



ASX announcement
13 September 2016

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.



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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.



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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.”

Contacts

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LINCOR
Empowering Patients. Improving Outcomes.

September 2016



Outstanding bedside technology

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



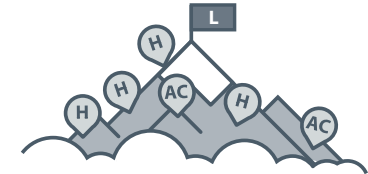
Technology Leadership

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

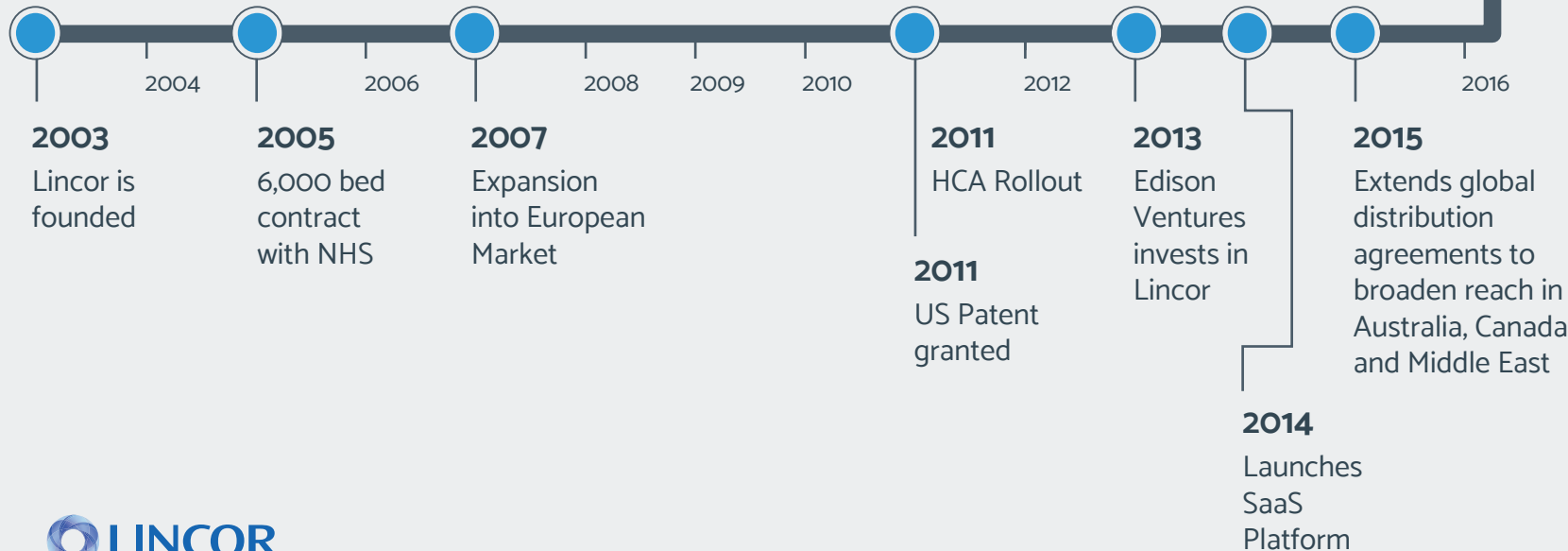
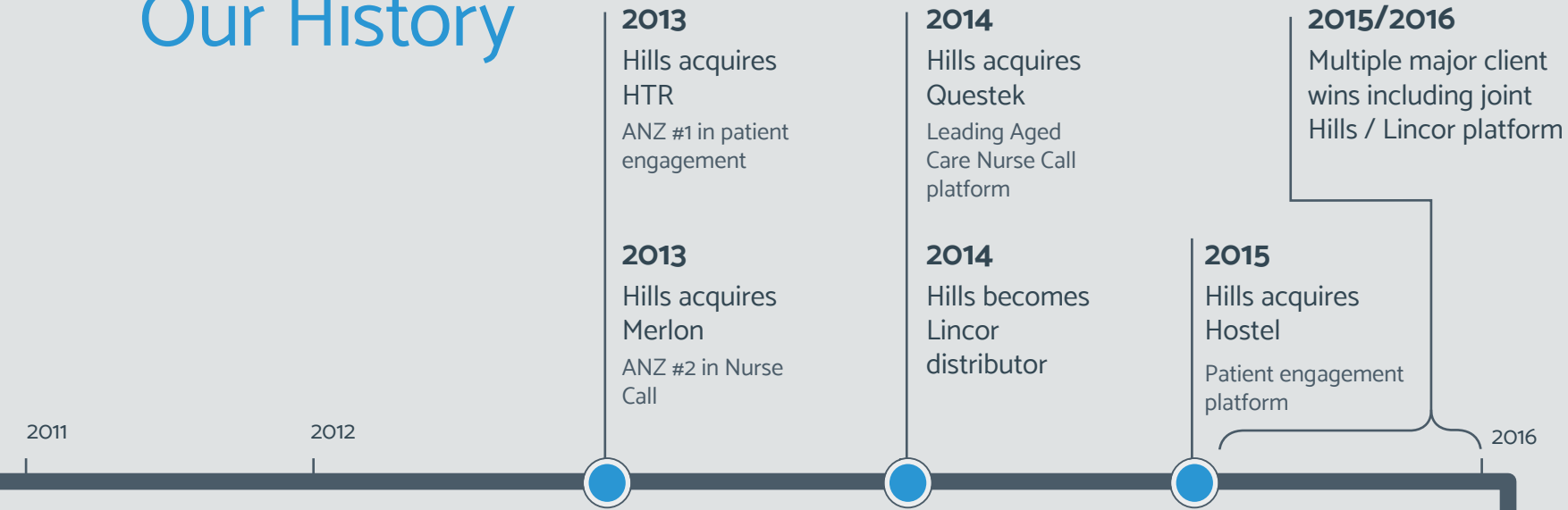
\$40m+ in FY16 revenue, high proportion of recurring patient engagement revenue, 50%+ gross margin



