

About RHT Health Trust

RHT Health Trust ("RHT") is a registered Business Trust with an investment mandate to invest principally in medical and healthcare assets and services, in Asia, Australasia and emerging markets in the rest of the world. RHT may also develop medical and healthcare assets. It is expected that the medical services will be provided directly by RHT or in collaboration with third parties.

On 26 September 2018, Unitholders passed the resolutions to approve the Proposed Disposal of RHT's entire asset portfolio of clinical establishments and hospitals in India to Fortis Healthcare Limited as well as to approve the Proposed Trust Deed Amendments.

RHT's current investment mandate is principally to invest in income-yielding real estate and real estate related assets used or to be used primarily as business space¹ in Asia and Australasia.

On 24 August 2018, the Trustee-Manager had announced that it has agreed with Fortis Healthcare Limited ("Fortis") under the Amendment Agreement that the consideration (and adjustments thereto) shall be computed on the INR: SGD closing offer rate on Bloomberg L.P. one (1) business day prior to Completion, in which case the reference rate for computing the consideration (and adjustments thereto) shall be the closing rate on 30 September 2018 ("Foreign Exchange Adjustment Amendment"). As 30 September 2018 was a Sunday, the closing offer rate on 28 September 2018 (Friday) being the last business day of month of INR52.99: SGD1.00 was applied.

Fortis obtained the shareholders' approval in relation to the Amendment Agreement on 29 October 2018. The Proposed Disposal is dependent upon, among other things, approval from the Competition Commission of India ("CCI"). We are awaiting formal confirmation of this approval.

Key Information on the Portfolio

RHT's Portfolio as of 30 September 2018 comprises interest in twelve RHT Clinical Establishments, four Greenfield Clinical Establishments and two Operating Hospitals located across India.

Clinical Establishments

Amritsar
Bengaluru, BG Road
Chennai, Malar
Faridabad
Jaipur
Kolkata
Mohali (including land acquired as an extension)
Mumbai, Kalyan
Mumbai, Mulund
Noida
Gurgaon (Associate)
New Delhi, Shalimar Bagh (Associate)

Greenfield Clinical Establishments

Ludhiana
Chennai
Hyderabad
Greater Noida

Operating Hospitals

Bengaluru, Nagarbhavi
Bengaluru, Rajajinagar

¹ Business space includes, but is not limited to, space used for information technology, information technology enabled services (includes various services ranging from call centres, claims processing, medical transcription, e-customer relationship management, supply chain management to back office operations such as accounting, data processing and data mining), high tech, science, healthcare, education, accommodation, business, industrial, logistics, warehousing and office purposes and such other supporting amenities.

Foreign exchange rate

	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Average rate	51.71	47.43	50.99	47.01
Closing rate	53.07 ⁽³⁾	47.82	53.07	47.82
Effective forward rate	53.90 ⁽¹⁾	49.37 ⁽²⁾	53.90 ⁽¹⁾	49.37 ⁽²⁾

(1) Based on estimated forward rate. No hedge has been entered into for FY19 distributions.

(2) The Trustee-Manager hedged 50% of the expected INR cash flow, leaving the remaining unhedged portion of INR cash flow to be realised at the spot rate. The Trustee-Manager assumed a forward rate for the unhedged INR cash flow to determine the Distributable Income. Any difference between the actual spot rate and the estimated forward rate will be adjusted in the next distribution. The average forward rate disclosed is the weighted average of the contracted forward rate and the estimated forward rate used to determine the Distributable Income.

(3) Reference rate is mid-market rate quoted from www.xe.com on 30 September 2018.

Hedging policy

The Trustee-Manager has not and will not be entering into any hedge for the INR cash flow for the financial year beginning 1 April 2018 and for the future periods, since it has entered into the Master Purchase Agreement ("MPA") for the Proposed Disposal.

In the prior financial year, the Trustee-Manager hedged a maximum of 50% of the INR cash flow against receivables by RHT every half yearly from India.

Distribution policy

RHT's policy is to distribute at least 90.0% of its distributable income on a semi-annual basis, for every six-month period ending 30 September and 31 March. Since the financial year ended 31 March 2018, the Trustee-Manager announced its intention to distribute 95.0% of RHT's distributable income. The 5.0% which is retained will be used to fund the Trust's operational requirements as well as expenditure for potential investments. Please see paragraph 11 and 12 for more details on distributions.

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1 Unaudited Results for the quarter ended 30 September 2018

The Board of Directors of the Trustee-Manager announces the following unaudited results of RHT and its subsidiary companies ("RHT Group") for the quarter ended 30 September 2018.

1(a) Consolidated Statement of Comprehensive Income and Distributable Income Statement

