

## MANAGEMENT AND CORPORATE GOVERNANCE

### EHT

EHT comprises EH-REIT, a Singapore-based REIT, and EH-BT, a Singapore-based business trust registered under the BTA. The REIT Manager and the Trustee-Manager, being the responsible entities of EH-REIT and EH-BT, respectively, each has their own board of directors and their own set of procedures in relation to corporate governance.

Due to the different legislative and regulatory requirements in relation to a REIT as compared with a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager.

#### **The REIT Manager**

The manager of EH-REIT is Eagle Hospitality REIT Management Pte. Ltd.. The REIT Manager is indirectly 51% owned by Howard Wu and 49% owned by Taylor Woods. The Founders are the co-founders of the Sponsor and they each own 50% of the common equity interests in the Sponsor.

The REIT Manager was incorporated in Singapore under the Companies Act on 30 August 2018. As at the Latest Practicable Date, it has an issued and paid-up capital of S\$1.0 million and its registered office is located 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Its principal place of business is located at 8 Marina Boulevard, #11-32, Marina Bay Financial Centre Tower 1, Singapore 018981. The telephone and facsimile numbers of the REIT Manager are +65 6653 4434 and +65 6653 4788, respectively. The email address of the REIT Manager for any enquiries is enquiry@eagleht.com.

The REIT Manager has been issued a CMS Licence for REIT management pursuant to the SFA on [●] and is regulated by the MAS.

#### **The REIT Trustee**

The trustee of EH-REIT is DBS Trustee Limited. The REIT Trustee is a company incorporated in Singapore and licensed as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under the SFA and is regulated by the MAS. As at the date of this Prospectus, the REIT Trustee has a paid-up capital of S\$2.5 million. The REIT Trustee has a place of business in Singapore at 12 Marina Boulevard, Level 44, Marina Bay Financial Centre Tower 3, Singapore 018982.

#### **The Trustee-Manager**

The trustee-manager of EH-BT is Eagle Hospitality Business Trust Management Pte. Ltd.. The Trustee-Manager is indirectly 51% owned by Howard Wu and 49% owned by Taylor Woods.

The Trustee-Manager was incorporated in Singapore under the Companies Act on 30 August 2018. As at the Latest Practicable Date, it has an issued and paid-up capital of S\$1.00 and its registered office is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Its principal place of business is located at 8 Marina Boulevard, #11-32, Marina Bay Financial Centre Tower 1, Singapore 018981. The telephone and facsimile numbers of the Trustee-Manager are +65 6653 4434 and +65 6653 4788 respectively. The email address of the Trustee-Manager for any enquiries is enquiry@eagleht.com.

Under Section 10(2)(a) of the BTA, the Trustee-Manager is required to act in the best interests of all the holders of EH-BT Units as a whole. Further, under Section 11(1)(a) of the BTA, a Director of the Trustee-Manager is required to act honestly and exercise reasonable diligence in the discharge of the duties of his office and, in particular, shall take all reasonable steps to ensure that the Trustee-Manager discharges its duties under, among other things, Section 10(2)(a) of the BTA.

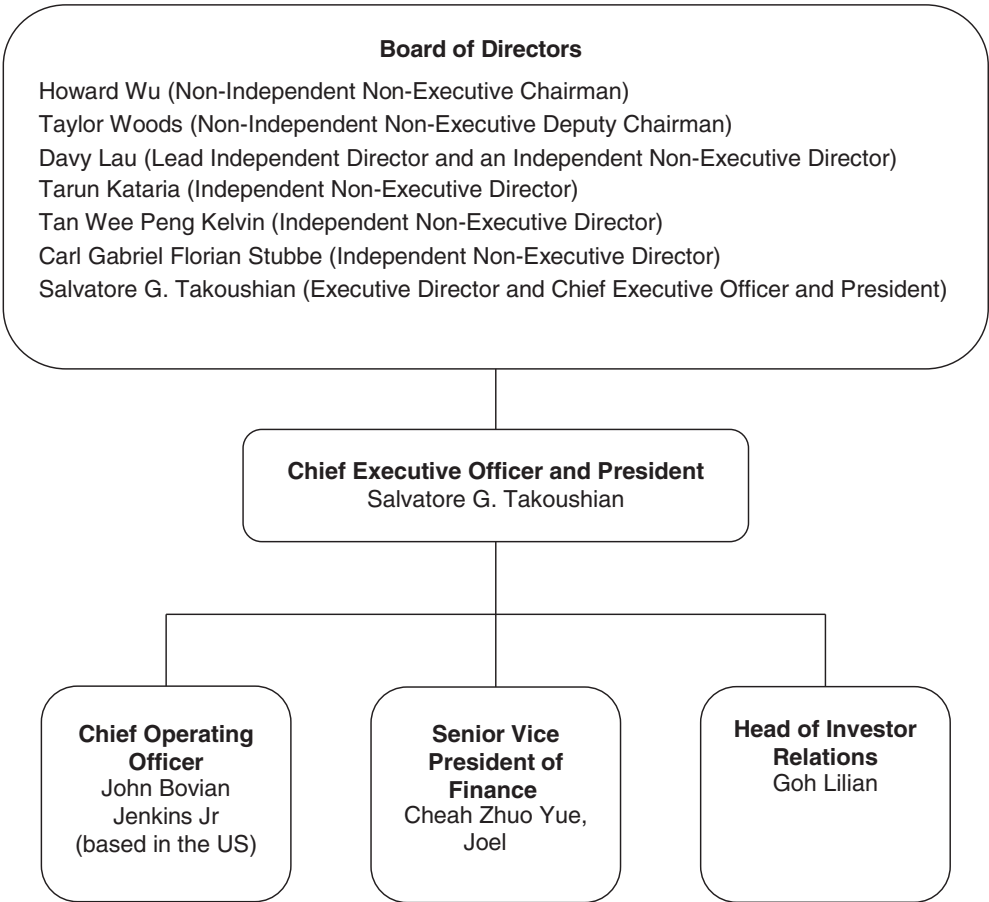
The MAS has exempted the Trustee-Manager from compliance with Section 10(2)(a) of the BTA and the Trustee-Manager Directors from compliance with Section 11(1)(a) of the BTA on the basis that EH-BT will be dormant as at the Listing Date, and subject to the conditions that:

- (i) for the duration of time the EH-REIT Units are stapled to the EH-BT Units, the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all Stapled Securityholders; and
- (ii) the exemptions relating to Section 10(2)(a) of the BTA and Section 11(1)(a) of the BTA are disclosed in this Prospectus.

In the event that EH-BT becomes active and engages in development contracts which carry a substantially different risk vis-a-vis EH-REIT, such transactions (including contracts) should be subject to the threshold set out in Rule 1006 of the Listing Manual.

**EH-REIT**

**Management Reporting Structure of the REIT Manager**



## The REIT Manager Board

The REIT Manager Board is entrusted with the responsibility for the overall management of the REIT Manager. The following table sets forth information regarding the directors of the REIT Manager:

Name	Age	Address	Position
Howard Wu	36	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Non-Independent Non-Executive Chairman
Taylor Woods	47	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Non-Independent Non-Executive Deputy Chairman
Davy Lau	64	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Lead Independent Director and an Independent Non-Executive Director
Tarun Kataria	60	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Independent Non-Executive Director
Tan Wee Peng Kelvin	54	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Independent Non-Executive Director
Carl Gabriel Florian Stubbe	43	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Independent Non-Executive Director
Salvatore G. Takoushian	39	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Executive Director and Chief Executive Officer and President

As at the Latest Practicable Date, none of the REIT Manager Directors has any family relationship with or is related to one another, the executive officers of the REIT Manager, any employees of the REIT Manager upon whose work Eagle Hospitality Trust is dependent on, or any person with an interest in not less than 5.0% of the shares in issue (“**Substantial Shareholder**”) of the Managers or any Stapled Securityholder with an interest in one or more Stapled Securities constituting not less than 5.0% of all the Stapled Securities in issue (“**Substantial Stapled Securityholder**”) as at the Listing Date.

Each of the independent Directors of the Managers confirms that they are able to devote sufficient time to discharge their duties as an independent Director of the Managers. The Nominating and Remuneration Committee (as defined herein) is of the opinion that the independent Directors of the Managers are able to devote sufficient time to discharge their duties as independent Directors of the Managers.

None of the independent directors of the Managers sits on the boards of the principal subsidiaries of EH-REIT and EH-BT which are based in Singapore or other jurisdictions.

## ***Experience and Expertise of the Boards of the Managers***

Information on the business and working experience of the Directors of the Managers are set out below.

**Howard Wu** was appointed as the Non-Independent Non-Executive Chairman of the Managers on 30 August 2018.

Mr Wu is the co-founder and Principal of the Sponsor. Together with Taylor Woods, the proposed Non-Independent Non-Executive Director and Deputy Chairman of the Managers, he co-founded the Sponsor in 2008. He has over 10 years of real estate acquisition and development experience, with an emphasis on the densely populated California market. Mr Wu's expertise and niche is acquiring undervalued and mismanaged hospitality assets and dramatically increasing the value of these properties through repositioning, asset enhancement and professional management.

Mr Wu has completed numerous ground up real estate acquisitions and developments, including securing and enhancing the entitlement of raw land; developing residential subdivisions, apartment complexes, and condominium towers; building commercial, retail, entertainment, restaurant, hotels and destination complexes; designing and planning commercial properties and commerce centres from the ground up; overseeing all contractors, consultants, architects, engineers, planners designers; and working closely with cities and municipalities to enhance communities. He emphasises a 'value-add' approach across real estate investments, including repurposing spaces to capture additional revenue opportunities, renovating and rebranding properties where a better fit with the local market and demographic exists, securing key group contracts and implementing other revenue management initiatives, and pursuing cost mitigation opportunities such as through the renegotiation or buyout of significant leases. As co-founder and Principal of the Sponsor, Mr Wu has demonstrated capability to grow the Sponsor by significantly expanding its portfolio when markets are slowing or declining, as well as to develop and acquire targeted assets in strategic markets when markets are expanding or recovering.

Mr Wu holds a Bachelor of Science in Electrical Engineering from University of California, Los Angeles.

**Taylor Woods** was appointed as the Non-Independent Non-Executive Deputy Chairman of the Managers on 30 August 2018.

Mr Woods is the co-founder of the Sponsor and EHT and is a Principal of the Sponsor. He has over 22 years of real estate experience in the US. Together with Howard Wu, the proposed Non-Independent Non-Executive Chairman of the Managers, he co-founded the Sponsor in 2008. In that capacity, Mr Woods's primary focus has been to build and to foster relationships with financial institutions, lenders and bankers, franchisors and affiliated companies, analysts, consultants and advisors, and in overseeing the corporate identity and strategic direction of the company. He also has been primarily responsible for execution of growth strategies, maintaining and developing strategic partnerships, oversight of corporate agenda and responsibilities, and ensuring consistency in core values, business responsibilities, and enterprise objectives from 2006 to 2011, he was president of Genpact Mortgage Services, LLC, a subsidiary of Genpact Limited (formerly GE Capital International Services). Genpact Mortgage Services, LLC is a mortgage technology and origination outsourcing company in the United States, which provided end-to-end outsourced mortgage services, offering a comprehensive origination and secondary marketing solution on a private-label basis to more than 50 banks across the US. From 1996 to 2006, he was co-founder and principal of Moneyline Lending Services, LLC, a real estate-focused banking, technology, and outsourcing firm, and was responsible for developing leading edge technology designed to support the outsourcing and fulfilment needs for a range of banking and financial institution clients, and for their customers, across the United States, and which he ultimately sold.

Mr Woods holds a Bachelor of Arts from Brigham Young University.

**Davy Lau** was appointed as the Lead Independent Director and an Independent Non-Executive Director of the Managers on 16 April 2019.

Mr Lau is an independent non-executive director, the lead independent director and the chairman of the nominating and remuneration committee of Manulife US Real Estate Management Pte. Ltd. (the manager of Manulife US REIT) (SGX:BTOU) which is listed on the Main Board of the SGX-ST and is the first pure-play U.S. office REIT listed in Asia; as well as a non-executive director and member of the audit committee, nomination committee and remuneration committee of International Housewares Retail Company Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong (“**HKEX**”) (HKG:1373). Previously, Mr Lau was an independent non-executive director and non-executive chairman of AL Group Limited, a company listed on the Growth Enterprise Market of the HKEX (HKG:8360) and a non-executive director and chairman of the compensation committee of HiSoft Technology International Ltd, which was listed on the Nasdaq Stock Market (NASDAQ: HSFT).

