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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.**

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#### **Update Announcement – (1) Termination of Interest Rate Swap Agreement, (2) Discovery of Interested Person Transactions, and (3) Liabilities of Master Lessees**

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### **1. Introduction**

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**”, collectively with EH-REIT, “**EHT**”) wish to provide an update to stapled securityholders (“**Stapled Securityholders**”) on (a) the termination of the interest rate swap agreement between one of EH-REIT’s subsidiaries and Bank of the West in the United States (“**BOTW**”); and (b) the discovery of transactions with related parties entered into by certain subsidiaries of EH-REIT.

References are made to (i) the announcement “Eagle Hospitality Trust Executes US\$341 million Interest Rate Swap” dated 3 July 2019 (the “**3 July 2019 Announcement**”); (ii) the announcement “Request for Voluntary Trading Suspension” dated 24 March 2020 (the “**24 March 2020 Announcement**”); (iii) the announcement “Update Announcement – Special Committee Established” dated 1 April 2020 (the “**1 April 2020 Announcement**”); (iv) the announcement “Update Announcement and Response to the SGX-ST’s Queries” dated 20 April 2020 (the “**20 April 2020 Announcement**”); (v) the announcement “Update Announcement – Appointment of

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.
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Chief Restructuring Officers and other Updates” dated 24 April 2020 (the “**24 April 2020 Announcement**”); and (vi) the announcement “Update Announcement – Appointment of Financial Adviser and Implementation of Temporary Caretaker Arrangements at Certain Hotels” dated 28 April 2020 (the “**28 April 2020 Announcement**”, together with the 24 March 2020 Announcement, the 1 April 2020 Announcement, the 20 April 2020 Announcement and the 24 April 2020 Announcement, the “**Earlier Announcements**”).

*Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as given to them in the Earlier Announcements (as the context requires).*

## **2. Termination of BOTW Interest Rate Swap Agreement**

- 2.1 As disclosed in the 3 July 2019 Announcement, EH-REIT (through one of its subsidiaries) had entered into an interest rate swap agreement with BOTW (the “**BOTW Interest Rate Swap Agreement**”) in relation to the US\$341.0 million loan under the Facilities Agreement.
- 2.2 The Managers received a notice of termination from BOTW in relation to the termination of the BOTW Interest Rate Swap Agreement stating that as a result of (a) the borrower’s (being a subsidiary of EH-REIT) failure to pay the outstanding amount due under the Facilities Agreement, as specified in the notice of default and acceleration issued on 20 March 2020; and (b) the Administrative Agent’s consequent acceleration of the loan under the Facilities Agreement, both of which constitute an event of default under the BOTW Interest Rate Swap Agreement.
- 2.3 The Managers subsequently received another letter from BOTW stating that the total amounts owing under the BOTW Interest Rate Swap Agreement is approximately US\$18.3 million, with default interest accruing on such amount with effect from the termination date in accordance with the applicable provisions of the BOTW Interest Rate Swap Agreement. Accordingly, subsequent to the termination of the BOTW Interest Rate Swap Agreement, there has been a further addition of approximately US\$18.3 million to the outstanding amount under the Facilities Agreement.
- 2.4 As previously disclosed in certain of the Earlier Announcements, a temporary forbearance has been granted by the Administrative Agent and the Lenders (including BOTW) in respect of the Facilities Agreement to allow for discussions with a view to achieving a longer-term forbearance arrangement, including a consensual strategy moving forward. The Managers, with the assistance of its professional advisers, continue to be actively engaging with the Administrative Agent and the Lenders (including BOTW) on the defaults under the Facilities Agreement and the longer-term restructuring and forbearance discussions. The Managers will provide further updates on the above matters to Stapled Securityholders as and when able.

