PROPOSED MERGER OF HILLS HEALTH SOLUTIONS AND LINCOR, INC AND DEMERGER FROM HILLS LIMITED

HIGHLIGHTS

- Hills Limited (ASX: HIL, “Hills”) announces a proposed merger of its Hills Health Solutions (“HHS”) business with Lincor, Inc (“Lincor Solutions”) to form Lincor Limited, a newly incorporated company which will be demerged from Hills on completion of the transaction and listed on the ASX
- Lincor Limited will be a leading global provider of patient engagement technology solutions with strong recurring revenues and a growing Software as a Service (SaaS) platform
- Hills and Lincor Solutions’ shareholders will each hold approximately half of Lincor Limited’s shares prior to new capital being raised to provide financial flexibility, repay debt, pay transaction costs and accelerate global growth
- Lincor Limited will be debt-free on listing
- Hills Limited’s shareholding in Lincor will be demerged to Hills’ shareholders on a pro rata basis as part of the transaction

Hills today announced that it has entered into a conditional merger agreement to combine its HHS business with international healthcare technology leader Lincor Solutions, to create a new ASX listed company, Lincor Limited.

HHS and Lincor Solutions have a strong existing commercial relationship. HHS has distributed Lincor Solutions’ patient engagement technology platform, together with HHS’s leading nurse call solutions since 2014 and supported the key strategic shift towards delivering these platforms and solutions under a Software as a Service (SaaS) model. HHS and Lincor Solutions have together, or individually, won significant recent contracts for major Australian hospitals including:

- the new Royal Adelaide Hospital (nRAH) - the largest and most technologically advanced hospital development in the Southern Hemisphere;
- Blacktown Hospital’s new CSB wing; and
- the new Sydney Northern Beaches Hospital.
HHS’s offerings have been implemented in over 350 healthcare facilities and over 550 aged care facilities. Lincor Solutions has installed solutions in approximately 150 healthcare facilities across the globe including key reference sites such as:

- the Cleveland Clinic in Abu Dhabi;
- Cancer Treatment Centers of America;
- HCA Wesley Medical Center; and
- over 20 National Health Service (NHS) hospitals in the UK including University College Hospital London.

If the transaction proceeds, Lincor Limited will have a global presence directly and through its distributors in 22 countries with offices in Europe, the USA and Australia. Lincor Limited will have a significant revenue base with a high proportion of recurring revenue reflecting its Software as a Service ("SaaS") platform and managed service offering.

Management of Lincor Limited will be drawn from the management teams of both Hills Limited and Lincor Solutions. The Chief Executive Officer of Lincor Limited will be Chris Cashwell (the current CEO of Lincor Solutions) and the Chief Financial Officer of Lincor Limited will be Gareth Turner (the current CFO of Hills Limited).

Lincor Limited will have a board of 5 directors. One of the directors will be Ms. Jennifer Hill-Ling, the current Chair of Hills Limited. One of the directors will be Mr. Gregg Michaelson, the current Chair of Lincor Solutions. Details of the 3 other independent directors, including a new independent Chair, will be advised in due course once they have been appointed.

**CONDITIONS TO THE PROPOSED MERGER**

The merger is subject to and conditional upon the satisfaction (or waiver) of a number of conditions, including but not limited to:

- the approval of the transaction by Hills Limited shareholders;
- the receipt of a satisfactory ruling from the Commissioner of Taxation regarding the availability of demerger relief for Hills Limited and Hills Limited shareholders;
- third party financier consent to the transaction;
- the successful settlement of the allocation of Lincor Limited shares to be issued under the ASX listing rules on the settlement date; and
- other customary completion conditions.
Hills Limited Chairman, Ms. Jennifer Hill Ling, said “While our expanding healthcare solutions operations have the potential to become a key profit driver within Hills in coming years, the opportunities for the healthcare business and its growth potential are much greater as part of Lincor Limited on a global basis. This proposed merger reflects our determination to create significant value for shareholders”.

Commenting on the proposed transaction, Mr. Chris Cashwell, Chief Executive Officer of Lincor Solutions said “Lincor Solutions is a global market leader in the provision of patient engagement solutions. This transaction secures our position in a key market and provides leading nurse call and communications technology to complement our patient engagement platform. It also creates a significantly larger recurring revenue base reflecting the combined business’ Software as a Service platform and managed service offering,” “The new growth capital to be raised will also allow Lincor Limited to accelerate its growth aspirations in the emerging global healthcare sector for patient engagement. I am truly excited by the prospect of leading Lincor Limited and the future of this Company is very exciting indeed.”

