

Q&A for Stapled Securityholders

Distributions

Question	Answer
<p>Since it has been verified that EHT has sufficient funds for the Distribution to Stapled Securityholders originally intended for 30 March 2020, can the Distribution still continue?</p>	<p>To preserve and protect the value of the properties under EHT, there is now the need to tap on the cash resources including the monies which were previously thought to be available to fund the Distribution. The cash resources which were available as at 17 February 2020 to fund the Distribution, are now no longer available as they have to be used urgently to fund necessary and critical expenses of EHT.</p> <p>This decision was arrived at after much deliberation and discussion with the various professional parties, and is deemed to be in the best interest of EHT and Stapled Securityholders.</p> <p>The Special Committee would like to reassure Stapled Securityholders that the Special Committee, together with the REIT Trustee and their professional advisers, have and will continue to work tirelessly to actively consider the most appropriate steps to take as part of the Special Committee's Strategic Review of EHT's business and the utilisation of EH-REIT's resources, with EHT's and the Stapled Securityholders' best interests at the forefront.</p>
<p>Why couldn't EHT pay out Distributions to Stapled Securityholders in 1Q2020?</p>	<p>In our SGXNET announcements made on 24 March 2020, 1 April 2020, 20 April 2020 and 27 May 2020, we shared that though there were sufficient funds to pay out the Distribution in full then, we were unable to for the following reasons:</p> <ul style="list-style-type: none"> • EH-REIT has since been restricted from paying the Distribution following the receipt of the notice of default and acceleration under the Facilities Agreement with the suspension of payment of the Distribution as a key condition to the temporary forbearance arrangement which is in place; and • it has since been discovered that there are significant liabilities incurred by the Master Lessees under the Hotel Management Agreements in respect of EHT's properties which remain outstanding as at 27 May 2020, and such liabilities include substantial outstanding payables to third parties that are necessary and critical to preserve and maintain the underlying value of the properties in EHT's portfolio.
<p>Will Distributions be paid on my securities after the Portfolio Preservation Expenses are paid?</p>	<p>Given the present developments, it would no longer be feasible or practicable for the Managers and the REIT Trustee to effect the payment of the Distribution in part or at all at this juncture. This was also shared in the Managers' SGXNET announcement on 27 May 2020 titled "Update Announcement – Utilisation of Funds to Preserve and Protect Portfolio".</p> <p>Whether any distribution may be declared and paid in the future will depend on a variety of factors, including the ability to achieve a successful restructuring of EHT, the performance of the underlying portfolio of properties in generating net income for EHT, and market conditions.</p>
<p>Why are the Portfolio Preservation Expenses being paid out of the funds that were originally intended for the Distribution?</p>	<p>In light of the continuing failure by the master lessees to discharge their obligations under the MLAs, there is currently no alternative source of monies to fund the Portfolio Preservation Expenses other than the monies originally intended to fund the Distribution and the remaining Security Deposits.</p> <p>Additionally, it is difficult for the Managers and the REIT Trustee to meaningfully ascertain the quantum and extent to which the available funds of EH-REIT would be utilised to fund the Portfolio Preservation Expenses at this juncture, as the quantum and extent would vary depending on various factors that would impact the aggregate Portfolio Preservation Expenses, such as market conditions, position taken by third party service providers, and the ability to achieve a successful restructuring and raise new capital. Indeed, the Managers and the REIT Trustee continue to discover failures by the Master Lessees to pay liabilities to third parties essential to the good maintenance of EHT's properties, which may need to be settled to preserve the value of the properties.</p>

	<p>The Managers and the REIT Trustee consider that there is presently no other viable alternative but to utilise the available funds of EH-REIT for purposes of preserving the value of the properties and funding the Portfolio Preservation Expenses. The decision was made after careful and measured consideration by the Managers and the REIT Trustee in the best interests of EHT and the Stapled Securityholders, with the benefit of advice of their advisers including FTI, Moelis and their respective legal counsels.</p>
Why is it necessary to enter into temporary caretaker arrangements for EH-REIT's hotels?	<p>Temporary caretaker arrangements are required at certain hotels in EHT's portfolio. This is a cost-effective means by which to safeguard asset values. The arrangements are intended to preserve the underlying value of the hotels, whilst the Managers and the REIT Trustee, together with their professional advisers, continue to assess the longer-term plans for EHT.</p> <p>To this end, the REIT Manager had directed (with the approval of the REIT Trustee) that temporary caretaker arrangements be implemented at certain hotels, further details of which are stated in the Managers' SGXNET announcement on 28 April 2020 and will be updated as appropriate.</p>

