

## DISTRIBUTIONS

It should be noted that the total distributions available to Stapled Securityholders is an aggregate of the distributions from EH-REIT and EH-BT, and is thus dependent on the financial performance of EH-REIT and EH-BT respectively, instead of the consolidated financial performance of EH-REIT and EH-BT.

### DISTRIBUTION POLICY OF EH-REIT

EH-REIT's distribution policy is to distribute 100.0% of EH-REIT's Annual Distributable Income for the period from the Listing Date to the end of Projection Year 2020. Thereafter, EH-REIT will distribute at least 90.0% of its Annual Distributable Income for each financial year. The actual level of distribution will be determined at the REIT Manager's discretion.

The actual proportion of Annual Distributable Income distributed to Stapled Securityholders beyond the end of Projection Year 2020 may be greater than 90.0% to the extent that the REIT Manager believes it to be appropriate, having regard to EH-REIT's funding requirements, other capital management considerations and the overall stability of distributions.

For these purposes, and under the terms of the EH-REIT Trust Deed, the "**Annual Distributable Income**" for a financial year is the amount calculated by the REIT Manager (based on the audited financial statements of EH-REIT for that financial year) as representing the consolidated audited net profit after tax of EH-REIT (which includes the net profits of the SPVs held by EH-REIT for the Financial Year, to be pro-rated where applicable to the portion of EH-REIT's interest in the relevant SPV) for the financial year, as adjusted to eliminate the effects of Adjustments (as defined below). After eliminating the effects of these Adjustments, the Annual Distributable Income may be different from the net profit recorded for the relevant Financial Year.

"**Adjustments**" means adjustments which are charged or credited to the consolidated profit and loss account of EH-REIT, including the audited net profits of the SPVs held by the EH-REIT for the Financial Year to be pro-rated where applicable to the portion of the EH-REIT interest in the relevant SPV) for the relevant financial year or the relevant distribution period (as the case may be), including but not limited to (i) differences between cash and accounting gross revenue, (ii) unrealised income or loss, including property revaluation gains or losses, and provision or reversals of impairment provisions; (iii) deferred tax charges/credits; (iv) negative goodwill; (v) differences between cash and accounting finance and other costs; (vi) realised gains or losses, including gains or losses on the disposal of properties and disposal/settlement of financial instruments/assets/liabilities; (vii) the portion of the Management Fee, acquisition fee, divestment fee and development management fee that are paid or payable in the form of Stapled Securities; (viii) costs of any public or other offering of Stapled Securities or convertible instruments that are expensed but are funded by proceeds from the issuance of such Stapled Securities or convertible instruments; (ix) depreciation and amortisation in respect of the properties and their ancillary machines, equipment and other fixed assets; (x) adjustment for amortisation of rental incentives; (xi) other non-cash or timing differences related to income or expenses; (xii) differences between the audited and unaudited financial statements for the previous Financial Year; (xiii) other charges or credits (in each case from (i) to (xiii) as deemed appropriate by the REIT Manager); and (xiv) any other such adjustments as deemed appropriate by the REIT Manager.

The REIT Manager will also have the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the REIT Manager will consider a range of factors including but not limited to EH-REIT's funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenants, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

## **DISTRIBUTION POLICY OF EH-BT**

As at the Listing Date, EH-BT will be dormant.

In the event that EH-BT becomes active and profitable, EH-BT's distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by EH-BT will be determined by the Trustee-Manager Board at its sole discretion.

## **FREQUENCY OF DISTRIBUTIONS**

After EHT is admitted to the Main Board of the SGX-ST, it will make distributions to Stapled Securityholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. EHT's first distribution will be for the period from the Listing Date to 31 December 2019 and will be paid by the Managers on or before 30 March 2020. Subsequent distributions will take place on a semi-annual basis. The Managers will endeavour to pay distributions no later than 90 days after the end of each distribution period.

EHT's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditures will be the receipts of rental income and borrowings.

