



 **RHT** | HEALTH TRUST

# 6<sup>th</sup> Annual General Meeting

30 July 2018



# Disclaimer

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This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of income and occupancy rate, changes in operating expenses (including employee wages, benefits and training), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements.

The Indian Rupee and Singapore Dollar are defined herein as “INR” and “S\$” respectively. Any discrepancy between individual amounts and total shown in this presentation is due to rounding.

# Agenda

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1. **About the RHT Portfolio**
2. **Key Financial Highlights**
3. **Significant Events**
4. **Proposed Disposal of RHT asset portfolio**

# About the RHT Portfolio



# RHT– 18 Quality Assets Spread Across India

## RHT:

- ✓ Investment mandate to invest in medical and healthcare assets and services in Asia, Australasia and other emerging markets
- ✓ A healthcare-related business trust listed on the SGX (current market cap of S\$655.1 m<sup>(1)</sup>)
- ✓ Partnership with *Fortis Healthcare Limited*, the leading healthcare delivery services provider in India

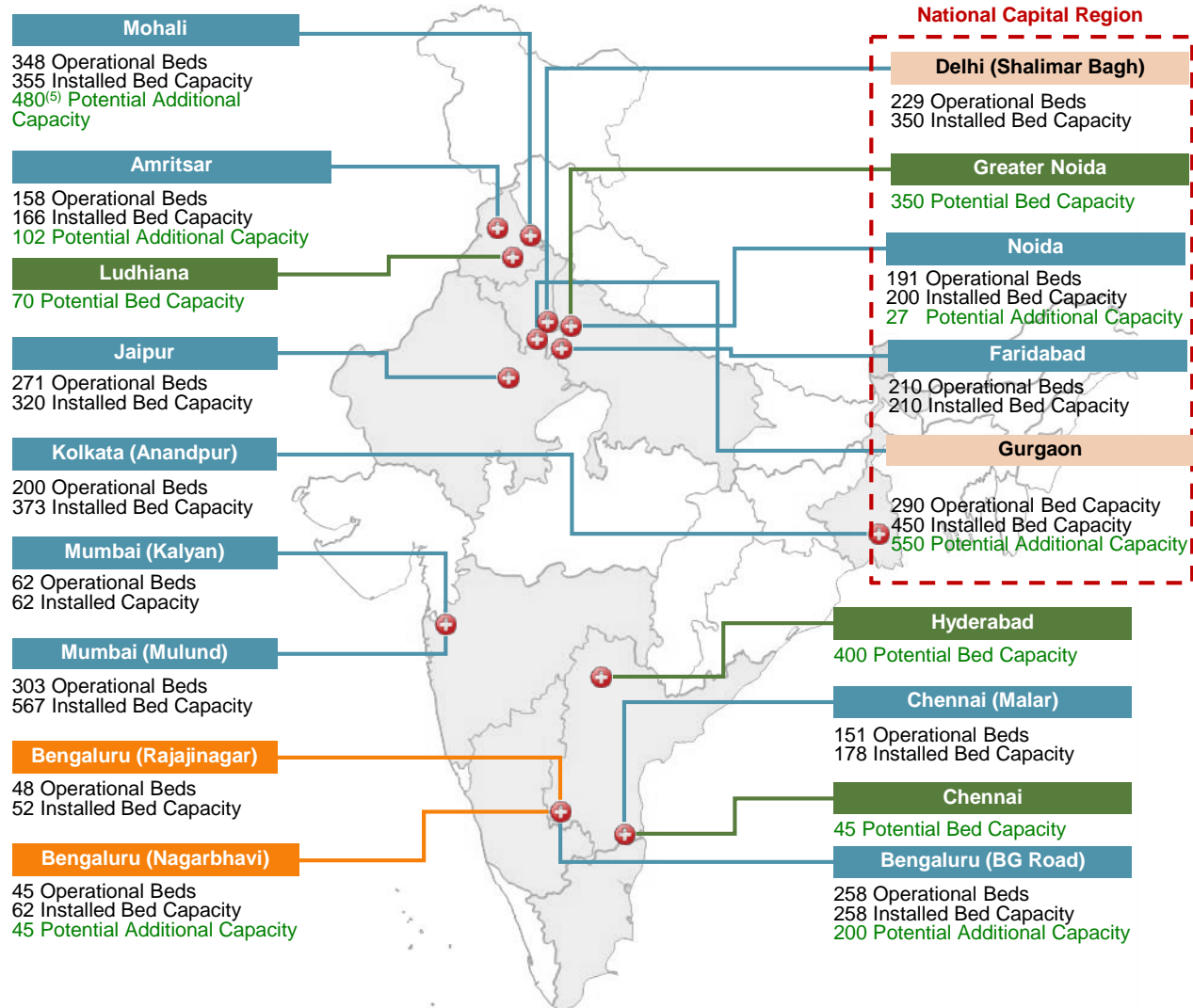
## RHT Portfolio Summary:

- ✓ Portfolio valued at S\$1,084.6m<sup>(3)(4)</sup>
- ✓ 12 RHT Clinical Establishments
- ✓ 4 Greenfield Clinical Establishments
- ✓ 2 Operating Hospitals managed and operated by RHT

## Premier Locations Across India:

- ✓ Approximately 3.6 million sq ft of built-up area across 10 states
- ✓ Sizeable population catchment
- ✓ Located near to major transportation nodes