Mr Lau is currently the Founder and Chairman of DGL Group Inc., which was founded in 2006 and focuses on investing directly in businesses that help individuals, organisations and communities achieve a sustainable, delicious and gracious life. He is a board member of Make-A-Wish Foundation Singapore, Hong Kong – ASEAN Economic Cooperation Foundation and Japan Home (Retail) Pte Ltd; a member of the Board of Governors of United World College South East Asia and a resource panel member of private equity firm, Credence Partners Pte Ltd. Mr Lau started his career at Computervision Corporation in the early 1980s, where he sold and implemented numerous CAD/CAM systems in the Asia-Pacific region, including some of the first CAD/CAM systems ever installed in China. Between 1988 and 1990, he was the vice president of Citigroup’s Information Business in Japan, where he marketed real-time online financial information services to major corporations as well as financial institutions in Japan. Mr Lau served as GTECH’s General Manager in Asia, where he marketed and managed the ongoing operations of various large-scale public gaming outsourcing projects in Asia between 1991 and 1994. From 1994 to 2011, Mr Lau was with Egon Zehnder International and was elected as global partner in 2000, where he recruited CEOs and their top management teams on behalf of global multinational and Asian clients. He was the firm’s Singapore Managing Partner for 10 years and later focused on serving Japanese clients in Asia as well as board consulting.

Mr Lau is trilingual in Japanese, English and Mandarin. He received a Bachelor of Arts from Tokyo University of Foreign Studies in 1979 and a Master of Economics from Hitotsubashi University in Tokyo in 1981.

**Tarun Kataria** was appointed as an Independent Non-Executive Director of the Managers on 16 April 2019.

Mr Kataria is also an Independent Non-Executive Director of HSBC Bank (Singapore) Limited where he also the Chairman of its Audit Committee. He is also an Independent Non-Executive Director of Mapletree Logistics Trust Management Pte. Ltd. (the manager of Mapletree Logistics Trust) and Jubilant Pharma Ltd. He is also on the boards of three Indian listed companies, Westlife Development Ltd, Poddar Housing and Development Ltd and Sterlite Investment Managers Limited (the manager for India Grid Trust).

Between 2010 and 2013, Mr Kataria was the Chief Executive Officer, India of Religare Capital Markets Ltd. Prior to joining Religare Capital Markets, Mr Kataria held various senior positions within HSBC Group from 1998 to 2010, which included the roles of Chief Executive Officer, Global Banking and Markets, at The Hongkong and Shanghai Banking Corporation Limited (India), Vice-Chairman of HSBC Securities and Capital Markets (India) Private Limited, Non-Executive Director of HSBC InvestDirect (India) Limited and Managing Director, Asia Head of Institutional Sales, HSBC Global Markets based in Hong Kong.

Mr Kataria holds a Master of Business Administration (Finance) from The Wharton School, University of Pennsylvania. He is a Chartered Accountant of Institute of Chartered Accountants of India. His charitable giving is directed at environmental protection and the health and education of girl children.

**Tan Wee Peng Kelvin** was appointed as an Independent Non-Executive Director of the Managers on 16 April 2019. He is also the Chairman of the audit and risk committee of the REIT Manager (the “**REIT Manager Audit and Risk Committee**”).

Since 2016, Mr Tan has been an Adjunct Associate Professor at NUS Business School. Prior to that, he was the Managing Director of a private investment vehicle, GBE Holdings Pte Ltd, a position which he held since 2008. Prior to this, Mr Tan held senior management positions, including the position of President of AETOS Security Management Pte Ltd from 2004 to 2008 and Global Head of Business Development and Chief Executive Officer, India of PSA International Ltd from 2003 to 2004. From 1996 to 2003, Mr Tan was with Temasek Holdings, where his last held position was as Managing Director of its Private Equity Funds Investment Unit.

Mr Tan is a member of the Singapore Institute of Directors and the Institute of Management Consultants (Singapore). He is also a Fellow and the Secretary of the Institute of Singapore Chartered Accountants. Mr Tan is an independent Director and Chairman of the Audit Committees for IREIT Global Group Pte. Ltd. (the manager of IREIT Global), Sabana Real Estate Investment Management Pte. Ltd. (the manager of Sabana Shari’ah Compliant REIT), Viking Offshore and Marine Ltd and UnUsUaL Limited. Mr Tan is also a non-executive Director of Global Investments Limited.

Mr Tan holds a Degree of Bachelor of Accountancy (First Class Honours) from the National University of Singapore and a Master of Business Administration from the same university.

**Carl Gabriel Florian Stubbe** was appointed as an Independent Non-Executive Director of the Managers on 16 April 2019. He is also the Chairman of the Nominating and Remuneration Committee of the REIT Manager.

Mr Stubbe is currently the Senior Vice President, Investment Sales, Asia Hotels & Hospitality Group of Jones Lang LaSalle Property Consultants Pte Ltd.

From 2017 to 2018, Mr Stubbe served as Chief Corporate Development Officer of OUE Limited. Concurrently, Mr Stubbe has been Chief Executive Officer of Peredigm Private Limited, a company involved in packaging and marketing excess capacity for asset-heavy businesses since 2013. He founded the company and has been responsible for its overall strategic direction. Prior to founding Peredigm Private Limited, Mr Stubbe was with Bank Julius Baer Singapore, where his last held position was Director, Private Banking. From 2009 to 2010, he was Chief Executive Officer of The Gaia Hotels, and from 2006 to 2008 he was with Grove International Partners LLP, a global real estate private equity firm, where his last held position was Vice President. In 2006, Mr Stubbe was with Colony Capital Asia, Ltd., a private international investment firm focusing primarily on real estate-related assets and operating companies, and from 2003 to 2005 he was with Global Hyatt Corporation in Chicago, U.S., where his last held position was Manager of Acquisitions and Development.

He has served as the non-executive chairman of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, and was previously also an independent director of OUE Commercial REIT Management Pte. Ltd., the manager of OUE Commercial Real Estate Investment Trust.

Mr Stubbe graduated from the University of Massachusetts, U.S., with a Bachelor of Arts degree in English and holds a Master of Business Administration from Johnson and Wales University, U.S..



**Salvatore G. Takoushian** was appointed as the Executive Director and Chief Executive Officer and President of the Managers on 16 April 2019.

Together with Howard Wu and Taylor Woods, Mr Takoushian was integral to the founding and establishment of the Managers and EHT. As the key person spearheading the listing and strategic direction of EHT, Mr Takoushian was responsible for assembling the management team and was actively involved in the establishment of the debt syndicate and the equity syndicate for the IPO of EHT. Mr Takoushian has over 16 years of experience in investment banking with extensive experience advising lodging and real estate companies in strategic and financial matters. During his career, he has managed the execution of public and private capital raises in excess of US\$25 billion, including significant US REIT IPO experience, and more than US\$20 billion of merger and acquisition transactions. His experience encompasses mergers and acquisitions, joint ventures, asset/portfolio divestitures and has led many financing transactions including debt and equity. Prior to joining the Managers, he was Managing Director at Jefferies LLC from 2015 to 2018 and headed the company’s global lodging investment banking business with a focus on public REITs, global private equity sponsors and private real estate and lodging companies. While at Jefferies, Mr Takoushian also played a key role in advising the Founders in the Sponsor’s acquisition of part of the Initial Portfolio. From 2004 to 2015, he was with Citigroup Global Markets Inc. where his last held position was Director, Investment Banking and where he maintained similar responsibilities.

Mr Takoushian holds a Bachelor of Science in Business Administration with concentrations in Finance and Accounting from Boston University where he graduated Magna Cum Laude.

Save for Howard Wu, Taylor Woods, and Salvatore G. Takoushian, for whom appropriate arrangements have been made to orientate each of them in acting as a director of the manager of a publicly-listed REIT, each of the Directors of the REIT Manager has served as a director of a public-listed company and/or manager of a publicly-listed REIT or business trust and has appropriate experience to act as Directors of the REIT Manager and are familiar with the rules and responsibilities of a director of a publicly-listed company and/or manager or trustee-manager of a publicly-listed REIT or business trust.

#### **List of Present and Past Principal Directorships of the REIT Manager Directors**

A list of the present and past directorships of each REIT Manager Director of the REIT Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

#### **Executive Officers of the REIT Manager**

The executive officers of the REIT Manager are entrusted with the responsibility for the daily operations of the REIT Manager. The following table sets forth information regarding the executive officers of the REIT Manager:

<b>Name</b>	<b>Age</b>	<b>Address</b>	<b>Position</b>
Salvatore G. Takoushian	39	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Chief Executive Officer and President
John Bovian Jenkins Jr	59	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Chief Operating Officer
Cheah Zhuo Yue, Joel	35	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Senior Vice President of Finance
Goh Lilian	44	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Head of Investor Relations

## ***Roles and Responsibilities of the Executive Officers of the REIT Manager***

The **Chief Executive Officer and President** of the REIT Manager is responsible for working with the REIT Manager Board to determine the overall business, investment and operational strategies for EH-REIT. The Chief Executive Officer and President will also work with the other members of the management team of the REIT Manager and the Master Lessees to ensure that the business, investment and operational strategies of EH-REIT are carried out as planned. In addition, the Chief Executive Officer and President is responsible for the overall management and planning of the strategic direction of EH-REIT, including overseeing the acquisition of hospitality and hospitality-related assets and asset and property management strategies for EH-REIT.

The **Chief Operating Officer** is responsible for the asset management functions of the REIT Manager, in particular, the formulating business plans in relation to EH-REIT's properties, and with a view to maximising the rental income of EH-REIT. The Chief Operating Officer will ensure that the asset manager works closely with the Master Lessees to implement EH-REIT's strategies to maximise the income generation potential and minimise the expense base of the properties without compromising their marketability.

The **Senior Vice President of Finance** of the REIT Manager is responsible for the finances of EH-REIT. A key role of the Senior Vice President of Finance is to focus, monitor and report on the financial performance of EH-REIT. The Senior Vice President of Finance is also responsible for the preparation of statutory accounts, co-ordination with external auditors, managing tax affairs and treasury matters, and preparation of performance reports for investors and regulators.

The **Head of Investor Relations** of the REIT Manager is responsible for facilitating communications and liaising with Stapled Securityholders. This includes producing annual reports to the Stapled Securityholders and ensuring compliance by EHT with the reporting requirements under the Listing Manual and the law. The key role of the Head of Investor Relations is to maintain continuous disclosure and transparent communications with Stapled Securityholders and the market.

## ***Experience and Expertise of the Executive Officers of the REIT Manager***

Information on the working experience of the executive officers of the REIT Manager is set out below.

**Salvatore G. Takoushian** is the Chief Executive Officer and President of the REIT Manager. Details of his experience are set out above.

**John Bovian Jenkins Jr** is the Chief Operating Officer of the REIT Manager.

Mr Jenkins has over 35 years of experience in the hospitality sector in the United States. Prior to joining the REIT Manager, he was Vice President, Asset Management and Operations with Urban Commons, LLC since 2016, and was responsible for overseeing the day-to-day operations of the hotels in the USHI Portfolio. From 2012 to 2016, he was with Evolution Hospitality working at The Queen Mary Long Beach as Hotel Manager before being promoted to General Manager. From 2007 to 2011, he was Vice President and Hotel Manager with Gaylord National Resort and Convention Center where he managed the operations of the hotel and convention centre. From 1983 to 2007, he has held numerous positions in operations, sales and marketing, revenue management at various Marriott hotels across the United States, including as Resident Manager at New York Marriott Marquis, General Manager at Trenton Marriott in New Jersey and Assistant General Manager at Marriott at Metro Center in Washington D.C. From 2010, Mr Jenkins also started and ran his own hospitality consultancy under Sydjul Hospitality, LLC, and his clients included The Peterson Companies, the developer of the National Harbor, Maryland. Sydjul



Hospitality LLC is expected to be dormant and Mr John Jenkins will not be actively marketing and growing the business of Sydjul Hospitality LLC while he is a full-time employee of the Managers.

Mr Jenkins currently sits on the Executive Board of the Convention and Visitors Bureau of Long Beach.

**Cheah Zhuo Yue, Joel** is the Senior Vice President of Finance of the REIT Manager.

Mr Cheah has over 11 years of experience in finance and investments. Prior to joining the REIT Manager, between 2016 to 2017, he was with a proposed REIT manager and a proposed trustee-manager seeking potential listings of a REIT and business trust respectively, on the SGX-ST, where his roles encompassed treasury and financing and investor relations matters. From 2011 to 2016, he was Treasurer at Cambridge Industrial Trust Management, the REIT manager of Cambridge Industrial Trust (now known as ESR-REIT) where he was responsible for all treasury matters and portfolio risk management for the REIT. Prior to that, he has also held roles with Sumitomo Mitsui Banking Corporation, Phillip Futures Pte. Ltd. and iFAST Corporate Pte. Ltd., with experience in strategic planning and investment research.

Mr Cheah holds a Degree of Bachelor of Business from Nanyang Technological University and a Master of Science (Real Estate) from National University of Singapore. He is also a Chartered Financial Analyst.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the REIT Manager's Audit and Risk Committee to cause them to believe that Mr Cheah does not have the competence, character and integrity expected of a Senior Vice President of Finance of the REIT Manager. The REIT Manager's Audit and Risk Committee is of the opinion that Mr Cheah is suitable as the Senior Vice President of Finance on the basis of his qualifications and relevant past experience. Mr Cheah has also confirmed that he is sufficiently familiar with the operations of EH-REIT and/or properties comprising the Initial Portfolio. In addition, as Senior Vice President of Finance, Mr Cheah's responsibilities encompass overseeing all the financial aspects of EH-REIT, including monitoring and reporting on financial performance, preparation of accounts and financial reports and managing tax and treasury matters and his role is similar to that of a CFO. Accordingly, the Audit Committee is of the opinion that Mr Cheah's suitability as Senior Vice President of Finance is in compliance with Rule 610(6).

