



**Joint Statement by  
Monetary Authority of Singapore and Singapore Exchange Regulation**

**FOR IMMEDIATE RELEASE**

**MAS and SGX RegCo to Safeguard Interests of Unitholders  
of Eagle Hospitality Trust**

Singapore, 20 April 2020...The Monetary Authority of Singapore (MAS) announced today that it has directed the Manager<sup>1</sup> of Eagle Hospitality REIT (EH-REIT), and its Trustee<sup>2</sup>, to take steps to protect the rights and interests of EH-REIT's unitholders. MAS and the Singapore Exchange Regulation (SGX RegCo) are also looking into possible breaches of relevant laws and regulations as well as listing rules in relation to the issues surrounding EH-REIT.

2 Trading of Eagle Hospitality Trust (EHT)<sup>3</sup> units was voluntarily suspended on 24 March 2020, after EH-REIT defaulted on a loan of US\$341 million. As a result of the default, EH-REIT was restricted by the terms of its loan agreement from making payment of declared dividends to its unitholders. The loan default followed the failure of Urban Commons LLC, the master lessee of EHT's properties, to (i) place with EHT the full sum of security deposits due under the master lease agreements, and (ii) make timely rental payments since December 2019.

3 To safeguard the interests of unitholders of EH-REIT, MAS has directed the Manager of EH-REIT to obtain the approval of the Trustee before making any payments or transfers of EH-REIT's funds. MAS has also directed the Manager of EH-REIT to restore its minimum base capital and financial resources to comply with MAS' requirements; the Manager has been in breach of these requirements<sup>4</sup> since December 2019.<sup>5</sup> MAS has directed the Trustee to ensure that the Trustee's approval is obtained before any payments or transfers of funds is made from EH-REIT to any person. The Trustee is also required to set out the actions that it will take to protect the interests of unitholders.

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<sup>1</sup> Eagle REIT Hospitality Management Pte Ltd

<sup>2</sup> DBS Trustee Limited

<sup>3</sup> EHT is a stapled trust comprising EH-REIT and Eagle Hospitality Business Trust (EH-BT). It was listed on the mainboard of the Singapore Exchange Ltd (SGX) on 24 May 2019.

<sup>4</sup> A capital markets services licence holder conducting the regulated activity of REIT management is required to have a minimum base capital of S\$1 million and to ensure that its financial resources do not fall below its total risk requirements.

<sup>5</sup> The breaches were uncovered and reported to MAS in April 2020.

4 SGX RegCo has queried the Manager of EH-REIT on the circumstances resulting in the voluntary suspension of EHT's units, and directed the Manager of EH-REIT to make its response public. On 20 April 2020, EHT announced its responses via SGXNet [here](#). SGX RegCo is reviewing the responses and will follow up with EHT on any areas of concern.

5 MAS and SGX RegCo are looking into possible breaches of relevant laws and regulations as well as listing rules and will take regulatory and enforcement actions where appropriate.

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## **Additional information**

1 In March and April 2020, the Manager of EH-REIT announced<sup>6</sup> that the master lessee of EHT's properties, Urban Commons LLC, did not provide the full sum of security deposits. The security deposits totalling US\$43.7 million were due on or around EHT's listing date, but as of 19 March 2020, the total amount of security deposits placed was US\$28.7 million, i.e., a shortfall of US\$15 million.

2 To increase the liquidity of EH-REIT and remedy delinquencies in rent payments from the master lessees, the Manager of EH-REIT had intended to draw down US\$12.5 million of the security deposits. This brought the rental delinquencies to the attention of its lenders, which in turn led to the lenders issuing a notice of default and acceleration on a US\$341 million loan. As a result of this sequence of events, trading of EHT's units on SGX was suspended on 24 March 2020 and dividends declared on 17 February 2020, which were due to be distributed on 30 March 2020, were not paid out to unitholders.

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<sup>6</sup> 19 March 2020: Business Strategic Review and Update; 24 March 2020: Request for Voluntary Trading Suspension; and 1 April 2020: Announcement – Special Committee Established.