- : 100% Owned RHT Clinical Establishment
- : Greenfield Clinical Establishments
- : Operating Hospitals
- : 49% Owned Clinical Establishment commencing 12 October 2016

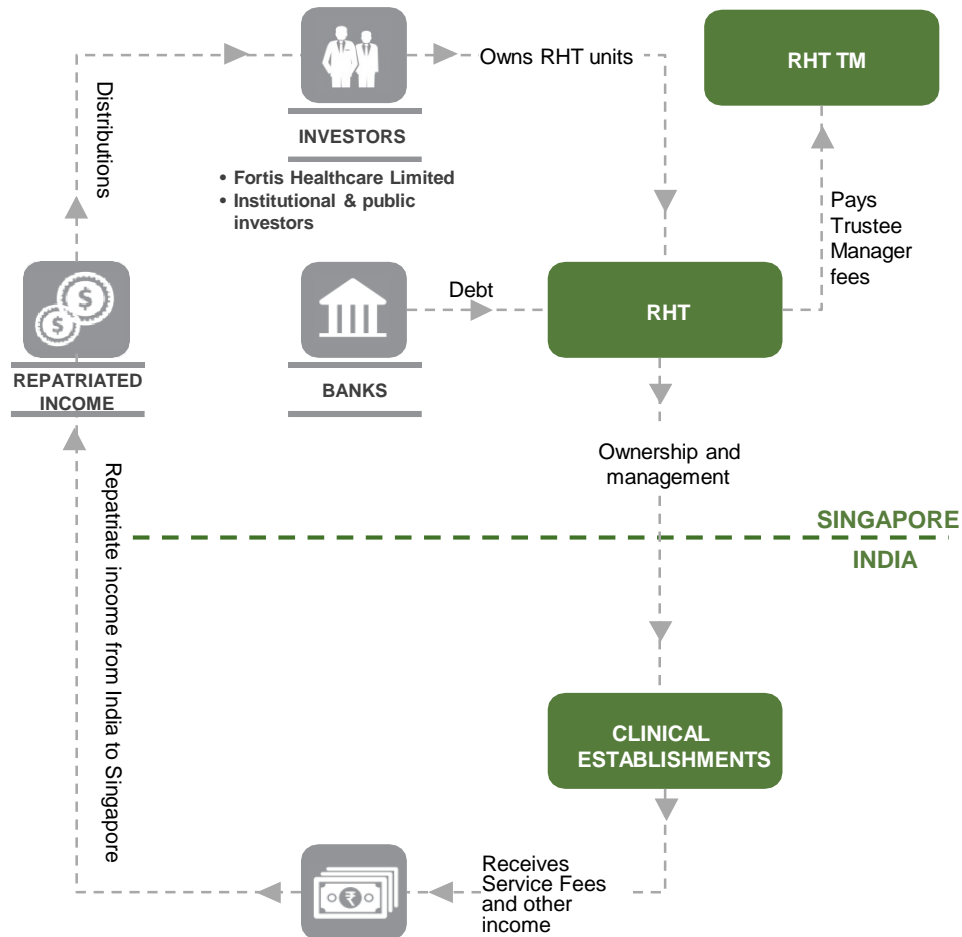


## Note:

- (1) As at 31 March 2018. Source: SGX
- (2) Based on S\$1 = INR 49.68 as at 31 March 2018. The appraised value of each of the portfolio assets by the independent valuers is as at 31 March 2018.
- (3) The portfolio value has taken into the effect the disposal of 51% interest in FHTL.
- (4) No. of beds and installed capacities as at 31 March 2017. Potential bed capacity assumes all planned phases of development and construction are completed.
- (5) The development of the Mohali land is intended to be carried out in phases and will not result in an immediate addition in capacity of 480 beds upon completion of the initial phase of development.

# Stable and Efficient Trust Structure

## RHT Trust Structure



## Income Secured through Long Term Agreements

Term of Agreement	<ul style="list-style-type: none"> <li>15 years from 2012, with option to extend by another 15 years by mutual consent</li> </ul>
Primary Obligations of HSCos	<ul style="list-style-type: none"> <li>Making available and maintaining the Clinical Establishments</li> <li>Provision of outpatient services</li> <li>Provision of radio diagnostic services</li> </ul>
Primary Obligations of FOCs	<ul style="list-style-type: none"> <li>Provision of healthcare services at the Clinical Establishments</li> <li>Pay to RHT the Services Fees and Commitment Deposits</li> </ul>
Services Fee	<ul style="list-style-type: none"> <li><b>Base Service Fee</b> <ul style="list-style-type: none"> <li>Fixed quarterly payments with 3% escalation per annum</li> <li>Upward revision for any capital expansion or expansion of the Fortis Hospital or services provided by the HSCos</li> </ul> </li> <li><b>Variable Service Fee</b> <ul style="list-style-type: none"> <li>7.5% of the operating income of Fortis</li> <li>Allows RHT to capture upside exposure</li> </ul> </li> </ul>
Commitment Deposit	<ul style="list-style-type: none"> <li>FOC to pay HSCo 25% for greenfield development of Fortis Hospitals as an interest free refundable commitment deposit</li> </ul>



