

**EAGLE HOSPITALITY TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2020**

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

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Introduction

Eagle Hospitality Trust (“EHT”) is a hospitality stapled group comprising Eagle Hospitality Real Estate Investment Trust (“EH-REIT”) and Eagle Hospitality Business Trust (“EH-BT”). EHT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 24 May 2019 (the “Listing Date”).

EH-REIT is a Singapore-based real estate investment trust 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 United States.

EH-BT is a Singapore-based business trust which is presently dormant. Accordingly, the financial information of EH-BT has not been presented.

The initial portfolio of EHT (the “Initial Portfolio”) comprises 18 full service hotel properties consisting of nine Upper Upscale hotels, five Upscale hotels and four Upper Midscale hotels (the “Hotels” or the “Properties”) located in the United States, with a total of 5,420 rooms.

The features of each type of Hotel in the Initial Portfolio are set out below:

- **Upper Upscale:** Typically offer a full range of on-property amenities and services, including full service, all-day restaurants, room service (in most cases), recreational facilities, a fitness centre, and a business centre. In some cases, the Hotels feature concierges and spas. For Hotels that are in an airport market, they often offer a shuttle service to airport.
- **Upscale:** Offer an array of on-property amenities and services, including a F&B outlet offering breakfast (and in some cases a three-meal operation), recreational facilities (in some cases), a fitness centre and a business centre. For Hotels that are in an airport market, they often offer a shuttle service to airport.
- **Upper Midscale:** Feature a breakfast buffet, selected on-property amenities to include a fitness centre and selected business services. For Hotels that are in an airport market, they often offer a shuttle service to airport.

Hotel	Location	Market Segment	Number of Rooms
Sheraton Pasadena	Pasadena, California	Upper Upscale	311
Holiday Inn Hotel & Suites Anaheim	Anaheim, California	Upper Midscale	255
Embassy Suites by Hilton Anaheim North	Anaheim, California	Upper Upscale	223
Holiday Inn Hotel & Suites San Mateo	San Mateo, California	Upper Midscale	219
Four Points by Sheraton San Jose Airport	San Jose, California	Upscale	195
The Westin Sacramento	Sacramento, California	Upper Upscale	101
Embassy Suites by Hilton Palm Desert	Palm Desert, California	Upper Upscale	198
The Queen Mary Long Beach	Long Beach, California	Upscale	347
Renaissance Denver Stapleton	Denver, Colorado	Upper Upscale	400
Holiday Inn Denver East – Stapleton	Denver, Colorado	Upper Midscale	298
Sheraton Denver Tech Center	Denver, Colorado	Upper Upscale	263
Holiday Inn Resort Orlando Suites – Waterpark	Orlando, Florida	Upper Midscale	777
Crowne Plaza Dallas Near Galleria-Addison	Dallas, Texas	Upscale	428
Hilton Houston Galleria Area	Houston, Texas	Upper Upscale	292
Delta Hotels by Marriott Woodbridge	Woodbridge, New Jersey	Upper Upscale	312
Crowne Plaza Danbury	Danbury, Connecticut	Upscale	242
Doubletree by Hilton Salt Lake City Airport	Salt Lake City, Utah	Upscale	288
Hilton Atlanta Northeast	Atlanta, Georgia	Upper Upscale	271
Total			5,420

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EH-REIT and EH-BT are managed by Eagle Hospitality REIT Management Pte. Ltd. (the "REIT Manager") and Eagle Hospitality Business Trust Management Pte. Ltd. (the "Trustee-Manager", and together with the REIT Manager, the "Managers"), respectively.

EH-REIT was constituted by a trust deed dated 11 April 2019 entered into between the REIT Manager and DBS Trustee Limited as Trustee of EH-REIT (the "REIT Trustee"). EH-BT was constituted by a trust deed dated 11 April 2019.

The units in EH-REIT and EH-BT are stapled together as stapled securities in EHT ("Stapled Securities") under the terms of a stapling deed dated 11 April 2019 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately.

EHT is presenting its financial results for the second quarter ended 30 June 2020 ("2Q 2020") and for the financial period from 1 January 2020 to 30 June 2020 ("1H 2020").

Distribution Policy

Distributions from EHT comprise distributions from EH-REIT and EH-BT.

EH-REIT's distribution policy is to distribute 100.0% of its distributable income for the financial year from 1 January 2020 to 31 December 2020. Thereafter, EH-REIT will distribute at least 90.0% of its annual distributable income for each subsequent financial year, with the actual level of distribution to be determined at the discretion of the Board of Directors of the REIT Manager.

The REIT Manager will need to review the financial results for the appropriate financial periods in totality to determine the actual level of distribution (if any), taking into consideration, amongst other things, the liquidity of EHT, the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the Master Lease Agreements ("MLAs"), the default and acceleration of the US\$341.0 million syndicated credit agreement (the "Facilities Agreement"), the continuing inability of EHT to pay the distribution for FY2019 and the evolving situation of the COVID-19 pandemic and its collective impact on EHT.

EH-BT was dormant as at the Listing Date and no distributions will be made during the period that EH-BT remains dormant. In the event that EH-BT becomes active and profitable, EH-BT's distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by EH-BT will be determined by the Trustee-Manager Board at its sole discretion.