## **3. Discovery of Interested Person Transactions**

### **3.1 Discovery of Further Non-Disturbance Agreements**

In connection with the Strategic Review of EHT’s business, the Managers and the REIT Trustee had instructed their United States legal counsel to review and advise on the terms of the underlying contracts entered into with hotel managers relating to the management and operation of all the hotels owned by EHT and the implications and impact for the master lessors (the “**Master Lessors**”, being subsidiaries of EH-REIT) if any. The Managers and the REIT Trustee were subsequently informed by their United States legal counsel that during the course of their review, they had discovered that the following Further Non-Disturbance Agreements (as defined below) were entered into (post-IPO of EHT) by the Sponsor Directors (as defined below) on behalf of certain Master Lessors with the corresponding master lessees (the “**Master Lessees**”) and relevant hotel manager:

- (a) the Non-Disturbance Agreement dated 31 October 2019 (the “**CPDGA Non-Disturbance Agreement**”) entered into between (i) 14315 Midway Road Addison, LLC as Master Lessor, (ii) EHT CPDGA, LLC as Master Lessee and (iii) the relevant hotel operator (“**Five Hotels Operator**”), in relation to the Hotel Management Agreement pursuant to which the Five Hotels Operator would manage and operate the Crowne Plaza Dallas;

- (b) the Non-Disturbance Agreement dated 16 December 2019 (the “**DW Non-Disturbance Agreement**”) entered into between (i) 44 Inn America Woodbridge Associates, LLC as Master Lessor, (ii) EHT RWH, LLC as Master Lessee and (iii) the hotel operator, in relation to the Hotel Management Agreement pursuant to which the hotel operator would manage and operate the Delta Woodbridge;
- (c) the Non-Disturbance Agreement dated 14 February 2020 entered into between (i) Sky Harbor Atlanta Northeast, LLC as Master Lessor, (ii) EHT HAN, LLC as Master Lessee and (iii) the Five Hotels Operator, in relation to the Hotel Management Agreement pursuant to which the Five Hotels Operator would manage and operate the Hilton Atlanta Northeast;
- (d) the Non-Disturbance Agreement dated 14 February 2020 entered into between (i) UCRDH, LLC as Master Lessor, (ii) EHT RDH, LLC as Master Lessee and (iii) the Five Hotels Operator, in relation to the Hotel Management Agreement pursuant to which the Five Hotels Operator would manage and operate the Renaissance Denver Stapleton;
- (e) the Non-Disturbance Agreement dated 14 February 2020 entered into between (i) UCHIDH, LLC as Master Lessor, (ii) EHT HIDH, LLC as Master Lessee and (iii) the Five Hotels Operator, in relation to the Hotel Management Agreement pursuant to which the Five Hotels Operator would manage and operate the Holiday Inn Denver East – Stapleton; and
- (f) the Non-Disturbance Agreement dated 14 February 2020 entered into between (i) Sky Harbor Denver Tech Center LLC as Master Lessor (together with UCRDH, LLC and UCHIDH, LLC, the “**Denver Master Lessors**”), (ii) EHT SDTC, LLC as Master Lessee and (iii) the Five Hotels Operator, in relation to the Hotel Management Agreement pursuant to which the Five Hotels Operator would manage and operate the Sheraton Denver Tech Center,

(the Non-Disturbance Agreements referred to in paragraphs 3.1(c) to 3.1(f), collectively, the “**2020 NDAs**”, the Non-Disturbance Agreements referred to in paragraphs 3.1(d) to 3.1(f), collectively, the “**Denver NDAs**” and the corresponding Hotel Management Agreements, collectively, the “**Denver HMAs**”, the Non-Disturbance Agreements referred to in paragraphs 3.1(a) and 3.1(c) to 3.1(f), collectively, the “**Five Hotels Operator NDAs**”, and the Non-Disturbance Agreements referred to in paragraphs 3.1(a) to 3.1(f), collectively, the “**Further Non-Disturbance Agreements**” and the corresponding Hotel Management Agreements, collectively, the “**Further Hotel Management Agreements**”).