# Some of RHT's Award Winning Clinical Establishments

31 Joint Commission International (JCI) accredited hospitals in India  
3 Clinical Establishments in the RHT portfolio are JCI accredited hospitals



**BG Road Clinical Establishment**  
JCI Accredited since 9 February 2008  
Renewed for the 4<sup>th</sup> time in June 2017



**Mohali Clinical Establishment**  
JCI Accredited since 15 June 2007  
Renewed for the 4<sup>th</sup> time in June 2016



**Gurgaon Clinical Establishment**

Ranked No. 2 globally on '30 Most Technologically Advanced Hospitals in the World' by 'topmastersinhealthcare.com'



**Mulund Clinical Establishment**  
JCI Accredited since 26 August 2005  
Renewed for the 4<sup>th</sup> time in June 2016

# Key Financial Highlights





# Key Highlights

- Financial performance

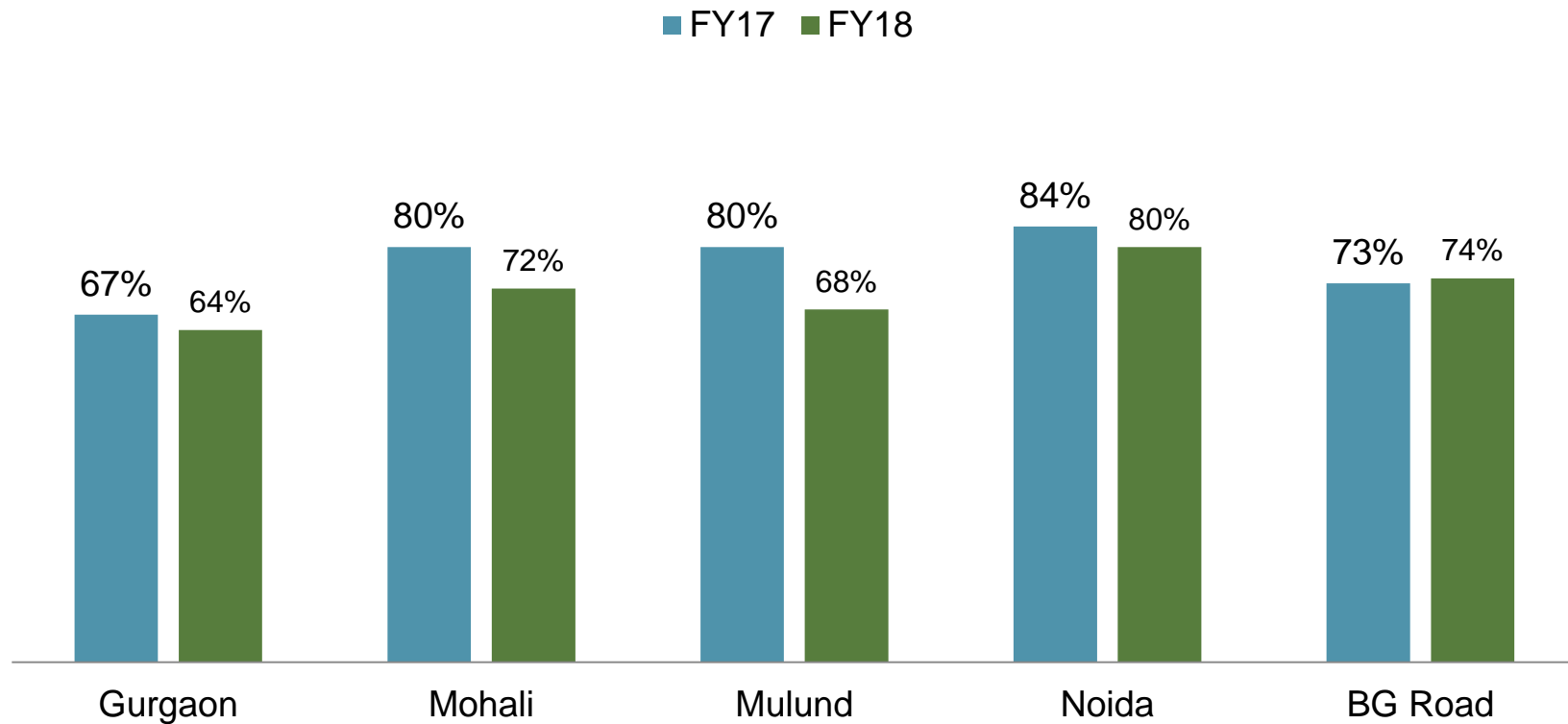
FY18 against FY17	FY18	FY17 <sup>(2)</sup>	Variance
	S\$'000	S\$'000	%
Total Revenue <sup>(1)</sup>	94,422	89,919	5.0
Net Service Fee and Hospital Income	53,707	50,924	5.5
Adjusted Net Service Fee Margin	63%	64%	(1.0)
Distributable Income (S\$'000)	38,430	50,502 <sup>(2)</sup>	(23.9)
Distributable Income had the dilution occurred for the full comparative period (S\$'000)	38,430	41,931	(8.3)

- Year-on-year increase in Total Revenue due mainly to annual growth in Base Fee.
- Net Service Fee and Hospital Income dipped slightly as a result of lower occupancy levels at the Clinical Establishments, which lowered the Variable Fee.
- Net Service Fee margin was fairly constant between FY2017 and FY2018.
- Distributable Income lower mostly due to the disposal of 51% economic interests in FHTL and increased corporate taxes.