	Notes	FY19 Q2	FY18 Q2	Var	FY19 YTD	FY18 YTD	Var
		S\$'000	S\$'000		S\$'000	S\$'000	
Revenue:							
Service fee	2	18,789	20,685	-9%	37,527	41,607	-10%
Hospital income	3	3,041	2,811	8%	5,610	5,352	5%
Other income	4	676	853	-21%	1,606	1,903	-16%
Total revenue		22,506	24,349	-8%	44,743	48,862	-8%
Service fee and hospital expenses:							
Medical consumables	5	(2,141)	(2,287)	-6%	(4,000)	(4,568)	-12%
Employee benefits expense	6	(735)	(799)	-8%	(1,505)	(1,610)	-7%
Doctor charges	7	(1,755)	(2,062)	-15%	(3,478)	(4,123)	-16%
Depreciation and amortisation		(2,687)	(3,029)	-11%	(5,434)	(6,070)	-10%
Other service fee expenses	8	(2,894)	(3,047)	-5%	(5,722)	(6,125)	-7%
Hospital expenses	3	(2,500)	(2,348)	6%	(4,716)	(4,644)	2%
Total service fee and hospital expenses		(12,712)	(13,572)	-6%	(24,855)	(27,140)	-8%
Finance Income	9	3,895	3,975	-2%	7,773	8,122	-4%
Finance Expenses	10	(4,521)	(5,436)	-17%	(9,779)	(9,588)	2%
Trustee-Manager Fee	11	(1,297)	(1,463)	-11%	(2,642)	(2,814)	-6%
Other Trust Expenses	12	(1,044)	(542)	93%	(1,716)	(1,694)	1%
Foreign exchange loss	13	(4,732)	(1,748)	n.m	(5,579)	(5,117)	n.m
Total expenses		(20,411)	(18,786)	9%	(36,798)	(38,231)	-4%
Share of results of an associate	1	2,391	2,312	3%	4,672	5,183	n.m
Profit before changes in fair value of financial derivatives		4,486	7,875	-43%	12,617	15,814	-20%
Fair value gain/(loss) on financial derivatives		-	445	n.m	(389)	3,315	n.m
Profit before taxes		4,486	8,320	-46%	12,228	19,129	-36%
Income tax expense	14	(4,491)	(8,696)	-48%	(8,247)	(10,324)	-20%
(Loss)/profit for the period attributable to Unitholders of the Trust		(5)	(376)	-99%	3,981	8,805	-55%
Other Comprehensive Income							
<u>Items that may be reclassified subsequently to profit or loss</u>							
Foreign currency translation		(21,579)	(7,478)	n.m	(26,609)	(12,949)	n.m
<u>Items that will not be reclassified to profit or loss</u>							
Remeasurement of defined benefit plan		5	-	n.m	12	-	n.m
Other Comprehensive Income for the period, net of tax		(21,574)	(7,478)	n.m	(26,597)	(12,949)	n.m
Total Comprehensive Income for the period attributable to Unitholders of the Trust		(21,579)	(7,854)	n.m	(22,616)	(4,144)	n.m

(1) n.m – not meaningful.

1(a) Consolidated Statement of Comprehensive Income and Distributable Income Statement (Cont'd)

	Notes	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
		S\$'000	S\$'000	S\$'000	S\$'000
Reconciliation to Unitholders Distributable Income					
Profit for the period attributable to Unitholders of the Trust		(5)	(376)	3,981	8,805
Distribution adjustments:					
Impact of non-cash straight-lining		(237)	(401)	(479)	(806)
Technology renewal fee		(151)	(165)	(306)	(332)
Depreciation and amortisation		2,687	3,029	5,434	6,070
Trustee-Manager fees payable in units	11	-	732	-	1,407
Deferred payment of Trustee-Manager fees ^(a)	11	649	-	1,321	-
Tax adjustment	14	1,989	6,033	3,198	5,013
Foreign exchange differences	15	4,100	744	5,184	400
Compulsorily Convertible Debentures ("CCD") interest income	9	(3,637)	(3,966)	(7,339)	(7,960)
Non-Convertible Debentures ("NCD") interest expense	10	1,661	1,783	3,497	3,575
Distribution adjustments of an associate	1	1,578	2,180	3,409	3,783
Others (includes working capital adjustment)		(712)	80	(1,427)	163
Total Distributable Income attributable to Unitholders of the Trust		7,922	9,673	16,473	20,118

(a) Deferred till the earlier of the Completion of the Proposed Disposal or 31 March 2019.

Notes to Consolidated Statement of Comprehensive Income and Distributable Income Statement

1. On 12 October 2016, the Group disposed 51.0% economic interest in Fortis Hospotel Limited ("FHTL") and accounts FHTL as an associate. The results and non-cash adjustments of 100.0% as well as 49.0% economic interest in FHTL have been presented below.

Results of an associate

Revenue:

Total revenue

Total expenses

Profit before tax

Income tax expenses

Profit for the period

Share of 49.0% of profit for the period

	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue	13,584	14,704	27,056	29,503
Total expenses	(6,511)	(7,641)	(13,115)	(15,412)
Profit before tax	7,073	7,063	13,941	14,091
Income tax expenses	(2,194)	(2,344)	(4,406)	(3,512)
Profit for the period	4,879	4,719	9,535	10,579
Share of 49.0% of profit for the period	2,391	2,312	4,672	5,184

Distribution adjustments:

Impact of non-cash straight-lining

Technology renewal fee

Depreciation and amortisation

Tax adjustment

Capital expenditure

Interest income and expense with related parties

Others

FHTL's distribution adjustments

Share of 49.0% of non-cash adjustment

	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Impact of non-cash straight-lining	(670)	(893)	(1,351)	(1,792)
Technology renewal fee	(28)	(10)	(37)	(20)
Depreciation and amortisation	1,449	1,643	2,920	3,297
Tax adjustment	3	86	15	(999)
Capital expenditure	-	(56)	-	(112)
Interest income and expense with related parties	3,032	3,679	6,080	7,346
Others	(564)	-	(670)	-
FHTL's distribution adjustments	3,222	4,449	6,957	7,720
Share of 49.0% of non-cash adjustment	1,578	2,180	3,409	3,783

Net cash flow from FHTL

Share of 49.0% of net cash flow from FHTL

	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Net cash flow from FHTL	8,101	9,168	16,492	18,299
Share of 49.0% of net cash flow from FHTL	3,969	4,492	8,081	8,967

Note: The following notes do not include a performance analysis of FHTL. Please refer to the relevant sections of paragraph 8 on pages 13 to 16 for FHTL's performance analysis.