**Goh Lilian** is the Head of Investor Relations of the REIT Manager.

Ms Goh has more than 20 years of experience in marketing and corporate communications and investor relations. Prior to joining the REIT Manager, she was with OUE Hospitality REIT Management Pte. Ltd., the REIT manager of OUE Hospitality Trust, where she was Senior Vice President, Investor Relations from 2013 to 2018. Prior to that, she was with The Ascott Group for more than nine years from 2004 to 2013, where she was part of the team that listed Ascott Residence Trust in 2006. As Vice President of Investor Relations for Ascott Residence Trust Management Limited, she was responsible for managing communications and investor relations for Ascott REIT's investment activities and equity fund raising exercises. She was also the Investor Relations Manager for The Ascott Group from 2004 until 2008.

Ms Goh holds a Degree of Bachelor of Communication Studies with Honours and a Master of Business Administration both from Nanyang Technological University.

## **List of Present and Past Principal Directorships of the Executive Officers of the REIT Manager**

A list of the present and past directorships of each Executive Officer of the REIT Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

## **Remuneration of the Chief Executive Officer and President**

On the Listing Date, the Chief Executive Officer and President will receive from the Founders, an aggregate of such number of Consideration Stapled Securities equivalent to US\$8 million in value, being [9,876,000] Stapled Securities (rounded down to the nearest thousand Stapled Securities) representing [1.1]% of the total number of Stapled Securities in issue (based on the Maximum Offering Price) and [10,000,000] Stapled Securities representing [1.2]% of the total number of Stapled Securities in issue (based on the Minimum Offering Price). Such Consideration Stapled Securities received by the Chief Executive Officer and President takes into account his compensation for 2018 and his IPO-related bonuses, which shall be borne by the Founders (by way of the Vendors directing that such number of Consideration Stapled Securities be issued to SPV5, which is wholly-owned by the Chief Executive Officer and President) and not by EHT or the Stapled Securityholders. All equity awards granted to the Chief Executive Officer and President shall be subject to the restrictions under the lock-up arrangements set out in “Plan of Distribution – Lock-up Arrangements” of this Prospectus. In addition, the Chief Executive Officer and President has also agreed with the Founders that he will not dispose of his interest in Stapled Securities equivalent to US\$3 million in value, being [3,703,703] Stapled Securities representing [0.4]% of the total number of Stapled Securities in issue (based on the Maximum Offering Price) and [3,750,000] Stapled Securities representing [0.4]% of the total number of Stapled Securities in issue (based on the Minimum Offering Price), until the date falling two years after the Listing Date, unless his employment is terminated without cause or if he resigns for good reason in which case he will be entitled to sell such Stapled Securities upon such termination or resignation. For the avoidance of doubt, all remuneration and compensation payable to the Chief Executive Officer and President post-listing shall be borne by the Managers.

## **Compliance Officer**

The REIT Manager has outsourced the compliance function to Deloitte & Touche Enterprise Risk Services Pte. Ltd. (“**Deloitte**”). Deloitte will report to the Chief Executive Officer and President, and the duties under the compliance function include:

- assisting the REIT Manager in putting in place suitable compliance processes to ensure that the REIT Manager fulfils the compliance requirements under the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence, and all applicable laws, regulations and guidelines, as well as updating the Directors, the Chief Executive Officer and President, Executive Officers, and employees of the REIT Manager on such compliance requirements;
- preparing returns to the MAS as required under the SFA (including those required by the CMS Licence);
- highlighting any deficiencies or making recommendations with respect to the REIT Manager’s compliance processes;
- assisting in the application process for the appointment of new directors to the Board; and

- assisting in any other matters concerning compliance with the SFA, the CIS Code (including the Property Funds Appendix), the Listing Manual, the CMS Licence and all applicable laws, regulations and guidelines.

Deloitte may also be engaged to provide regulatory compliance advice from time to time as may be required by the REIT Manager. Deloitte will carry out the above compliance activities and the REIT Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines. The REIT Manager may, if it considers necessary, directly employ a compliance officer in the future.

**Company Secretary of the REIT Manager**

The company secretary of the REIT Manager is Ms Toh Lei Mui. She is an Associate Member of the Singapore Association of the Institute of Chartered Secretaries & Administrators (SAICSA). The role of the Company Secretary include the following:

- ensuring that board procedures of the REIT Manager Board are followed;
- ensuring, under the direction of the Chairman, good information flows within the REIT Manager Board and its board committees and between the management and the Non-Executive Directors;
- assisting the REIT Manager with corporate secretarial administration matters for the REIT Manager, both in its personal capacity and in its capacity as manager of EH-REIT, including attending all board meetings;
- assisting in the application process for the appointment of new directors to the REIT Manager Board and Trustee-Manager Board; and
- assisting the REIT Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

**EH-BT**

**Management Reporting Structure of the Trustee-Manager**



## The Trustee-Manager Board

As at the Listing Date, the Trustee-Manager Directors comprise of seven members who are also Directors of the REIT Manager. The following table sets forth information regarding the directors of the Trustee-Manager:

Name	Age	Address	Position
Howard Wu	36	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Non-Independent Non-Executive Chairman
Taylor Woods	47	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Non-Independent Non-Executive Deputy Chairman
Davy Lau	64	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Lead Independent Director and an Independent Non-Executive Director
Tarun Kataria	60	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Independent Non-Executive Director
Tan Wee Peng Kelvin	54	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Independent Non-Executive Director
Carl Gabriel Florian Stubbe	43	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Independent Non-Executive Director
Salvatore G. Takoushian	39	c/o 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623	Executive Director and Chief Executive Officer and President

As at the Latest Practicable Date, none of the Trustee-Manager Directors has any family relationship with or is related to one another, the executive officer of the Trustee-Manager, any employees of the Trustee-Manager upon whose work Eagle Hospitality Trust is dependent on, is related to any Substantial Shareholder of the Managers or any Stapled Securityholder as at the Listing Date.

As EH-BT will be dormant as at the Listing Date, no compensation is payable to the Directors of the Trustee-Manager.

(See “– The REIT Manager Board – Experience and Expertise of the Boards of the Managers” for further details.)

### List of Present and Past Principal Directorships of the Trustee-Manager Directors

A list of the present and past directorships of each Trustee-Manager Director of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers”.

Save for Howard Wu, Taylor Woods, and Salvatore G. Takoushian, for whom appropriate arrangements have been made to orientate him in acting as a director of the trustee-manager of a publicly-listed business trust, each of the Directors of the Trustee-Manager has served as a director of a public-listed company and/or manager of a publicly-listed REIT or business trust and has appropriate experience to act as Directors of the Trustee-Manager and are familiar with the rules and responsibilities of a director of a publicly-listed company and/or manager or trustee-manager of a publicly-listed REIT or business trust.

Pursuant to Rule 210(5)(a) of the Listing Manual, a director who has no prior experience as a director of an issuer listed on the SGX-ST (“**First-time Director**”) must undergo mandatory training with the Singapore Institute of Directors in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, by the end of the first year of EHT’s listing (“**Mandatory Training**”). In this regard, Howard Wu, Taylor Woods, and Salvatore G. Takoushian are First-time Directors who will attend Mandatory Training within the period permitted under the Listing Manual.

### **Executive Officers of the Trustee-Manager**

As at the Listing Date, the executive officer of the Trustee-Manager shall comprise the Chief Executive Officer and President, Salvatore G. Takoushian, who is also the Chief Executive Officer and President of the REIT Manager.

(See “– Executive Officers of the REIT Manager – Experience and Expertise of the Executive Officers of the REIT Manager” and Appendix H, “List of Present and Past Principal Directorships of Directors and Executive Officers of the Managers” for further details.)

As EH-BT will be dormant as at the Listing Date, no compensation is payable to the Chief Executive Officer and President of the Trustee-Manager.

### **Employees of the Trustee-Manager**

There is one employee employed by the Trustee-Manager being the Chief Executive Officer and President, Salvatore G. Takoushian. As at the date of this Prospectus, the current employee is based in Singapore and is not unionised.

### **Remuneration of the Directors and Executive Officers of the Trustee-Manager**

As EH-BT will be dormant as at the Listing Date, no compensation is payable to the directors and executive officers of the Trustee-Manager.

### **Service Agreements**

None of the members of the Trustee-Manager Board has entered or proposed to enter into service agreements with the Trustee-Manager or any subsidiary or subsidiary entity of EHT which provide for benefits upon termination of employment. However, please refer to “Management and Corporate Governance – EHT – Remuneration of the Chief Executive Officer and President” for further details of the remuneration package of the Chief Executive Officer and President of the Managers.

### **Company Secretary of the Trustee-Manager**

The company secretary of the Trustee-Manager, Ms Toh Lei Mui, is also the company secretary of the REIT Manager. She is an Associate Member of the Singapore Association of the Institute of Chartered Secretaries & Administrators (“**SAICSA**”).

The roles of the Company Secretary include the following:

- ensuring that board procedures of the Trustee-Manager Board are followed;

- assisting the Trustee-Manager with corporate secretarial administration matters for the Trustee-Manager, both in its personal capacity and in its capacity as manager of EH-BT, including attending all board meetings; and
- assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

## **EH-REIT**

### **The Key Roles of the REIT Manager Board**

The key roles of the REIT Manager Board are to:

- guide the corporate strategy and directions of the REIT Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the REIT Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The REIT Manager Board will meet to review the key activities and business strategies of EH-REIT. The REIT Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of EH-REIT, including acquisitions and disposals, approval of the annual budget and review of the performance of EHT.

Each Director of the REIT Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of EH-REIT. The Directors of the REIT Manager will contribute in different ways to further the interests of EH-REIT.

The REIT Manager Board intends to approve a set of internal controls which sets out approved limits for capital expenditure, investments and divestments, and borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

The REIT Manager Board, in concurrence with the REIT Manager Audit and Risk Committee, is of the opinion that the internal controls as further described in:

- “Management and Corporate Governance – EHT – The Key Roles of the REIT Manager Board”;
- “Management and Corporate Governance – EHT – Compliance Officer”;
- “Management and Corporate Governance – EH-REIT – Corporate Governance of the REIT Manager – The REIT Manager Board”;
- “Management and Corporate Governance – EH-REIT – Corporate Governance of the REIT Manager – The REIT Manager Audit and Risk Committee”;
- “Management and Corporate Governance – EH-REIT – Corporate Governance of the REIT Manager – Dealings in Stapled Securities or, as the case may be, EH-REIT Units”;
- “Management and Corporate Governance – EH-REIT – Corporate Governance of the REIT Manager – Management of Business Risk”;



- “Management and Corporate Governance – EH-REIT – Corporate Governance of the REIT Manager – Potential Conflicts of Interest”;
- “Management and Corporate Governance – EH-REIT – Related Party Transactions – The REIT Manager’s Internal Control System”;
- “Management and Corporate Governance – EH-REIT – Related Party Transactions – Role of the REIT Manager Audit and Risk Committee for Related Party Transactions”;
- “Management and Corporate Governance – EH-REIT – Related Party Transactions – Related Party Transactions in Connection with the Setting Up of EH-REIT and the Offering”;
- “Management and Corporate Governance – EH-REIT – Related Party Transactions – Other Related Party Transactions”;
- “Management and Corporate Governance – EH-REIT – Related Party Transactions – Exempted Agreements”; and
- “Management and Corporate Governance – EH-REIT – Related Party Transactions – Future Related Party Transactions”;

are adequate in addressing financial, operational and compliance risks faced by EH-REIT.

Changes to regulations and accounting standards are monitored closely by the members of the REIT Manager Audit and Risk Committee (see “Management and Corporate Governance – EH-REIT – The REIT Manager Audit and Risk Committee” for further details). To keep pace with regulatory changes, where these changes have an important bearing on the disclosure obligations of the REIT Manager or its Directors, the REIT Manager Directors will be briefed either during the meetings of the REIT Manager Board or at specially convened sessions involving the relevant professionals. The management will also provide the REIT Manager Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Four Directors of the REIT Manager comprising more than half of the REIT Manager Board of seven directors are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the REIT Manager Board. It would also enable the REIT Manager Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process.

The positions of Chairman of the REIT Manager Board and Chief Executive Officer and President of the REIT Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the REIT Manager Board is Howard Wu, while the Chief Executive Officer and President is Salvatore G. Takoushian. Howard Wu is also the Chairman of the Trustee-Manager Board.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer and President of the REIT Manager. The Chairman is responsible for the overall management of the REIT Manager Board as well as ensuring that the members of the REIT Manager Board and the management work together with integrity and competency, and that the REIT Manager Board engage the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer and President has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the REIT Manager.

The REIT Manager Board has separate and independent access to senior management and the company secretary at all times. The company secretary attends to corporate secretarial administration matters and attends all Board meetings. The REIT Manager Board also has access to independent professional advice where appropriate and whenever requested.