(1) Total Revenue excludes straight lining  
(2) Excludes special distribution of \$198.3 million

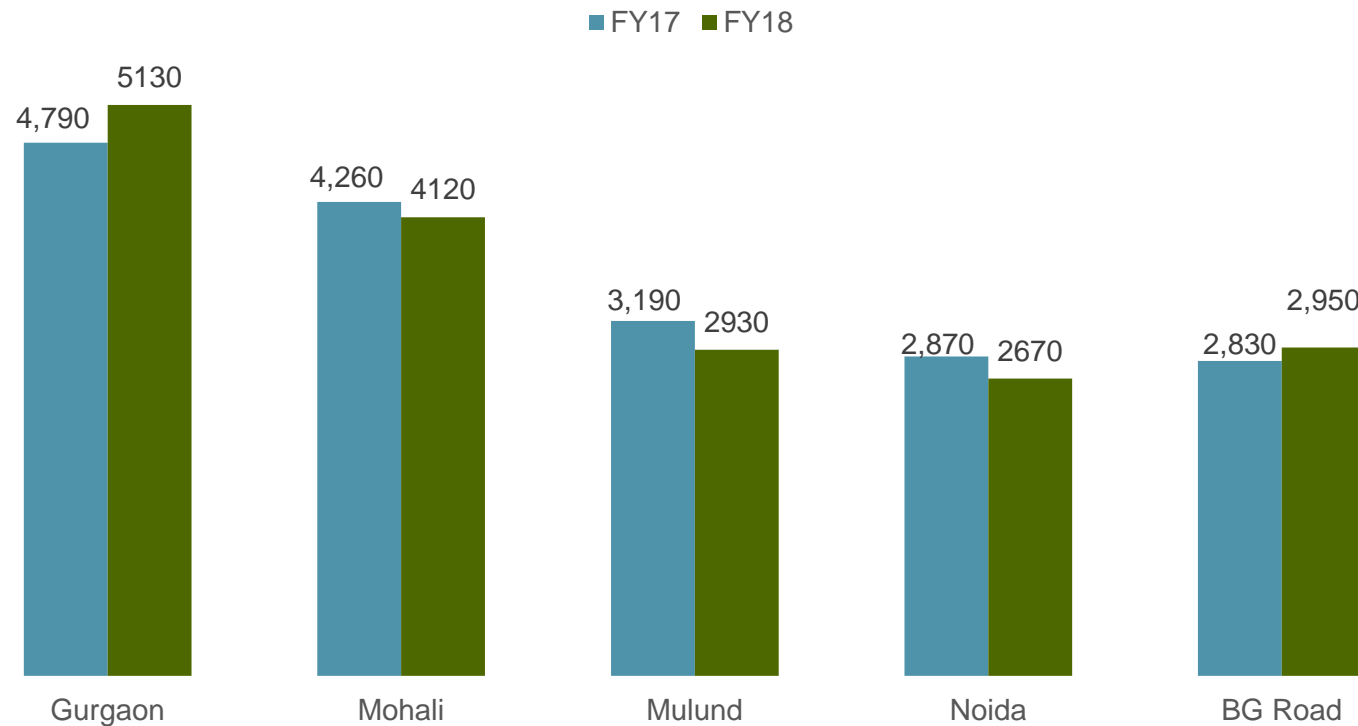
Exchange rate for translation for actual FY17 was S\$1 = INR 48.39. Actual exchange rate for FY18 was S\$1 = INR 47.72

# Occupancy Levels at the Clinical Establishments



Source: Fortis presentation slides for FY18  
All figures based on information released by Fortis Healthcare Limited for their Top 10 performing hospitals