Notes to Consolidated Statement of Comprehensive Income and Distributable Income Statement (Cont'd)

2. The service fee is the aggregate of the base and variable service fees for the provision of the Clinical Establishment services, including but not limited to the Out-Patient Department services (“OPD”) and the Radio Diagnostic Services (“RDS”).

INR mn	FY19 Q2	FY18 Q2	Variance (%)	FY19 YTD	FY18 YTD	Variance (%)
Base Fee*	588	571	3	1,177	1,142	3
Variable Fee	371	391	(5)	712	776	(8)
Total Fee	959	962	(0)	1,889	1,918	(2)

*Excluding impact of straight-lining.

The service fee in INR terms is lower for the current quarter and year-to-date. This is due to lower variable fee resulting from a drop in revenue recorded by the Operator at the RHT Clinical Establishments. The drop is a result of the lower occupancy rate. The depreciation of INR against SGD resulted in a further decrease in revenue in SGD terms. The decrease in service fee is offset by the higher Base Fee for the quarter resulting from the contractual 3% increase.

3. RHT has 2 Operating Hospitals, Bengaluru, Rajajinagar Operating Hospital and the Bengaluru, Nagarbhavi Operating Hospital. The hospital income and expenses arise solely from the provision of medical services at these hospitals.

The net hospital income for the current quarter and year-to-date in INR terms is higher due to higher Average Revenue per Occupied Bed (“ARPOB”) resulting from the increase in high value surgeries in medical programmes such as Cardiology and Orthopaedics.

4. Other income includes income from the pharmacy, cafeteria, bookshop, automated teller machines, and other amenities in the Clinical Establishments of the Group. Other income in INR terms for both the quarter and year-to-date was lower due to the decrease in variable rental income from the pharmacy.
5. Medical consumables expense as a percentage of the variable fee for the quarter and year-to-date is higher due to inflationary increase in cost.
6. Employee benefits in INR terms for the quarter and year-to-date was slightly higher due to annual inflationary wage increases.
7. Doctor charges in INR terms for both the quarter and year-to-date was lower as a result of decrease in variable fees and is consistent as a percentage of the variable fee compared to the corresponding quarter and year-to-date.
8. Other service fee expenses mainly consist of housekeeping costs, security costs, power and fuel expenses, annual equipment maintenance charges for both medical and non-medical equipment owned by RHT Group, rent, property taxes and insurance, as well as administrative expenses.

Other service fee expenses in INR terms is higher compared to the corresponding quarter mainly due to the increase in housekeeping expense as a result of the implementation of minimum wages.

9. At the time of initial public offering, interest bearing CCDs were issued by entities in the RHT Group including, FHTL to one of the subsidiaries for the infusion of funds to complete the acquisition of the initial portfolio by RHT. As FHTL became an associate on 13 October 2016, such interest income of the subsidiary will no longer be eliminated. However, such CCD interest income is correspondingly recognised as CCD interest expense in the results of the associate and both the CCD interest income and expense are added back for distribution purpose.

Excluding the interest income from a related party, the higher finance income for the current quarter and year-to-date is due to the increase in income from mutual fund investments.

10. Similarly, as stated above, interest bearing Optionally Convertible Debentures (“OCDs”) were issued by entities in the RHT Group including, one of the subsidiaries to FHTL for RHT Group’s internal funding requirements. Such OCDs were converted to Non-Convertible Debentures (“NCDs”) as part of the disposal. As FHTL has become an associate, such interest expense of the subsidiary will no longer be eliminated. However, such NCD interest expense is correspondingly recognised as NCD interest income in the results of the associate and both the NCD interest expense and income are added back for distribution purpose.

Excluding the interest expense to FHTL, the finance expense was higher for the corresponding quarter due to bond and loan consent fees incurred and higher amount drawn on the overdraft facility in India.

11. The Trustee-Manager Fee for the quarter and year-to-date is lower compared to the corresponding quarter due to lower Distributable Income available for distribution and Net Asset value.
12. Other trust expense was higher for the current quarter compared to the corresponding quarter. This is due to legal and professional fees incurred for the consent solicitation exercise during the quarter.
13. The foreign exchange gain/ (loss) are on the account of:
 (i) unrealised differences from interest receivables denominated in INR; and
 (ii) realised differences from the settlement of forward contracts and interest received (settlement of forward contracts is only applicable for corresponding period and FY19 Q1) .

The foreign exchange loss for the quarter and year-to-date arises mainly from the depreciation of INR against SGD for the INR denominated net receivables.

14. Income tax expense relate to withholding tax expense on the offshore interest payment from the India subsidiary companies to the Singapore holding company and deferred tax in certain India subsidiary companies.

INR mn	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Current tax	129	127	257	250
Deferred tax	102	283	163	235

The deferred tax expense recognised for the quarter and year-to-date is due to the utilisation of unabsorbed tax losses previously recognised.

15. Included in foreign exchange differences are:
 (i) adjustments for the Distributable Income based on the average forward INR/SGD rate of 53.90² against the INR/SGD rate of 50.99 for the translation of the Statement of Comprehensive Income, (ii) changes in fair value on financial derivatives and; (iii) foreign exchange differences recorded in the Statement of Comprehensive Income.