## **EH-REIT**

### **Roles and Responsibilities of the REIT Manager in relation to management of EH-REIT**

The REIT Manager has general powers of management over the assets of EH-REIT. The REIT Manager's main responsibility is to manage EH-REIT's assets and liabilities for the benefit of the holders of EH-REIT Units.

The REIT Manager is responsible for formulating the business plans in relation to EH-REIT's properties. The REIT Manager will work closely with the Hotel Managers through the Master Lessees to implement EH-REIT's strategies. Further, the REIT Manager will set the strategic direction of EH-REIT and give recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of EH-REIT in accordance with its stated investment strategy.

The REIT Manager is required under paragraph 4 of the Property Funds Appendix to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, but so long as EH-REIT holds its first annual general meeting within 18 months of its date of authorisation, it need not hold it in the year of its constitution or in the following year.

The REIT Manager has covenanted in the EH-REIT Trust Deed to use its best endeavours to carry on and conduct its business in a proper and efficient manner, to ensure that EH-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for EH-REIT at arm's length and on normal commercial terms.

The REIT Manager will also be responsible for ensuring that EH-REIT complies with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the EH-REIT Trust Deed, the Stapling Deed, the CMS Licence and all relevant contracts.

The REIT Manager may require the REIT Trustee to:

- while the EH-REIT Units and EH-BT Units are stapled together, lend monies to EH-BT out of the EH-REIT Deposited Property whenever the REIT Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the Stapled Securityholders as a whole; and
- borrow on behalf of EH-REIT (upon such terms and conditions as the REIT Manager deems fit, including the charging or mortgaging of all or any part of the EH-REIT Deposited Property) whenever the REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the REIT Trustee to meet any liabilities or whenever the REIT Manager considers it desirable that monies be borrowed or raised to:
  - finance the acquisition of any Authorised Investments, directly or indirectly, through SPVs; or
  - finance the repurchase and/or redemption of EH-REIT Units by the REIT Manager;
  - finance the distributions of EH-REIT; or
  - finance the on-lending of monies to EH-BT for the purpose of furthering the interests of Stapled Securityholders as a whole.

However, the REIT Manager must not direct the REIT Trustee to incur a borrowing, if to do so, would mean that EH-REIT's total borrowings exceed the Aggregate Leverage limit of 45.0% of the value of the EH-REIT Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash, in EH-REIT Units or, as the case may be, Stapled Securities).

In the absence of fraud, gross negligence, wilful default or breach of the EH-REIT Trust Deed or the Stapling Deed by the REIT Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the EH-REIT Trust Deed. In addition, the REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as manager of EH-REIT, to have recourse to the EH-REIT Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the EH-REIT Trust Deed or breach of trust by the REIT Manager. The REIT Manager may, in managing EH-REIT and in carrying out and performing its duties and obligations under the EH-REIT Trust Deed, with the written consent of the REIT Trustee, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the EH-REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

## **Fees Payable to the REIT Manager**

### ***Management fees payable to the REIT Manager***

The REIT Manager is entitled under the EH-REIT Trust Deed to the following management fees:

- a Base Fee not exceeding 10.0% per annum of EH-REIT's Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee); and
- a Performance Fee of 25.0% of the difference in DPS in a financial year with the DPS in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year (subject to adjustments in certain cases as set out in Schedule 2 of the EH-REIT Trust Deed).

The Performance Fee is payable if the DPS in any financial year exceeds the DPS in the preceding financial year, notwithstanding that the DPS in the financial year where the Performance Fee is payable may be less than the DPS in the financial year prior to the preceding financial year.

For the avoidance of doubt, where the DPS in a financial year is less than the DPS in any preceding financial year, the REIT Manager shall not be required to return any Performance Fee paid to it in any preceding financial year.

For the purpose of the computation of the Performance Fee only, the DPS shall be calculated based on all income of EHT arising from the operations of EHT, such as, but not limited to, rentals, interest, dividends, divestment gains (to the extent it is distributed to Stapled Securityholders) and other similar payments or income arising from the Authorised Investments (as defined herein) of EHT.

For each of Forecast Period 2019 and Projection Year 2020, the difference in DPS shall be the difference in actual DPS in such financial period or financial year with the projected DPS, as set out in the Profit Forecast and Profit Projection.

The REIT Manager may elect to receive the Base Fee and Performance Fee in the form of cash and/or Stapled Securities or, as the case may be, EH-REIT Units (as the REIT Manager may elect), in such proportions as may be determined by the REIT Manager.

Where the Base Fee and the Performance Fee are payable in the form of Stapled Securities or, as the case may be, EH-REIT Units, such payment shall be made within 30 days of the last day of every calendar quarter (in relation to the Base Fee) and every financial year (in relation to the Performance Fee), or such longer period as the REIT Manager may determine in the event that the Base Fee and/or Performance Fee cannot be computed within 30 days of the last day of the relevant period), in arrears.

Where the Base Fee and the Performance Fee is payable in the form of cash, such payment shall be made within 30 days of the last day of every calendar month (in relation to the Base Fee) or FY (in relation to the Performance Fee) or such other period as the REIT Manager may determine (or such longer period as the REIT Manager may determine in the event that the Base Fee cannot be computed within 30 days of the last day of the relevant period), in arrears and in the event that cash is not available to make the whole or part of such payment, then payment of such Base Fee or Performance Fee due and payable to the REIT Manager shall be deferred to the next calendar month when cash is available.

Any increase in the rate or any change in the structure of the REIT Manager's management fees must be approved by an Extraordinary Resolution at a meeting of the holders of EH-REIT Units duly convened and held in accordance with the provisions of the EH-REIT Trust Deed. For the avoidance of doubt, the REIT Manager's change in its election to receive cash or EH-REIT Units or a combination of cash and EH-REIT Units is not considered as a change in structure of the REIT Manager's management fees.

#### ***Acquisition fee and divestment fee payable to the REIT Manager***

The REIT Manager is also entitled to:

- an acquisition fee of 0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):
  - (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by EH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> in addition to the acquisition price made by EH-REIT or its SPV to the vendor in connection with the purchase of the real estate (pro-rated, if applicable, to the proportion of EH-REIT's interest);
  - (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value<sup>2</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by EH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> made by EH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable, to the proportion of EH-REIT's interest); or

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1 "other payments" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if EH-REIT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by EH-REIT as purchase price and any debt of the special purpose company.

- (iii) the acquisition price of any investment purchased by EH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
    - (i) in the case of a sale of real estate, the sale price of any real estate sold or divested by EH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> in addition to the sale price received by EH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of EH-REIT's interest);
    - (ii) in the case of a sale of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value<sup>2</sup> of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by EH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> received by EH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated, if applicable, to the proportion of EH-REIT's interest); or
    - (iii) the sale price of the investment sold or divested by EH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of EH-REIT shall be paid out of the EH-REIT Deposited Property or the assets of the relevant SPV and not by the REIT Manager to such persons.

No acquisition fee is payable for the acquisition of the Properties. The acquisition fee and divestment fee are payable to the REIT Manager in the form of cash and/or Stapled Securities or, as the case may be, EH-REIT Units (as the REIT Manager may elect) provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Stapled Securities or, as the case may be, EH-REIT Units at prevailing market price(s) instead of cash. Please refer to "The Formation and Structure of EHT, EH-REIT and EH-BT – The Formation and Structure of EHT – Issue of the Stapled Securities" for further details of the calculation of the prevailing market price of the Stapled Securities. The Stapled Securities or, as the case may be, EH-REIT Units issued to the REIT Manager as its acquisition or divestment fee should not be sold within one year from the date of their issuance.

Any increase in the maximum permitted level of the acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a meeting of holders of EH-REIT Units duly convened and held in accordance with the provisions of the EH-REIT Trust Deed.

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1 "other payments" refer to additional payments to EH-REIT or its SPVs for the sale of the real estate, for example, where EH-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if EH-REIT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by EH-REIT as sale price and any debt of the special purpose company.

### ***Development management fee payable to the REIT Manager***

The REIT Manager is also entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of EH-REIT. EH-REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments).

“**Total Project Costs**” means the sum of the following (where applicable):

- (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- (ii) principal consultants fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iii) the cost of obtaining all approvals for the project;
- (iv) site staff costs;
- (v) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with International Financial Reporting Standards; and
- (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with International Financial Reporting Standards but for the avoidance of doubt, shall not include land costs (including but not limited to the acquisition price or underlying value of such land).

When the estimated Total Project Costs are greater than US\$100.0 million, the REIT Manager will be entitled to receive a development management fee equivalent to 3.0% of the Total Project Costs up to US\$100.0 million. For the remaining Total Project Costs in excess of US\$100.0 million, the REIT Manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed by its independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager’s view, materially lower than the development management fee, the independent directors of the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of EH-REIT.

For the avoidance of doubt, no acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project. Subject to the Property Funds Appendix, the development management fee shall be paid to the REIT Manager or to any person which the REIT Manager may designate or nominate in the form of cash and/or Stapled Securities.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of EH-REIT Units duly convened and held in accordance with the provisions of the EH-REIT Trust Deed.

(See “Overview – The Structure of EHT – Certain Fees and Charges” for further details).

### **Retirement or Removal of the REIT Manager**

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of EH-REIT.



Also, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;
- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the EH-REIT Trust Deed;
- the holders of EH-REIT Units, by a resolution duly passed by a majority greater than 50.0% of the total number of votes cast for and against such resolution with no participants being disenfranchised at a meeting of holders of EH-REIT Units duly convened and held in accordance with the provisions of the EH-REIT Trust Deed, shall so decide;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the holders of EH-REIT Units provided that if the REIT Manager within one month after such statement expresses its dissatisfaction in writing with such opinion, the REIT Manager has a right under the EH-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all the holders of EH-REIT Units; or
- the MAS directs the REIT Trustee to remove the REIT Manager.

Under the terms of the EH-REIT Trust Deed, upon any removal or retirement of the REIT Manager, the REIT Trustee shall appoint a new manager as soon as possible whose appointment shall be subject to (i) compliance with any or all laws, regulations and guidelines that apply to EH-REIT, and (ii) the approval of holders of EH-REIT Units by Ordinary Resolution.

### **Corporate Governance of the REIT Manager**

The following outlines the main corporate governance practices of the REIT Manager.

#### ***The REIT Manager Board***

The REIT Manager Board is responsible for the overall corporate governance of the REIT Manager including establishing goals for management and monitoring the achievement of these goals. The REIT Manager is also responsible for the strategic business direction and risk management of EH-REIT. All the REIT Manager Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of directors.

The REIT Manager Board has established a framework for the management of the REIT Manager and EH-REIT, including a system of internal controls and a business risk management process. The REIT Manager Board consists of seven members, four of whom are independent<sup>1</sup> directors.

The composition of the REIT Manager Board is determined using the following principles:

- the Chairman of the REIT Manager Board should be a non-executive director of the REIT Manager;
- the REIT Manager Board should comprise directors with a broad range of commercial experience in funds management, legal matters, audit and accounting and the property industry; and
- at least one-third of the REIT Manager Board should comprise independent directors.

However, according to Provision 2.2 of the Code of Corporate Governance 2018, independent directors are to make up a majority of the REIT Manager Board where the Chairman is not an independent director.

The composition of the REIT Manager Board will be reviewed regularly to ensure that the REIT Manager Board has the appropriate mix of expertise and experience.

#### ***Nominating and Remuneration Committee***

The role of the Nominating and Remuneration Committee (the “**NRC**”) is to make recommendations to the REIT Manager Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the REIT Manager Board and the executive officers. As at the date of this Prospectus, the members of the NRC are Carl Gabriel Florian Stubbe, Davy Lau and Taylor Woods, majority of whom are independent directors. Carl Gabriel Florian Stubbe has been appointed as the Chairman of the NRC.

The NRC’s responsibilities also include:

- developing a process for evaluation of the performance of the REIT Manager Board, its board committees and directors;
- reviewing the training and professional development programs for the REIT Manager Board;
- the appointment and re-appointment of directors (including alternate directors, if any);
- determining annually, and as when circumstances require, if a director is independent;
- deciding if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director’s principal commitments;
- reviewing and recommending to the REIT Manager Board a general framework of remuneration for the REIT Manager Board and the executive officers;
- reviewing and recommending to the REIT Manager Board the specific remuneration packages for each director as well as for the executive officers; and

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<sup>1</sup> The independence of the directors in this context refers to their independence from management and business relationships with the REIT Manager.

- reviewing EH-REIT's obligations arising in the event of termination of executive directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

***Process for appointment of new Directors and succession planning for the REIT Manager Board***

The NRC is responsible for reviewing the succession plans for the REIT Manager Board (in particular, the Chairman). In this regard, it will put in place a formal process for the renewal of the REIT Manager Board and the selection of new Directors, as follows:

- The NRC will review annually the balance and diversity of skills, experience, gender and knowledge required by the REIT Manager Board and the size of the REIT Manager Board which would facilitate decision-making;
- In light of such review and in consultation with management, the NRC will assess if there are any inadequate representations in respect of those attributes and if so, will prepare a description of the role and the essential and desirable competencies for a particular appointment;
- External help (for example, the Singapore Institute of Directors, search consultants, open advertisement) will be used to source for potential candidates if need be. Directors and management may also make suggestions;
- Meetings with the shortlisted candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- The NRC makes recommendations to the REIT Manager Board for approval.