Significant Events during the Reporting Period ("Key Events")

Reference should be made to the Managers' announcements on SGXNET for key events occurring during the Reporting Period, in particular but without limitation:

i. Default and acceleration of the Facilities Agreement

As announced by the Managers on 24 March 2020 in the announcement titled "Request for Voluntary Trading Suspension", Bank of America, N.A., as administrative agent ("Administrative Agent") for the syndicate of lenders ("Lenders") in respect of the syndicated credit agreement dated 16 May 2019 (the "Facilities Agreement"), had issued a notice of default and acceleration (the "Notice") of the Facilities Agreement. The Notice provided that the Administrative Agent, on behalf of the Lenders, is entitled to and is exercising its rights and remedies under the Facilities Agreement, including the right to accelerate the term loan facilities and/or revolving credit facility of which US\$341.0 million had been borrowed to date (the "Loan"), as a result of which a principal amount of US\$341.0 million was declared to have become immediately due and owing.

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ii. *Restrictions of certain bank accounts of the EH-REIT Group in connection with default and acceleration of the Facilities Agreement*

As announced by the Managers on 20 April 2020 in the announcement titled "Update Announcement and Response to the SGX-ST's Queries", the Administrative Agent, in assertion of their rights and remedies following the issuance of the Notice on 20 March 2020, has restricted access to certain bank accounts of EH-REIT's subsidiaries and the master lessees that were established with the Administrative Agent.

The REIT Manager has also provided irrevocable instructions to DBS Bank (Hong Kong) Limited not to cause or permit any withdrawal or transfers from the bank account of an EH-REIT subsidiary held with DBS Bank (Hong Kong) Limited, whilst discussions with the Administrative Agents and the Lenders are ongoing during the temporary forbearance period. The Facilities Agreement also provides that no Borrower may, directly or indirectly, declare, order, make or set apart any sum for or pay any dividend or distribution following the acceleration of the Loan. In the Notice, the Administrative Agent expressly highlighted this restriction against the payment of any distributions. The issuance of the Notice therefore means that EH-REIT is now restricted under the terms of the Facilities Agreement from making payment of the Distribution.

iii. *Receipt of Notices of Default and Notices of Termination under the Respective Hotel Management Agreements, Demand for Repayment of Key Money from Master Lessors and Implementation of Additional Temporary Caretaker Arrangements*

As announced by the Managers on 24 April 2020 in the announcement titled "Update Announcement – Appointment of Chief Restructuring Officers and other Updates" (the "24 April 2020 Announcement"), the REIT Manager and the REIT Trustee have been informed that several of the Master Lessees have received notices of defaults from the relevant hotel managers for defaults by such Master Lessees under the respective hotel management agreements ("HMAs") as a result of, *inter alia*, the Master Lessees' failure to provide and/or maintain sufficient working capital for the hotels' operations, and additional defaults resulting from the failure to pay management fees and/or failure to make funds available for the payment of hotel operating expenses ("HMA Default Notices").

In addition, the REIT Manager and the REIT Trustee had also been informed that certain Master Lessees have received notices of termination under the respective HMAs as a result of the Master Lessees' failure to cure its default (among other items) of maintaining sufficient working capital for the hotels' operations. The alleged defaults under the HMA Default Notices, if true, would in turn constitute a breach of the respective MLAs by the Master Lessees. All rights of the Master Lessors (being subsidiaries of EH-REIT) against the Master Lessees under the MLAs are reserved and the Master Lessees remain obliged to fulfil their obligations under the MLAs.

As announced by the Managers on 21 June in the announcement titled "Update Announcement #8 – (1) Additional Notices of Default by Master Lessees under the Hotel Management Agreements and Demand for Repayment of Key Money from Master Lessors, (2) Implementation of Additional Temporary Caretaker Arrangements, (3) Proceedings In Relation to the Sheraton Pasadena, (4) Lines Over Certain Hotels, and (5) Defaults Under the Queen Mary Long Beach Lease" (the "21 June 2020 Announcement"), the Managers were also informed that certain Master Lessees have received further notices of default from the hotel managers of certain hotels for defaults by the relevant Master Lessees under the HMAs as a result of, *inter alia*, such Master Lessee's failure to timely pay the key money due under the relevant HMAs as demanded by the relevant hotel manager.

In view of the lack of remedial action on the part of the relevant Master Lessees to safeguard the hotels, each of the corresponding Master Lessors (being subsidiaries of EH-REIT), at the direction of the REIT Manager and with the approval of the REIT Trustee, the Administrative Agent and the Lenders, have instituted temporary caretaker arrangements with the incumbent or a new hotel manager for the certain properties whose HMAs have been terminated, under which such hotel managers are providing temporary caretaker services at the applicable hotel in exchange for payment of monthly caretaker costs by the applicable Master Lessors.

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iv. Notice of Default and Demand for Payment under the DW Mortgage Loan

As announced by the Managers in the 24 May 2020 Announcement, the REIT Manager had received a notice of default and demand for payment ("DW Notice") in relation to the mortgage loan dated 21 May 2019 in respect of the Delta Woodbridge with a principal amount of US\$35.0 million ("DW Mortgage Loan") issued by Wells Fargo, National Association ("Wells Fargo").