### 3.2 Rationale of the Further Non-Disturbance Agreements

In the United States hospitality industry, non-disturbance agreements (or similar operative agreements) are often executed in connection with a hotel management agreement when there is a lease structure in place between a fee owner (the “**lessor**”) and an operating lessee entity (the “**lessee**”) (with the hotel management agreement being executed between the hotel manager and the lessee), and where (a) there is a business rationale for the lessor to execute such a non-disturbance agreement, or (b) the fee owner owns 100% of the ownership interest of the lessee. An agreement of “non-disturbance” with a hotel manager is an agreement pursuant to which the lessor agrees not to “disturb” (i.e., terminate) the hotel management agreement if there is a termination of the lease between the lessor and the lessee. In the scenario where the lessor owns 100% of the ownership interest of the lessee, the applicable non-disturbance agreement will often not only include a requirement that the lessor (or a replacement lessee) assume the hotel management agreement (so as not to “disturb” the continuity of the hotel management agreement), but will also often include a guaranty by the lessor of all of the obligations of the lessee under the hotel management agreement at all times during the term thereof. Where the lessor does not own 100% of the ownership interest of the lessee, a guaranty by the lessor of the lessee’s obligations under the hotel management agreement is not customary as the lessor, in most cases, and only upon the termination of the applicable lease, agrees to assume the obligations and liabilities of the lessee under the hotel management agreement from and after the termination of such lease and assumption of the hotel management agreement.

In fact, as disclosed and consistent with the Prospectus, each Master Lessor had agreed, if required by a hotel manager, to enter into a non-disturbance agreement with respect to the hotel management agreement. The Prospectus further stated that if an event of default occurs and is continuing and the relevant master lease agreement is terminated, the hotel manager shall attorn to the Master Lessor and waive any right the hotel manager may have to terminate the hotel management agreement as a result of the termination of a master lease, provided the hotel manager continues to be paid, and the Master Lessor agrees to perform the Master Lessee's other obligations to the hotel manager under the hotel management agreement which accrue subsequent to the date of termination.

### 3.3 Obligations under the Further Non-Disturbance Agreements

However, under each of the Further Non-Disturbance Agreements, each of the relevant Master Lessors had purportedly also agreed to:

- (a) guarantee the payment and performance of all the obligations of the respective Master Lessees under the corresponding Hotel Management Agreements at all times during the term of the applicable Master Lease Agreement (the "**MLA**") (save for certain exceptions under the Denver NDAs relating to the repayment of key money<sup>1</sup>), including the payment of the base fees, incentive fees, centralised services charges, reimbursable expenses, indemnification obligations (if any) and operating costs; and
- (b) in the event of any termination of the applicable MLA, to assume (or cause a new master lessee to assume) all of the obligations of the relevant Master Lessees under the applicable Hotel Management Agreements, and for the Five Hotels Operator NDAs, including those arising prior to the termination of the applicable MLA.

In addition to the foregoing, under the Denver NDAs, the Denver Master Lessors purportedly agreed to repay key money under the applicable Denver HMAs in the event the key money becomes due and payable thereunder (including without limitation, in the event the key money becomes immediately due and payable because of an event of default by the applicable Master Lessee (being EHT RDH, LLC, EHT HIDH, LLC or EHT SDTC, LLC (collectively, the "**Denver Master Lessees**")), except that the applicable Denver Master Lessor is not liable for the payment of key money if it is due and payable because of (a) an event of default by the Denver Master Lessee affiliate that is a party to the other Denver HMAs; or (b) either of the two other Denver HMAs is terminated prior to the key money being fully repaid by the relevant Denver Master Lessee pursuant to the applicable Denver HMA in question.

### 3.4 Interested person transactions as a result of the entry into the Further Non-Disturbance Agreements

- (a) Chapter 9 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") specifies rules to guard against the risk that "interested persons" (which includes in the case of a REIT, a director or controlling shareholder of the REIT manager and their associates) could influence an "entity at risk" (which includes the issuer and its subsidiaries) to enter into transactions with interested persons that may adversely affect the interests of the issuer or its shareholders.
- (b) As each of the abovementioned Master Lessors is a subsidiary of EHT, they are considered as "entities at risk" pursuant to Rule 904(2)(b) of the Listing Manual. As Mr Howard Wu and Mr Taylor Woods (the Non-Independent and Non-Executive Chairman and Deputy Chairman respectively) (the "**Sponsor Directors**") are the indirect controlling shareholders of the REIT Manager and Urban Commons, LLC (the "**Sponsor**") and each of the abovementioned Master Lessees (being wholly-owned subsidiaries of the Sponsor), each Master Lessee is an associate of the Sponsor Directors and thus an "interested person" under Rule 904(4)(b)(iii) of the Listing Manual. Accordingly, the Further Non-Disturbance Agreements which were executed by the Sponsor Directors on behalf of both