Deep, Experienced Team

Australian and US-based executive team responsible for development of Lincor

Our History

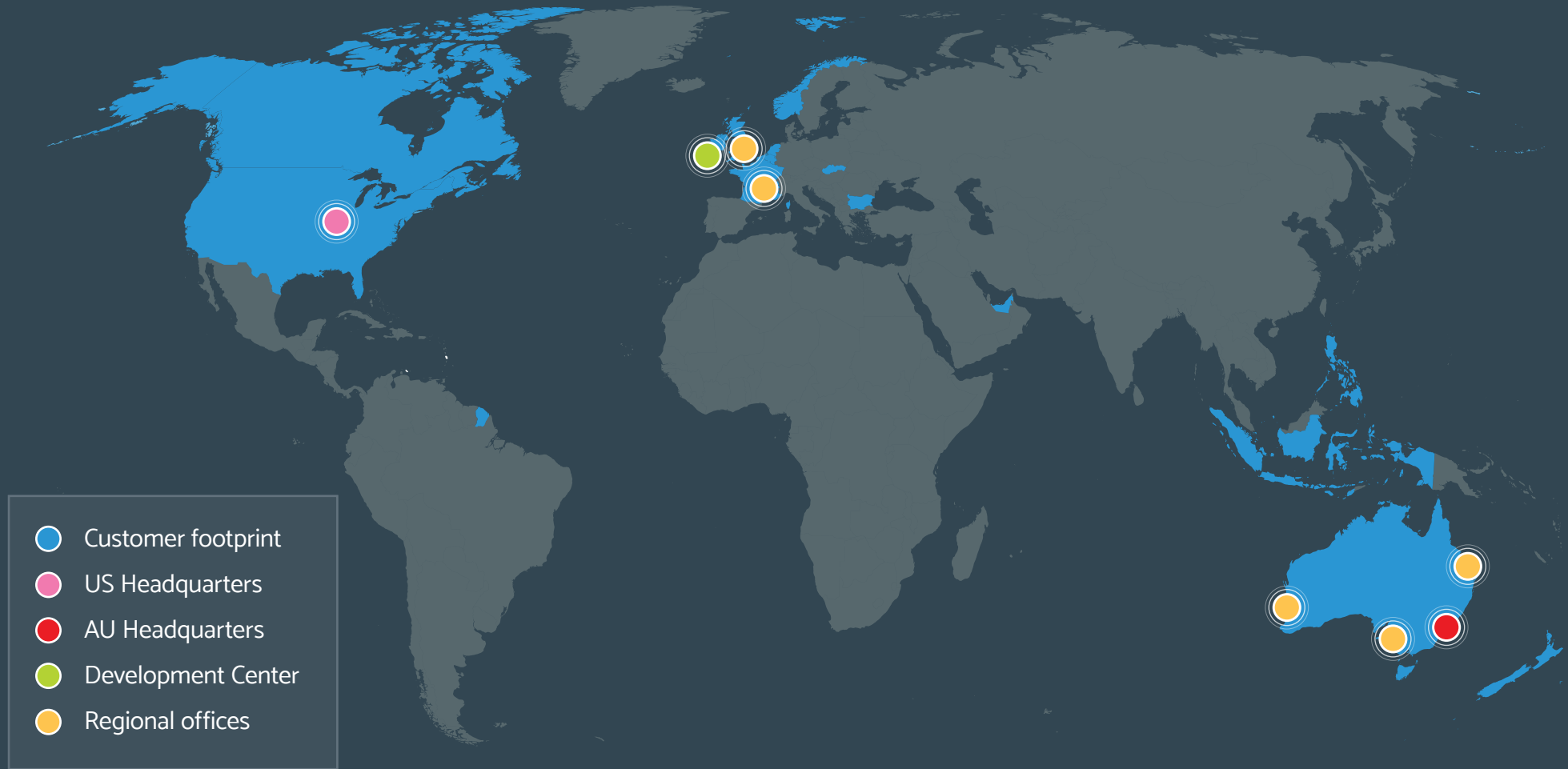


Lincor and Hills Health Solutions have agreed to merge to create a significant global healthcare technology business



A Global Business

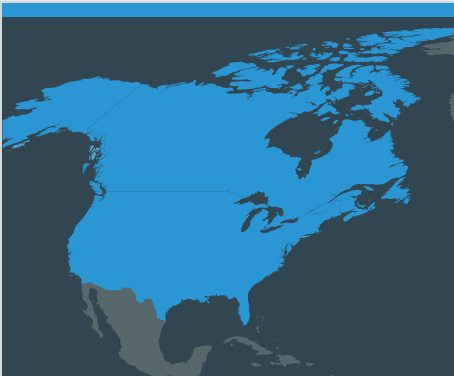
Strategically located in the US, Europe and Australia



Strong in Key Markets

Strategically located in the US, Europe and Australia

North America



Total Market:
7000+^(2.)
healthcare facilities

Lincor's installed base
32
healthcare facilities

Australia / Asia



Total Market:^(1.)
1500+^(3.)
healthcare facilities

Lincor's installed base^(1.)
350+ healthcare facilities 550+ Aged Care facilities