² The Trustee-Manager assumes a forward rate for the unhedged INR cashflow to determine the Distributable Income. Any difference between the actual spot rate on realisation of INR cashflow and the estimated forward rate will be adjusted in the next distribution. Please see paragraph 11 and 12 for additional details.

Notes to Balance Sheets

1. Investment in an associate

The investment in an associate relates to investment in 49% of Fortis Hospotel Limited ("FHTL"). The increase in investment in an associate relates to the recognition of the share of profits from FHTL for the quarter.

2. Intangible assets

Intangible assets comprises of:

(i) Customer related intangibles – arose from the Hospital and Medical Services Agreements which RHT Group entered into with the Sponsor, Fortis Healthcare Limited, to provide medical and Clinical Establishment services.

(ii) Rights to use "Fortis" brand – The two Operating Hospitals owned by RHT Group will continue to use the "Fortis" brand name for a period of 15 years from the date of transfer.

(iii) Goodwill – Goodwill mainly arose from the recognition of the deferred tax liability, being the difference between the tax effect of the value of acquired assets and liabilities and their respective tax bases. The balance of goodwill comprises the value of synergies arising from the acquisition.

The decrease in intangible assets is due to the amortisation of intangible assets for the quarter as well as the depreciation of INR against SGD.

3. Property, plant and equipment

Property, plant and equipment comprises land and buildings, plant and machinery, medical equipment and other assets of the Clinical Establishment and the 2 Operating Hospitals.

Property, plant and equipment decreased due to the depreciation of INR against SGD and depreciation charges but the decrease was partially offset by additions during the period.

4. Financial assets

The non-current financial assets mainly relate to accrued income on straight-lining of the base service fee, fixed deposits pledged as security and security deposits paid. The slight decrease is mainly attributable to depreciation of INR against SGD offset by the impact of the recognition of accrued income on straight-lining of the base service fees.

The current financial assets mainly relate to investment in mutual funds, fixed deposits, recoverable advances, FHTL CCD interest receivable from an associate, security deposits as well as interest receivable from Fortis. The decrease is mainly due to sale of investment in mutual funds, receipt of FHTL CCD interest as well as depreciation of INR against SGD.

5. Deferred tax assets

Deferred tax assets are made up of unabsorbed tax losses to be utilised against future taxable profits. The unabsorbed tax losses was recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

The decrease in deferred tax assets was mainly due to the utilisation of unabsorbed tax losses as well as depreciation of INR against SGD.

6. Other assets

Other non-current assets comprise of prepaid expenses and prepaid taxes deducted at source on service fee, hospital income and interest income on inter-company debt instrument. The increase is due to the tax deducted at source on the service fee for the period.

Other current assets comprise of GST receivables and prepaid expenses. The increase in other current assets is due to the increase in prepayments of professional fees in relation to the Proposed Disposal and GST receivables.

7. Trade receivables

Trade receivables comprises of service fees receivable from the Operators, rent receivable and receivables from corporate clients of the 2 Operating Hospitals.

The decrease is mainly due to the receipt of outstanding amounts in relation to FY18.

8. Deferred tax liabilities

The deferred tax liabilities arose from the fair value adjustments arising from the acquisition of subsidiaries at the time of Initial Public Offering, revaluation of land, differences in depreciation and accrued income for tax purpose.

The decrease in INR terms is mainly due to reversal of deferred tax liabilities in relation to difference in depreciation.

9. Other liabilities

Other non-current liabilities comprise mainly of interest payable on NCDs owing to an associate and retention amounts owing to creditors (capital in nature) as a result of ongoing capital expenditure for expansion and upgrading projects. The increase is mainly due to the accrual of interest payable on NCDs owing to an associate. The increase is offset by depreciation of INR against SGD.

Other current liabilities comprise of statutory dues and other creditors. The decrease is mainly due to settlements of statutory dues and repayment of other creditors.

10. Capital reserve

The capital reserve represents the excess of interest of associates in the fair value of the net identifiable assets and liabilities transferred over the consideration paid. This reserve in substance represents the Sponsor's contribution to the Group for the Sponsor's retained interest. Please refer to page A-9 of the Prospectus dated 15 October 2012 for more details.

11. Other reserves

Other reserves comprise of:

- (i) Capital redemption reserve is a statutory reserve created in accordance with India's Companies Act 2013 in connection to redemption of preference shares of an India subsidiary company. The reserve is not considered a free reserve for distribution of dividend and can be utilised only for the purpose of issuing bonus shares.
- (ii) Re-measurement of defined benefit plan reserve is a reserve to record the actuarial gain or loss under a defined benefit plan which is recorded in other comprehensive income.

1(b)(ii) Group's Borrowings and Debt Securities

Amount Repayable in One Year or Less, or on Demand
Amount Repayable after One Year

30 September 2018	
Secured	Unsecured
S\$'000	S\$'000
5,818	120,002
105,318	87,731
111,136	207,733

31 March 2018	
Secured	Unsecured
S\$'000	S\$'000
61,999	119,371
51,940	94,587
113,939	213,958

Details of Collateral

Singapore

Secured

The Group has loan facilities with

- (i) United Overseas Bank Limited and Siemens Bank GMBH, Singapore Branch for an aggregate amount of S\$55 million; and
- (ii) IndusInd Bank Limited, IFSC GIFT City Branch for an amount equivalent of S\$53 million.