The DW Notice states that Wells Fargo's rights and remedies include, (a) the right to declare the outstanding principal amount under the DW Mortgage Loan (together with all interest accrued and unpaid thereon and all other sums due immediately due and payable; (b) the right to cause the loan to bear interest at the default rate; and (c) the right to foreclose on the collateral. The DW Notice further indicates that Wells Fargo has exercised its right to cause the loan to bear interest at the default rate calculated from 1 April 2020 (being the date that the outstanding sum were due) and demanded for payment in full of all amounts currently due and payable under the loan).

The DW Mortgage Loan is secured against the Renaissance Woodbridge property in EHT's portfolio of properties. In an event of default under the DW Mortgage Loan, Wells Fargo may be able to initiate enforcement proceedings in respect of its security.

v. Termination of the BOTW Interest Rate Swap Agreement

As announced by the Managers' on 15 May 2020 in the announcement titled "Update Announcement – (1) Termination of Interest Rate Swap Agreement, (2) Discovery of Interested Person Transactions, and (3) Liabilities of Master Lessees" (the "15 May 2020 Announcement"), the REIT Manager had receive a notice of termination of the interest rate swap agreement ("BOTW Interest Rate Swap Agreement") entered into between EH-REIT (through on one of its subsidiaries) and Bank of the West ("BOTW") in relation to the loan under the Facilities Agreement.

Subsequently, the REIT Manager had received a letter from BOTW stating that the total amounts owing under the BOTW Interest Rate Swap Agreement was 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. This amount has become due and payable.

vi. Discovery of Non-Disturbance Agreements

As announced by the Managers in the 15 May 2020 Announcement, the Managers were informed by their United States legal counsel that there were six non-disturbance agreements (collectively, the "NDAs") entered into (post the initial public offering of the units ("IPO") in EHT) by certain directors of the REIT Manager (who are also the indirect controlling shareholders of Urban Commons, LLC (the "Sponsor")) on behalf of certain subsidiaries of EH-REIT (as Master Lessors) with the corresponding Master Lessees (the "NDA Master Lessees") and the relevant hotel manager. Two NDAs were entered into during the financial period ended 31 December 2019 and four NDAs were entered into in the year 2020.

As set out in the announcement, entry into these non-disturbance agreements constitutes "interested person transactions" under Chapter 9 of the Listing Manual. Reference should be made to the 15 May 2020 Announcement for further details and analysis.

vii. Distribution in respect of the period from 24 May 2019 to 31 December 2019

In February 2020, the Managers had declared a distribution, amounting to approximately US\$30.4 million, in respect of the period from 24 May 2019 to 31 December 2019 (the "Distribution"). The Facilities Agreement provides that no Borrower may, directly or indirectly, declare, order, make or set apart any sum for or pay any dividend or distribution following the acceleration of the Loan. In the Notice, the Administrative Agent expressly highlighted this restriction against the payment of any distribution. The payment of this distribution had been suspended in compliance with one of the key conditions set by the Administrative Agent and the Lenders in agreeing to a temporary forbearance from exercising their rights as a result of the Notices in relation to the Facilities Agreement (as disclosed in note (ii) above).

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viii. *Utilisation of Funds to Preserve and Protect Portfolio*

As announced by the Managers on 27 May 2020 in its announcement titled "Update Announcement – Utilisation of Funds to Preserve and Protect Portfolio", the Managers and the REIT Trustee, having received and reviewed the advice of their professional advisers and after consideration, had determined that it is in the best interest of EHT and the Stapled Securityholders to utilise available funds of EH-REIT (including in particular the funds constituting the security deposits available to EH-REIT, and funds that were originally intended for the payment of the distribution to Stapled Securityholders of approximately US\$30.4 million for the period from the Listing Date to 31 December 2019) to fund the necessary and critical expenses of EHT and its underlying portfolio to protect and safeguard the asset value of EHT's portfolio, to the extent appropriate and necessary and in such manner and proportion as may be agreed with the Administrative Agent and the Lenders.

ix. *Events of Default under the Master Lease Agreements*

As announced by the Managers on 29 June 2020 in the announcement titled "Update Announcement #9 – Commencement of Forensic Accounting Investigation of Sponsor of EHT and Master Lessees and Issuance of Notices of Defaults to Master Lessees" (the "29 June 2020 Announcement"), the Master Lessees had not provided the remaining outstanding security deposits of approximately US\$15.0 million either in cash and/or letter of credit by the stipulated extended deadline, which, in turn, constitutes an event of default under the relevant MLAs (the "SD Defaults"). Accordingly, the EH-REIT Group has issued a notice of default in respect of the SD Defaults to the Master Lessees.

As at the reporting date, the fixed rent for the months of January 2020 to June 2020 and the variable rent for the first two quarters of 2020 remain substantially outstanding and unpaid by the Master Lessees, which constitutes an event of default by the Maser Lessees under the MLAs.