Each of the USHI LLCs will distribute cash up to USHIL Holdco which will in turn distribute cash up to US Corp. The ASAP6 Holdcos will distribute cash up to their direct holding entities, which will in turn distribute cash to the Cayman LLCs. The Cayman LLCs will in turn distribute cash to Cayman Corp 2, which will distribute cash to SG Corp. US Corp will distribute cash to Cayman Corp 1 through interest payments and/or repayment of the principal in relation to the loan from Cayman Corp 1. Cayman Corp 1 will in turn distribute cash to SG Lending Sub. Both SG Corp and SG Lending Sub will distribute dividends up to EH-REIT. To the extent EH-REIT holds any properties acquired by EH-REIT post-Listing by the same holding structure, the abovementioned flow of funds and distributions are expected to apply. With respect to EH-BT which is currently dormant, in the event that EH-BT becomes operational in the future, any flow of funds and distributions will ultimately depend on the commercial, legal and tax considerations at that point in time.

Under the Property Funds Appendix, if the REIT Manager declares a distribution that is in excess of profits, the REIT Manager should certify, in consultation with the REIT Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, EH-REIT will be able to fulfil, from the EH-REIT Deposited Property, the liabilities of EH-REIT as they fall due. The certification by the REIT Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the EH-REIT Deposited Property. The certification should be made at the time the distribution is declared. Under the BTA, if the Trustee-Manager declares a distribution of profits, income or other payments or returns to the BT Unitholders out of the trust property, such distribution shall only be made if the Trustee-Manager Board is satisfied on reasonable grounds that, immediately after making the distribution, the Trustee-Manager will be able to fulfil, from the EH-BT Trust Property, the liabilities of EH-BT as these liabilities fall due.

## **DISTRIBUTION CURRENCY**

Distributions will be declared in U.S. dollars. Each Stapled Securityholder will receive his distribution in Singapore dollars equivalent of the U.S. dollar distribution declared, unless he elects to receive the relevant distribution in U.S. dollars by submitting a "Distribution Election Notice" by the relevant cut-off date. For the portion of the distributions to be paid in Singapore dollars, the Managers will make the necessary arrangements to convert the distributions in

U.S. dollars into Singapore dollars, at such exchange rate as the Managers may determine, taking into consideration any premium or discount that may be relevant to the cost of exchange. CDP, the Managers or EHT shall not be liable for any loss arising from the conversion of distributions payable to Stapled Securityholders from U.S. dollars into Singapore dollars. Save for approved depository agents (acting as nominees of their customers), each Stapled Securityholder may elect to receive his entire distribution in Singapore dollars or U.S. dollars and shall not be able to elect to receive distributions in a combination of Singapore dollars and U.S. dollars.

#### **DISTRIBUTIONS WILL BE REDUCED IF A STAPLED SECURITYHOLDER DOES NOT SUBMIT REQUIRED U.S. TAX FORMS AND DOCUMENTATION**

The Foreign Account Tax Compliance Act (FATCA), was enacted by the U.S. as part of the 2010 Hiring Incentives to Restore Employment Act. FATCA requires financial institutions outside the U.S. ("**foreign financial institutions**" or "**FFIs**") to enter into an agreement with the U.S. Internal Revenue Service (the "**IRS**") ("**FFI Agreement**"), to, among other things, pass information about financial accounts held, directly or, in certain cases, indirectly, by certain U.S. persons to the IRS on an annual basis. Certain countries have entered into intergovernmental agreements ("**IGAs**") with the U.S. which allow for simplified implementation of FATCA in those jurisdictions.

Unless exemptions apply, any FFI that fails to comply with FATCA obligations under an IGA, IGA-related legislation, IGA-related guidance or the FFI Agreement, might be treated as a nonparticipating FFI, and hence, subject to a 30% withholding tax on U.S. source fixed or determinable annual or periodical income, including but not limited to interest and dividends ("**withholdable payment**"). The 30% withholding tax also applies to persons who fail to provide required information to FFIs when requested ("**recalcitrant account holders**").