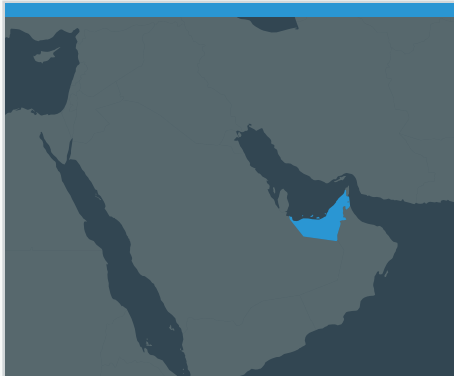
Europe



Total Market:
6000+^(4.)
healthcare facilities

Lincor's installed base
103
healthcare facilities

Middle East



Total Market:
1000+^(4.)
healthcare facilities

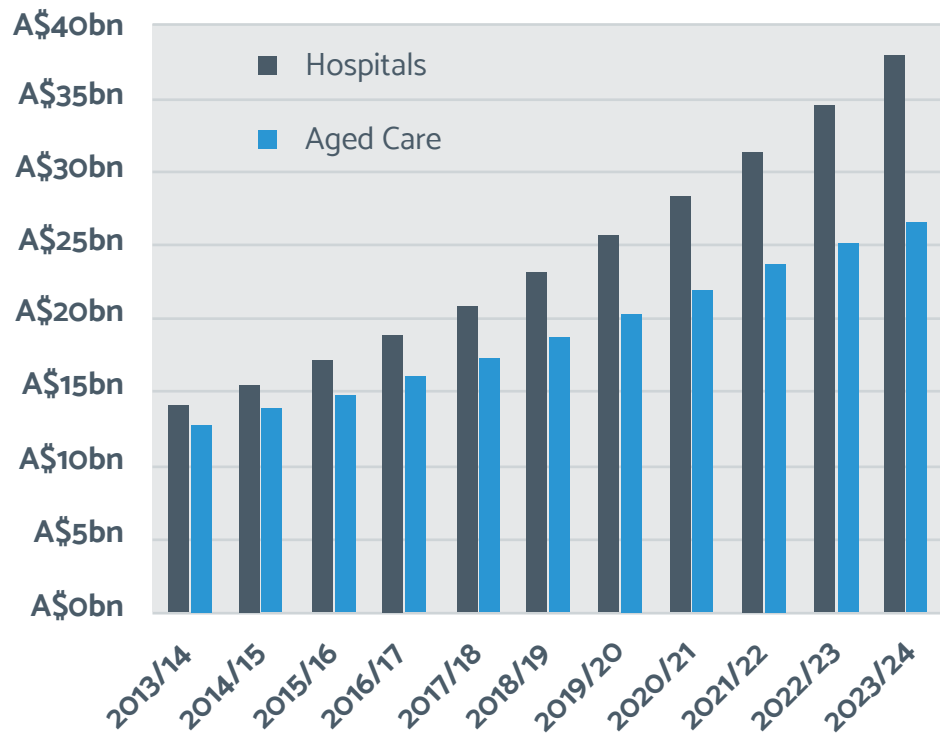
Lincor's installed base
5
healthcare facilities

(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

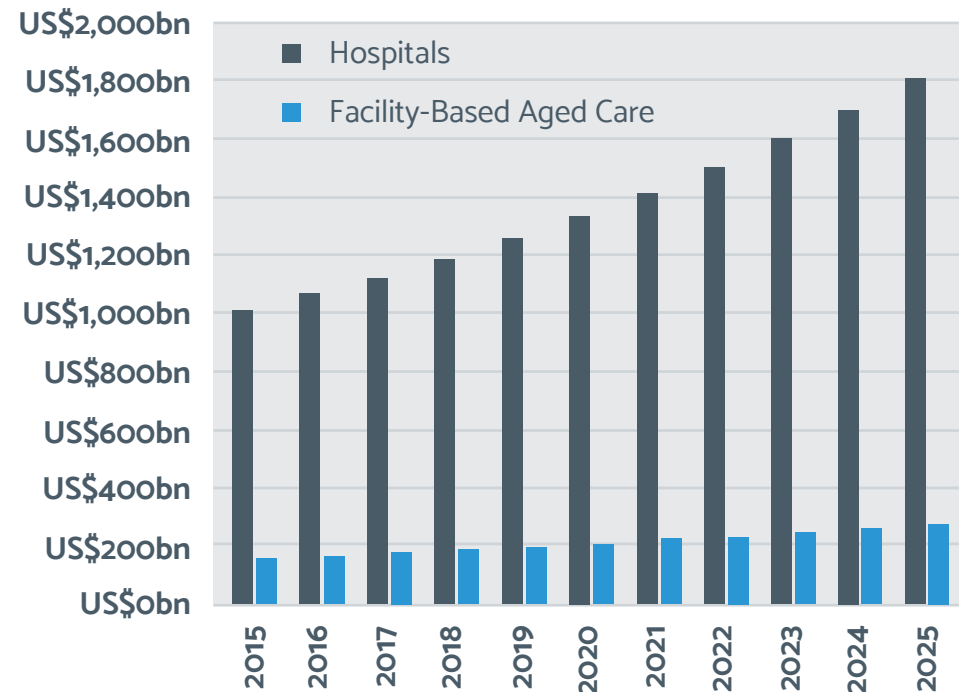
Healthcare spending is increasing, driving demand for Lincor's Solutions

Australian Hospital / Aged Care Spending



National Commission of Audit, 2014, "The Report of the National Commission of Audit - Phase One", Section 4.3: Fiscal Projections.