In addition, the defaults by the Master Lessees under the HMAs as a result of, inter alia, the Master Lessees' failure to provide and/or maintain sufficient working capital for the hotels' operations (see note (iii) above), and additional defaults resulting from the failure to pay management fees and/or failure to make funds available for the payment of hotel operating expenses, constitute additional defaults and/or events of default under the respective MLAs by the Master Lessees. As announced by the Managers in the 29 June 2020 Announcement, in light of the above defaults under the HMAs and together with additional defaults and events of default on other obligations under the relevant MLAs by the Master Lessees, the master lessors had on 18 June 2020 issued a separate notice in respect of the defaults and events of defaults under the MLAs to the Master Lessees. The Managers had subsequently on 5 August 2020 issued a second notice to the Master Lessees in respect of the events of default which had occurred and are continuing under each MLA by the applicable Master Lessee in connection with the operation of each of the properties pursuant to the MLA.

x. *Proceedings in relation to the Sheraton Pasadena*

As announced by the Managers in the 21 June 2020 Announcement, the City of Pasadena has initiated proceedings in the United States in relation to one of EH-REIT Group's properties, Sheraton Pasadena (the "Complaint"), against the Sponsor and the relevant Master Lessee of Sheraton Pasadena, Urban Commons Cordova, LLC (which is not a subsidiary of EH-REIT) (collectively, the "Defendants"). The Complaint alleged (among other causes of action), inter alia, that the Defendants (i) remain delinquent to pay certain outstanding transient occupancy taxes ("TOT") and tourism business improvement districts ("TBID") assessments to the City of Pasadena for the period of May 2019 through February 2020 (as of the date of the Complaint); (ii) failed and refused to hold the TOT principal in trust for the account of the City of Pasadena from the time the TOT was collected from each hotel guest until remitted to the City of Pasadena and failed and refused to remit the said monies to the City of Pasadena; and (iii) failed to pay to the City of Pasadena the TBID assessment (based on gross occupancy revenues), as required pursuant to the relevant City of Pasadena municipal legislation.

The Managers were subsequently informed that the hotel manager of the Sheraton Pasadena has filed a cross-complaint against the relevant Master Lessee and the Master Lessor of the Sheraton Pasadena (being a subsidiary of EH-REIT) on 10 June 2020 (the "Cross-Complaint"). The Managers are currently consulting their professional advisers as to the appropriate course of action to be taken as regards to the Cross-Compliant.

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xi. Liens over Certain Hotels

As announced by the Managers in the 21 June 2020 Announcement, the Managers have been informed that, based on publicly available information, delinquent taxes and/or tax liens, in addition to certain judgement and/or mechanics' liens, were filed on the title of certain of EH-REIT Group's properties by various taxing authorities and third-party service providers on account of unpaid amounts for services rendered and/or materials provided by such third-party service providers for the improvement and/or renovation of the relevant hotels. As at the 21 June 2020 Announcement, the hotels with tax liens are the (1) Embassy Suites by Hilton Anaheim North; (2) Holiday Inn Hotel & Suites Anaheim North; (3) Embassy Suites by Hilton Palm Desert; (4) Sheraton Pasadena; (5) Westin Sacramento; (6) Four Points by Sheraton San Jose Airport; (7) Holiday Inn and Suites San Mateo; (8) Crowne Plaza Danbury; (9) Holiday Inn Resorts Orlando Suites – Waterpark; and (10) The Queen Mary Long Beach. The hotels with judgement and/or mechanics' liens are (1) The Queen Mary Long Beach; (2) Holiday Inn Denver East – Stapleton; (3) Renaissance Denver Stapleton; (4) Holiday Inn Resorts Orlando Suites – Waterpark; (5) Doubletree by Hilton Salt Lake City Airport; (6) Holiday Inn and Suites San Mateo; and (7) Crowne Plaza Danbury. The judgement and/or mechanics' liens were filed following the IPO and relate to both (i) capital expenditures, the work for which commenced, or was contracted for, before the IPO, which constitute claims for work performed by or on behalf of the prior owner and/or the Master Lessee of the applicable hotel; and (ii) operating expenditures (e.g. day to day maintenance and repair), the work for which commenced, or was contracted for, after the IPO, which constitute claims for work performed by or on behalf of the Master Lessee of the applicable hotel.

Such liens constitute security interests in the title of the relevant properties and potentially compromise EH-REIT's ability to sell, refinance or otherwise deal with the relevant properties. In addition, in the event that the relevant Master Lessees will not be able to settle the liens that they are responsible for and the relevant Master Lessors are found liable, the EH-REIT Group and EHT may have to incur additional expenses and liabilities in relation to the amounts claimed by the various third-party service providers and delinquent tax assessments under the abovementioned liens and encumbrances.

xii. Defaults under The Queen Mary Long Beach Lease

As announced by the Managers in the 21 June 2020 Announcement, Urban Commons Queensway, LLC (a subsidiary of EH-REIT and the lessee in respect of The Queen Mary Long Beach) (the "QM Subsidiary") received notices of default from the City of Long Beach (the "QM Notices") in relation to its defaults under the lease agreement with the City of Long Beach (the "QM Lease Agreement").

Such defaults arose as a result of the QM Subsidiary failing to (a) pay the monthly TOT amounts to the City of Long Beach for certain months in both 2019 and 2020 as required under the QM Lease Agreement (and the relevant Long Beach municipal legislation), which failure resulted in an additional default under the QM Lease Agreement for failing to comply with applicable governmental restrictions (the "QM TOT Default", which the Managers have been informed by the Sponsor has since been cured, as further stated below); (b) provide access to, and/or copies of, certain records (including financial statements and maintenance records) to the City of Long Beach's auditor as required under the QM Lease Agreement, which documentation was requested by the City of Long Beach as part of an audit initiated in December 2019, in addition to failing to provide full audited financial statements for 2019 as required pursuant to the QM Lease Agreement (the "QM Audit Default"); and (c) pay the monthly rent to the City of Long Beach for the month of June 2020 as required under the QM Lease Agreement (the "QM Rent Default" which the Managers have been informed by the Sponsor but based on information available to the Managers, has since been cured, as further stated below, and together with the QM TOT Default and the QM Audit Default, collectively, the "QM Defaults"). Pursuant to the master sublease agreement (i.e. the MLA) between the QM Subsidiary (as Master Lessor and sublessor) and the Master Lessee as sublessee of The Queen Mary Long Beach (the "QM Master Lessee"), the QM Master Lessee is responsible for the payment of the rent and the TOT amounts to the City of Long Beach and compliance with such audit request.