# Fortis' Revenue Performance at the Clinical Establishments (INR m)

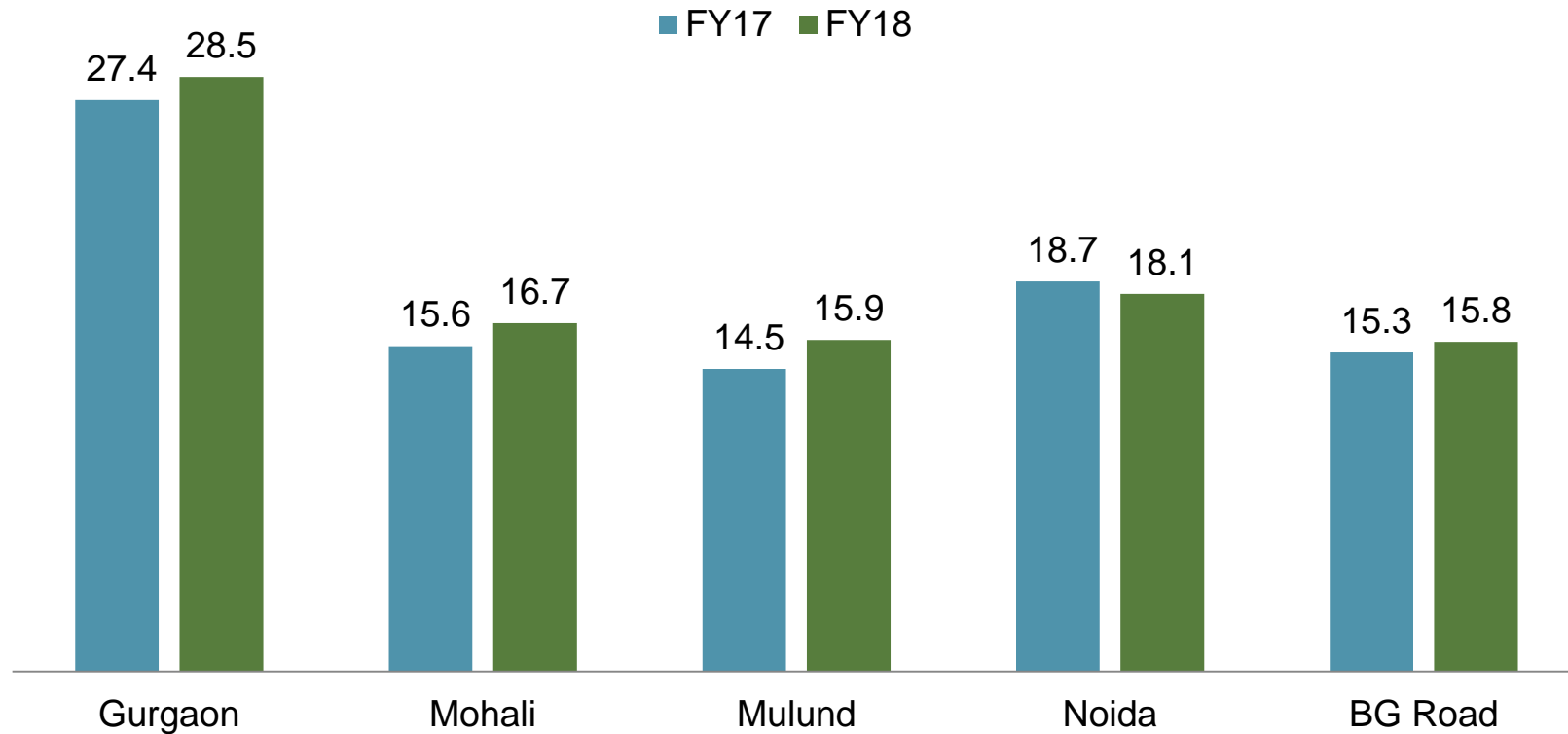


Source: Fortis presentation slides for FY16

All figures based on information released by Fortis Healthcare Limited for their Top 10 performing hospitals

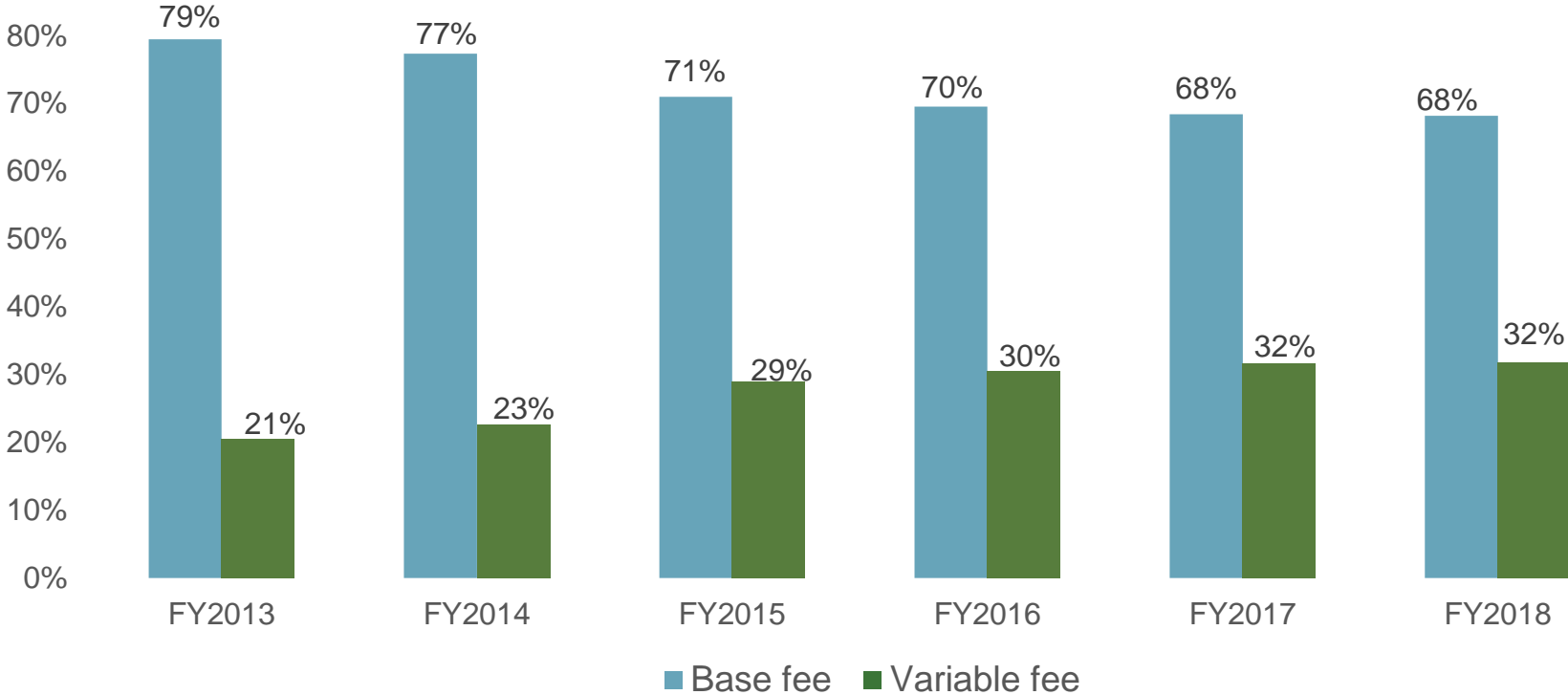
(1) Installed capacity refers to the maximum number of beds that can be operated at each hospital without further expansion. Potential capacity refers to the maximum number of beds that can operate at each hospital when all stages of development are completed.

