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EAGLE HOSPITALITY TRUST

Comprising:

EAGLE HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 11 April 2019 under the laws of the Republic of Singapore)

managed by

Eagle Hospitality REIT Management Pte. Ltd.

EAGLE HOSPITALITY BUSINESS TRUST

(a business trust constituted on 11 April 2019 under the laws of the Republic of Singapore)

managed by

Eagle Hospitality Business Trust Management Pte. Ltd.

RESPONSE TO THE SGX-ST'S QUERIES

Eagle Hospitality REIT Management Pte. Ltd., as manager of Eagle Hospitality Real Estate Investment Trust (“**EH-REIT**”, and the manager of EH-REIT, the “**REIT Manager**”), and Eagle Hospitality Business Trust Management Pte. Ltd., as trustee-manager of Eagle Hospitality Business Trust (“**EH-BT**”, and the trustee-manager of EH-BT, the “**Trustee-Manager**”, and collectively with the REIT Manager, the “**Managers**”), wish to announce the following in response to queries raised by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 8 November 2019:

Queries from the SGX-ST:

1. We refer to the Business Times article on 8 November 2019 with the headlines “Peer review of reports on EHT's Queen Mary in the works”. Please disclose whether the information that a peer review has been commissioned by the City of Long Beach is accurate and what the implications are of this on the Trust or the Sponsor. Please advise what steps will be taken by the Board and AC, including whether a professional valuer will be appointed to enable the AC and the Board of the REIT Manager to assess if the Sponsor's estimate for improvement and repair works is reasonable. If so, please provide details of the proposed appointment. If not, please set out the basis how the REIT Manager had satisfied itself on the adequacy of the Sponsor's “[t]otal estimated cost of up to US\$7 million” as announced.

Answer:

By way of background, on 4 November 2019, the City of Long Beach (the “**City**”) released a memorandum

DBS Bank Ltd. was the Sole Financial Adviser and Issue Manager for the initial public offering of Eagle Hospitality Trust (“**EHT**”).

entitled “Update on Queen Mary Lease Management & Information Request” to provide an update regarding the Queen Mary (“**City Update**”), further to the City’s letters to Urban Commons on 25 October 2019 as announced by the REIT Manager on 28 October 2019. In the City Update, the City stated that it has engaged an experienced local engineering firm with the capacity and expertise to conduct a peer review of the monthly inspection reports of the ship that are commissioned by the City and which are currently conducted by an independent engineer, Mr Edward Pribonic. As has been reported in various media reports, the City has expressed some disagreement with the language used in Mr Pribonic’s inspection reports, which have been critical of the condition of the Queen Mary and which have caused undue concern and misrepresented the condition of the ship for its current use. The peer review is intended to provide another independent professional check and review of Mr Pribonic’s monthly inspection reports. The peer review is expected to be completed in November 2019.

The peer review is separate and independent of the independent structural engineer’s report on the structural integrity of the Queen Mary by John A. Martin & Associates Inc. and the bid from Roberts Construction, Inc. to complete the side shell repair and lifeboat removal which was provided by Urban Commons to the City (the “**Urban Commons Proposal**”). The City is also engaging another third party marine engineering firm to review the Urban Commons Proposal.

Given that the City’s independent review is ongoing, the Audit and Risk Committee (“**ARC**”) and the Board believe that it is premature to appoint its own expert to separately evaluate and report on the costs of the maintenance of the ship at this stage. The REIT Manager is closely monitoring the situation at the Queen Mary and the REIT Manager is in ongoing and regular contact with Urban Commons regarding the work being done at the Queen Mary. The ARC and the Board note that Urban Commons has actively and expeditiously addressed and responded to the City’s initial request for information and the City is now reviewing the Urban Commons Proposal. The ARC and the Board will consider all options including appointing its own expert depending on the outcome of the City’s review of the Urban Commons Proposal. The ARC and the Board note from the City Update that the City values the continued progress Urban Commons has made to improve the structural integrity of the Queen Mary on behalf of Long Beach residents and visitors. The REIT Manager will make the necessary announcements as and when there are any material updates relating to the Queen Mary.

2. Disclose the contribution from “Queen Mary” to DPU and the impact on DPU per unit.

Answer:

As disclosed in the prospectus of Eagle Hospitality Trust (“**Prospectus**”), the forecast and projected contribution of Queen Mary to net property income (“**NPI**”) is US\$8,475,000 comprising 16.4% of the NPI of Eagle Hospitality Trust for the Forecast Period 2019 (being the period commencing 1 May 2019 and ending 31 December 2019) and US\$12,449,000 comprising 15.9% of the NPI of Eagle Hospitality Trust for the Projection Year 2020 (being the full financial year ending 31 December 2020). The REIT Manager is answering this question based on NPI instead of distribution per unit (“**DPU**”) as the breakdown provided in the Prospectus at the property level is based on NPI instead of DPU. The forecast and projection information in this response should be read together with the accompanying assumptions in the Prospectus.

Another indication of Queen’s Mary’s contribution to the portfolio of Eagle Hospitality Trust is its adopted valuation of US\$159.4 million, which is approximately 12.6% of the aggregate valuation of the portfolio of Eagle Hospitality Trust of US\$1.27 billion, as disclosed in the Prospectus.

3. Please provide details on whether the master lease rental quantum to be paid by the Sponsor under the master lease agreements on the Trust's portfolio is fully supported by underlying income earned from the properties

Answer:

The structure of the master leases which EHT has in place is similar to the master lease arrangements for hotels owned by hospitality trusts listed on the SGX. EHT receives from the master lessee rental payments which are directly correlated to the underlying operating business of the hotel – revenue (e.g. room revenue, F&B revenue and other income) and profitability of the hotel. The structure of these rental payments was designed to be supported by the expected income productivity of the underlying hotel operations. The fixed rent component represents a minimum floor rental payment by the master lessee to EH-REIT and cushions investors in situations where the hotel severely underperforms due to unforeseen circumstances. Such a master lease structure is not meant to be a form of artificial income support.

4. Please disclose whether, other than the ASAP6 properties, ASAP or its directors or shareholders have been involved in the Trust's portfolio of assets in the past. If so, please disclose their involvement(s) accordingly.

Answer:

The REIT Manager understands from the Sponsor that prior to the IPO, none of ASAP or its directors or equity holders had any financial interest in EHT's portfolio of assets (other than as disclosed in the Prospectus in respect of the ASAP6 properties) and none of ASAP or its directors or equity holders were involved in the operation of these assets, although ASAP did introduce some of the acquisition opportunities with respect to these assets to Urban Commons.

For and on behalf of the Board
Salvatore G. Takoushian
Chief Executive Officer

Eagle Hospitality REIT Management Pte. Ltd.
(Company Registration No.: 201829789W)
as manager of Eagle Hospitality Real Estate Investment Trust

Eagle Hospitality Business Trust Management Pte. Ltd.
(Company Registration No.: 201829816K)
as trustee-manager of Eagle Hospitality Business Trust

10 November 2019

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