U.S. Total Hospital Spending



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
-



Gareth Turner

CFO

Australia

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

Experienced Board

Board of five comprising an experienced independent chair, two non-executive directors with relevant industry experience and the two shareholder representative directors below:



Jennifer Hill-Ling

- Chair of Hills Limited
 - Former Senior Partner in two Sydney law firms
-



Gregg Michaelson

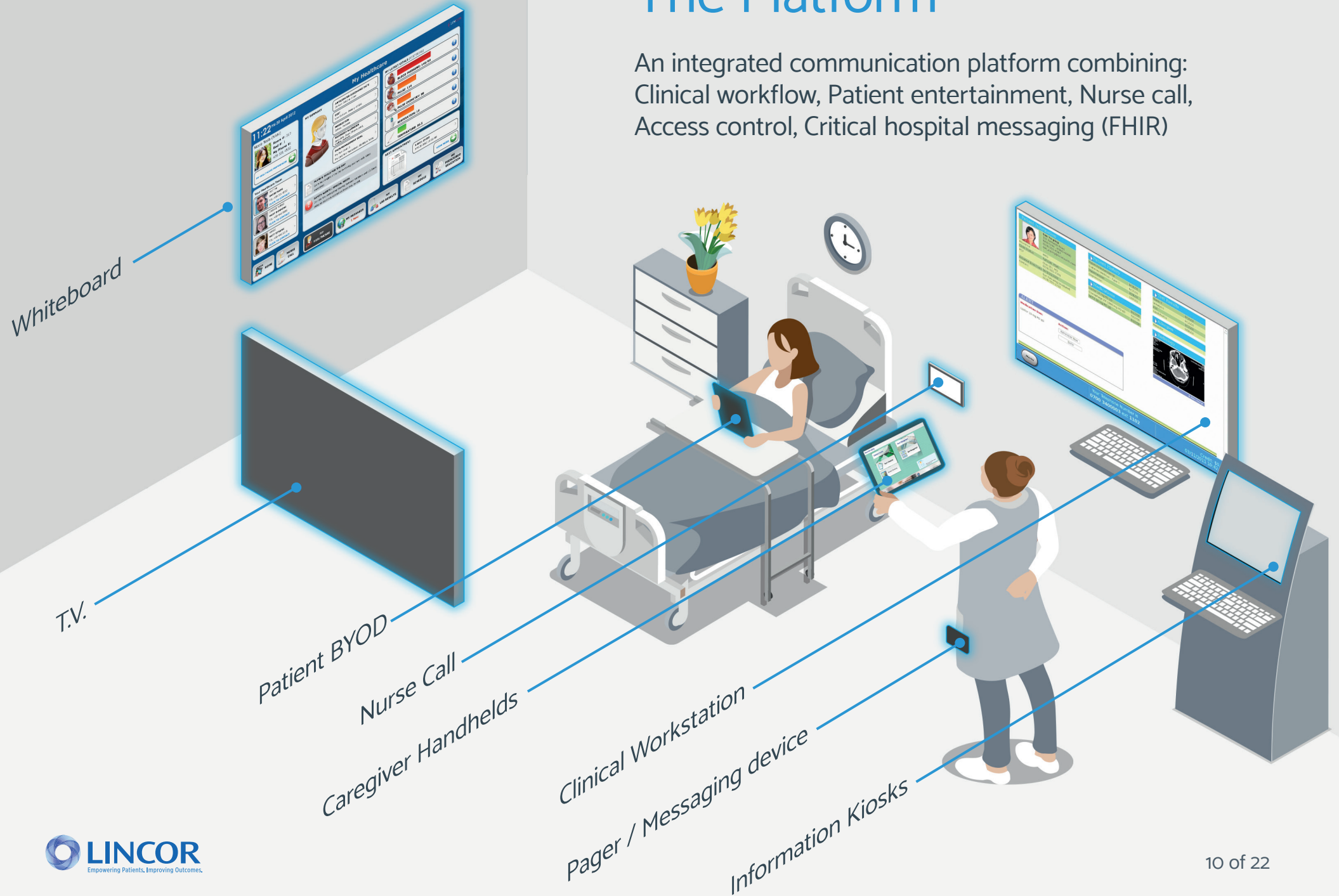
- Operating Partner, Edison Partners
- Ex CEO Inkwell Health (Consumer Engagement Co.)
- Ex President Rodale Inc
- Experienced leader in the Healthcare, Consumer and Engagement Industries