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<sup>1</sup> Key money refers to an up-front payment by a hotel operator to a hotel owner or master lessee (as in the case of EHT) to secure the entering into of a hotel management agreement for the operation of the hotel.

the relevant Master Lessors and the relevant Master Lessees constitute “interested person transactions” under Chapter 9 of the Listing Manual.

### 3.5 Background to the entry into the Further Non-Disturbance Agreements

- (a) Negotiations relating to the Further Hotel Management Agreements and the Further Non-Disturbance Agreements were handled by the relevant Master Lessees and the Sponsor with the relevant hotel operators. Despite requirements to do so pursuant to EHT’s interested person transaction compliance manuals, the Further Non-Disturbance Agreements were not internally reported, disclosed and declared in accordance with compliance policies nor were copies of these Further Non-Disturbance Agreements provided to the Board prior to their execution by the relevant Master Lessors. **The Chief Executive Officer and the Independent Directors of the Board (being the members of the Special Committee which was subsequently constituted and announced in the 1 April 2020 Announcement) and the REIT Trustee were not aware of any negotiations of nor the execution of any of the Further Non-Disturbance Agreements by the relevant Master Lessors until they were recently informed of the same by their United States legal counsel.**
- (b) Accordingly, at the relevant time prior to the entry into these Further Non-Disturbance Agreements, neither the Audit and Risk Committee nor the REIT Trustee had the opportunity to review these interested person transactions as they were not aware of them. Further, given that the Chief Executive Officer and the Independent Directors of the Board (being the members of the Special Committee) were not aware of the Further Non-Disturbance Agreements, the consent of the REIT Trustee was not obtained prior to the entry into the Further Non-Disturbance Agreements by the relevant Master Lessors in accordance with the requirements of the trust deed of EH-REIT.
- (c) For completeness, the Sponsor Directors have said that they were unaware that the Further Non-Disturbance Agreements were not brought to the attention of the rest of the Board and that there may have been miscommunication during the process leading to the entry into the Further Non-Disturbance Agreements and there was, on the part of the Sponsor Directors, no intention or attempt to withhold information relating to the Further Non-Disturbance Agreements from the rest of the Board or the REIT Trustee.

### 3.6 “Value at risk” in respect of the Further Non-Disturbance Agreements

- (a) For the purposes of determining obligations to announce and/or obtain the approval of the Stapled Securityholders pursuant to Chapter 9 of the Listing Manual, the value of these interested person transactions as at the time of entry into the Further Non-Disturbance Agreements need to be determined.
- (b) Upon discovery of the Further Non-Disturbance Agreements, the Special Committee instructed FTI Consulting, Inc. (“**FTI**”) as Chief Restructuring Officers to determine as best as possible the “value at risk” under the Further Non-Disturbance Agreements as at the relevant dates of entry into the Further Non-Disturbance Agreements and the “value at risk” as at the latest information available to FTI. FTI’s determination of the “value at risk” to the Master Lessors has been taken into account in the tabulation and aggregation of interested person transactions with the Sponsor Group (as defined below) set out in paragraphs 3.7 and 3.8 below.