Each term loan facility is secured by an irrevocable pledge on the shares of Fortis Global Healthcare Infrastructure Pte Ltd ("FGHIPL") and RHT Health Trust Services Pte. Ltd. ("RHSPL") on a pari passu basis, a non-disposal undertaking on the hospital infrastructure companies owned by FGHIPL on a pari passu basis and a first pari passu legal assignment over the interest, benefits and rights over all existing and future loans granted by the borrower to its subsidiaries, a debenture over substantially all the assets of FGHIPL and RHSPL. The amount of unamortised upfront fees as of 30 September 2018 is S\$3.7 million.

As at 31 March 2018, there was an event of default under the UOB/Siemens Facilities which triggered a cross default in respect to the notes outstanding. As the waiver of default was received subsequent to the year end, the Siemens and UOB loans are classified as current as per the accounting standards as of 31 March 2018. These loans have been reclassified to non-current since FY19 Q1.

Unsecured

The Trustee-Manager has issued 4.50% fixed rate notes payable semi-annually in arrears aggregating to a total of S\$120 million. The notes are due on 22 January 2019. The notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Trustee-Manager and at all times rank pari passu and rateably, without any preference or priority amongst themselves, and pari passu with all other present and future secured obligations (other than subordinated obligations and priorities created by law) of the Trustee-Manager. The bond expense has been fully amortised as of 30 September 2018.

India

Secured

The overdraft facilities from IndusInd Bank are secured by corporate guarantees and the Malar Clinical Establishment. As of 30 September 2018, the overdraft facilities amounted to INR 145.4 million (approximately S\$2.7 million).

One of the subsidiaries has a loan amounting to INR 58.3 million (approximately S\$1.1 million) secured against the asset purchased from the lender for which INR 10.5 million (approximately S\$0.2 million) is repayable in one year or less.

Unsecured

The Group received an unsecured and interest-free loan amounting to INR 171.9 million (approximately S\$3.2 million) from the Sponsor for the development of the Ludhiana Greenfield Clinical Establishment. This loan is repayable upon completion of the Ludhiana Greenfield Clinical Establishment. The Group also received unsecured and interest-free loans amounting to INR 9.5 million (approximately S\$0.2 million) from an associate.

At the time of initial public offering, unsecured and interest-bearing OCDs were issued by one of the subsidiaries in RHT Group to FHTL for RHT Group's internal funding requirements. The OCDs were converted to NCDs as part of the Disposal. As FHTL became an associate, the liability of the subsidiary which amounted to INR 4,482.4 million (approximately S\$84.5 million) is no longer eliminated. In addition, the NCDs are subordinated to all other creditors of the subsidiary whether secured or unsecured.

1(c) Consolidated Cash Flow Statement

	Group		Group	
	FY19 Q2 S\$'000	FY18 Q2 S\$'000	FY19 YTD S\$'000	FY18 YTD S\$'000
Profit before tax	4,486	8,320	12,228	19,129
Adjustments for:				
Depreciation and amortisation expense	2,687	3,029	5,434	6,070
Finance income	(3,895)	(3,975)	(7,773)	(8,122)
Finance expenses	4,521	5,436	9,779	9,588
Unrealised gain on financial assets	(131)	-	(227)	-
Fair value (gain) / loss on financial derivatives	-	(445)	389	(3,315)
Share of results of an associate	(2,391)	(2,312)	(4,672)	(5,183)
Foreign exchange loss	4,732	1,748	5,905	2,178
Foreign currency alignment	715	(89)	401	(343)
Operating cash flow before working capital changes	10,724	11,712	21,464	20,002
Changes in working capital:				
(Increase) / decrease in trade receivables	(1,548)	(6,678)	919	(15,483)
(Increase) / decrease in financial assets and other assets	(6,514)	(51)	(7,777)	5,141
Decrease / (increase) in inventories	15	11	25	(17)
Increase in trade and other payables and other liabilities	2,140	1,529	3,138	4,019
Cash flow generated from operations	4,817	6,523	17,769	13,662
Interest received	6,851	9	20,982	162
Tax paid	(367)	(292)	(11,611)	(5,578)
Net cash generated from / (used in) operating activities	11,301	6,240	27,140	8,246
Cash flow from investing activities				
Purchase of property, plant and equipment	(1,211)	(3,100)	(3,022)	(9,273)
Purchase of short term investments	(924)	(18)	9,847	1,980
Net cash (used in) / generated from investing activities	(2,135)	(3,118)	6,825	(7,293)
Cash flow from financing activities				
Distribution paid to Unitholders	(17,407)	-	(26,627)	(19,110)
Interest paid	(4,006)	(3,214)	(8,608)	(6,290)
(Repayment to) / net proceeds from borrowings	(3,226)	867	(2,066)	22,919
Net cash (used in) / generated from financing activities	(24,639)	(2,347)	(37,301)	(2,481)
Net (decrease) / increase in cash and cash equivalents	(15,473)	775	(3,336)	(1,528)
Effects of currency translation on cash and cash equivalents	(358)	-	(435)	(8)
Cash and cash equivalent at beginning of period	20,107	4,935	8,047	7,246
Cash and cash equivalents at end of period	4,276	5,710	4,276	5,710