The FATCA obligations imposed under an IGA, IGA-related legislation, IGA-related guidance and FFI Agreement, typically include collection of information concerning an FFI's account holders, reporting of required information on account holders that are treated as reportable to the IRS or the applicable IGA country's authority (which then exchanges the information with the IRS), and, in certain cases, withholding upon certain payments to recalcitrant account holders and nonparticipating FFIs, and/or closing of their accounts. Depending on the actual status of an FFI, there is also a requirement to register with the IRS and obtain a global intermediary identification number, or "GIIN".

On 9 December 2014, Singapore signed a Model 1 IGA with the United States (the "**U.S. – Singapore IGA**"). Subsequently, on 18 March 2015, Income Tax (International Tax Compliance Agreements) (United States of America) Regulations 2015 came into effect and provided for the implementation of FATCA obligations arising under the U.S. – Singapore IGA.

Each investor should note that they might be required to comply with certain documentation requirements under FATCA as a result of their subscription for the Stapled Securities. Specifically, each investor must establish their status for FATCA purposes by providing a properly completed and duly exercised applicable IRS Form W-9, Form W-8 (such as Form W-8BEN, Form W-8BEN-E, Form W-8ECI, Form W-8EXP, and Form W-8IMY (or applicable successor forms)), or such other certification or other information related to FATCA.

For the avoidance of doubt, the request for submission of the aforementioned forms will be initiated by CDP, security custodians, the Managers, EH-REIT, EH-BT or EHT depending on whether subscription for the Stapled Securities by an investor is under a private placement or public offering. For example, when subscription is under a public offering and an investor opens a direct security account with CDP to acquire the Stapled Securities, information or documentation pertaining to FATCA will be requested by CDP at the account opening. A Stapled Securityholder must also provide a new properly completed and duly executed form for FATCA purposes to CDP, security custodians, the Managers, EH-REIT, EH-BT or EHT (as applicable), should there be any changes to their status, including, but not limited to, information relating to name, address,

citizenship, personal identification number or tax identification number, tax residencies, and FATCA classification, which cause the originally submitted form to be invalid, inaccurate or unreliable. If a Stapled Securityholder fails to provide or to update relevant information necessary for compliance with FATCA, or provide inaccurate, incomplete or false information, amounts payable by EHT to the Stapled Securityholder may be subject to deduction or withholding in accordance with FATCA withholding tax rules.

Additionally, CDP, security custodians, the Managers, EH-REIT, E-BT or EHT might disclose certain information relating to a Stapled Securityholder to IRAS, IRS, or other applicable tax or regulatory authorities for the purpose of compliance with FATCA. Such information may include, without limitation, confidential information such as financial information concerning the investor's ownership of the Stapled Securities, and information relating to the investor's shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect).

Further, each Stapled Securityholder is deemed to acknowledge and agree that the Managers, EH-REIT, EH-BT or EHT may take such actions as it considers necessary in relation to such investor's Stapled Security holding or dividends/distribution payments to ensure that any withholding tax payable, and any related costs, interest, penalties and other losses and liabilities suffered by the Managers, EH-REIT, EH-BT or EHT or any agent, delegate, employee, director, officer, manager, member or affiliate of the foregoing persons pursuant to FATCA, arising out of or in connection with such Stapled Securityholder's FATCA status or failure to provide the requested documentation or information for FATCA compliance, is economically borne by such Stapled Securityholder.

Subject to specified limitations, Stapled Securityholders (or, in the case of a Stapled Securityholder that is not a beneficial owner of an investment in the Stapled Security, its ultimate beneficial owner(s)) will be able to credit the amount of FATCA withholding taxes withheld with respect to such Stapled Securityholders against their actual U.S. tax liability (if any) and claim a refund of any amount of such withholding tax in excess of their actual U.S. tax liability from the IRS. The preceding sentence shall not, however, apply to a Stapled Securityholder that is itself a nonparticipating FFI unless the person is entitled to a reduced rate of tax pursuant to an applicable treaty obligation of the US. In either case, such withheld amounts will not be refunded by IRAS or other applicable non-U.S. tax or regulatory authorities. The Managers, EH-REIT, EH-BT or EHT will not be obliged to assist a Stapled Securityholder in obtaining a refund for the amounts deducted or withheld under FATCA.