Under the QM Notices, the QM Subsidiary had (a) with respect to the QM Audit Default, until 30 June 2020; and (b) with respect to the QM Rent Default, until 25 June 2020, in each instance, to cure the applicable QM Defaults, and failing which, the City of Long Beach is entitled to pursue remedies available to it under the QM Lease Agreement and otherwise as provided by applicable law. The Managers had been informed by (a) the City of Long Beach that the QM Subsidiary has 120 days to cure the QM Audit Default from 1 July 2020; and (b) the Sponsor that the QM Master Lessee has paid the monthly rent required in respect of the QM Rent Default and has cured the QM TOT Default, with the outstanding TOT amounts having been fully paid by the QM Master Lessee.

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xiii. Obligations of EH-REIT under other loan agreements

As at 31 December 2019, the EH-REIT Group had mortgage loans secured by the Hilton Houston Galleria Area property (the "HHG Mortgage Loan") and Crowne Plaza Dallas Near Galleria-Addison property (the "CPD Mortgage Loan"), with a principal amount of approximately US\$15.6 million and US\$27.6 million, respectively, issued by Wilmington Trust, National Association ("Wilmington Trust"). As at the date of the issuance of these financial statements and based on the information available to the EH-REIT Group, Wilmington Trust, as lender under the HHG Mortgage Loan and the CPD Mortgage Loan, has yet to issue a notice of default and/or demand for payment in relation to the respective loans. Nevertheless, in light of the events surrounding EH-REIT including but not limited to the issuance of the Notice by the Administrative Agent and the Master Lessees' numerous defaults under the MLAs, EH-REIT has been unable to fulfil its obligations under the HHG Mortgage Loan and the CPD Mortgage Loan. If an event of default occurs under the HHG Mortgage Loan or CPD Mortgage Loan, Wilmington Trust may, amongst other things, accelerate the repayment of the outstanding loan amount under the relevant loan.

As disclosed by the Managers in the Prospectus, EH-REIT, through one of its subsidiaries, entered into a US\$89.0 million unsecured loan ("Unsecured Loan") from Lodging USA Lendco, LLC ("Lendco"). At the date of the issuance of these financial statements and based on the information available to the EH-REIT Group, Lendco has yet to issue a notice of default and/or demand for payment in relation to the Unsecured Loan. Nevertheless, in light of the events surrounding EH-REIT including, but not limited, to the issuance of the Notice by the Administrative Agent and the Master Lessees' numerous defaults under the MLAs, EH-REIT has been unable to fulfil its obligations under the Unsecured Loan. Lendco's right to receive payments under the Unsecured Loan (including interest) is subordinate to the payment obligations under the Facilities Agreement. Only interest is payable on the Unsecured Loan and the Unsecured Loan may be prepaid in whole or in part at any time (including in connection with certain mandatory prepayments as provided in the loan agreement) without any prepayment penalty or charge.

xiv. Covid-19 pandemic and continuing impact on the hospitality industry

The outbreak of COVID-19 was declared by the World Health Organisation as a global pandemic on 11 March 2020, and subsequently declared a national emergency in the United States of America ("United States") on 13 March 2020. The spread of COVID-19, both globally and in the United States, has resulted in significant uncertainty in global economies and unprecedented disruptions in the United States lodging industry. Consequently, the operations of and revenue stream from EHT's properties have been severely disrupted and its full impact, including the impact on the valuations of EHT's properties, cannot be meaningfully and reliably assessed.

xv. Restructuring and Strategic Review of EHT

As announced by the Managers in its 24 April 2020 Announcement and the announcement on 28 April 2020 titled "Update Announcement – Appointment of Financial Adviser and Implementation of Temporary Caretaker Arrangements at Certain Hotels", the Managers had appointed (i) FTI Consulting, Inc ("FTI") to assist with, inter alia, the restructuring process of EHT (the "**Restructuring**") and (ii) Moelis & Company ("Moelis") to assist with, inter alia, the comprehensive strategic review of EHT's business (the "**Strategic Review**"), including advising on available options to achieve the best possible outcomes for Stapled Securityholders. Both FTI and Moelis, as professional advisers to the EH-REIT Group, also assist in negotiating with the Administrative Agent, lenders and other counterparties of the EH-REIT Group with a view to restructuring the relevant facilities, and reviewing and analysing a range of strategic and corporate options for EHT.