BAML Notice of Default and Acceleration

Question	Answer
What is the difference between the role of the Issue Manager and the REIT Trustee?	<p>The REIT Trustee's responsibilities as trustee of EH-REIT involves (amongst other things):</p> <ul style="list-style-type: none">• holding the assets of EH-REIT on trust for the benefit of the EH-REIT unitholders;• safeguarding the rights and interests of the EH-REIT unitholders; and• exercising all the powers of a trustee and the powers accompanying ownership of the properties in EH-REIT. <p>The issue manager is responsible for preparing an issuer for listing on the SGX-ST, and has the responsibility of making all reasonable inquiries and taking appropriate actions to ensure that there are no false or misleading statements, or omission of information required to be included, in an issuer's offer documents.</p> <p>Both the Issue Manager and the REIT Trustee act independently of each other.</p>

HMA Notices of Default and Termination

Question	Answer
How would a material change in the MLA structure impact the valuation of the properties and the value of my units?	<p>The Managers and the REIT Trustee have appointed FTI Consulting, Inc., as Chief Restructuring Officers, to assist in the restructuring process of EHT. Two of the issues which FTI will be assisting EHT with are: 1) an evaluation of the current MLAs and the terms and conditions of the MLAs, and the appropriate course of action to be taken and 2) an evaluation of income, expenses, cash and profitability at the Master Lessee level, to determine the viability of the MLAs. Together with the assistance of the Chief Restructuring Officers and legal counsels, the Managers and the REIT Trustee are in the midst of assessing these issues and the appropriate steps to be taken to manage and minimise the consequent risks.</p>
How would the HMA Default Notices and the HMA Termination Notices, and the DW Notice impact EH-REIT?	<p>FTI Consulting, Inc. has been appointed by the Managers and the REIT Trustee to assist in the evaluation of the impact on the property portfolio as a result of the HMA Default Notices and potential termination of the HMAs as a result of the HMA Termination Notices and the DW Notice.</p> <p>The Managers and the REIT Trustee, with the assistance of Moelis, the Chief Restructuring Officers and legal counsels, are in the midst of assessing the impact and implications of the alleged defaults, and the appropriate steps to be taken to manage and minimise the consequent risks.</p> <p>In addition, as shared in the 1 April 2020 Announcement, the Special Committee was established with a key focus on safeguarding value for, and protecting the interests of, the Stapled Securityholders in light of the current circumstances facing EHT. The Special Committee, together with its professional advisers, is actively engaging the Administrative Agent and the Lenders in respect of a longer-term forbearance arrangement and a consensual strategy moving forward.</p>
If EH-REIT terminates EHT QMLB, LLC as master lessee, will there be any impact on the contract between City of Long Beach and Urban Commons Queensway LLC?	<p>The Managers and the REIT Trustee are unable to comment on speculative events and the consequences and impact of such events, especially with respect to the actions of a third party, being the City of Long Beach.</p>
Can EH-REIT appoint another lessee to operate the Queen Mary?	<p>Please refer to the Managers' announcement dated 28 October 2019 titled "Response to the SGX-ST's queries on the Queen Mary" which sets out the circumstances in which Urban Commons Queensway, LLC may enter into a master lease with another party.</p>
If EHT QMLB, LLC declares bankruptcy, will there be any impact on the contract between the City of Long Beach and Urban Commons Queensway LLC?	<p>The Managers and the REIT Trustee are unable to comment on speculative events and the consequences and impact of such events, especially with respect to the actions of a third party, being the City of Long Beach.</p>
Is the leasehold interest in the Queen Mary with the City of Long Beach entered into by Urban Commons or EH-REIT? Does the City of Long Beach consider Urban Commons or the EH-REIT as its master leaseholder?	<p>EH-REIT holds the leasehold interest in the Queen Mary through Urban Commons Queensway, LLC. Accordingly, Urban Commons Queensway, LLC is the lessee of the City of Long Beach. This was disclosed in the IPO prospectus and this leasehold interest forms part of the USHI Portfolio which was acquired by EH-REIT.</p> <p>There has been no change to the above lease arrangements on the Queen Mary since then.</p> <p>The Managers and the REIT Trustee are unable to comment on the views of a third party, being the City of Long Beach.</p>