1(d)(i) Statement of Changes in Unitholders' Funds

Group S\$'000	Units in issue (net of units issue cost)	Capital reserve	Foreign currency translation reserve	Revaluation reserve	Other reserve	(Accumulated losses)/ Revenue reserves	Total
At 1 April 2018	520,191	210,216	(47,588)	48,944	(85)	(69,141)	662,537
Profit for the period	-	-	-	-	-	3,986	3,986
<i>Other Comprehensive Income</i>							
Foreign currency translation	-	-	(5,030)	-	-	-	(5,030)
Net surplus revaluation of land and buildings	-	-	-	(250)	-	250	-
Remeasurement of defined benefit plan	-	-	-	-	7	-	7
Total Comprehensive Income	-	-	(5,030)	(250)	7	4,236	(1,037)
Payment of Trustee-Manager fees in Units	684	-	-	-	-	-	684
Distribution on Units in issue	-	-	-	-	-	(9,220)	(9,220)
At 30 June 2018	520,875	210,216	(52,618)	48,694	(78)	(74,125)	652,964
Profit for the period	-	-	-	-	-	(5)	(5)
<i>Other Comprehensive Income</i>							
Foreign currency translation	-	-	(21,579)	-	-	-	(21,579)
Net surplus revaluation of land and buildings	-	-	-	(223)	-	223	-
Remeasurement of defined benefit plan	-	-	-	-	5	-	5
Total Comprehensive Income	-	-	(21,579)	(223)	5	218	(21,579)
Payment of Trustee-Manager fees in units	1,372	-	-	-	-	-	1,372
Distribution on units in issue	-	-	-	-	-	(17,407)	(17,407)
At 30 September 2018	522,247	210,216	(74,197)	48,471	(73)	(91,314)	615,350
At 1 April 2017	518,114	210,216	(18,318)	43,096	(52)	(56,682)	696,374
Profit for the period	-	-	-	-	-	9,181	9,181
<i>Other Comprehensive Income</i>							
Foreign currency translation	-	-	(5,471)	-	-	-	(5,471)
Depreciation transfer for land and building	-	-	-	103	-	(103)	-
Total Comprehensive Income	-	-	(5,471)	103	-	9,078	3,710
Payment of Trustee-Manager fees in Units	1,374	-	-	-	-	-	1,374
Distribution on Units in issue	-	-	-	-	-	(19,110)	(19,110)
At 30 June 2017	519,488	210,216	(23,789)	43,199	(52)	(66,714)	682,348
Profit for the period	-	-	-	-	-	(376)	(376)
<i>Other Comprehensive Income</i>							
Foreign currency translation	-	-	(7,478)	-	-	-	(7,478)
Net surplus revaluation of land and buildings	-	-	-	(205)	-	205	-
Total Comprehensive Income	-	-	(7,478)	(205)	-	(171)	(7,854)
At 30 September 2017	519,488	210,216	(31,267)	42,994	(52)	(66,885)	674,494

1(d)(i) Statement of Changes in Unitholders' Funds (Cont'd)

	Revenue reserves/ (Accumulated losses)		Total
	Units in issue (net of Unit issue cost) S\$'000	S\$'000	
Trust			
At 1 April 2018	520,191	(92,602)	427,589
Loss for the period, representing total Comprehensive Income for the period	-	(10,214)	(10,214)
Payment of Trustee-Manager fees in Units	684	-	684
Distribution on Units in issue	-	(9,220)	(9,220)
	520,875	(112,036)	408,839
At 30 June 2018			
Loss for the period, representing total Comprehensive Income for the period	-	(5,098)	(5,098)
Payment of Trustee-Manager fees in units	1,372	-	1,372
Distribution on Units in issue	-	(17,407)	(17,407)
	522,247	(134,541)	387,706

	Revenue reserves/ (Accumulated losses)		Total
	Units in issue (net of Unit issue cost) S\$'000	S\$'000	
At 1 April 2017	518,114	(79,587)	438,527
Loss for the period, representing total Comprehensive Income for the period	-	(7,847)	(7,847)
Payment of Trustee-Manager fees in Units	1,374	-	1,374
Distribution on Units in issue	-	(19,110)	(19,110)
	519,488	(106,544)	412,944
At 30 June 2017			
Profit for the period, representing total Comprehensive Income for the period	-	10,106	10,106
	519,488	(96,438)	423,050

1(d)(ii) Units in issue

	FY19 YTD		FY18 YTD	
	Number of Units '000	S\$'000	Number of Units '000	S\$'000
Balance as at 1 April	808,732	520,191	806,332	518,114
Issue of new Units				
- Payment of Trustee-Manager fees in Units	912	684	1,510	1,374
	809,644	520,875	807,842	519,488
Issue of new units				
- Payment of Trustee-Manager fees in Units	1,759	1,372	-	-
	811,403	522,247	807,842	519,488

2 Audit

The figures in this announcement have not been audited or reviewed by our auditor.

3 Auditors' Report

Not applicable.

4 Accounting Policies

The Group has applied the same accounting policies and methods of computation as in the Group's 31 March 2018 annual financial statement dated 9 July 2018 except for the adoption of all new and revised IFRS that are effective for annual periods beginning 1 April 2018 (IFRS 15: Revenue from contracts with customers; and IFRS 9: Financial Instruments). The changes in accounting standards do not have a material impact to the Group and its financial statements.

5 Changes in Accounting Policies

There is no change in the accounting policies and methods of computation adopted except as mentioned above.

6 Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	Group			
	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Weighted number of Units	811,024,664	807,841,944	809,927,354	807,181,835
Total Units	811,402,944	807,841,944	811,402,944	807,841,944
EPU (cents)				
Net profit (S\$'000)	(5)	(376)	3,981	8,805
Based on weighted number of Units as at 30 September	(0.001)	(0.047)	0.492	1.091
Distributable Income attributable for Distribution per unit (cents)				
Distributable Income* (S\$'000)	7,922	9,673	16,473	20,118
Distributable Income attributable for distribution (S\$'000)	7,526	9,189	15,649	19,112
Based on total Units as at 30 September	0.928	1.138	1.929	2.366

Diluted EPU is the same as the basic EPU as there were no dilutive instruments in issue during the financial period.