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Lincor Solutions is a global leader in point of care patient engagement technology.

Lincor transforms the patient experience by bringing real time and interactive clinical information, education, feedback, communication & entertainment to the point of care.
Highlights

Technology Leadership
Outstanding, proprietary patient engagement, nurse call and communications platform

Global Presence
Presence in 22 countries, offices in Europe, U.S. and Australia

Global Leadership
Approximately 500 Healthcare facilities
550+ Aged care facilities

Exciting Healthcare Market
Growth driven by increasing hospital and aged care spend and shift to value-based care

Growing, Recurring Revenue
$40m+ in FY16 revenue, high proportion of recurring patient engagement revenue, 50%+ gross margin

Deep, Experienced Team
Australian and US-based executive team responsible for development of Lincor
Our History

2003
Lincor is founded

2005
6,000 bed contract with NHS

2007
Expansion into European Market

2008

2009

2010

2011
HCA Rollout

2011
US Patent granted

2013
Edison Ventures invests in Lincor

2014
Launches SaaS Platform

2015
Extends global distribution agreements to broaden reach in Australia, Canada and Middle East

2015
Hills acquires Hostel
Patient engagement platform

2016
Multiple major client wins including joint Hills / Lincor platform

2013
Hills acquires HTR
ANZ #1 in patient engagement

2013
Hills acquires Merlon
ANZ #2 in Nurse Call

2014
Hills acquires Questek
Leading Aged Care Nurse Call platform

2014
Hills becomes Lincor distributor

Lincor and Hills Health Solutions have agreed to merge to create a significant global healthcare technology business
A Global Business

Strategically located in the US, Europe and Australia
Strong in Key Markets
Strategically located in the US, Europe and Australia

North America
- Total Market:
  - 7000+ healthcare facilities
- Lincor’s installed base
  - 32 healthcare facilities

Australia / Asia
- Total Market:\(^{(1.)}\)
  - 1500+ healthcare facilities
- Lincor’s installed base\(^{(1.)}\)
  - 350+ healthcare facilities
  - 550+ Aged Care facilities

Europe
- Total Market:
  - 6000+ healthcare facilities
- Lincor’s installed base
  - 103 healthcare facilities

Middle East
- Total Market:
  - 1000+ healthcare facilities
- Lincor’s installed base
  - 5 healthcare facilities

(1.) Australia and New Zealand only (includes Hills installed Nurse Call base)
(2.) America Hospital Association 2015, Statista 2014
(3.) AIHW 2015, NZ Ministry of Health 2016
(4.) World Health Organisation June 2016
Industry Growth

Healthcare spending is increasing, driving demand for Lincor’s Solutions

Australian Hospital / Aged Care Spending

U.S. Total Hospital Spending

For personal use only

Centers for Medicare and Medicaid Services, National Health Expenditure Data - Projected 2015-2025

Global Management Team

Experienced executives drawn from Hills Health Solutions and Lincor Solutions Inc, including:

**Chris Cashwell**
CEO
*U.S.*
- Ex Nuance Healthcare (Senior Director, Emerging Technologies)
- Ex Webmedx, (EVP, Sales and Marketing)
- Ex GE Capital (led Global Commercial Excellence, Healthcare Finance - CDF)
- Ex SunTrust Bank

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**Gareth Turner**
CFO
*Australia*
- CFO Hills Limited
- Ex GM Finance Jetset Travelworld Group
- Ex Group Financial Controller Stella Group and Corporate Express
- Ex Deloitte

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**Jennifer Hill-Ling**
- Chair of Hills Limited
- Former Senior Partner in two Sydney law firms

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**Gregg Michaelson**
- Operating Partner, Edison Partners
- Ex CEO Inkwell Health (Consumer Engagement Co.)
- Ex President Rodale Inc
- Experienced leader in the Healthcare, Consumer and Engagement Industries
Platform Overview
The Platform

An integrated communication platform combining: Clinical workflow, Patient entertainment, Nurse call, Access control, Critical hospital messaging (FHIR)
# LINCOR Delivery Solutions