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



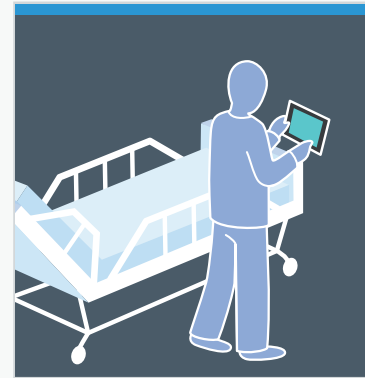
ClinicalLINC

- Interactive clinical information
- Increase clinical operational efficiency without compromising 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



Nurse Call

- IP based solution
- Connectivity with other hospital safety functions (fire, security, access)
- One device - programmable to any application

Value Proposition



We address the key issues facing healthcare facilities today



Cost Pressure

- Limited resources

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



Revenue Pressure

- Value based purchasing

- Revenue share for patient engagement
- Competitive differentiation



Regulatory Challenges

- Affordable Care Act
- Reimbursement rules

- Shift to outcomes focus / value based care
- Portal access, clinical documentation, EMR integration



Quality Care

- Errors and omissions

- Readmission risk, education and HAC
- Workflow reporting and monitoring



Patient Experience

- HCAHPS

- Consumerism of healthcare, remote and mobile
- Patient satisfaction and communication