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Significant Events after the Reporting Period

Reference should be made to the Managers' announcements on SGXNET for key events occurring after the Reporting Period, in particular but without limitation:

i. Discovery of Unauthorised Application made under the United States Paycheck Protection Program on behalf of the Queen Mary Master Lessor

As announced by the Managers on 14 August 2020 in its announcement titled "Update Announcement #11 – (1) Discovery of Unauthorised Application made under the United States Paycheck Protection Program on behalf of the Queen Mary Master Lessor, (2) Delinquency of Taxes by Certain Master Lessees, and (3) Receipt of Notices of Default and Termination under Certain Franchise Agreements" (the "14 August 2020 Announcement"), the Managers and the REIT Trustee were informed by their professional advisers that they discovered that an unauthorised loan application dated 18 May 2020 (the "QM PPP Application") was submitted on behalf of Urban Commons Queensway, LLC (the "QM Master Lessor", being the Master Lessor of the Queen Mary Long Beach ("QM") and a subsidiary of EH-REIT) under the United States Paycheck Protection Program administered by the United States Small Business Administration ("US SBA") purportedly on behalf of the QM Master Lessor.

Reference should be made to the 14 August 2020 for further details on the QM PPP Application. The Managers and the REIT Trustee are in the midst of consulting with their professional advisers to determine any further actions to be taken in respect of the unauthorised QM PPP Application and the QM PPP Loan. The Managers will provide further updates on the QM PPP Application and the QM PPP Loan as and when there are material developments

ii. Delinquency of Taxes by Certain Master Lessees

As announced by the Managers in its 14 August 2020 Announcement, the Managers and the REIT Trustee have been informed that the Master Lessees of the Holiday Inn Denver East – Stapleton and the Renaissance Denver Stapleton (the "Denver Master Lessees") have been deficient in paying certain outstanding sales taxes, lodger's taxes and tourism improvement district taxes that have continued to accrue over certain periods in respect of the abovementioned hotels since at least December 2019 to the tax authorities of the City and County of Denver (the "Denver Outstanding Taxes"). However, the Denver Master Lessee entered into a settlement arrangement with the Denver tax authorities on 1 July 2020 pursuant to which the Denver Master Lessees would pay the Denver Outstanding Taxes by way of instalments. The Managers and the REIT Trustee understand that the total outstanding amount of the Denver Outstanding Taxes to be settled under the settlement arrangement (inclusive of penalties and interests) is approximately US\$954,000, which is to be paid by way of six (6) monthly instalments from July 2020 to December 2020.

Subsequently, it was brought to the attention of the Managers and the REIT Trustee that the Denver Master Lessees failed to pay the first instalment that was due on 13 July 2020 to the tax authorities of the City and County of Denver. In response, the tax authorities issued a warrant of seizure of assets (the "Warrant") in respect of the Holiday Inn Denver East – Stapleton and Renaissance Denver Stapleton. The Managers and the REIT Trustee were subsequently informed that on 14 July 2020, the Denver Master Lessees paid the first instalment in respect of the Denver Outstanding Taxes to the tax authorities of the City and County of Denver and the tax authorities have accepted such payment. Pursuant to the settlement arrangement between the Denver Master Lessees and the Denver tax authorities with regard to the Denver Outstanding Taxes, a second instalment was due on 6 August 2020 which, as at the date of issuance of these financial statements, has not been paid by the Denver Master Lessees. The Managers and the REIT Trustee's local counsel has informed the Managers and the REIT Trustee that as a result of the non-payment by the Denver Master Lessees of the second instalment by the due date, the tax authorities of the City and County of Denver have indicated that they will not be giving any advance notice prior to issuing and executing their seizure warrants on the Holiday Inn Denver East – Stapleton and the Renaissance Denver Stapleton.

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As announced by the Managers in the same announcement, the Managers and the REIT Trustee have also been informed that the Master Lessee of the Holiday Inn Resort Orlando Suites – Waterpark (the “HIOR Master Lessee”) has been deficient in paying certain outstanding tourism development taxes that have continued to accrue in respect of the Holiday Inn Resort Orlando Suites – Waterpark since February 2020 to the Comptroller of Orange County, Florida. As a result of the outstanding taxes, the Comptroller of Orange County, Florida filed a tourism development tax warrant against both UCCONT1, LLC (the “HIOR Master Lessor”, being the Master Lessor of the Holiday Inn Resort Orlando Suites – Waterpark and a subsidiary of EH-REIT) and the HIOR Master Lessee for the collection of the delinquent outstanding tourism development taxes in the amount of approximately US\$244,000 (including penalties and interest) (the “Orlando Outstanding Taxes”).

The Comptroller of Orange County, Florida further issued a notice dated 12 June 2020 (the “HIOR Tax Notice”) to the HIOR Master Lessor of its intent to levy upon any cash in possession of the HIOR Master Lessor and a bank account of the HIOR Master Lessor with Bank of America (the “HIOR Account”). The Managers and the REIT Trustee understand that on or about 25 June 2020, the Sponsor entered into a repayment agreement with the Comptroller of Orange County, Florida to pay all delinquent tourist development taxes (including penalties and interest) due to the Comptroller of Orange County, Florida in three (3) instalments due on 26 June 2020, 1 August 2020 and 1 September 2020, as well as to satisfy the levy. Despite the Sponsor’s payment of the first instalment due on 26 June 2020, the Comptroller of Orange County, Florida refused to release the HIOR Account or delay enforcement of the garnishment referenced in the HIOR Tax Notice. The Managers and the REIT Trustee appointed local counsel which then filed a complaint on behalf of the HIOR Master Lessor against the Comptroller of Orange County, Florida on 2 July 2020 (the “HIOR Complaint”) to contest the Comptroller of Orange County, Florida’s levy and garnishment of the HIOR Account to collect the Orlando Outstanding Taxes as (a) the HIOR Master Lessee is the party that is directly and solely liable to pay the Orlando Outstanding Taxes pursuant to the terms of the MLA and (b) the Comptroller of Orange County, Florida is able to collect the Outstanding Orlando Taxes pursuant to the repayment arrangement with the Sponsor.