### 3.7 Aggregate value at risk for interested person transactions relating to the Sponsor Group for FY2019

Other than those interested person transactions set out in the Prospectus that are deemed to have been specifically approved, to the knowledge of the Special Committee:

- (a) the only interested person transactions entered into by EHT with the Sponsor Directors and its associates (the “**Sponsor Group**”) for the financial year ended 31 December 2019 (“**FY2019**”) as at the date of the DW Non-Disturbance Agreement (being 16 December 2019) were the CPDGA Non-Disturbance Agreement and the DW Non-Disturbance

Agreement. The aggregate value at risk for interested person transactions relating to the Sponsor Group for FY2019 as at the date of the DW Non-Disturbance Agreement (being 16 December 2019) is US\$4,800,000, which accounts for approximately 0.61% of EHT's unaudited net tangible assets ("NTA") as at 30 September 2019 of US\$780,503,000; and

- (b) taking into account the CPDGA Non-Disturbance Agreement and the DW Non-Disturbance Agreement, the aggregate value at risk for interested person transactions relating to the Sponsor Group for the entire FY2019 is US\$24,800,000, which accounts for approximately 3.18% of EHT's unaudited NTA as at 30 September 2019 of US\$780,503,000.

3.8 Aggregate value at risk for interested person transactions relating to the Sponsor Group for FY2020

- (a) For purposes of calculating the aggregate value at risk for interested person transactions relating to the Sponsor Group for the current financial year ending 31 December 2020 ("FY2020"), the unaudited NTA as at 31 December 2019 of US\$779,108,000 will be used, as the audited financial statements of EHT for FY2019 has not been issued as at the date of this Announcement.
- (b) As at the date of this Announcement, the aggregate value at risk for all interested person transactions relating to the Sponsor Group for FY2020 (including but not limited to the 2020 NDAs and assuming that the value at risk for each of the 2020 NDAs is as at the respective dates of entry into the 2020 NDAs) is US\$23,260,000<sup>2</sup> and it accounts for approximately 2.99% of EHT's unaudited NTA as at 31 December 2019.
- (c) As at the date of this Announcement, the aggregate value at risk for all interested person transactions relating to the Sponsor Group for FY2020 (including but not limited to the 2020 NDAs assuming that the value at risk for each of the 2020 NDAs is determined based on the latest information available to FTI) is US\$24,930,000<sup>3</sup> and it accounts for approximately 3.20% of EHT's unaudited NTA as at 31 December 2019.
- (d) The current total aggregate value at risk for all "interested person transactions" between EHT and the Sponsor Group for the current financial year is less than 5% of EHT's unaudited NTA as at 31 December 2019. Accordingly, based on estimates, assumptions and bases set out in FTI's assessment derived from latest information available to FTI, the 2020 NDAs would not be subject to the requirement of approval of the Stapled Securityholders.

3.9 The factors taken into consideration by FTI to estimate the value at risk of the interested person transactions include (a) any obligation to return the key money under the Further Non-Disturbance Agreements; (b) the obligations under the Further Non-Disturbance Agreements upon default of the relevant Master Lessees under the Further Hotel Management Agreements (approximated by accounts payable for each hotel); (c) estimates of operating losses for each hotel; and (d) termination fees payable under the Further Hotel Management Agreements. FTI's assessment does not take into account the contract value nor the future liabilities of the relevant Further Hotel Management Agreements by estimating property performance for the period for the entire duration of the relevant Further Hotel Management Agreements as there is an inherent right of termination which triggers the payment of termination fees (which has been accounted for). Stapled Securityholders should note that given the wide language of the relevant provisions in the Further Non-Disturbance Agreements, it is not possible to quantify all contingent or potential amounts which might constitute the value at risk of the "interested person transactions" for the purposes of Chapter 9 of the Listing Manual. Accordingly, Stapled Securityholders are to note that this indicative estimate provided by FTI's assessment may not accurately reflect the actual "value at risk" and the "value at risk" may continue to fluctuate for so long as the Further Hotel Management Agreements remain in force.

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<sup>2</sup> Based on estimates, assumptions and bases set out in FTI's assessment.

<sup>3</sup> Based on estimates, assumptions and bases set out in FTI's assessment derived from latest information available to FTI.