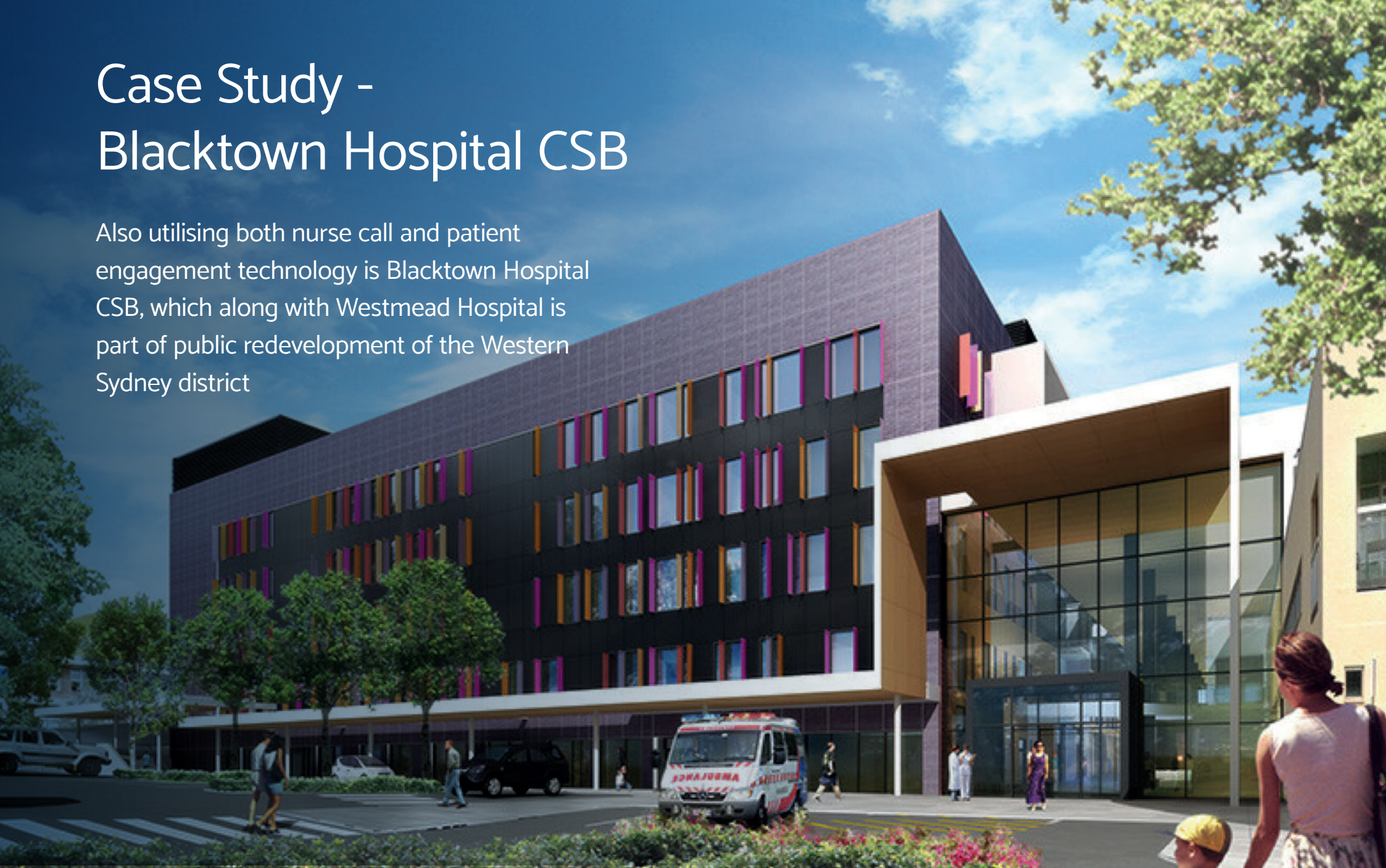
Case Study - nRAH

The state-of-the-art New Royal Adelaide Hospital (nRAH) has chosen Lincor's full patient engagement and nurse call bedside technology