The Managers and the REIT Trustee are in the process of consulting their professional advisers to ascertain the impact of the above matters and the appropriate course of action to be taken in respect thereof.

iii. Receipt of Notices of Default and Termination under Certain Franchise Agreements

As announced by the Managers in its 14 August 2020 Announcement, the Managers and the REIT Trustee have been informed that the Master Lessees of ten (10) hotels have received notices of default and termination from the relevant franchisors under the respective franchise agreements (the “**Franchise Agreements**”) as a result of the Master Lessees’ failure to cure its default for non-payment of fees and other amounts due and owing to the relevant franchisor under the relevant Franchise Agreement (the “**FA Termination Notices**”). Based on the FA Termination Notices and the information available to FTI Consulting, Inc. (being the Chief Restructuring Officer), the aggregate outstanding amount due by the Master Lessees to the franchisors under such Franchise Agreements amount to approximately US\$3.8 million.

Pursuant to the FA Termination Notices, the relevant franchisors will have the right to terminate the respective Franchise Agreements if the relevant Master Lessees do not cure the defaults under the Franchise Agreements within the applicable cure periods as stated in the FA Termination Notices. Pursuant to the terms of the applicable MLAs in respect of the hotels under the FA Termination Notices, the relevant Master Lessees are responsible for payment of such outstanding amounts under the Franchise Agreements to the applicable franchisors and the alleged defaults under the FA Termination Notices, if true, would in turn also constitute a breach of the respective MLAs by the Master Lessees.

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iv. Receipt of Notices of Breach from the Master Lessors

The Managers and REIT Trustee have been informed that on 12 August 2020 the Master Lessors have received a notice of breaches from the Master Lessees under the MLAs (the "Notice of Breach"). The Managers are in the midst of seeking legal advice from its legal advisers as to the appropriate course of action to be taken in respect of the Notice of Breach. The Managers will provide updates to Stapled Securityholders as and when feasible and appropriate to do so.

v. Other Key Events Pending

The Managers and the REIT Trustee have also been recently informed of other key events which may affect EHT and which are still in the midst of being investigated by the Managers and the REIT Trustee with the possibility of additional liability materialising. As at the date of issuance of these financial statements, the Managers are in the process of seeking professional advice and will need more time to assess the implications of such events and determine if such events give rise to additional liabilities (contingent or otherwise) as at 31 December 2019 or subsequent to that date, and the actions to be undertaken.

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Summary of Eagle Hospitality Trust's Results

2Q 2020 and 1H 2020 vs 24 May 2019 (Listing Date) to 30 June 2019

	2Q 2020 US\$'000	24 May 2019 to 30 June 2019⁽¹⁾ US\$'000	Variance⁽²⁾ %	1H 2020 US\$'000	24 May 2019 to 30 June 2019⁽¹⁾ US\$'000	Variance⁽²⁾ %
Revenue	15,694	9,507	NM	32,284	9,507	NM
Net property income	13,941	8,046	NM	26,525	8,046	NM
Income available for distribution to Stapled Securityholders ⁽³⁾	–	5,647	NM	–	5,647	NM
Distribution per Stapled Security ("DPS") (US cents) ⁽³⁾	–	0.650	NM	–	0.650	NM
Annualised distribution yield (%)						
- Based on IPO listing price of US\$0.78	–	8.67% ⁽⁴⁾	NM	–	8.67% ⁽⁴⁾	NM

NM – Not meaningful

Footnotes:

- (1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.
- (2) The actual results of 2Q 2019 and 1H 2019 covers the period from 24 May 2019 to 30 June 2019 (38 days). However, 2Q 2020 and 1H 2020 period is from 1 April 2020 to 30 June 2020 (91 days) and 1 January 2020 to 30 June 2020 (182 days) respectively. Accordingly, the comparison of these two reporting periods is not meaningful. Please refer to Section 9 for variance analysis of the actual results for 2Q 2020 and 1H 2020 compared with the projections as disclosed in the Prospectus.
- (3) There is no income available for distribution for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty, taking into consideration, amongst other things, the liquidity of EHT, the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs and the default and acceleration of the US\$341.0 million syndicated credit agreement (the "Facilities Agreement").
- (4) The annualised distribution yield for Listing Date to 30 June 2019 was on a pro-rata basis of 38 days from the results following the Listing Date based on the listing price of US\$0.78.