The FATCA withholding and documentation rules are to be applied without regard to any exemptions afforded under existing documentation and withholding requirements. The requirements of and exceptions from FATCA are complex and remain potentially subject to material changes resulting from additional regulations and other guidance from the U.S. and other jurisdictions that may pass their own laws similar to FATCA. Each investor is urged to consult their tax advisor regarding the applicability of these provisions and any other reporting requirements with respect to their own circumstances.

Likewise, this documentation is also required in order to establish your eligibility for the portfolio interest exemption which would eliminate required U.S. tax on your distribution. If a non-U.S. Stapled Securityholder does not exceed the Portfolio Interest Exemption Limit and provides all duly completed necessary documents for compliance with U.S. tax withholding requirements to the Managers which establishes their status for FATCA purposes and eligibility for the Portfolio Interest Exemption, EHT shall pay the full amount of distributions attributable to the interest payments from the US Corp to Cayman Corp 1 to such Stapled Securityholder free from withholding. In the event that the information provided to the Managers is inaccurate, incomplete or false and the distributions paid to such Stapled Securityholder should have been subject to withholding, such Stapled Securityholder shall be liable to EHT for the full amount of such withholding and EHT shall be entitled to take all available measures to recover such amount from such Stapled Securityholder.

For the avoidance of doubt, if a non-U.S. Stapled Securityholder exceeds the Portfolio Interest Exemption Limit and/or fails to provide all necessary documents as described above, only the distributions of such Stapled Securityholder shall be subject to withholding and there is no impact on the distributions of other Stapled Securityholders and EHT.

As an illustration, if EHT were to declare a distribution of [4.27] U.S. cents per Stapled Security for Forecast Period 2019 and a distribution of [6.55] U.S. cents per Stapled Security for Projection Year 2020, and assuming that such hypothetical distributions were attributed solely to interest paid by US Corp to Cayman Corp 1, the amount you would receive from such hypothetical distributions would vary depending on whether the required documentation or information is duly completed and received by EHT as follows:

No.	Documentation/Other Information	Distribution Paid
1	Duly completed, demonstrates eligibility for the Portfolio Interest Exemption, establishes FATCA status, and received by the Managers	[4.27] US cents per Stapled Security (or its equivalent amount in Singapore dollars) for Forecast Period 2019, and [6.55] US cents per Stapled Security (or its equivalent in Singapore dollars) for Projection Year 2020 <sup>(1)</sup>
2	Failure to provide documentation or other information to the Managers or information provided to the Managers are inaccurate, incomplete or false	[2.99] US cents per Stapled Security (or its equivalent amount in Singapore dollars) for Forecast Period 2019, and [4.59] US cents per Stapled Security (or its equivalent in Singapore dollars) for Projection Year 2020 <sup>(1)</sup>

**Note:**

(1) In each case, (i) based on the assumption that the distribution is attributable solely to interest paid by US Corp to Cayman Corp 1 and (ii) based on 30% withholding tax.

For the avoidance of doubt, this illustration is not based on actual projected distributions or on the actual amount of interest expected to be paid by US Corp to Cayman Corp 1.

Subject to specified limitations, the amount of any tax withheld generally will be creditable against the U.S. federal income tax liability of the beneficial owner of the Stapled Securities, and such person may file for a refund from the IRS of any amount of withheld tax in excess of that tax liability, provided that the applicable withholding agent has properly deposited the withheld tax with the IRS. However, such withheld amounts may not be refunded by the IRAS or other applicable non-US tax or regulatory authorities. (See “Taxation – United States Taxation – FATCA” and Appendix F for further details.)