The REIT Manager Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the REIT Manager Board is continually under review.

***Criteria for appointment of new Directors***

All new appointments are subject to the recommendations of the NRC based on the following objective criteria:

- Integrity;
- Independent mindedness;
- Diversity – possess core competencies that meet the current needs of EH-REIT and the REIT Manager and complement the skills and competencies of the existing Directors on the REIT Manager Board;
- Able to commit time and effort to carry out duties and responsibilities effectively;
- Track record of making good decisions;
- Experience in high-performing corporations or property funds; and
- Financially literate.

### ***Review of Directors' independence***

The NRC is charged with reviewing the “independence” status of Directors annually and providing its views to the REIT Manager Board. The REIT Manager Board will bear in mind the definition of an “independent director” in the Code of Corporate Governance 2018 and guidance as to relationships the existence of which would deem a Director not to be independent, as well as the enhancements to independence requirements announced by the MAS on 2 July 2015 (the “**Enhanced Independence Requirements**”) when making such determination.

Under the Code of Corporate Governance 2018, a Director who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of EH-REIT<sup>1</sup>, is considered to be independent. In addition, under the Enhanced Independence Requirements, an independent Director is one who:

- (a) is independent from any management and business relationship with the REIT Manager and EH-REIT;
- (b) is independent from any substantial shareholder of the REIT Manager and any substantial unitholder of EH-REIT; and
- (c) has not served on the REIT Manager Board for a continuous period of 9 years or longer.

### **Annual review of Directors' time commitments**

The NRC also determines annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the REIT Manager. The NRC will take into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors’ actual conduct on the REIT Manager Board, in determining whether all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their other listed company board representations and other principal commitments.

The NRC will adopt internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments.

### ***The REIT Manager Audit and Risk Committee***

The REIT Manager Audit and Risk Committee is appointed by the REIT Manager Board from among the REIT Manager Directors and is composed of three non-executive members, a majority of whom (including the Chairman of the REIT Manager Audit and Risk Committee) are required to be directors independent from management and business relationships with the REIT Manager. As at the date of this Prospectus, the members of the REIT Manager Audit and Risk Committee are Tan Wee Peng Kelvin, Tarun Kataria and Davy Lau, all of whom are independent directors. Tan Wee Peng Kelvin has been appointed as the Chairman of the REIT Manager Audit and Risk Committee.

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<sup>1</sup> A director who falls under the circumstances described in Rule 210(5)(d) of the Listing Rules is not independent. These circumstances apply to the following: (i) a director being employed by REIT Manager, EH-REIT or any of their related corporations for the current or any of the past three financial years; (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the REIT Manager, EH-REIT or any of their related corporations and whose remuneration is determined by the NRC; (iii) a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders of the REIT Manager, (B) all shareholders of the REIT Manager excluding shareholders who also serve as the directors or the chief executive officer of the REIT Manager, and associates of such directors and chief executive officers (C) all Stapled Securityholders; and (D) all Stapled Securityholders, excluding Stapled Securityholders who also serve as the directors or the chief executive officer of the REIT Manager, and associates of such directors and chief executive officers.

The role of the REIT Manager Audit and Risk Committee is to monitor and evaluate the effectiveness of the REIT Manager's internal controls. The REIT Manager Audit and Risk Committee will review the quality and reliability of information prepared for inclusion in financial reports, and will be responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The REIT Manager Audit and Risk Committee's responsibilities include:

- Reviewing financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- Reviewing and reporting to the REIT Manager Board at least annually the adequacy and effectiveness of the REIT Manager's and EH-REIT's risk management and internal controls, including financial, operational, compliance (including processes to mitigate conflicts of interests in respect of the sourcing of potential acquisitions) and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
- Reviewing the audit plans and reports of the external auditors and internal auditors, and considering the effectiveness of actions or policies taken by management on the recommendations and observations.
- Reviewing the independence and objectivity of external auditors annually.
- Reviewing the nature and extent of non-audit services performed by external auditors.
- Meeting with external and internal auditors, without the presence of management, at least annually.
- making recommendations to the REIT Manager Board on the proposals to Stapled Securityholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- Reviewing the adequacy and effectiveness of the REIT Manager's and EH-REIT's internal audit function, at least annually.
- Ensuring at least annually that the internal audit function is adequately resourced and has appropriate standing with the REIT Manager and EH-REIT.
- Approving the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- Reviewing the policy and arrangements by which employees of the REIT Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
- Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).

- Reviewing related party transactions, including ensuring compliance with the provisions of the Listing Manual relating to “interested person transaction” (“**Interested Person Transactions**”) and the provisions of the Property Funds Appendix relating to “interested party transactions” (“**Interested Party Transactions**”, and together with Interested Person Transactions, “**Related Party Transactions**”).
- Investigating any matters within the REIT Manager Audit and Risk Committee’s purview, whenever it deems necessary.
- Obtaining recommendations on risk tolerance and strategy from management, and where appropriate, reporting and recommending to the REIT Manager Board for its determination:
  - The nature and extent of significant risks which the REIT Manager and EH-REIT may take in achieving its strategic objectives; and
  - Overall levels of risk tolerance and risk policies.
- Reviewing and discussing, as and when appropriate, with management on the REIT Manager’s and EH-REIT’s risk governance structure and their risk policies, risk mitigation and monitoring processes and procedures.
- Receiving and reviewing at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
- Reviewing the REIT Manager’s capability to identify and manage new risk types.
- Reviewing and monitoring management’s responsiveness to the recommendations of the REIT Manager Audit and Risk Committee.
- Providing timely input to the REIT Manager Board on critical risk issues.
- Reporting to the REIT Manager Board on material matters, findings and recommendations.
- Monitoring and reviewing of hedging policies and instruments to be implemented by EH-REIT.
- Reviewing and recommending to the REIT Manager Board hedging policies and monitoring the implementation of such policies.

#### **Dealings in Stapled Securities or, as the case may be, EH-REIT Units**

Each REIT Manager Director and the Chief Executive Officer of the REIT Manager is to give notice to the REIT Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) EH-REIT Units or of changes in the number of Stapled Securities or, as the case may be, EH-REIT Units which he holds or in which he has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of the Stapled Securities or, as the case may be, EH-REIT Units which he holds or in which he has an interest (see “The Formation and Structure of EHT, EH-REIT and EH-BT – The Formation and Structure of EH-REIT – The REIT Manager Board’s Declaration of Holdings of EH-REIT Units” for further details).

All dealings in the Stapled Securities or, as the case may be, EH-REIT Units by the REIT Manager Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.



The directors and employees of the REIT Manager are prohibited from dealing in the Stapled Securities:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of EHT or (in the event that Unstapling has taken place) EH-REIT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the REIT Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137ZC of the SFA, the REIT Manager will be required to, inter alia, announce to the SGX-ST the particulars of any acquisition or disposal of interest in EH-REIT Units by the REIT Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the REIT Manager became aware of the acquisition or disposal. In addition, all dealings in EH-REIT Units by the Chief Executive Officer will also need to be announced by the REIT Manager via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com> and in such form and manner as the Authority may prescribe.

### **Management of Business Risk**

The REIT Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of EH-REIT against the budget previously approved by the REIT Manager Board for the relevant financial year. The REIT Manager Board will also review the business risks of EH-REIT, examine liability management and will act upon any comments from both the internal and external auditors of EH-REIT.

The REIT Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of EH-REIT. In assessing business risk, the REIT Manager Board will consider the economic environment and risks relevant to the hospitality and hospitality-related industries. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the REIT Manager and EH-REIT and discuss any disclosure issues.

### **Potential Conflicts of Interest**

The REIT Manager is required to prioritise the EH-REIT Unitholders' interests over those of the REIT Manager and its shareholders in the event of a conflict of interest.

The REIT Manager has instituted the following procedures to deal with conflicts of interest issues:

- The REIT Manager will not manage any other REIT which invests in the same type of properties as EH-REIT;
- All executive officers will be employed by the REIT Manager and will not hold executive positions in any other entities;
- All resolutions in writing of the REIT Manager Directors in relation to matters concerning EH-REIT must be approved by a majority of the directors, including at least one director independent from management and business relationships with the REIT Manager;

- At least one-third of the REIT Manager Board shall comprise independent directors, provided that where (i) the Chairman of the REIT Manager Board and the Chief Executive Officer is the same person, (ii) the Chairman of the REIT Manager Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the REIT Manager Board is part of the management team; (iv) the Chairman of the REIT Manager Board is not an independent director or (v) the EH-REIT Unitholder do not have the right to appoint directors, at least half the board shall comprise independent directors;
- In respect of matters in which a REIT Manager Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the REIT Manager Directors and must exclude such interested director;
- In respect of matters in which the Sponsor has an interest, direct or indirect, for example, in matters relating to:
  - potential acquisitions of additional properties or property-related investments by EH-REIT in competition with the Sponsor; and
  - competition for tenants between properties owned by EH-REIT and properties owned by the Sponsor,

any nominees appointed by the Sponsor to the REIT Manager Board to represent its interests will abstain from deliberations and voting on such matters. In such matters, the quorum must comprise a majority of the REIT Manager Directors independent from management and business relationships with the REIT Manager and must exclude nominee directors of the Sponsor;

- Save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of EH-REIT Units convened to approve any matter in which the REIT Manager and/or any of its associates has an interest, and for so long as the REIT Manager is the manager of EH-REIT, the controlling shareholders of the REIT Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of EH-REIT Units convened to consider a matter in respect of which the relevant controlling shareholders of the REIT Manager and/or of any of its associates have an interest; and
- It is also provided in the EH-REIT Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the REIT Trustee for and on behalf of EH-REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) (collectively, a “**Related Party**”) of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the REIT Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the REIT Trustee, on behalf of EH-REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. The REIT Manager Directors will have a duty to ensure that the REIT Manager so complies. Notwithstanding the foregoing, the REIT Manager shall inform the REIT Trustee as soon as it becomes aware of any breach of any agreement entered into by the REIT Trustee for and on behalf of EH-REIT with a Related Party of the REIT Manager and the REIT Trustee may take such action as it deems necessary to protect the rights of the holders of EH-REIT Units and/or which is in the interests of the holders of EH-REIT Units. Any decision by the REIT Manager not to take action against a Related Party of the REIT Manager shall not constitute a waiver of the REIT Trustee’s right to take such action as it deems fit against such Related Party.

## **Related Party Transactions**

### ***The REIT Manager's Internal Control System***

The REIT Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms in accordance with the relevant laws, regulations and guidelines that apply to EH-REIT; and
- will not be prejudicial to the interests of EH-REIT and the holders of EH-REIT Units.

As a general rule, the REIT Manager must demonstrate to the REIT Manager Audit and Risk Committee that such transactions satisfy the foregoing criteria, which may entail:

- obtaining (where practicable) quotations from parties unrelated to the REIT Manager; or
- obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The REIT Manager will maintain a register to record all Related Party Transactions which are entered into by EH-REIT and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into.

The REIT Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by EH-REIT. The REIT Manager Audit and Risk Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the REIT Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the REIT Manager Audit and Risk Committee. If a member of the REIT Manager Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S\$100,000 in value but less than 3.0% of the value of EH-REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the REIT Manager Audit and Risk Committee at regular intervals;
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of EH-REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the REIT Manager Audit and Risk Committee. Such approval shall only be given if such transaction is on normal commercial terms and is consistent with similar types of transactions made by the REIT Trustee with third parties which are unrelated to the REIT Manager; and
- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of EH-REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the

basis described in the preceding paragraph, by the REIT Manager Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by the holders of EH-REIT Units at a meeting duly convened.

Pursuant to the Listing Manual, transactions with a value below S\$100,000 are disregarded on the ground that they do not put EH-REIT at risk. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning EH-REIT relate to transactions entered into or to be entered into by the REIT Trustee for and on behalf of EH-REIT with a Related Party of the REIT Manager (which would include relevant “associates” as defined under the Listing Manual) or EH-REIT, the REIT Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of EH-REIT and the holders of EH-REIT Units, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the REIT Trustee has the ultimate discretion under the EH-REIT Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the REIT Manager or EH-REIT. If the REIT Trustee is to sign any contract with a Related Party of the REIT Manager or EH-REIT, the REIT Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Save for the transactions described under the sections “Management and Corporate Governance – EH-REIT – Related Party Transactions – Related Party Transactions in connection with the Setting Up of EH-REIT and the Offering” and “Management and Corporate Governance – EH-REIT – Related Party Transactions – Future Related Party Transactions”, EH-REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of EH-REIT’s latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in a particular year, each of at least S\$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual, will be disclosed in EHT’s annual report, or (if Unstapling has occurred), EH-REIT’s annual report for the relevant financial year.

#### ***Role of the REIT Manager Audit and Risk Committee for Related Party Transactions***

The REIT Manager Audit and Risk Committee will monitor the procedures established to regulate Related Party Transactions, including reviewing any Related Party Transactions entered into from time to time and the internal audit reports to ensure compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix.