*The lower Distributable Income for both the current quarter and year-to-date is on the account of:-

- (a) higher interest payments resulting from increased borrowings and higher interest rates;
- (b) depreciation of the forward rate in determining the Distributable Income; and
- (c) increase in professional fees.

Please see paragraph 8 for review of performance.

DPU is provided for illustration purposes only. Please see paragraph 11 and 12 for information on Distribution to Unitholders.

7 Net Asset Value (“NAV”)

	Group	
	30 September 2018	31 March 2018
NAV	615,350,000	662,537,000
No. of Units in issue at end of period	811,402,944	808,731,944
NAV per Unit (S\$)	0.758	0.819

The decrease in NAV per Unit by around 7.4% is mainly due to depreciation of the closing INR against SGD from 49.68 to 53.07 and the payment of distribution to Unitholders.

8 Review of Group’s Performance

Quarter analysis

Portfolio							
	FY19 Q2	FY19 Q1	Variance		FY18 Q2	Variance	
	S\$’000	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Total Revenue (excluding straight lining)	22,269	21,995	274	1.2	23,948	(1,679)	(7.0)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	12,244	12,599	(355)	(2.8)	13,405	(1,161)	(8.7)
	INR’000	INR’000	INR’000	%	INR’000	INR’000	%
Total Revenue (excluding straight lining)	1,151,430	1,105,566	45,864	4.1	1,136,099	15,331	1.3
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	633,520	633,250	270	0.0	636,031	(2,511)	(0.4)

FHTL ⁽¹⁾							
	FY19 Q2	FY19 Q1	Variance		FY18 Q2	Variance	
	S\$’000	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Total Revenue (excluding straight lining)	12,914	12,791	123	1.0	13,811	(897)	(6.5)
Net Service Fee (excluding straight-lining, depreciation and amortisation)	10,693	10,613	80	0.8	11,444	(751)	(6.6)
	INR’000	INR’000	INR’000	%	INR’000	INR’000	%
Total Revenue (excluding straight lining)	667,699	642,941	24,758	3.9	655,130	12,569	1.9
Net Service Fee (excluding straight-lining, depreciation and amortisation)	552,900	533,414	19,486	3.7	542,978	9,922	1.8

Group ⁽²⁾							
	FY19 Q2	FY19 Q1	Variance		FY18 Q2	Variance	
Adjusted net service fee margin	61%	63%		(2.0)	62%		(1.0)
Distributable Income (S\$’000)	7,922	8,551	(629)	(7.4)	9,673	(1,751)	(18.1)

Note:

- (1) The table showing FHTL’s results represent the performance of FHTL on a 100.0% basis before RHT’s share. On 12 October 2016, the Group disposed 51.0% of its economic interest in FHTL and consequentially shares 49.0% of the results of FHTL going forward. Please refer to Note 1 of Paragraph 1(a) for the actual contribution from FHTL to the Group.
- (2) This table considers the performance of FHTL which was accounted for as an associate.

FY19 Q2 against FY19 Q1

Exchange rate

The foreign exchange rates used to translate the results of the India subsidiary companies are INR/SGD 51.71 and INR/SGD 50.27 for the quarter ended 30 September 2018 and 30 June 2018 respectively.

Total Revenue

Total Revenue for FY19 Q2 in INR terms is higher than FY19 Q1 mainly due to higher variable fees recorded by the Operator at the Clinical Establishments as a result of higher occupancy. Increase in occupancy at the Clinical Establishments is due to an increase in common cases of dengue and viral related medical cases.

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)

Despite the increase in Total Revenue, Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation) in INR terms remained fairly consistent. The Net Service Fee and Hospital Income margin excluding FHTL dropped from 57% to 55% mainly due to inflationary increase in consumables and higher housekeeping cost due to implementation of minimum wages.

Contribution from FHTL

Net Service Fee from FHTL increased against FY19 Q1 as a result of increase in total revenue. The increase in total revenue in FHTL is mainly due to higher revenue recorded by the Operator of the Clinical Establishments. The higher variable fees is a consequence of higher occupancy as a result of an increase in common cases of dengue and viral related medical cases. The net service fees margin has remained consistent.

Distributable Income

Despite the increase in Net Service Fees and contribution from FHTL, Distributable Income is lower due to depreciation of the forward rate.

FY19 Q2 against FY18 Q2

Exchange rate

The foreign exchange rates used to translate the results of the India subsidiary companies are SGD/INR 51.71 and SGD/INR 47.73 for the quarter ended 30 September 2018 and 30 September 2017 respectively.

Total Revenue

Total Revenue for the quarter in INR terms is higher compared to the corresponding quarter. This is mainly due to a contractual 3% increase in base fees and higher hospital income. The increase is offset by a lower variable fee attributable to lower occupancy.

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation) has decreased in INR terms despite increase in total revenue. This is mainly due to inflationary increase in cost.

Contribution from FHTL

Net Service Fee from FHTL increased against FY18 Q2 due to the higher total revenue recorded. The higher total revenue is due to the contractual 3% increase in base fee offset by a lower variable fee attributed to lower occupancy rate and lower ARPOB. The net service fees margin has remained consistent.

Distributable Income

The lower Distributable Income for the current quarter is due to depreciation of the forward rate, higher interest payments resulting from increased borrowings, higher interest rates and higher professional fees.