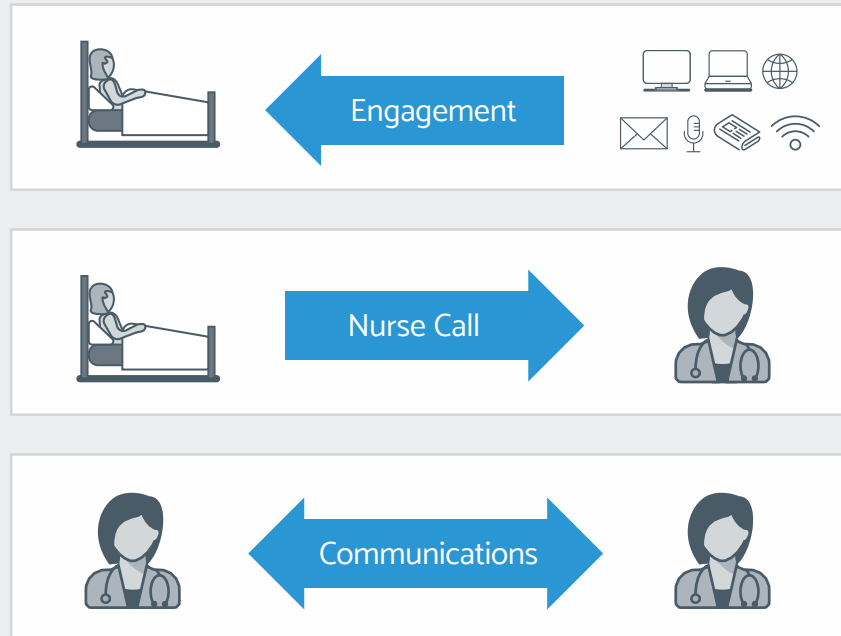
Case Study - Blacktown Hospital CSB

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



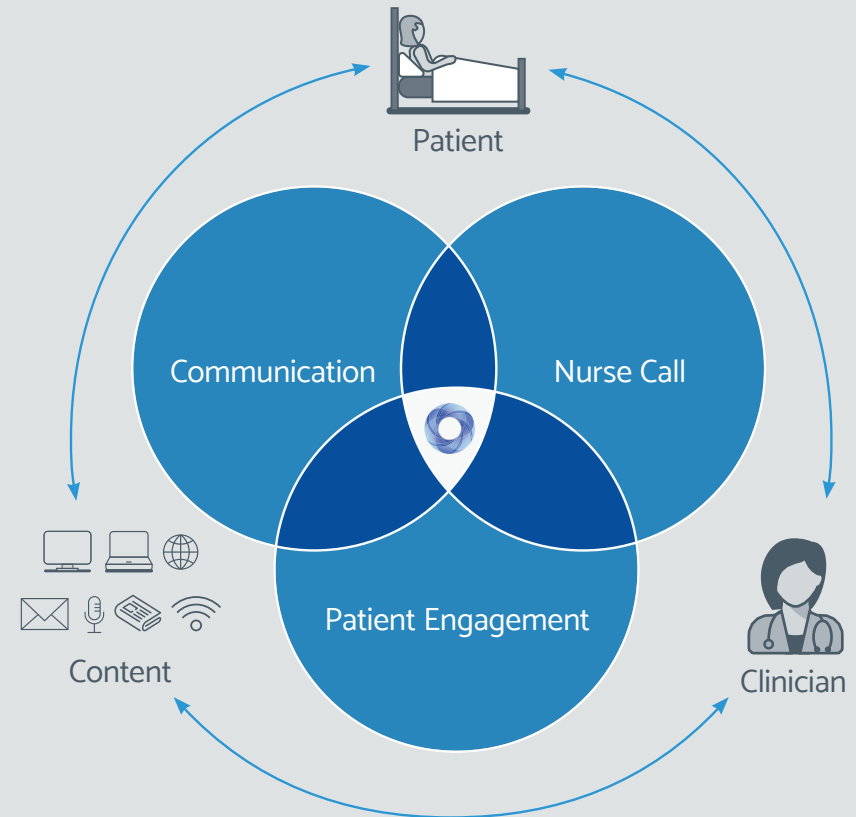
Company Strategy

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

Our Customers

Cancer Treatment Centers of America



Winning the fight against cancer, every day.®

