

**PRESS RELEASE**

## **Eagle Hospitality Trust Reports Distributable Income of US\$30.4 million in 2019 since Listing**

- For the fourth quarter ended 31 December 2019 (“**4Q 2019**” or “**4Q**”), the REIT generated Distributable Income (“**DI**”) of US\$10.3 million and Distribution per Stapled Security (“**DPS**”) of 1.179 US cents
- The portfolio outperformed competition by 3.7% with Revenue per Available Room Index<sup>1</sup> (“**RevPAR Index**”) of 103.7% for 2019<sup>2</sup>
- The REIT generated DPS of 3.478 US cents since listing on 24 May 2019 to 31 December 2019, representing a 10.9% Annualised Yield based on a closing price of US\$0.525 as of 14 February 2020

Singapore, 17 February 2020 - Eagle Hospitality REIT Management Pte. Ltd., as manager (the “**REIT Manager**”) of Eagle Hospitality Real Estate Investment Trust (“**EH-REIT**”), and Eagle Hospitality Business Trust Management Pte. Ltd., as trustee-manager (the “**Trustee-Manager**”, collectively with the REIT Manager, the “**Managers**”) of Eagle Hospitality Business Trust (“**EH-BT**”) is pleased to announce its financial results for 4Q 2019.

### **Financial Performance**

For 4Q 2019, Eagle Hospitality Trust (“**EHT**”) recorded Revenue of US\$20.5 million, Net Property Income of US\$14.7 million, DI of US\$10.3 million, and DPS of 1.179 US cents.

EHT performs despite softening US lodging market fundamentals, displacement at its largest asset, Holiday Inn Resort Orlando Suites (“**OHIR**”) and construction delays. US RevPAR estimates were revised down throughout the year; 2019 RevPAR growth as of 1Q 2019 was 2.0% and has since been revised down to 0.8% (i.e. a 60% decrease). OHIR is undergoing roof repairs in 4Q 2019 on the heels of a category-5 hurricane in 3Q 2019 with approximately 20% of its rooms off-line; the estimated impact on 4Q rent is approximately US\$340,000, representing 2.5% of total 4Q 2019 Forecasted Distributable Income of US\$13.7 million. While the portfolio was impacted by the construction delays at the five W-I-P<sup>3</sup> assets, EHT benefited from additional rent from remediation income.

For full year 2019, EHT’s portfolio outperforms its competition by 3.7% with a 103.7% RevPAR Index<sup>1</sup>, supported by recent asset enhancements of approximately US\$175.0 million. In 4Q 2019, controlling for the displacement at OHIR, the portfolio would have otherwise outperformed its competition by 11.3% with an 111.3% RevPAR Index<sup>1,4</sup>.

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.

<sup>1</sup> Compares EHT’s asset-level RevPAR to the RevPAR average of each asset’s respective competitive set; above 100 indicates greater than average market penetration relative to each asset’s competitive set

<sup>2</sup> As of 2019 (January through December)

<sup>3</sup> W-I-P properties refer to properties that underwent renovation and construction in 2019. This includes Crowne Plaza Dallas Near Galleria-Addison, Hilton Houston Galleria Area, Renaissance Woodbridge, Doubletree by Hilton Salt Lake City Airport, Sheraton Pasadena

<sup>4</sup> Assumes that the RevPAR Index of OHIR remains the same from 3Q19

In addition, there exists the potential for future gains from EHT's W-I-P<sup>3</sup> properties, which completed renovation work in 3Q 2019; a significant RevPAR spread of 25.3% remains between W-I-P<sup>3</sup> properties and upgraded properties.

International guest origin for the portfolio in 2019 is approximately 11.0% with a significantly smaller proportion coming from regions in Asia that are more exposed by the Covid-19 outbreak. The US lodging market, while not immune to the impact of the contagion, has experienced a far lesser impact than China and other surrounding markets that rely more heavily on Chinese tourism.

During 4Q 2019, EHT continued to benefit from property tax and interest expense savings. Annualized savings derived from cost effective SWAP contracts and property tax appeals amount to approximately US\$1.65 million.

The Managers are pleased to announce that the sponsor of EH-REIT, as master lessee, has agreed to amend MLAs in favour of the stapled security holders. This amendment will allow EH-REIT to receive more rent from any outperforming properties that produce excess cash flow. 80% of the excess cash flow from outperforming properties is to be applied to the shortfalls in rent of any underperforming properties. This amendment is non-prejudicial to stapled securityholders and could only result in additional rent for EH-REIT.

