

**Press Release**

**For immediate release**

## **OUE LIPPO HEALTHCARE FURTHER IMPROVES ITS CAPITAL STRUCTURE WITH DIVESTMENT OF ITS JAPAN NURSING HOMES**

- Divests its 12 nursing homes in Japan to First REIT for a consideration of S\$163.5 million, which would mainly be satisfied by new units in First REIT (“**Proposed Transaction**”)
- Enhances its capital structure with ownership of additional First REIT units which are more liquid as well as improves its gearing position
- Aligns with its asset-light strategy to focus on quality healthcare services delivery
- Repositions First REIT with further diversification of its portfolio by geography and tenants

**Singapore, 8 December 2021** – OUE Lippo Healthcare Limited (“**OUELH**” or the “**Company**” and together with its subsidiaries, the “**Group**”) announced that it has entered into sale and purchase agreements to fully divest its interests in its wholly-owned subsidiaries (“**Target Group**”) which together hold 100% interest in the 12 nursing homes in Japan (the “**Japan Nursing Homes**”) to Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust (“**First REIT**”)) for a consideration of S\$163.5 million. The Japan Nursing Homes are located across four prefectures in Japan, namely Hokkaido, Kyoto, Nagano, and Nara, and have a total capacity of approximately 1,451 units.

The consideration<sup>1</sup> comprises mainly:

- S\$131.5 million in the form of 431,147,541 new First REIT units at an issue price of S\$0.305 per unit;
- S\$15.8 million in cash; and
- S\$16.2 million in intercompany balances which shall be assumed by First REIT.

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<sup>1</sup> The consideration includes certain loans and other amounts owing by the Group to the Target Group equivalent to approximately S\$16.2 million (“**Japan Loans**”). Upon completion of the Proposed Transaction, the Company shall novate all of its rights, interests, obligations and liabilities to First REIT in relation to the Japan Loans.

Upon completion of the Proposed Transaction, the Group's holdings in First REIT will more than double from 15.3% to 33.2%. Assuming that the Proposed Transaction had completed on 1 January 2021 and based on the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021, the 431,147,541 new First REIT 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 Proposed Transaction is in line with the Group's asset-light strategy and will sharpen its focus on quality healthcare services delivery. With greater capital efficiency and flexibility, the Group will be well-poised to embark on future mergers and acquisitions and growth initiatives to drive long-term and sustainable growth.

Mr Lee Yi Shyan, Chairman of OUELH said, *"With the completion of the Proposed Transaction, the Group can redeploy its financial resources to create new capacities for growth. OUELH remains focused to become one of the leading healthcare service providers across Pan-Asia."*

Furthermore, the Proposed Transaction will help to reposition First REIT with further diversification of its portfolio by geography and tenants. With the Proposed Transaction, First REIT will increase its exposure to markets outside of Indonesia, from 3.6% of its asset value amounting to S\$33.8 million as at 30 June 2021, to 27.1% of its asset value amounting to S\$335.6 million on a *pro forma* basis. On a rental income perspective, First REIT's exposure to markets outside of Indonesia will increase from 5.3% of its rental income amounting to S\$2.0 million as at 30 June 2021 to 22.3% of its rental income amounting to S\$10.5 million on a *pro forma* basis. The strategic entry into the Japan nursing home market will also enable First REIT to diversify the risk profile of its enlarged portfolio.

Chief Executive Officer of OUELH, Mr Yet Kum Meng commented, *"The Proposed Transaction is a win-win for both OUELH and First REIT. It is a strong testament of the commitment of both entities in the execution of their long-term strategies to create value for shareholders and unitholders respectively."*

The Proposed Transaction is subject to shareholders' approval at an upcoming Extraordinary General Meeting. A circular will be despatched to shareholders in due course.

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## About OUE Lippo Healthcare Limited

OUE Lippo Healthcare Limited (“**OUELH**”) is a subsidiary company of OUE Limited. OUELH is a Pan-Asian healthcare group that owns, operates and invests in quality healthcare assets in high-growth Asian markets. Currently, OUELH owns 12 nursing homes in Japan; operates one hospital in Wuxi, China and has formed a 50:50 Joint Venture with China Merchants Group to develop and operate a hospital in Shenzhen, China as well as lease and operate a hospital in Changshu, Jiangsu Province, China; is in partnership with First Myanmar Investment to operate seven medical facilities in Myanmar; holds a 40% stake in First REIT Management Limited, which is the manager of First Real Estate Investment Trust (“**First REIT**”, Singapore’s first listed healthcare real estate investment trust); and holds a direct stake of approximately 15% in First REIT.

OUELH continually seeks to grow its healthcare businesses in Asia via its three-pronged strategy comprising strategic partnerships, asset-light business model and Pan-Asian expansion.

## About First REIT

First REIT is Singapore’s first healthcare real estate investment trust that aims 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.

Managed by First REIT Management Limited,, First REIT’s portfolio consists of 19 properties located in Indonesia, Singapore and South Korea, namely 1) Siloam Hospitals Lippo Village, 2) Siloam Hospitals Kebon Jeruk, 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Mochtar Riady Comprehensive Cancer Centre, 6) Siloam Hospitals Lippo Cikarang, 7) Siloam Hospitals Manado & Hotel Aryaduta Manado, 8) Siloam Hospitals Makassar, 9) Siloam Hospitals Bali, 10) Siloam Hospitals TB Simatupang, 11) Siloam Hospitals Purwakarta, 12) Siloam Sriwijaya, 13) Siloam Hospitals Kupang & Lippo Plaza Kupang, 14) Siloam Hospitals Labuan Bajo, 15) Siloam Hospitals Buton & Lippo Plaza Buton, 16) Siloam Hospitals Yogyakarta, 17) Pacific Healthcare Nursing Home @ Bukit Merah, 18) Pacific Healthcare Nursing Home II @ Bukit Panjang, and 19) The Lantor Residence.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. The Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang

are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia and the rest of Southeast Asia.

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For the latest news from OUELH, visit [www.ouelh.com](http://www.ouelh.com)

*This press release is to be read in conjunction with the announcement dated 8 December 2021 by OUELH in relation to the Proposed Transaction. All capitalised terms which are used in this Press Release but are not otherwise defined herein shall have the same meanings ascribed to them in the aforementioned announcement.*

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*This press release 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 the press release, including the correctness of any of the statements or opinions made or reports contained in this press release.*

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