



SINGAPORE PRESS HOLDINGS LIMITED

(Registration No. 198402868E)

Incorporated in the Republic of Singapore

ACQUISITION OF AGED CARE ASSETS IN JAPAN

1. INTRODUCTION

Singapore Press Holdings Limited (the "**Company**") is pleased to announce the acquisition (the "**Acquisition**") of five aged care assets (collectively, the "**Assets**", and each an "**Asset**") in Japan.

The Company has, through Straits Himawari TMK One Tokutei Mokuteki Kaisha ("**TMK One**") and Straits Himawari TMK Two Tokutei Mokuteki Kaisha ("**TMK Two**", and together with TMK One, the "**Purchasers**"), entered into the following purchase and sale agreements (each a "**Purchase Agreement**" and collectively the "**Purchase Agreements**") on 21 February 2020

- (i) Purchase Agreement between TMK Two (as purchaser) and Shiroishi HC1-Gou Godo Kaisha (as vendor) in respect of the acquisition of an aged care facility with 75 beds located in Hokkaido (the "**Hokkaido 1 Asset**"); and
- (ii) Purchase Agreement between TMK Two (as purchaser) and Nishioka HC1-Gou Godo Kaisha (as vendor) in respect of the acquisition of an aged care facility with 86 beds located in Hokkaido (the "**Hokkaido 2 Asset**"),
- (iii) Purchase Agreement between TMK One (as purchaser) and K-4 Healthcare Godo Kaisha (as vendor) in respect of the acquisition of an aged care facility with 45 beds located in Hokkaido (the "**Hokkaido 3 Asset**");
- (iv) Purchase Agreement between TMK One (as purchaser) and K-3 Healthcare Godo Kaisha (as vendor) in respect of the acquisition of an aged care facility with 72 beds located in Nara (the "**Nara Asset**"); and
- (v) Purchase Agreement between TMK One (as purchaser) and Godo Kaisha Kodaira Capital (as vendor) in respect of the acquisition of a trust beneficial interest of an aged care facility with 87 beds located in Tokyo (the "**Tokyo Asset**"),

(Shiroishi HC1-Gou Godo Kaisha, Nishioka HC1-Gou Godo Kaisha, K-4 Healthcare Godo Kaisha, K-3 Healthcare Godo Kaisha and Godo Kaisha Kodaira Capital, each a "**Vendor**", and collectively the "**Vendors**").

2. INFORMATION ON THE ASSETS

Of the five Assets, the Hokkaido 1 Asset, the Hokkaido 2 Asset and the Hokkaido 3 Asset are located in Hokkaido (collectively, the "**Hokkaido Assets**"), the Nara Asset is located in Nara, and the Tokyo Asset is located in Tokyo. The Hokkaido 1 Asset and Hokkaido 2 Asset are collectively referred to as the "**TMK Two Assets**", and the Hokkaido 3 Asset, Nara Asset and Tokyo Asset are collectively referred to as the "**TMK One Assets**".

The Assets have a total capacity of 365 beds for aged care accommodation, and are fairly new buildings. With the exception of the Hokkaido 3 Asset that was completed in 2009, the Assets were completed between 2017 and 2018. All five Assets will be held on long-term

master lease arrangements, with a portfolio weighted-average lease expiry (“**WALE**”) of 23.4 years (weighted by bed count) and weighted average age (“**WAA**”) of 3.5 years (weighted by bed count), and are expected to provide stable recurring income.

Property[#]	Location	Beds	WALE	WAA
Hokkaido 1 Asset	Hokkaido	75	22.7	2.4
Hokkaido 2 Asset	Hokkaido	86	28.2	1.9
Hokkaido 3 Asset	Hokkaido	45	9.1	11.0
Nara Asset	Osaka Metropolitan Region	72	22.3	3.1
Tokyo Asset	Tokyo	87	27.4	2.6
Total Portfolio		365	23.4	3.5

[#] Further details of the properties will be disclosed on completion of the Acquisition.

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. DETAILS OF THE ACQUISITION

3.1 Consideration

The aggregate consideration payable by the Purchasers in connection with the Acquisition is the sum of JPY5,260,000,000 (approximately S\$65,750,000) (the "**Total Consideration**") comprising as follows:

- (a) JPY855,000,000 (approximately S\$10,687,500) in respect of the Hokkaido 1 Asset;
- (b) JPY915,000,000 (approximately S\$11,437,500) in respect of the Hokkaido 2 Asset;
- (c) JPY890,000,000 (approximately S\$11,125,000) in respect of the Hokkaido 3 Asset;
- (d) JPY1,000,000,000 (approximately S\$12,500,000) in respect of the Nara Asset; and
- (e) JPY1,600,000,000 (approximately S\$20,000,000) in respect of the Tokyo Asset.

The consideration for the acquisition of each Asset is payable to the respective Vendor on completion of the acquisition of the respective Asset.

