of the Group for 1H2021 are computed assuming that the Proposed Transaction had been completed on 30 June 2021;
- (c) the financial effects on the earnings per Share ("**EPS**") of the Group for FY2020 are computed assuming that the Proposed Transaction had been completed on 1 January 2020;
- (d) the financial effects on the EPS of the Group for 1H2021 are computed assuming that the Proposed Transaction had been completed on 1 January 2021;
- (e) the allotment and issuance of the Consideration Units to the Group as partial payment of the JMF Consideration has been completed as at 1 January 2020; and
- (f) the allotment and issuance of the Consideration Units to the Group as partial payment of the JMF Consideration has been completed as at 1 January 2021.

## 10.1. Effects on NTA per Share

|                             | As at 31 December 2020          |                                   |                                | As at 30 June 2021              |                                |
|-----------------------------|---------------------------------|-----------------------------------|--------------------------------|---------------------------------|--------------------------------|
|                             | Before the Proposed Transaction | Pro Forma Adjusted <sup>(1)</sup> | After the Proposed Transaction | Before the Proposed Transaction | After the Proposed Transaction |
| NTA <sup>(2)</sup> (\$'000) | 138,233                         | 327,841                           | 331,953                        | 323,696                         | 329,523                        |
| Number of Shares            | 4,443,129,206                   | 4,443,129,206                     | 4,443,129,206                  | 4,443,129,206                   | 4,443,129,206                  |
| NTA per Share (cents)       | 3.1                             | 7.4                               | 7.5                            | 7.3                             | 7.4                            |

### Notes:

- (1) Adjusted for the allotment and issuance of convertible perpetual bonds by the Company to Treasure International Holdings Pte. Ltd. following the conversion of existing shareholder loans (the "**TIHPL Shareholder Loan Conversion**"), as announced by the Company on 23 February 2021 and completed on 16 March 2021.
- (2) NTA means total assets less the sum of total liabilities and intangible assets.

## 10.2. Effects on EPS

|  | As at 1 January 2020            |                                   |  | As at 1 January 2021            |   |
|--|---------------------------------|-----------------------------------|--|---------------------------------|---|
|  | Before the Proposed Transaction | Pro Forma Adjusted <sup>(1)</sup> | After the Proposed Transaction <sup>(2)(3)</sup> | Before the Proposed Transaction | After the Proposed Transaction <sup>(2)</sup> |
| (Loss) / profit after tax attributable to the Shareholders of the Company (\$'000) | (98,726)                        | 17,863                            | (69,564)   | 113,849                         | 113,686                                       |
| Weighted average number of Shares  | 4,443,129,206                   | 4,443,129,206                     | 4,443,129,206                                    | 4,443,129,206                   | 4,443,129,206                                 |
| (LPS) / EPS (cents)  | (2.2)                           | 0.4                               | (1.6)  | 2.6                             | 2.6   |

### Notes:

- (1) Adjusted for the TIHPL Shareholder Loan Conversion, as announced by the Company on 23 February 2021 and completed on 16 March 2021.
- (2) The *pro forma* (loss) / profit after tax attributable to Shareholders takes into account, *inter alia*: (a) the *pro forma* increase in profit share as a result of the increase in the Company's unitholding in First REIT pursuant to the allotment and issuance of the Consideration Units as partial payment of the JMF Consideration; and (b) the *pro forma* increase in profit from the First REIT Manager due to an increase in management fees, as a result of the larger asset portfolio of First REIT following the completion of the Proposed Transaction. For the avoidance of doubt, the financial effects have been computed on a basis consistent with the current accounting policies and standard of the Group.
- (3) For avoidance of doubt, First REIT recorded a loss attributable to its Unitholders for FY2020 and, accordingly, the *pro forma* increase in profit share as a result of the increase in the Company's unitholding in First REIT pursuant to the allotment and issuance of the Consideration Units as partial payment of the JMF Consideration would not be meaningful.

## 11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the deemed interest of OUE, a controlling shareholder of the Company, of 28.81% of the Units, as disclosed in Paragraph 2 of this Announcement, as at the date of this Announcement, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, (other than their respective shareholding in the Company, if any) in the Proposed Transaction.

## **12. EGM AND CIRCULAR**

As stated in Paragraph 1.3 of this Announcement, the Company will convene an EGM to seek Shareholders' approval for the Proposed Transaction and a circular to the Shareholders containing, *inter alia*, further details of the Proposed Transaction and a notice of the EGM to be convened in connection with the same will be despatched to the Shareholders in due course.

**Shareholders are advised to refrain from taking any action in respect of their Shares which may be prejudicial to their interests, and for Shareholders and potential investors to exercise caution when trading in the Shares. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **13. DIRECTORS' SERVICE CONTRACTS**

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **14. FINANCIAL ADVISER**

RHT Capital Pte. Ltd. has been appointed as the financial adviser to the Company in relation to the Proposed Transaction.

## **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the JMF SPA, the JMA SPA and the Valuation Reports are available for inspection<sup>10</sup> at the registered office of the Company at 6 Shenton Way, #10-09A OUE Downtown, Singapore 066809, during normal business hours for three (3) months from the date of this Announcement.

## **16. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transaction and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

## **17. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares as there is no certainty or assurance that the Proposed Transaction will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are also advised to read this Announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

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<sup>10</sup> Prior appointment is required in light of the COVID-19 situation.

By Order of the Board  
**OUE Lippo Healthcare Limited**

Mr. Yet Kum Meng  
Chief Executive Officer and Executive Director  
8 December 2021

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*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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