# Average Revenue per Operating Bed (INR m) at each Clinical Establishment



Source: Fortis presentation slides for FY18  
All figures based on information released by Fortis Healthcare Limited for their Top 10 performing hospitals

# Breakdown of RHT's Base against Variable Fee Component

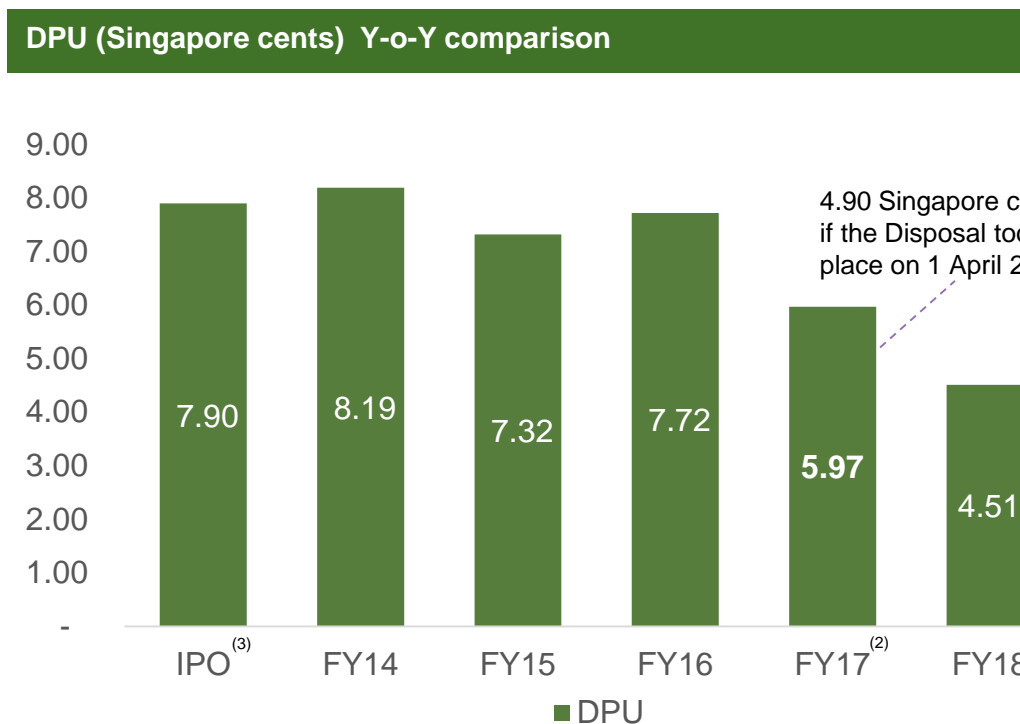




# Distributions Highlights

Period	DPU
1QFY18	1.22 cents per unit
2QFY18	1.14 cents per unit
3QFY18	1.09 cents per unit
4QFY18	1.06 cents per unit <sup>(1)</sup>

**Total DPU for FY2018 : 4.51 cents per unit**



Notes:

- (1) Based on total number of Common Units of 808,731,944 currently issued as at 31 March 2018.
- (2) DPU represents 95% of Distributable Income. 100% of Distributable Income was paid out before FY17.
- (3) Annualised as IPO was in October FY13.