## 4. Discloseable Transactions

### 4.1 Computation of value of the Extension and the 2020 NDAs under Chapter 10 of the Listing Manual

- (a) Pursuant to the amendments to the Listing Manual that were effective on 7 February 2020, the entry into the 2020 NDAs by the relevant Master Lessors would constitute the provision of financial assistance to the relevant Master Lessees for purposes of Chapter 10 of the Listing Manual as the relevant Master Lessors agreed to, *inter alia*, guarantee the payment and performance of all the obligations of the respective Master Lessees under the corresponding Further Hotel Management Agreements at all times during the terms of the applicable MLA (save for certain exceptions under the Denver NDAs relating to the repayment of key money).
- (b) An extension of the deadline for the provision of the outstanding security deposits owing by the relevant Master Lessees under the relevant MLAs (the “**Extension**”) was granted on 14 February 2020. The Extension may be considered as the relevant Master Lessors providing financial assistance to the relevant Master Lessees for purposes of Chapter 10 of the Listing Manual as the relevant Master Lessor entities agreed to contractually extend the deadline for the provision of the outstanding security deposits, thereby giving the relevant Master Lessees a financial benefit. For the avoidance of doubt, the value of the financial assistance rendered in connection with the Extension in itself would not cross the Chapter 10 threshold calculations. However, as both the Extension and the entry into the 2020 NDAs (which the Special Committee and the REIT Trustee were subsequently made aware of) took place on 14 February 2020, the aggregate value of the financial assistance rendered for both these transactions will be used for the purposes of the Chapter 10 threshold calculations.

### 4.2 Relative figures under Chapter 10 of the Listing Manual

The relative figures in relation to each of the Extension and the 2020 NDAs computed on the relevant bases set out in Rule 1006 of the Listing Manual and based on EHT’s unaudited net asset value (“**NAV**”) as at 31 December 2019 are as follows:

Rule 1006	Relevant bases	Extension (US\$’000)	2020 NDAs <sup>(1)</sup> (US\$’000)	Aggregate relative figure (%)
(a)	Aggregate value <sup>(2)</sup> of the financial assistance compared with EHT’s NAV <sup>(3)</sup>	15,000	8,260	2.99
(c)	Aggregate value <sup>(2)</sup> of the financial assistance compared with EHT’s market capitalisation <sup>(4)</sup>	15,000	8,260	5.05

**Note:**

- (1) Assuming that the value of the financial assistance provided for each of the 2020 NDAs is as at the respective dates of entry into the 2020 NDAs.
- (2) Taking into account estimates, assumptions and bases set out in FTI’s assessment derived from latest information available to FTI. It should however be noted that given the wide language of the relevant provisions in the 2020 NDAs, it is not possible to quantify all contingent or potential amounts which might constitute the value of the financial assistance for the 2020 NDAs.
- (3) NAV means the total assets less total liabilities by reference to EHT’s unaudited NAV for FY2019.
- (4) Market capitalisation has been calculated on the basis of 870,866,093 stapled securities of EHT in issue (“**Stapled Securities**”) (excluding treasury Stapled Securities) as at 13 February 2020 (being the market day preceding the date of grant of the Extension and the entry into the 2020 NDAs) multiplied by the volume weighted average price of the Stapled Securities transacted on the SGX-ST, being US\$0.5288.

As the relative figure under Rule 1006(c) exceeds 5% but is less than 20%, the Extension and the 2020 NDAs together constitute a “discloseable transaction” under Chapter 10 of the Listing Manual.

#### 4.3 Further information

(a) **Financial Effects.**

- (i) The Extension and the 2020 NDAs will not have any impact on the NTA per Stapled Security for FY2019, assuming that the Extension and the entry into the 2020 NDAs had been effected on 31 December 2019, being the end of that financial year.
- (ii) The Extension and the 2020 NDAs will not have any impact on the earnings per Stapled Security for FY2019, assuming that the Extension and the entry into the 2020 NDAs had been effected on 1 January 2019, being the beginning of that financial year.

(b) **Interest payable.** Save in respect of default interest payable under the Further Hotel Management Agreements of which the relevant Master Lessors, through the 2020 NDAs, have guaranteed the payment and performance of all the obligations of the respective Master Lessees thereunder, there is no interest payable in relation to the Extension or the 2020 NDAs.