If a member of the REIT Manager Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

### ***Related Party Transactions in connection with the setting up of EH-REIT and the Offering***

The REIT Trustee, on behalf of EH-REIT, has entered into a number of transactions with the REIT Manager and certain Related Parties of the REIT Manager in connection with the setting up of EH-REIT and the Offering. These Related Party Transactions are as follows:

- On 11 April 2019, the REIT Trustee entered into the EH-REIT Trust Deed (as amended) with the REIT Manager.
- On 11 April 2019, the REIT Trustee entered into the Stapling Deed with the Managers. The terms of the EH-REIT Trust Deed and Stapling Deed are generally described in “The Formation and Structure of EHT, EH-REIT and EH-BT”.
- On 17 April 2019, the REIT Trustee and the REIT Manager entered into the HW ROFR with Howard Wu. The terms of the HW ROFR are more particularly described in “Certain Agreements Relating to EHT, EH-REIT, EH-BT and the Properties – Right of First Refusal Agreements”.
- On 17 April 2019, the REIT Trustee and the REIT Manager entered into the TW ROFR with Taylor Woods. The terms of the TW ROFR are more particularly described in “Certain Agreements Relating to EHT, EH-REIT, EH-BT and the Properties – Right of First Refusal Agreements”.
- On 25 April 2019, the REIT Trustee entered into the Securities Purchase Agreement with the USHI Portfolio Vendor and the ASAP6 Portfolio Vendors, for the acquisition of the USHI Portfolio and the ASAP6 Portfolio via the purchase of USHIL Holdco and Cayman Corp 2. The terms of the Securities Purchase Agreement are generally described in “Certain Agreements Relating to EHT, EH-REIT, EH-BT and the Properties – Securities Purchase Agreement”.
- On [●], each of the Founders will enter into the Indemnified Guarantee with each of the ASAP Mortgage Lenders to provide the applicable ASAP Mortgage Loan Lender with, *inter alia*, a customary non-recourse carve-out guarantee and environmental indemnity. The terms of the Indemnified Guarantee are more particularly described in “Capitalisation and Indebtedness – Indebtedness – ASAP Mortgage Loans”.

EH-REIT’s subsidiaries being the property-holding entities will also enter into the Master Lease Agreements with the relevant Master Lessees for the lease of the Initial Portfolio. The terms of the Master Lease Agreements are more particularly described in “Certain Agreements Relating to EHT, EH-REIT, EH-BT and the Properties – Master Lease Agreements”.

Based on its experience, expertise and knowledge of contracts, the REIT Manager Board and the executive officers of EH-REIT believe that the Securities Purchase Agreement, the Master Lease Agreements and the Indemnified Guarantee are and will be made on normal commercial terms, on an arm’s length basis and are not prejudicial to the interests of EH-REIT and the Stapled Securityholders.

Save as disclosed in this Prospectus, the REIT Trustee has not entered into any other transactions with the REIT Manager or any Related Party of the REIT Manager in connection with the setting up of EH-REIT.

### ***Exempted Agreements***

The entry into and the fees and charges payable by EH-REIT under:

- the EH-REIT Trust Deed;
- the Stapling Deed;
- the HW ROFR;
- the TW ROFR;
- the Securities Purchase Agreement;
- the Master Lease Agreements;
- Indemnified Guarantee,

which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect EH-REIT.

(See “Overview – Certain Fees and Charges” for the fees and charges payable by EH-REIT in connection with the establishment and on-going management and operation of EH-REIT.)

However, any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual.

(See “– Related Party Transactions – The REIT Manager’s Internal Control System” for further details.)

### ***Other Related Party Transactions***

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction the value of which is less than S\$100,000 is not considered material in the context of the Offering and is not set out as a Related Party Transaction in this section.

### ***Future Related Party Transactions***

As a REIT listed on the SGX-ST, EH-REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulate, among other things, transactions entered into by the REIT Trustee (for and on behalf of EH-REIT) with an Interested Party relating to EH-REIT’s acquisition of assets from or sale of assets to an Interested Party, EH-REIT’s investment in securities of or issued by an Interested Party and the leasing of assets to an Interested Party.

Depending on the materiality of transactions entered into by EH-REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by an Interested Party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the holders of EH-REIT Units be obtained.

The Listing Manual regulates all Interested Person Transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction,



EH-REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of the holders of EH-REIT Units for the transaction (Rule 906 of the Listing Manual). The EH-REIT Trust Deed requires the REIT Trustee and the REIT Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as such other guidelines relating to Interested Person Transactions as may be prescribed by the SGX-ST to apply to REITs.

The REIT Manager may at any time in the future seek a general annual mandate from the holders of EH-REIT Units pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or license agreements (including any Master Lease Agreements entered into by the REIT Trustee with an Interested Party) to be entered into with Interested Persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements of Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the REIT Trustee will appoint an independent financial adviser (without being required to consult the REIT Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of EH-REIT and the holders of EH-REIT Units.

Both the Property Funds Appendix and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is *prima facie* governed by both sets of rules. Where matters concerning EH-REIT relate to transactions entered or to be entered into by the REIT Trustee for and on behalf of EH-REIT with a Related Party of EH-REIT or the REIT Manager, the REIT Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The REIT Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the REIT Trustee (when acting other than in its capacity as trustee of EH-REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of EH-REIT and the holders of EH-REIT Units. The REIT Manager shall not be liable to account to the REIT Trustee or to the holders of EH-REIT Units for any profits or benefits or other commissions made or derived from or in connection with any such transaction. The REIT Trustee shall not be liable to account to the REIT Manager or to the holders of EH-REIT Units for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the REIT Manager, its “connected persons” (as defined in the Listing Manual) and any director of the REIT Manager are prohibited from voting their respective own EH-REIT Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

## **EH-BT**

EH-BT will be dormant on the Listing Date. For as long as EH-BT is dormant, the primary role of the Trustee-Manager Board will be to ensure that the Trustee-Manager complies with the requirements under the Listing Manual, the BTA and the BTR (except where waivers have been obtained) as well as the EH-BT Trust Deed and the Stapling Deed.

### **Key Roles of the Trustee-Manager Board when EH-BT becomes active**

When EH-BT becomes active, the key roles of the Trustee-Manager Board will be to:

- guide the corporate strategy and directions of the Trustee-Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the Trustee-Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

When EH-BT becomes active, the Trustee-Manager Board will meet to review the key activities and business strategies of the Trustee-Manager. The Trustee-Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of EH-BT, including acquisitions and disposals, approval of the annual budget and review of the performance of EH-BT.

Each Director of the Trustee-Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of EH-BT. The Directors of the Trustee-Manager will contribute in different ways to further the interests of EH-BT.

As EH-BT is dormant on the Listing Date, there will not be an audit and risk committee and a nominating and remuneration committee constituted by the Trustee-Manager Board and the functions that will be undertaken by an audit and risk committee and a nominating and remuneration committee will be assumed by the Trustee-Manager Board. When EH-BT becomes active, the Trustee-Manager Board will put in place appropriate internal control systems.

A majority of the Trustee-Manager Board (namely four out of seven Directors) are non-executive and independent.

In the event that EH-BT becomes active, the number of directors on the Trustee-Manager Board will be a minimum of seven directors.

The positions of Chairman of the Trustee-Manager Board and Chief Executive Officer and President of the Trustee-Manager are held by two different individuals in order to maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Howard Wu, while the Chief Executive Officer and President is Salvatore G. Takoushian. Howard Wu is also the Chairman of the REIT Manager Board. The Chairman is responsible for the overall management of the Trustee-Manager Board, while the Chief Executive Officer and President has full executive responsibilities over the business directions of the Trustee-Manager.

The Trustee-Manager Board has access to the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends all Board meetings. The Trustee-Manager also has access to independent professional advice where appropriate and whenever requested. (See “Management and Corporate Governance – EH-BT – Company Secretary of the Trustee-Manager” for details of the Company Secretary and her qualifications.)

### **Roles and Responsibilities of the Trustee-Manager in relation to the management of EH-BT**

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of EH-BT Units, and managing the business conducted by EH-BT. The Trustee-Manager has general powers of management over the business and assets of EH-BT and its main responsibility is to manage EH-BT’s assets and liabilities for the benefit of the holders of EH-BT Units as a whole.

The Trustee-Manager will set the strategic direction of EH-BT. The Trustee-Manager is also responsible for ensuring that EH-BT complies with the applicable provisions of all relevant laws, regulations and guidelines including the BTA, the SFA, the Listing Manual, the EH-BT Trust Deed and the Stapling Deed.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a registered business trust under the BTA (“**Due Care**”) to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of EH-BT.

The Trustee-Manager, in exercising its powers and carrying out its duties as EH-BT’s trustee-manager, is required to:

- treat the holders of EH-BT Units who hold EH-BT Units in the same class fairly and equally and holders of EH-BT Units who hold EH-BT Units in different classes (if any) fairly;
- ensure that all payments out of the EH-BT Trust Property are made in accordance with the BTA, the EH-BT Trust Deed and the Stapling Deed;
- report to the Authority any contravention of the BTA or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 by any other person that:
  - relates to EH-BT; and
  - has had, has or is likely to have, a material adverse effect on the interests of all the holders of EH-BT Units, or any class of holders of EH-BT Units,as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the EH-BT Trust Property is properly accounted for; and
- ensure that the EH-BT Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager may:

- while the EH-REIT Units and EH-BT Units are stapled together, lend monies to EH-REIT out of EH-BT’s property whenever the Trustee-Manager considers, among other things, that such lending is necessary or desirable in order to further the interests of the investors of the Stapled Securities as a whole; and
- borrow on behalf of EH-BT (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of EH-BT’s property) whenever the Trustee-Manager considers, among other things, that such borrowings are necessary or desirable in order to enable the Trustee-Manager to meet any contractual obligations or liabilities or whenever the Trustee-Manager considers it desirable that monies be borrowed or raised to:
  - finance the acquisition of any Authorised Investments;
  - finance the repurchase and/or redemption of EH-BT Units by the Trustee-Manager;
  - finance any distributions of EH-BT;

- finance for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by EH-BT or any Trust Asset (as defined under the EH-BT Trust Deed); or
- while the EH-REIT Units and EH-BT Units are stapled together, on-lend monies to EH-REIT in order to further the interests of the investors of the Stapled Securities as a whole.

EH-BT will not guarantee the financial obligations, debts or any other liabilities of EH-REIT and *vice versa*.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as EH-BT's trustee-manager in accordance with the BTA and the EH-BT Trust Deed;
- act in the best interests of all holders of EH-BT Units as a whole and give priority to the interests of all holders of EH-BT Units as a whole over its own interests in the event of a conflict between the interests of all holders of EH-BT Units as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as EH-BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the holders of EH-BT Units; and
- hold the EH-BT Trust Property on trust for all holders of EH-BT Units as a whole in accordance with the terms of the EH-BT Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it shall be:

- liable to all holders of EH-BT Units as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all holders of EH-BT Units as a whole as a result of the contravention; and
- guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

While the Trustee-Manager is required to be dedicated to the conduct of the business of EH-BT, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, gross negligence, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the EH-BT Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be subject to as trustee-manager, to have recourse to the Trust Property of EH-BT or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing EH-BT and in carrying out and performing its duties and obligations under the EH-BT Trust Deed, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, and shall not be liable for all acts and omissions of such persons provided that the Trustee-Manager had exercised Due Care in selecting as well as monitoring such persons.

## **Constituent Documents of the Trustee-Manager**

Certain key provisions of the Constitution of the Trustee-Manager are set out below.

### ***The power of each Trustee-Manager Director to vote on a proposal, arrangement or contract in which he is interested***

Each Trustee-Manager Director who is, directly or indirectly, interested in a transaction or proposed transaction with the Trustee-Manager has to, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Trustee-Manager Board. A Trustee-Manager Director shall not vote in respect of any transaction, contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly. A Trustee-Manager Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is disqualified from voting.

### ***The borrowing powers exercisable by the Trustee-Manager and how such borrowing powers may be varied***

The Trustee-Manager has full rights, powers and privileges to carry on or undertake any business or activity, do any act or enter into any transaction subject to the provisions of the Companies Act, the BTA and any other written law and the Constitution of the Trustee-Manager. In this case, the business is that of acting as trustee-manager of EH-BT.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of EH-BT unless the power of borrowing is conferred upon it by the EH-BT Trust Deed. The EH-BT Trust Deed empowers the Trustee-Manager to borrow on behalf of EH-BT for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the EH-BT Trust Deed or with any investment of EH-BT, for the purpose of financing any acquisition of any Authorised Investment on behalf of EH-BT, or financing the repurchase and/or redemption of EH-BT Units by the Trustee-Manager, or financing any distributions of EH-BT, or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Investment undertaken by EH-BT or any Trust Asset (as defined under the EH-BT Trust Deed), or while the EH-REIT Units and EH-BT Units are stapled together, on-lend monies to EH-REIT in order to further the interests of the investors of the Stapled Securities as a whole upon such terms and conditions as it thinks fit and, in particular, by charging or mortgaging all or any of the Trust Assets or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of EH-BT, provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) cause the Trustee-Manager's liability to extend beyond the limits of the value of the EH-BT Trust Property.