# Distribution and Hedging Policy

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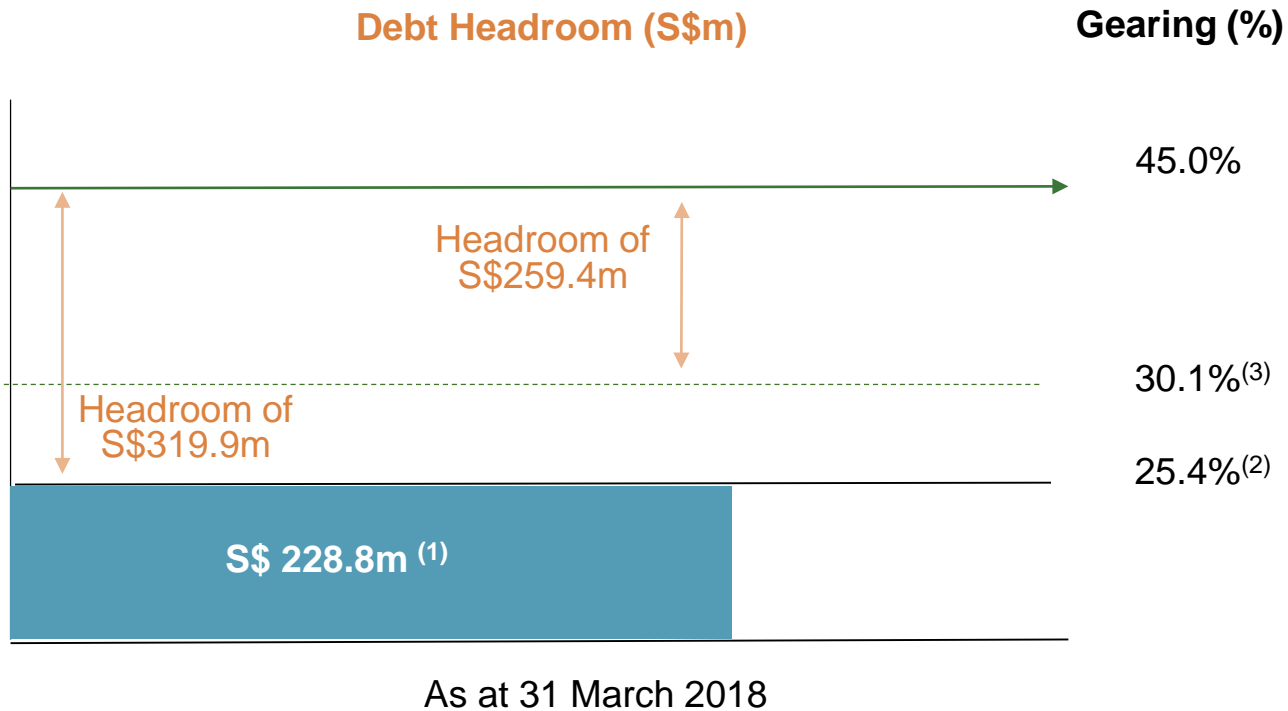
## **DISTRIBUTION POLICY**

- Our distribution policy provides for distribution of at least 90% of the Distributable Income.
- Beginning FY2017, RHT TM started distributing 95% of its Distributable Income.
- The 5% which is retained is used to fund working capital.

## **HEDGING POLICY**

- Commencing FY2018, RHT had been hedging 50% of its Indian denominated cashflows receivable every 6 months from India.
- The Trustee-Manager has not and will not be entering into any hedges for the expected INR cashflow for the 6 months ending December 2018 and for future periods as the completion date for the proposed disposal of RHT's entire portfolio is uncertain.

# Conservative Gearing Levels



Notes:

- (1) Defined as Net Debt, being total loans and borrowings less cash and cash equivalents.
- (2) Gearing is calculated as Net Debt divided by sum of Net Assets and Net Debt, excluding NCD liabilities owing to an associate.
- (3) Gearing ratio takes into consideration ongoing and future asset enhancement initiatives.

# Key Events



# Key Events

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- **May 2017**  
Issued S\$60 million 4.50 per cent. fixed rate notes due 2018 to refinance existing loan facilities.
- **July 2017**  
Drop in shareholding of promoters of Fortis in the latter. Consent solicitation exercise conducted to seek approval for the waiver of the breach and amendment in the term of the Notes.
- **November 2017**  
Signing of Term Sheet in relation to the disposal of the entire asset portfolio of RHT
- **January 2018**  
Extension of term sheet validity
- **February 2018**  
Signing of Definitive Agreements relating to the Proposed Disposal
- **April 2018**  
Consent Solicitation Exercise conducted to seek approval for Proposal Disposal and extension of expiry of Notes amongst others

## Going Forward

### Assuming Completion of Proposed Disposal

- Seek unitholders' approval for the Proposed Disposal at an EGM
- Distribute proceeds from consideration back to unitholders
- Explore potential avenues forward for RHT, as per the SGX-ST listing rules, including acquisition of new assets.



# Proposed Disposal of the RHT portfolio



# Transaction Summary

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## Offeror

- Fortis Healthcare Limited (“FHL”)

## Transaction Structure

- Acquisition of the entire asset portfolio of RHT Health Trust (“RHT”)
- 49.0% interest in Fortis Hospotel Limited (“FHTL”), 12 Clinical Establishments (“CEs”), 4 Greenfield CEs and 2 Operating Hospitals in India.

## Consideration

- INR46,000 million<sup>(1)</sup> based on INR:SGD exchange rate of INR48.5:SGD1.00<sup>(2)</sup>;
- Repayment of external borrowing of approximately S\$237.9 million
- Aggregate Net Consideration of approximately S\$710.6 million
- Net Consideration per unit of approximately S\$0.88

### Notes:

(1) Assuming the Consideration of INR 46,500 million with the only adjustment to Consideration downwards by INR500 million due to parties not obtaining warranty and indemnity insurance

(2) Based on the closing rate on Bloomberg L.P. on 12 February 2018

## Transaction Summary (cont'd)

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### Special Distribution

- The Estimated Net Consideration is intended to be distributed to Unitholders<sup>1</sup>

### Estimated Special Distribution Per Unit

- The estimated net proceeds per unit post settlement of transaction costs and expenses is approximately S\$15.8 million<sup>1</sup> (approximately S\$0.86)