**CONSIDERATIONS RELATING TO AUTOMATIC EXCHANGE OF INFORMATION/COMMON REPORTING STANDARD**

Endorsed by Organisation for Economic Cooperation and Development (“**OECD**”) Council and the Global Forum for Transparency and Exchange of Information for Tax Purposes, the Common Reporting Standard (“**CRS**”) has been developed to call on regular exchange of financial account information between jurisdictions, with the objective of detecting and deterring tax evasion by taxpayers through the use of offshore accounts. It sets out the different types of in-scope accounts and taxpayers, the financial institutions (“**FIs**”) that are required to comply and report, the financial account information required to be exchanged, as well as the customer due diligence procedures to be followed by these FIs. While CRS does deviate in certain aspects from the intergovernmental

approach to FATCA reporting, it draws extensively on the FATCA reporting regime to maximise efficiency and reduce costs for implementing jurisdictions and their FIs.

More than 100 jurisdictions, including major financial centres such as United Kingdom, Hong Kong, Luxembourg and Switzerland, have endorsed the CRS. On 8 December 2016, Singapore enacted the Income Tax (International Tax Compliance Agreements) (Common Reporting Standard) Regulations 2016 (“**Singapore CRS Regulations**”), which incorporate the requirements of CRS into Singapore’s domestic legislative framework and empower all Singapore FIs to put in place the necessary processes and systems to obtain financial account information starting from 1 January 2017. Under the Singapore CRS Regulations, the annual CRS reporting deadline applicable to reporting FIs in Singapore is 31 May of each calendar year. Exchange of information takes place by September annually, starting from 2018.

CDP, security custodians, the Managers, EH-REIT, EH-BT or EHT might be treated as a Financial Institution, and reporting FI (“**RFI**”) as per the Singapore CRS Regulations if no exemption applies. As a result, CDP, security custodians, the Managers, EH-REIT, EH-BT or EHT might be obliged to request information and/or documentation in relation to the identity, tax residency as well as tax identification number of a Stapled Securityholder, including a self-certification form, and/or any other valid evidence of the Stapled Securityholder’s CRS declaration as part of their CRS compliance. A Stapled Securityholder must agree to provide a new properly completed and duly executed form for CRS purposes to CDP, security custodians, the Managers, EH-REIT, EH-BT or EHT (as applicable), should there be any changes to their status, including, but not limited to, information relating to name, address, citizenship, personal identification number or tax identification number, tax residencies, and CRS classification, which cause the originally submitted form to be invalid, inaccurate or unreliable.

If a Stapled Securityholder’s CRS status is that of a reportable person as per Singapore CRS Regulations, disclosure of information to IRAS or any equivalent authority by CDP, security custodians, the Managers, EH-REIT, EH-BT or EHT could be triggered. Information subject to reporting may include, without limitation, confidential information such as financial information concerning the Stapled Securityholder’s investment, and any information relating to shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of the Stapled Securityholder. In the event that the requested information or documentation is not provided or updated, or such information or documentation provided does not satisfy the requirements under the Singapore CRS Regulations, each investor should also note and agree that they might be treated as reportable.

There are currently no withholding tax requirements set out under CRS regime. However, there can be no assurance that IRAS or relevant authorities will not make significant changes or amendments in CRS laws or regulations that might in turn result in additional taxes to be imposed on a Stapled Securityholder’s investment and/or distributions from EHT to a Stapled Securityholder. Accordingly, should there be any withholding taxes arising from future changes to the CRS laws or regulations, each Stapled Securityholder shall be deemed to agree that any withholding tax payable, and any related costs, interest, penalties and other losses and liabilities suffered by the Managers, EH-REIT, EH-BT or EHT or any agent, delegate, employee, director, officer, manager, member or affiliate of the foregoing persons pursuant to the changes, arising out of or in connection with such Stapled Securityholder’s CRS status or failure to provide the requested documentation or information for CRS compliance, will ultimately be borne by the Stapled Securityholder.