Any variation of the borrowing powers as contained in the EH-BT Trust Deed would require the approval of the holders of EH-BT Units by way of an Extraordinary Resolution passed at a meeting of holders of EH-BT Units duly convened and held in accordance with the EH-BT Trust Deed and such other regulatory approvals as may be required to vary the terms of the EH-BT Trust Deed.

### ***The retirement or non-retirement of a Trustee-Manager Director under an age limit requirement***

The Constitution of the Trustee-Manager does not specify an age limit beyond which a Trustee-Manager Director shall retire.

### ***The number of units in the business trust, if any, required for the qualification of a Trustee-Manager Director***

A Trustee-Manager Director is not required to hold any EH-BT Units to qualify as a Trustee-Manager Director.

### ***Retirement of Trustee-Manager Directors***

The appointment of the directors on the Trustee-Manager Board shall continue until such time as they resign or become prohibited from being a director by reason of any order made under the Companies Act or the BTA, or cease to be a director by virtue of any of the provisions of the Companies Act or the BTA or the Constitution of the Trustee-Manager, or has a receiving order made against him or suspends payments or compounds with his creditors generally, or is found lunatic or becomes of unsound mind or is otherwise removed by way of an Ordinary Resolution passed at a meeting of the shareholder(s) of the Trustee-Manager duly convened and held.

### **Fees Payable to the Trustee-Manager**

#### ***Management fee***

The Trustee-Manager is entitled under the EH-BT Trust Deed to the following management fees:

- a Base Fee not exceeding the rate of 10.0% per annum of EH-BT's Annual Distributable Income (calculated before accounting for the Base Fee and the Performance Fee); and
- a Performance Fee of 25.0% per annum of the difference in DPS in a financial year with the DPS in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year (subject to adjustments in certain cases as set out in Schedule 2 of the EH-BT Trust Deed).

The Performance Fee is payable if the DPS in any financial year exceeds the DPS in the preceding financial year, notwithstanding that the DPS in the financial year where the Performance Fee is payable may be less than the DPS in the financial year prior to the preceding financial year.

For the avoidance of doubt, where the DPS in a financial year is less than the DPS in any preceding financial year, the Trustee-Manager shall not be required to return any Performance Fee paid to it in any preceding financial year.

For the purpose of the computation of the Performance Fee only, the DPS shall be calculated based on all income of EHT arising from the operations of EHT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the Authorised Investments (as defined herein) of EHT.

For each of Forecast Period 2019 and Projection Year 2020, the difference in DPS shall be the difference in actual DPS in such financial year with the projected DPS, as set out in the Profit Forecast and Profit Projection.

The Trustee-Manager may elect to receive the Base Fee and Performance Fee in the form of cash and/or Stapled Securities or, as the case may be, EH-BT Units (as the Trustee-Manager may elect), in such proportions as may be determined by the Trustee-Manager.

Where the Base Fee and the Performance Fee are payable in the form of Stapled Securities or, as the case may be, EH-BT Units, such payment shall be made within 30 days of the last day of every calendar quarter (in relation to the Base Fee) and every financial year (in relation to the Performance Fee), or such longer period as the Trustee-Manager may determine in the event that the Base Fee and/or Performance Fee cannot be computed within 30 days of the last day of the relevant period), in arrears.



Where the Base Fee and the Performance Fee are payable in the form of cash, such payment shall be made within 30 days of the last day of every calendar month (in relation to the Base Fee) or financial year (in relation to the Performance Fee) or such other period as the Trustee-Manager may determine (or such longer period as the Trustee-Manager may determine in the event that the Base Fee cannot be computed within 30 days of the last day of the relevant period), in arrears and in the event that cash is not available to make the whole or part of such payment, then payment of such Base Fee or Performance Fee due and payable to the Trustee-Manager shall be deferred to the next calendar month when cash is available.

Any increase in the rate or any change in the structure of the Trustee-Manager's management fees must be approved by an Extraordinary Resolution at a meeting of the holders of EH-BT Units duly convened and held in accordance with the provisions of the EH-BT Trust Deed. For the avoidance of doubt, the Trustee-Manager's change in its election to receive cash or EH-BT Units or a combination of cash and EH-BT Units is not considered as a change in structure of the Trustee-Manager's management fees.

### ***Trustee fee***

Under the EH-BT Trust Deed, 0.1% per annum of the value of the EH-BT Trust Property and subject to a minimum fee of US\$10,000 per month, if any, shall be paid to the Trustee-Manager as trustee fees, provided that the value of the EH-BT Trust Property is at least US\$50.0 million and EH-BT is active.

For the purpose of calculating the trustee fee, if EH-BT holds only a partial interest in any of its EH-BT Trust Property, such EH-BT Trust Property shall be pro-rated in proportion to the partial interest held.

The trustee fee shall be payable in arrears on a quarterly basis in the form of cash.

### ***Acquisition fee and divestment fee payable to the Trustee-Manager***

The Trustee-Manager is entitled to:

- an acquisition fee of 0.75% for acquisitions from Related Parties and 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):
  - (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by EH-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> in addition to the acquisition price made by EH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of EH-BT's interest);
  - (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value<sup>2</sup> of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by EH-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> made by EH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of EH-BT's interest); or

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1 "other payments" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if EH-BT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by EH-BT as purchase consideration and any debt of the special purpose company.

- (iii) the acquisition price of any investment purchased by EH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
- a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):
    - (i) in the case of a sale of real estate, the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by EH-BT, plus any other payments<sup>1</sup> in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of EH-BT's interest);
    - (ii) in the case of a sale of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value<sup>2</sup> of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by EH-BT, whether directly or indirectly through one or more SPVs, plus any other payments<sup>1</sup> received by the EH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of EH-BT's interest); or
    - (iii) the sale price of the investment sold or divested by EH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, EH-BT Units as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

The acquisition fee or, as the case may be, the divestment fee is payable as soon as practicable after the completion of the acquisition of the Authorised Investment or, as the case may be, the completion of the sale or disposal. For so long as the Stapled Securities or, as the case may be, EH-BT Units are listed, when acquisition fee or, as the case may be, the divestment fee are payable in the form of Stapled Securities or, as the case may be, EH-BT Units, the Trustee-Manager shall be entitled to receive such number of Stapled Securities or, as the case may be, EH-BT Units as may be purchased with the relevant amount of the acquisition fee or, as the case may be, the divestment fee at an issue price equivalent to the "market price". Please refer to "The Formation and Structure of EHT, EH-REIT and EH-BT – The Formation and Structure of EHT – Issue of the Stapled Securities" for further details of the calculation of the prevailing market price of the Stapled Securities.

Any increase in the rate or any change in the structure of the Trustee-Manager's management fee and trustee fee, or in the maximum permitted level of the acquisition fee or divestment fee, must be approved by an Extraordinary Resolution passed at a meeting of holders of EH-BT Units duly convened and held in accordance with the provisions of the EH-BT Trust Deed.

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1 "other payments" refer to additional payments to EH-BT or its SPVs for the sale of the real estate, for example, where EH-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

2 For example, if EH-BT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by EH-BT as sale price and any debt of the special purpose company.

### ***Development management fee payable to the Trustee-Manager***

The Trustee-Manager is also entitled to receive development management fees equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of EH-BT.

Where the estimated Total Project Costs are greater than US\$100.0 million, the Trustee-Manager will be entitled to receive a development management fee equivalent to 3.0% of the Total Project Costs up to US\$100.0 million. For the remaining Total Project Costs in excess of US\$100.0 million, the Trustee-Manager's independent directors will first review and approve the quantum of the development management fee whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is materially lower than the development management fee, the Trustee-Manager shall have the discretion to accept a development management fee which is less than 3.0% of the total project Costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of EH-BT.

For the avoidance of doubt, no acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project.

Any increase in the percentage of the development management fee or any change in the structure of the development management fee must be approved by an Extraordinary Resolution passed at a meeting of holders of EH-BT Units duly convened and held in accordance with the provisions of the EH-BT Trust Deed.

(See "Overview – The Structure of EHT – Certain Fees and Charges" for further details).

### **Retirement or Removal of the Trustee-Manager**

Under the BTA, the Trustee-Manager may only be removed, as trustee-manager of EH-BT, if a resolution to remove the Trustee-Manager is approved by holders of EH-BT Units holding in the aggregate not less than three-fourths of the voting rights of all the holders of the EH-BT Units who, being entitled to do so, vote in person or where proxies are allowed, by proxy present at a meeting of the holders of EH-BT Units or the Trustee-Manager may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

The Trustee-Manager will remain the trustee-manager of EH-BT until another person is appointed by:

- the holders of EH-BT Units to be the trustee-manager of EH-BT; or
- the court under Section 21(1) of the BTA to be the temporary trustee-manager of EH-BT,

and such appointment shall be effective from the date stated in the resolution of the holders of EH-BT Units or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, upon application by the MAS or the Trustee-Manager or a holder of EH-BT Units, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of EH-BT for a period of three months if the court is satisfied that the appointment is in the interest of the holders of EH-BT Units.

The temporary trustee-manager of EH-BT is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take such steps to enable the holders of EH-BT Units to appoint another person as the trustee-manager (not being a temporary trustee-manager) of EH-BT.

### **Corporate Governance of the Trustee-Manager**

The BTA stipulates requirements and obligations in respect of corporate governance that are more stringent than those for companies and collective investment schemes. Corporate governance of companies and collective investment schemes are governed by the Code of Corporate Governance 2018 and, in the case of collective investment schemes, the CIS Code. The Code of Corporate Governance 2018 and the CIS Code only set out broad principles for guidance while the regime under the BTA sets out the requirements for, among other things, board composition of a trustee-manager and independence of directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Trustee-Manager Board.

#### ***Composition of the Trustee-Manager Board***

Under Regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single Substantial Shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of seven members, four of whom are Independent Directors for the purposes of the BTA.

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a non-executive Director;
- the Trustee-Manager Board should consist of Directors with a broad range of commercial experience including expertise in funds management, legal matters, audit and accounting and the property industry; and
- at least one-third of the Trustee-Manager Board should comprise independent directors

However, according to Provision 2.2 of the Code of Corporate Governance 2018, independent directors are to make up a majority of the Trustee-Manager Board where the Chairman is not an independent director.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

### ***Independence of the Trustee-Manager Directors***

A majority of the Trustee-Manager Directors must be independent from management and business relationships with the Trustee-Manager.

(i) Independence from management and business relationships

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of EH-BT or EHT), a Trustee-Manager Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; and
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the holders of EH-BT Units as a whole.

(ii) Independence from management relationships

A Trustee-Manager Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
- any member of his immediate family:
  - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Trustee-Manager Board or the subsidiary, as the case may be; or
  - has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

(iii) Independence from business relationships

A Trustee-Manager Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a Substantial Shareholder of the Trustee-Manager, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of EH-BT or EHT) at any time during the current or immediately preceding financial year of the Trustee-Manager; or

- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as an Trustee-Manager Director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

(iv) Independence from Substantial Shareholders of the Trustee-Manager

A Trustee-Manager Director is considered to be independent from a Substantial Shareholder of the Trustee-Manager if he is not that Substantial Shareholder or is not connected to that Substantial Shareholder.

The Trustee-Manager Director is connected to the Substantial Shareholder if:

- in the case where the Substantial Shareholder is an individual, the Trustee-Manager Director is:
  - a member of the immediate family of the Substantial Shareholder;
  - a partner of a firm of which the Substantial Shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder; or
- in the case where the Substantial Shareholder is an corporation, the Trustee-Manager Director is:
  - employed by the Substantial Shareholder;
  - employed by a subsidiary or an associated company (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005) of the Substantial Shareholder;
  - a director of the Substantial Shareholder;
  - an executive director of a subsidiary or an associated company of the Substantial Shareholder;
  - a non-executive director of a subsidiary or an associated company of the Substantial Shareholder, where the subsidiary or associated company is not the Trustee-Manager;
  - a partner of a firm of which the Substantial Shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder.

None of the Trustee-Manager Directors would, by definition under the BTR, be independent from a Substantial Shareholder as the Managers are indirectly 51% owned by Howard Wu and 49% owned by Taylor Woods. The Founders are the co-founders of the Sponsor and they each own 50% of the common equity interests in the Sponsor.



Operationally, the structure of EHT would require a high degree of co-operation between the Managers. In order for EH-REIT and EH-BT to function effectively, it is important that the Managers co-operate with each other in, for example:

- sharing accounting and other information as may be necessary or desirable to fulfil their respective obligations under the stapling deed;
- preparing and providing financial information to investors;
- holding general meetings;
- issuing Stapled Securities; and
- making distributions.

The MAS has granted an exemption from the requirement for the Trustee-Manager Directors to be independent from the Substantial Shareholders of the Trustee-Manager while EH-REIT is stapled to EH-BT, subject to certain conditions, on the basis that there will be no real prejudice to the interests of the holders of EH-BT Units as the EH-BT Units and EH-REIT Units will be stapled together and held by the same investors. The stapling together of EH-BT Units and EH-REIT Units means that the holders of EH-BT Units are at the same time the investors of the Stapled Securities, who stand to benefit as a whole regardless of whether the appointed Trustee-Manager Directors are independent of the Substantial Shareholders of the Trustee-Manager. Since the EH-REIT Units and EH-BT Units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between EH-REIT and EH-BT.