### Long Stop Date

- 30 September 2018

### Advisors

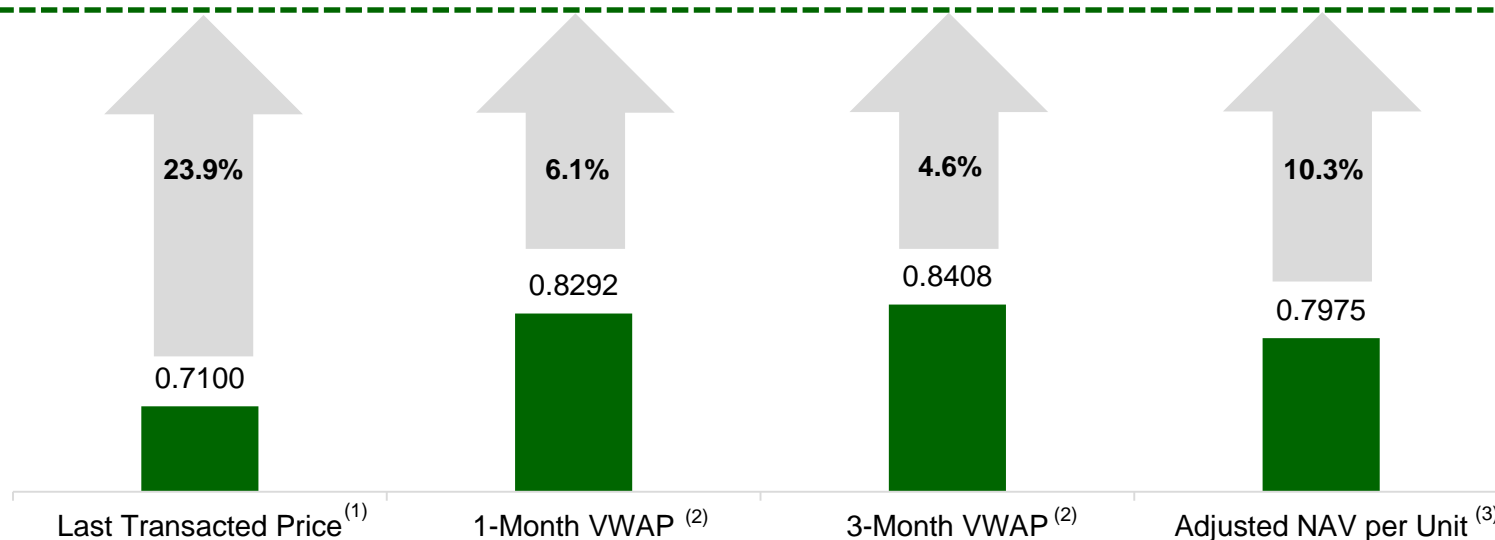
- Merrill Lynch (Singapore) Pte. Ltd. appointed to advise the Board on the terms of the Proposed Disposal from a financial perspective.
- KPMG Corporate Finance Pte Ltd has been appointed as independent financial adviser to the Independent Directors

<sup>1</sup> Before retention of 5%. The Trustee-Manager will also be retaining 5% of the net proceeds to cover on-going expenses post the Proposed Disposal.

# Rationale for the Proposed Disposal

- Consideration represents a premium to various historical market prices

Estimated Consideration per Unit of S\$0.88



Source: Bloomberg

Notes:

- (1) Closing price on 12 February 2018 which is S\$0.71
- (2) The respective VWAPs are with reference to the relevant periods up to and including 14 November 2017, being the last full day of trading of the Units prior to the 15 November 2017 Announcement (the "Last Undisturbed Price")
- (3) Adjusted at the INR:SGD exchange rate of INR48.5:SGD1.00 and amount available of 3.45 Singapore cents for the nine months ended 31 December 2017 ("9MFY2018 Distributable Amount").

## Returns to Unitholders

- Opportunity to Realise Investment At Attractive Valuation

	Distributions	
Unit Price at IPO (19 October 2012)		90.00 cents
Total Distributions Paid out between IPO to 31 March 2018	37.26 cents	} 62.06 cents
Special Distribution paid out on 28 October 2016	24.80 cents	
Net Proceeds Per Unit from Proposed Disposal	86.00 cents	148.06 cents
Total Unitholders' Returns (%) based on 90 cents		<b>64.08%</b>



# Approvals Required for the Proposed Disposal

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## Conditions of the Proposed Disposal

- Unitholders approval
- No change of control of any member of the Trustee-Manager, the Vendors and RHT's Indian Subsidiaries
- Noteholders' approval for the Proposed Disposal obtained on 30 April 2018

## Unitholders Circular

- Time line and details concerning the Proposed Disposal will be set out in the Unitholders Circular to be despatched in due course.

## Current Status with Fortis

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- Fortis is up to date on its payments to RHT under the Hospital and Medical Services Agreements.
- Fortis obtained its shareholders' approval for the acquisition on 5 May 2018.
- On 13 July 2018, Fortis' board picked IHH, Asia's largest private healthcare operator by market value, as the preferred bidder to acquire a controlling stake in Fortis through a combination of primary equity infusion and purchase of shares from public shareholders.
- Funds infused by IHH into Fortis will be used to complete the acquisition of assets, including that of RHT's.
- Completion of transaction between Fortis and IHH is subject to Fortis' shareholders' approval and Competition Commission of India ("CCI").
- Fortis EGM is on the 13 August 2018. Approximate timeline for CCI approval is 60-75 days.
- IHH transaction with Fortis will complete in 7 business days post receipt of Fortis shareholders' and CCI approval.

Thank You