## PatientLINC
- Bedside access
- Interactive clinical information
- Patient tools
- Communication & entertainment content

## ClinicalLINC
- Interactive clinical information
- Increase clinical operational efficiency without comprising patient experience

## MediaLINC
- Powerful software platform
- Direct through in-room television
- Patients access to educational & entertainment content

## MobileLINC
- Touch-screen mobile device access
- Clinical information
- Educational materials
- Hospital input
- IP based solution
- Connectivity with other hospital safety functions (fire, security, access)
- One device - programmable to any application

## Nurse Call
Value Proposition

We address the key issues facing healthcare facilities today.

Cost Pressure
- Improved workflow and efficiency
- Automates processes otherwise undertaken by clinical staff

Revenue Pressure
- Revenue share for patient engagement
- Competitive differentiation

Regulatory Challenges
- Shift to outcomes focus / value based care
- Affordable Care Act
- Reimbursement rules

Quality Care
- Readmission risk, education and HAC
- Errors and omissions
- Workflow reporting and monitoring

Patient Experience
- Consumerism of healthcare, remote and mobile
- HCAHPS
- Patient satisfaction and communication
Case Study - nRAH

The state-of-the-art New Royal Adelaide Hospital (nRAH) has chosen Lincor’s full patient engagement and nurse call bedside technology.
Case Study - Blacktown Hospital CSB

Also utilising both nurse call and patient engagement technology is Blacktown Hospital CSB, which along with Westmead Hospital is part of public redevelopment of the Western Sydney district.
Company Strategy

Current Market:
Siloed Solutions

Limited integration, occasional interfacing
Multiple vendors
Legacy technology infrastructure

Lincor:
Integrated Platform - Engagement, Nurse Call and Communications

LincOS Platform Integrating Workflows, Solutions, & Content for Patients & Clinicians.

Integrating Data & Content in Real Time
“The digital transformation at Cancer Treatment Centers of America® is empowering our patients with tools that provide transparent information about their care. The Lincor platform helps us to serve the unique needs of our patients by providing flexibility not available with other products on the market.”

Kristin Darby, CIO
Cancer Treatment Centers of America

Cancer Treatment Centers of America® (CTCA) has five hospitals located in major metropolitan areas across the United States. Each of these state-of-the-art cancer centers use leading-edge technologies and advanced treatments to deliver personalized, whole-person care.
Business Outlook
Positioning for Growth

Both businesses have been transformed in the period up to 30 June 2016

**MediaLinc**
Successful launch of Lincor’s MediaLinc platform - capex-light, higher sales velocity, strong market reception

**Managed Services Model**
Continuing shift from lumpy, lower margin but higher revenue enterprise sale model to managed service model

**Sales Resources**
Re-established sales force early 2016, generating significant momentum

**Rationalisation**
Completion of rationalisation of the four Hills Healthcare acquisitions including move to a single billing engine, impact of headcount reduction, move from manual payment collection to automated solution

**Transition**
Product line moving to digital IP-based Nurse Call platform

**Services Model**
Shift towards full platform sale rather than individual patient engagement or nurse call sale (e.g. Blacktown, nRAH)
Growth - Patient Engagement Platform

Lincor Installed Healthcare Facility Base - Patient Engagement

NOTE: Includes only healthcare facilities on the Lincor Solutions patient engagement platform (i.e. excludes Hills Health Solutions healthcare facilities utilising only the Nurse Call platform or non-Lincor patient entertainment platforms)
A New ASX Listed Company

Targeting an ASX listing before December 2016
Expecting to raise new capital of approximately A$30m
Experienced Board and Management will be in place
Newly listed company will be well positioned to capitalise on global growth opportunities

Advisers to Lincor Limited: Shaw and Partners (Lead Manager), Watson Mangioni Lawyers, TMT Partners, PwC
Advisers to Lincor, Inc: DLA Piper Australia, Healthcare Growth Partners, Illinois
Advisers to Hills Limited: King & Wood Mallesons, TMT Partners
Disclaimer

This document has been jointly prepared by Lincor, Inc. ("Lincor") and Hills Limited ("Hills") (together, the "Companies"). It relates to a proposed combination of Lincor with Hills Healthcare Solutions business (the “Combined Entity”).

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