(c) **Directors’ service contracts.** No person was proposed to be appointed as a director of the Managers in connection with the Extension and/or the 2020 NDAs.

(d) **Interests of Directors and Controlling Stapled Securityholders.** Save for the Sponsor Directors’ interests in the Extension and the 2020 NDAs as disclosed above, none of the Directors of the Managers has any interest, direct or indirect, in the Extension and/or the 2020 NDAs, other than through their Stapled Securityholdings in EHT. EHT does not have any controlling Stapled Securityholders.

#### 5. **Liabilities of Master Lessees under Hotel Management Agreements and Master Lease Agreements**

(a) The Managers have been informed by FTI that, to the best of their estimation and computation based on information available to FTI, the total liabilities incurred by the Master Lessees under the Hotel Management Agreements (“**HMA**s”) in respect of EHT’s properties amount to approximately US\$44.6 million. As mentioned in the 24 April 2020 Announcement, the defaults under the HMA s would in turn constitute a breach of the respective MLAs by the Master Lessees. The Managers and the REIT Trustee, with the assistance of their professional advisers, are in the midst of assessing the impact of the defaults of the Master Lessees under the HMA s and the total liabilities accrued by the Master Lessees under the HMA s to date.

(b) As at the date of this Announcement, fixed rent for the months of January 2020, February 2020 and March 2020 and the variable rent for the first quarter of 2020 remain substantially outstanding and unpaid by the Master Lessees. In addition, the Master Lessees have also not paid the Master Lessors the fixed rent for April 2020 which was due in early May 2020. The total amount of rent outstanding as at the date of this Announcement is US\$19.3 million.

(c) The Managers have been following up actively on these rental delinquencies and other breaches by the Master Lessees, including consulting its professional advisers on legal rights and remedies and appropriate exercise thereof. Despite assertions by the Master Lessees that they should be excused from non-performance by reason of provisions pertaining to force majeure and other events under the MLAs, the Managers’ United States legal counsel’s advice is that these assertions are without merit. The Managers’ position is therefore that the Master Lessees remain fully obliged to fulfil all their



obligations under the MLAs and all rights of the Master Lessors against the Master Lessees under the MLAs are expressly reserved.

## 6. Audit Committee Statement and Next Steps

- (a) Having received the advice of the Managers' United States legal counsel which has opined that the additional terms as set out under paragraph 3.3 are not customarily included in non-disturbance agreements and FTI's assessment of the "value at risk", the Audit and Risk Committee of the REIT Manager has considered the terms and rationale for the entry into the Further Non-Disturbance Agreements and is of the view that the entry into the Further Non-Disturbance Agreements is not on usual commercial terms and is therefore prejudicial to the interests of EHT and its minority Stapled Securityholders.
- (b) The Special Committee and the REIT Trustee are currently consulting their professional advisers as to the appropriate course of actions to be taken as regards the Further Non-Disturbance Agreements and the relevant Master Lessees.

**Stapled Securityholders are advised to read this Announcement and any further announcements by the Managers carefully. There is no certainty or assurance as at the date of this Announcement that any discussions or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into (including whether there will be any satisfactory resolution with EHT's lenders, Master Lessees and/or hotel operators). Stapled Securityholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

*For Strategic Review and related matters, please contact:*

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*Any queries relating to this Announcement should be directed to the following:*

Contact Investor Relations  
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For and on behalf of the Special Committee

**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**

Date: 15 May 2020

### **IMPORTANT NOTICE**

This announcement is for information only and does not constitute an offer of, or invitation to subscribe or purchase or solicitation of subscriptions or purchases of Stapled Securities in Eagle Hospitality Trust any jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment or any investment decision whatsoever.

The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the REIT Manager, the Trustee-Manager,

DBS Trustee Limited (as trustee of EH-REIT), Urban Commons, LLC (as sponsor of EHT), the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters or any of their respective affiliates, advisers or representatives.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

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