“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

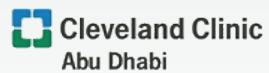
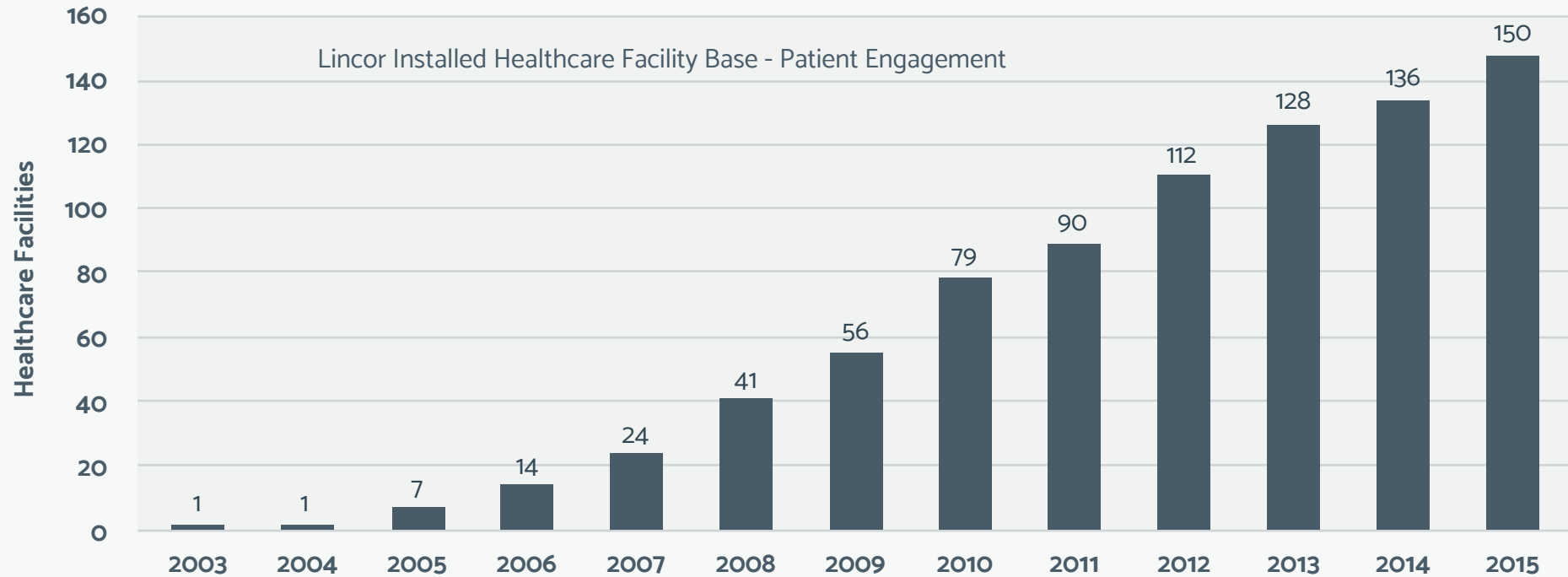
Transition

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



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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