Mr. Salvatore G. Takoushian, President and Chief Executive Officer of the Managers said, **"We remain encouraged that the portfolio continues to outperform its competition despite temporary displacements; we are positioned for incremental market share gains from further ramp-up associated with the significant recent capital expenditures and numerous asset management initiatives."**

Mr. Howard Wu, Founder and Principal of Urban Commons LLC ("**Sponsor**") said, **"Eagle performs well amidst market headwinds. We are concerned about the COVID-19 virus and continue to pray for the families impacted. Our portfolio currently remains relatively insulated given the de minimis proportion of international guests originating from the more affected regions in Asia."**

### **Capital management**

As of 31 December 2019, the EH-REIT's gearing ratio is 37.2%, well within the borrowing limit of 45.0% set out in the Property Funds Appendix, reflecting debt headroom of approximately US\$190.0 million<sup>5</sup>. The EH-REIT's debt maturity profile is well-staggered through 2024 with a weighted average term to maturity of 3.7 years. 93% of EHT's borrowing remain fixed insulating the EH-REIT's exposure to fluctuations in interest rates. The EH-REIT's all-in cost of debt is 4.0%<sup>6</sup> with an interest coverage ratio of 3.8 times in 4Q 2019.

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\*Note: Source: Independent Market Research unless otherwise stipulated

<sup>5</sup> Based on maximum Aggregate Leverage under the Property Funds Appendix of 45.0%

<sup>6</sup> Includes amortization of debt-related transaction costs

## US Economic and Lodging Market Outlook

US Real GDP is estimated to have grown at 2.1%<sup>7</sup> in 4Q 2019, in line with 3Q 2019's growth of 2.1%, extending the longest period of US economic expansion on record. GDP growth is expected to remain positive for the foreseeable future<sup>8</sup>.

US job market continues to demonstrate strength; 4Q 2019's unemployment rate remained steady at 3.5%<sup>9</sup>. This represents the lowest unemployment rate in the past 50 years<sup>10</sup>. Given the strength of the labour market, consumer confidence<sup>11</sup> climbed to 99.3 in 4Q 2019, as compared to 93.2 as of 3Q 2019.

Lodging supply and demand are projected to grow at 1.9%<sup>12</sup> and 1.4%<sup>12</sup> respectively. The supply headwinds are expected to have a 40bps impact on future occupancy levels<sup>12</sup>. However, incremental ADR (Average Daily Rate) gains are expected, supported by continued growth in Real Personal Income projections of 2.5%<sup>13</sup>. Overall, RevPAR growth projections have been reduced but continue to remain positive at 0.3%<sup>12</sup>.

Industry experts maintain that it is still too early to predict the impact that the COVID-19 virus may have on the US hospitality industry, as compared to certain parts of Asia that have since registered a significant adverse impact.

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<sup>7</sup> Source Bureau of Economic Analysis, United States Department of Commerce

<sup>8</sup> Source: Federal Open Market Committee

<sup>9</sup> Source: Bureau of Labor Statistics, United States Department of Labor

<sup>10</sup> Source: White House

<sup>11</sup> Source: University of Michigan

<sup>12</sup> Figures represent the forecasted next 4 quarters vs. the previous 4 quarters

<sup>13</sup> Figures represent the CAGR from 2019 to 2023



### **About Eagle Hospitality Trust (“EHT”)**

EHT is a hospitality stapled group comprising EH-REIT and EH-BT. EH-REIT is established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, as well as real estate-related assets in connection with the foregoing, with an initial focus on the U.S.

EHT’s asset portfolio comprises 18 hotel properties located in the U.S., with a total of 5,420 rooms and an aggregate valuation of approximately US\$1.26 billion as at 31 December 2019.

The Sponsor of EHT is Urban Commons, LLC, a privately-held real estate investment and development firm that was founded in 2008 and is headquartered in Los Angeles, U.S. The Sponsor has deep experience in managing and investing in hotel properties in the U.S. Since its inception, the Sponsor has completed 38 real estate acquisition and divestment transactions. As at 31 December 2018, the Sponsor has managed more than US\$1.0 billion of total assets under management.

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