Year-to-date analysis

Portfolio				
	FY19 YTD	FY18 YTD	Variance	
	S\$'000	S\$'000	S\$'000	%
Total Revenue (excluding straight lining)	44,264	48,056	(3,792)	(7.9)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	24,843	26,986	(2,143)	(7.9)
	INR'000	INR'000	INR'000	%
Total Revenue (excluding straight lining)	2,256,996	2,259,171	(2,175)	(0.1)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	1,266,770	1,268,674	(1,904)	(0.2)
FHTL ⁽¹⁾				
	FY19 YTD	FY18 YTD	Variance	
	S\$'000	S\$'000	S\$'000	%
Total Revenue (excluding straight lining)	25,705	27,711	(2,006)	(7.2)
Net Service Fee (excluding straight-lining, depreciation and amortisation)	21,306	22,919	(1,613)	(7.0)
	INR'000	INR'000	INR'000	%
Total Revenue (excluding straight lining)	1,310,640	1,302,738	7,902	0.6
Net Service Fee (excluding straight-lining, depreciation and amortisation)	1,086,314	1,077,422	8,892	0.8

Group ⁽²⁾				
	FY19 YTD	FY18 YTD	Variance	
Adjusted net service fee margin	62% ⁽³⁾	62% ⁽³⁾		-
Distributable Income (S\$'000)	16,473	20,118	(3,645)	(18.1)

Note:

- (1) The table showing FHTL's results represent the performance of FHTL on 100.0% basis before RHT's share. On 12 October 2016, the Group disposed 51.0% of its economic interest in FHTL and consequentially shares of 49.0% of the results of FHTL going forward. Please refer to Note 1 of Paragraph 1(a) for actual contribution from FHTL to the Group.
- (2) This table considers the performance of FHTL which was accounted as an associate.
- (3) Considering 100.0% of FHTL, the adjusted net service fee margin would have been at around 66% for both FY2018 and FY2019.

FY19 YTD against FY18 YTD

Exchange rate

The foreign exchange rates used to translate the results of the Indian subsidiary companies are SGD/INR 50.99 and SGD/INR 47.01 for the quarter 30 September 2018 and 30 September 2017 respectively.

Total Revenue

Total revenue for FY 19 YTD in INR terms has decreased slightly by 0.1% against FY18 YTD. Decrease in total revenue is a result of decrease in variable fees due to a decrease in revenue recorded by the Operator at the Clinical Establishments. The lower variable fees is mainly attributed to a decrease in occupancy rate. However, the impact is offset with the contractual 3% increase in base fee and higher hospital income.

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation) in INR terms is lower compared to corresponding period. This is consistent with the lower revenue despite inflationary cost increase during the quarter.

Contribution from FHTL

Net Service Fee from FHTL in INR terms increased against FY18 YTD due to contractual 3% increase in base fees. However, the increase is offset by the decrease in occupancy. Net Service Fee margin has remained fairly consistent.

Distributable Income

The lower Distributable Income for the current period is due to depreciation of the forward rate, higher interest payments resulting from increased borrowings, higher interest rates and higher professional fees.

9 Variance from Forecast

No forecast has been provided.

10 Market and Industry Information

Over the last 12 months, there have been various new measures introduced by the Indian government which are relevant for the healthcare industry. While some of these measures are aimed at enhancing the standard of healthcare in India, others serve to help meet some of the healthcare demand in the country. These include:

- The medical devices rule, which took effect in January 2018, aims to bring in price control on critical medical devices such as stents and orthopaedic implants and certain diagnostic equipment.
- The capping of prices charged by hospitals for cardiac stents and knee implant procedures.
- The Clinical Establishment Act, 2010 (“Act”) and the Amendment Bills have taken effect in some states within India. The Act has been enacted by the Central Government to provide for the registration and regulation of all clinical establishments in the country, with a view to prescribe the minimum standards of facilities and services provided by them.
- The private healthcare hospitals have been directed to increase the number of designated free/ subsidised beds in their hospitals for the underprivileged.
- The Government’s recent budget encourages companies to make corporate social responsibility funds available for programmes to address health goals.

These measures may have an effect on the margins of the Operator and make the operating environment more challenging. There is no certainty that there will not be further regulatory controls coming into effect, which may have an impact on the healthcare industry operators. We continue to monitor the situation and as and when there are new developments in the industry.

11 Information on Distribution

Any distribution declared for:

Current financial period

Yes. A distribution of 1.92 Singapore Cents per Unit is declared which is equivalent to S\$15.65 million.

Unitholders will not be subject to Singapore tax on the Distributions.

Event	Date
Distribution period	1 April 2018 to 30 September 2018
Ex-distribution date and time	14 November 2018 at 9.00 a.m.
Books closure date and time	16 November 2018 at 5.00 p.m.
Payment date	28 December 2018

Corresponding period of the immediately preceding year

No.

12 Distribution

Please refer to paragraph 11.

13 Interested Person Transactions

RHT has not obtained any general interested person transactions mandate from the Unitholders.

Separately, on 26 September 2018, Unitholders of RHT approved the Proposed Disposal of RHT's entire asset portfolio of clinical establishments and hospitals in India to Fortis Healthcare Limited.

14 Confirmation by Board

The Board of Directors of RHT Health Trust Manager Pte. Ltd. has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

15 Confirmation by Issuer

The issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

Disclaimer:

This release 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. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

By Order of the Board
RHT Health Trust Manager Pte. Ltd.

Gurpreet Singh Dhillon
Executive Director & Chief Executive Officer
5 November 2018