#### **Dealings in Stapled Securities or, as the case may be, EH-BT Units**

Currently, the BTA requires each Trustee-Manager Director to give notice in writing to the Trustee-Manager of his acquisition of Stapled Securities or (in the event that Unstapling has taken place) EH-BT Units or changes in the number of Stapled Securities, or (as the case may be) EH-BT Units which he holds or in which he has an interest, within two Business Days after the date on which the Trustee-Manager Director became a director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Stapled Securities, or (as the case may be) EH-BT Units which he holds or in which he has an interest.

Pursuant to Section 137N of the SFA, each Trustee-Manager Director and the Trustee-Manager Chief Executive Officer is required to give notice in writing to the Trustee-Manager of, among other things, particulars of his interest in EH-BT Units or of changes in the number of EH-BT Units which he has an interest, within two Business Days after the date on which the Trustee-Manager Director or Trustee-Manager Chief Executive Officer became a director or chief executive officer of the Trustee-Manager or the date on which he acquires an interest in the EH-BT Units or he becomes aware of the occurrence of the event giving rise to changes in the number of EH-BT Units in which he has an interest.

All dealings in Stapled Securities by the Trustee-Manager Directors and the Chief Executive Officer of the Trustee-Manager, will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

The directors and employees of the Trustee-Manager are prohibited from dealing in the Stapled Securities or (as the case may be) EH-BT Units:

- in the period commencing one month before the public announcement of the annual results and (where applicable) property valuations, and two weeks before the public announcement of the quarterly results of EHT or (in the event that Unstapling has taken place) EH-BT, and ending on the date of announcement of the relevant results or (as the case may be) property valuations; and
- at any time while in possession of price sensitive information.

The directors and employees of the Trustee-Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137R of the SFA, the Trustee-Manager is required to announce to the SGX-ST the particulars of its holdings in the EH-BT Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day in Singapore following the day on which it acquires or, as the case may be, disposes of any EH-BT Units.

### **Management of Business Risk**

The following will be put in place by the Trustee-Manager to manage business risk when EH-BT becomes active.

The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of EH-BT against the budget previously approved by the Trustee-Manager Board for the relevant financial year. The Trustee-Manager Board will also review the business risks of EH-BT, examine liability management and will act upon any comments from both the internal and external auditors of EH-BT.

In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the Trustee-Manager and EH-BT and discuss any disclosure issues.

### **Interested Person Transactions and Potential Conflicts of Interest**

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of EH-BT) or any of the subsidiaries or associated companies of EH-BT); and
- any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of EH-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of EH-BT) (as defined in the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder),

would constitute an Interested Person Transaction.

### ***The Trustee-Manager's Internal Control System***

The Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms in accordance with the relevant laws, regulations and guidelines that apply to EH-BT; and
- will not be prejudicial to the interests of EH-BT and Stapled Securityholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by EH-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by EH-BT.

Where matters concerning EH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of EH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or EH-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of EH-BT and Stapled Securityholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or EH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described under "Management and Corporate Governance – EH-BT – Interested Person Transactions and Potential Conflicts of Interest – Interested Person Transactions in Connection with the Setting up of EH-BT", EH-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of EH-BT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in EH-BT's annual report for the relevant financial year.

### ***Interested Person Transactions in connection with the setting up of EH-BT***

The Trustee-Manager, on behalf of EH-BT, entered into a number of transactions with certain Interested Persons in connection with the setting up of EH-BT. These Interested Person Transactions are as follows:

- The Trustee-Manager entered into the EH-BT Trust Deed in connection with the setting up of EH-BT. The Trustee-Manager has also entered into the Stapling Deed with the REIT Manager and REIT Trustee. The terms of the EH-BT Trust Deed and Stapling Deed are generally described in "The Formation and Structure of EHT, EH-REIT and EH-BT".

Based on its experience, expertise and knowledge of contracts, the Trustee-Manager believes that the agreement above are made on normal commercial terms, on an arm's length basis and are not prejudicial to the interests of EH-BT and the Stapled Securityholders.

### ***Exempted Agreements***

The entry into and the fees and charges payable by EH-BT under the EH-BT Trust Deed and the Stapling Deed, which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon purchase of the Stapled Securities and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect EH-BT. However, the renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See "Overview – Certain Fees and Charges" for the fees and charges payable by EH-BT in connection with the establishment of EH-BT.)

Any renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual. (See "Management and Corporate Governance – EH-BT – Interested Person Transactions and Potential Conflicts of Interest – The Trustee-Manager's Internal Control System" for further details.)

### ***Future Interested Person Transactions***

EH-BT is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all Interested Person Transactions. Depending on the materiality of the transaction, EH-BT may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain the prior approval of Stapled Securityholders for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (i) the Trustee-Manager Board to make a written statement in accordance with a resolution of the Trustee-Manager Board and signed by not less than two Trustee-Manager Directors on behalf of the Trustee-Manager Board certifying that, among other things, the relevant Interested Person Transaction is not detrimental to the interests of all Stapled Securityholders as a whole based on the circumstances at the time of the transaction, and (ii) the Chief Executive Officer of the Trustee-Manager to, in his or her personal capacity, make a written statement certifying that he or she is not aware of any violation of duties of the Trustee-Manager that would have a material adverse effect on the business of EH-BT and the interests of all Stapled Securityholders as a whole. These statements must be annexed to the profit and loss accounts of EH-BT in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Trustee-Manager Board to attach to EH-BT's profit and loss accounts, a statement of policies and practices in relation to management and governance of EH-BT containing such information as prescribed by Regulation 20 of the BTR including, among other things, a description of measures put in place by the Trustee-Manager to review Interested Person Transactions in relation to EH-BT.

The EH-BT Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as the BTA and such other guidelines relating to Interested Person Transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

The Trustee-Manager may at any time in the future seek a general annual mandate from Stapled Securityholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with Interested Persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee-Manager will appoint an independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to

whether the methods or procedures for determining the transaction prices of the transactions contemplated under the annual general mandate are sufficient in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of EH-BT and Stapled Securityholders.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed Interested Person Transaction that is *prima facie* governed by both sets of rules. Where matters concerning EH-BT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of EH-BT with an Interested Person (as defined under the Listing Manual and/or the BTA), the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

### ***Potential Conflicts of Interest***

The Trustee-Manager is required to prioritise EH-BT Unitholders' interests over those of the Trustee-Manager and its shareholders in the event of a conflict of interest.

The Trustee-Manager has instituted the following procedures to deal with potential conflict of interest issues:

- All key executive officers will be employed by the Trustee-Manager and will not hold executive positions in other entities;
- All resolutions in writing of the Trustee-Manager Directors in relation to matters concerning EH-BT must be approved by at least a majority of the Trustee-Manager Directors (excluding any interested Director), including at least one independent Trustee-Manager Director;
- At least one-third of the Trustee-Manager Board shall comprise independent directors, provided that where the (i) the Chairman of the Trustee-Manager Board and the Chief Executive Officer is the same person, (ii) the Chairman of the Trustee-Manager Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the Trustee-Manager Board is part of the management team; (iv) the Chairman of the Trustee-Manager Board is not an independent director or (v) the EH-BT Unitholders do not have the right to appoint directors, at least half the Trustee-Manager Board shall comprise independent directors;
- In respect of matters in which a Trustee-Manager Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, for example, in matters relating to:
  - potential acquisitions of additional properties or property-related investments by EH-BT in competition with the Sponsor; and/or
  - competition for tenants, hotel management operators and Hotel Franchisors between properties owned by EH-BT and properties owned by the Sponsor;
- any nominees appointed by the Sponsor and/or its subsidiaries to the Trustee-Manager Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the independent Trustee-Manager directors and must exclude nominee directors of the Sponsor and/or its subsidiaries;

- Where matters concerning EH-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of EH-BT with a Related Party of the Trustee-Manager (which would include relevant associates thereof) or the EH-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of EH-BT and EH-BT Unitholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with a Related Party of the Trustee-Manager or EH-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to business trusts;
- Save as to resolutions relating to the removal of the Trustee-Manager, the Trustee-Manager and its associates are prohibited from voting or being counted as part of a quorum for a meeting of the EH-BT Unitholders convened to approve any matter in which the Trustee-Manager and/or any of its associates has an interest, and for so long as the Trustee-Manager is the manager of the EH-BT, the controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of the EH-BT Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Trustee-Manager and/or any of its associates have an interest; and
- It is also provided in the EH-BT Trust Deed that if the Trustee-Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee-Manager for and on behalf of EH-BT with a Related Party of the Trustee-Manager, the Trustee-Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee-Manager) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee-Manager, on behalf of the EH-BT, has a *prima facie* case against the party allegedly in breach under such agreement, the Trustee-Manager shall be obliged to take appropriate action in relation to such agreement. The Trustee-Manager Directors (including the independent directors) will have a duty to ensure that the Trustee-Manager so complies.

It should be noted that under Section 6(3) of the BTA, the Trustee-Manager is prohibited from carrying on any business other than the management and operation of EH-BT as its trustee-manager.

## **ANNUAL REPORTS**

So long as EH-REIT is stapled to EH-BT, an annual report covering the period incorporating disclosures as required under the Listing Manual and all relevant laws (including the Property Funds Appendix) will be issued by EHT within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of Stapled Securityholders, containing, among other things, the following key items:

- (a) details of all real estate transactions entered into during the accounting period including the identity of the buyers or sellers, purchase or sale prices, and their valuations (including the methods used to value the assets);
- (b) details of EH-REIT's and (if applicable) EH-BT's real estate assets, their purchase prices and latest valuations, rentals received and occupancy rates, or the remaining terms of EH-REIT's leasehold properties, where applicable;



- (c) the tenant profile of EH-REIT's real estate assets, including the:
  - (A) total number of tenants;
  - (B) top 10 tenants, and the percentage of the total gross rental income attributable to each of these top 10 tenants;
  - (C) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors;
  - (D) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years; and
  - (E) weighted average lease expiry of both EH-REIT's portfolio and new leases entered into during the year (and the proportion of revenue attributed to these leases). The weighted average lease expiry should be calculated based on the date of commencement of the leases;
- (d) in respect of the other assets of EH-REIT, details of the:
  - (A) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and
  - (B) distribution of investments in dollar and percentage terms by country, asset class (e.g. equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g. "AAA", "AA", etc.);
- (e) details of EH-REIT's exposure to financial derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;
- (f) details of EH-REIT's investments in other property funds, including the amount and percentage of total fund size invested in;
- (g) details of borrowings of EH-REIT and the maturity profile of the borrowings;
- (h) details of deferred payment arrangements entered into by EH-REIT, if applicable;
- (i) the total operating expenses of EH-REIT, including all fees and charges paid to the manager, adviser and interested parties (in both absolute terms, and as a percentage of EH-REIT's NAV as at the end of the financial year) and taxation incurred in relation to EH-REIT's real estate assets;
- (j) the distributions declared by EH-REIT for the financial year;
- (k) the performance of EH-REIT in a consistent format, covering various periods of time (e.g. one-year, three-year, five-year or 10-year) whereby:
  - (A) in the case where EH-REIT is unlisted, such performance is calculated on an "offer to bid" basis over the period; or
  - (B) in the case where EH-REIT is listed, such performance is calculated on the change in the Unit price transacted on the stock exchange over the period;
- (l) its NAV per unit at the beginning and end of the financial year; and

- (m) where EH-REIT is listed, the unit price quoted on the SGX-ST at the beginning and end of the financial year, the highest and lowest Unit price and the volume traded during the financial year;
- (n) the amount of rental support payments received by EH-REIT during the financial year and the effect of these payments on EH-REIT's DPU;
- (o) where the rental support arrangement is embedded in a master lease arrangement, the difference between the amount of rents derived under the master lease arrangement during the financial year and the projected market rents of the underlying leases for that financial year as computed at the time of entry or renewal of the master lease arrangement;
- (p) any material deviation of actual DPU from forecast DPU, together with detailed explanations for the deviation; and
- (q) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 31 December 2019.

Additionally, EHT will announce the NAV of EH-REIT and EH-BT on a quarterly basis. The announcement of the NAV of EH-REIT and EH-BT will be based on the latest available valuation of the real estate of EH-REIT and EH-BT, which will be conducted at least once a year (as required under the Property Funds Appendix). The first such valuation will be conducted by 31 December 2019.

The Trustee-Manager Board is also required under Section 86 of the BTA to make a written statement, in accordance with a board resolution and signed by not less than two directors on behalf of the Trustee-Manager Board, certifying that:

- (i) fees or charges paid or payable out of the EH-BT Trust Property to the Trustee-Manager are in accordance with the EH-BT Trust Deed;
- (ii) Interested Person Transactions are not detrimental to the interests of all the holders of EH-BT Units as a whole based on the circumstances at the time of the transaction; and
- (iii) The Trustee-Manager Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of EH-BT or on the interests of all the holders of EH-BT Units as a whole.

Such statement must be attached to the profit and loss accounts of EH-BT.