Impact / Next Steps for Stapled Securityholders

Question	Answer
Would there be any updates for the Stapled Securityholders?	<p>It is a difficult and trying period for Stapled Securityholders and we hear your concerns about the situation.</p> <p>The Special Committee would like to reassure Stapled Securityholders that the Special Committee, together with the REIT Trustee and their professional advisers, have and will continue to work tirelessly to actively consider the most appropriate steps to take as part of the Special Committee's Strategic Review of EHT's business and the utilisation of EH-REIT's resources, with EHT's and the Stapled Securityholders' best interests at the forefront.</p> <p>We will continually monitor developments and will share updates when appropriate. Public announcements will also be promptly made available to Stapled Securityholders at timely and appropriate junctures.</p>
How will the value of my units be impacted by the default on the loan?	<p>The trading of the Stapled Securities of EHT on the SGX-ST is currently suspended. The Managers have suspended the trading of the Stapled Securities on a voluntary basis to protect the interests of the Stapled Securityholders and to ensure that no person trades the Stapled Securities without sufficient information required to make an informed decision.</p> <p>The Managers are working with their professional advisers to:</p> <ul style="list-style-type: none">• assess the implications of the notices of default; and• engage in further discussions with the Administrative Agent and the Lenders;• develop a longer-term consensual strategy. <p>In addition, as stated in the 1 April 2020 Announcement, the Special Committee was established with a key focus on safeguarding value for, and protecting the interests of, the Stapled Securityholders in light of the current circumstances facing EHT. The Special Committee, together with its professional advisers, is actively engaging with the Administrative Agent and the Lenders in respect of a longer-term forbearance arrangement and a consensual strategy moving forward.</p>
What can I do next since trading in EHT Stapled Securities has been suspended?	<p>Stapled Securityholders should consult their professional advisers if they have any doubt about the actions they should take.</p>
When will the trading suspension be lifted?	<p>The Managers are currently working to assess the impact of the global COVID-19 pandemic and the multiple notices of default on EH-REIT and its subsidiaries.</p> <p>The Managers will seek to lift the trading suspension as soon as it is appropriate to do so without compromising the interests of the Stapled Securityholders.</p>
How is the value of my stake in EHT Stapled Securities impacted?	<p>We are unable to provide a definitive answer on this as the situation remains fluid.</p> <p>The Managers are working with their professional advisers to:</p> <ul style="list-style-type: none">• assess the implications of the notices of default; and• engage in further discussions with relevant counterparties including the Administrative Agent and the Lenders; and• develop a comprehensive business plan. <p>In addition, as stated in the 1 April 2020 Announcement, the Special Committee was established with a key focus on safeguarding value for, and protecting the interests of, the Stapled Securityholders in light of the current circumstances facing EHT. The Special Committee, together with its professional advisers, which is actively engaging with the Administrative Agent and the Lenders in respect of a longer-term forbearance arrangement.</p>
Will I lose my Stapled Securities?	<p>We would like to assure you that you will not lose your Stapled Securities and will remain a Stapled Securityholder of EHT. However, the value of your Stapled Securities and the income derived from them may fall or rise depending on external market forces.</p>

<p>As a unitholder, how am I being protected?</p>	<p>MAS has directed the REIT Manager to obtain the approval of the REIT Trustee before making any payment or transfer of EH-REIT's funds. The REIT Trustee has been and will continue to work together with the REIT Manager to implement further and enhanced measures over accounts and payment processes in compliance with the MAS' directive.</p> <p>MAS has also directed the REIT Manager to restore its minimum base capital and financial resources to comply with MAS' requirements.</p> <p>The REIT Trustee and the Special Committee have ensured that all the professionals have been appointed expeditiously for the restructuring, such as the US legal counsel, Chief Restructuring Officers and Financial Adviser. The REIT Trustee and the Special Committee have also ensured that the professionals engaged are independent and have no commercial relationship with the Sponsor.</p> <p>The REIT Trustee takes its obligations to safeguard the rights and interests of EH-REIT unitholders very seriously, and will provide further details on steps taken at timely and appropriate junctures.</p> <p>The Special Committee would also like to reassure Stapled Securityholders that the Special Committee, together with the REIT Trustee and their professional advisers, have and will continue to actively consider the most appropriate steps to take as part of the Special Committee's Strategic Review of EHT's business and the utilisation of EH-REIT's resources, with EHT's and the Stapled Securityholders' best interests at the forefront.</p>
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Others

Question	Answer
Can we view/inspect the trust deed?	<p>We seek your understanding that we will not be able to facilitate an inspection of the physical copies of the Deeds at the REIT Manager's corporate office due to the ongoing circuit breaker measures. Please find below the Managers' contact to facilitate alternative means of inspection:</p> <p>Contact: Investor Relations Telephone: +65 6653 4434 Email: enquiry@eagleht.com</p>