The Total Consideration was arrived at on a willing-seller, willing-buyer basis after arms' length negotiations between the Purchasers and the Vendors, taking into account, amongst others, location and condition of the Assets, the valuation of the Assets, historical performance of the Assets, rent levels and operating budgets of the Assets, and market capitalisation rates.

In connection with the Acquisition, the following valuation reports have been issued in respect of the Assets:

- (i) in respect of the Hokkaido 1 Asset, The Tanizawa Sōgō Appraisal Co. Ltd., the valuer commissioned by TMK Two to value the Hokkaido 1 Asset, has issued a valuation report dated 21 February 2020, valuing the open market value of the Hokkaido 1

Asset as at 31 January 2020 as JPY907,000,000 (approximately S\$11,337,500) using the income approach method;

- (ii) in respect of the Hokkaido 2 Asset, The Tanizawa Sōgō Appraisal Co. Ltd, the valuer commissioned by TMK Two to value the Hokkaido 2 Asset, has issued a report dated 21 February 2020, valuing the open market value of the Hokkaido 2 Asset as at 31 January 2020 as JPY951,000,000 (approximately S\$11,887,500) using the income approach method;
- (iii) in respect of the Hokkaido 3 Asset, The Tanizawa Sōgō Appraisal Co. Ltd, the valuer commissioned by TMK One to value the Hokkaido 3 Asset, has issued a valuation report dated 21 February 2020, valuing the open market value of the Hokkaido 3 Asset as at 31 January 2020 as JPY899,000,000 (approximately S\$11,237,500) using the income approach method;
- (iv) in respect of the Nara Asset, Jones Lang LaSalle K.K., the valuer commissioned by TMK One to value the Nara Asset, has issued a valuation report dated 21 February 2020, valuing the open market value of the Nara Asset as at 31 January 2020 as JPY1,050,000,000 (approximately S\$13,125,000) using the discounted cash flow method; and
- (v) in respect of the Tokyo Asset, Cushman & Wakefield K.K., the valuer commissioned by TMK One to value the Tokyo Asset, has issued a valuation report dated 21 February 2020, valuing the open market value of the Tokyo Asset as at 14 February 2020 as JPY1,650,000,000 (approximately S\$20,625,000) using the income approach method.

(collectively, the “**Valuation Reports**”).

Based on the Valuation Reports, the aggregate market value of the Assets is JPY5,457,000,000 (approximately S\$68,212,500).

Unless indicated otherwise, the indicative JPY-to-S\$ exchange rate used for the purposes of this announcement is SGD1:JPY80.

3.2 Establishment of Trust and Special Purpose Vehicles

In connection with the Acquisition, a trust known as Straits Silver Trust (the “**Trust**”) has been constituted in Singapore. The sole unitholder of the Trust is Times Properties Private Limited, a wholly owned subsidiary of the Company. In addition, the following special purpose vehicles have been incorporated:

- (i) Straits Silver Himawari Pte Ltd (wholly-owned subsidiary of the Company) incorporated under the laws of Singapore;
- (ii) Silver Himawari Offshore Pte Ltd (wholly-owned subsidiary of the Company) incorporated under the laws of Singapore;
- (iii) Silver Himawari TK Pte Ltd (wholly-owned subsidiary of the Company) incorporated under the laws of Singapore;
- (iv) TMK One (a *tokutei mokuteki kaisha*) incorporated under the laws of Japan; and
- (v) TMK Two (a *tokutei mokuteki kaisha*) incorporated under the laws of Japan.

3.3 Collaboration with Bridge-C Capital

The Acquisition is pursuant to a collaboration arrangement with Bridge-C Capital Inc. (“**Bridge-C**”), a Japanese real estate asset manager. The Company’s wholly-owned subsidiary, SPH JPAM Pte Ltd entered into an agreement with Bridge-C on 15 October 2019, to establish a fund focused on investing in aged care and healthcare assets such as senior housing, nursing homes and medical office buildings in Japan. Asset management fees generated as part of the fund will be added to the recurring income stream from the assets.

3.4 Completion

Subject to satisfaction of the conditions precedent in the relevant Purchase Agreement, completion of the acquisition of the TMK One Assets and TMK Two Assets will take place on 23 March 2020 and 31 March 2020 respectively, or such other date(s) as agreed in writing between the relevant Purchaser and the relevant Vendor.

4. **METHOD OF FINANCING AND FINANCIAL EFFECTS**

The consideration payable to each of the Vendors will be fully satisfied in cash and funded through internal as well as external resources.

The Acquisition is not expected to have a material effect on the net tangible assets per share or earnings per share of the Company for the current financial year.

5. **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.

6. **DOCUMENTS FOR INSPECTION**

The Valuation Reports are available for inspection at the Company's registered office at 1000 Toa Payoh North, News Centre, Singapore 318994 during normal business hours for a period of three months from the date of this announcement.

Issued by Singapore Press Holdings Limited

Singapore,

24 February 2020