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Summary of Eagle Hospitality Trust's Results

Actual vs Projection

	2Q 2020			1H 2020		
	Actual US\$'000	Projection ⁽¹⁾ US\$'000	Variance %	Actual US\$'000	Projection ⁽¹⁾ US\$'000	Variance %
Revenue	15,694	23,907	(34.4%)	32,284	45,850	(29.6%)
Net property income	13,941	20,380	(31.6%)	26,525	38,799	(31.6%)
Income available for distribution to Stapled Securityholders ⁽²⁾	–	14,527	NM	–	27,057	NM
Distribution per Stapled Security ("DPS") (US cents) ⁽²⁾	–	1.665	NM	–	3.100	NM
Annualised distribution yield (%)						
- Based on IPO listing price of US\$0.78	–	8.6%	NM	–	8.0%	NM
- Based on 2Q 2020 closing price of US\$0.137	–	NM	NM	–	NM	NM

NM – Not meaningful

Footnotes:

- (1) The Prospectus of EHT dated 16 May 2019 (the "Prospectus") disclosed a 12-month profit projection for the year from 1 January 2020 to 31 December 2020 (the "Projection"). Projection results were derived from the seasonal projection for 2Q 2020 and 1H 2020 respectively, based on the Projection Year 2020 as disclosed in the Prospectus.
- (2) There is no income available for distribution for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty, taking into consideration, amongst other things, the liquidity of EHT, the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs and the default and acceleration of the US\$341.0 million syndicated credit agreement (the "Facilities Agreement").

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1(a)(i)(ii) Consolidated Statement of Comprehensive Income and Distribution Statement

<u>Consolidated Statements of Comprehensive Income</u>	Notes	EHT			EH-REIT Group		
		2Q 2020	24 May 2019 to 30 June 2019 ⁽¹⁾	Variance ⁽²⁾	2Q 2020	24 May 2019 to 30 June 2019 ⁽¹⁾	Variance ⁽²⁾
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		15,694	9,507	n.m.	15,694	9,507	n.m.
Property expenses		(1,753)	(1,461)	n.m.	(1,753)	(1,461)	n.m.
Net property income		13,941	8,046	n.m.	13,941	8,046	n.m.
REIT Manager's management fee	1	–	(565)	n.m.	–	(565)	n.m.
REIT Trustee's fee		(51)	(23)	n.m.	(51)	(23)	n.m.
Other trust expenses	2	(10,221)	(121)	n.m.	(10,216)	(121)	n.m.
Caretaker expenses	3	(3,361)	–	n.m.	(3,361)	–	n.m.
Other income	4	14,316	–	n.m.	14,316	–	n.m.
Finance income		20	37	n.m.	20	37	n.m.
Finance costs		(8,467)	(2,378)	n.m.	(8,467)	(2,378)	n.m.
Net finance costs	5	(8,447)	(2,341)	n.m.	(8,447)	(2,341)	n.m.
Loss on termination of interest rate swap	6	(18,283)	–	n.m.	(18,283)	–	n.m.
Impairment loss on trade and non-trade receivables	7	(26,300)	–	n.m.	(26,300)	–	n.m.
(Loss)/ Profit before tax and change in fair value		(38,406)	4,996	n.m.	(38,401)	4,996	n.m.
Net fair value change in investment properties	8	(528)	163,996	n.m.	(528)	163,996	n.m.
(Loss)/ Profit before tax		(38,934)	168,992	n.m.	(38,929)	168,992	n.m.
Tax expense	9	–	(34,447)	n.m.	–	(34,447)	n.m.
(Loss)/ Profit for the period ⁽³⁾	10	(38,934)	134,545	n.m.	(38,929)	134,545	n.m.
Distribution Statement							
(Loss)/ Profit for the period	10	(38,934)	134,545	n.m.	(38,929)	134,545	n.m.
Distribution adjustments	11	38,934	(128,898)	n.m.	38,929	(128,898)	n.m.
Income available for distribution to Stapled Securityholders	12	–	5,647	n.m.	–	5,647	n.m.

n.m. – Not meaningful

Footnotes:

- (1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.
(2) The actual results of 2Q 2019 covers the period from 24 May 2019 to 30 June 2019 (38 days). However, 2Q 2020 period is from 1 April 2020 to 30 June 2020 (91 days). Accordingly, the comparison of these two reporting periods is not meaningful. Please refer to Section 9 for variance analysis of the actual results for 2Q 2020 compared with the projections as disclosed in the Prospectus.
(3) Included in EHT's loss for 2Q 2020 is EH-BT's other trust expenses of US\$4,700.

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1(a)(i)(ii) Consolidated Statement of Comprehensive Income and Distribution Statement

<u>Consolidated Statements of Comprehensive Income</u>	Notes	EHT			EH-REIT Group		
		1H 2020 US\$'000	24 May 2019 to 30 June 2019 ⁽¹⁾ US\$'000	Variance ⁽²⁾ %	1H 2020 US\$'000	24 May 2019 to 30 June 2019 ⁽¹⁾ US\$'000	Variance ⁽²⁾ %
Revenue		32,284	9,507	n.m.	32,284	9,507	n.m.
Property expenses		(5,759)	(1,461)	n.m.	(5,759)	(1,461)	n.m.
Net property income		26,525	8,046	n.m.	26,525	8,046	n.m.
REIT Manager's management fee	1	–	(565)	n.m.	–	(565)	n.m.
REIT Trustee's fee		(103)	(23)	n.m.	(103)	(23)	n.m.
Other trust expenses	2	(11,588)	(121)	n.m.	(11,580)	(121)	n.m.
Caretaker expenses	3	(3,361)	–	n.m.	(3,361)	–	n.m.
Other income	4	14,316	–	n.m.	14,316	–	n.m.
Finance income		158	37	n.m.	158	37	n.m.
Finance costs		(13,988)	(2,378)	n.m.	(13,988)	(2,378)	n.m.
Net finance costs	5	(13,830)	(2,341)	n.m.	(13,830)	(2,341)	n.m.
Loss on termination of interest rate swap	6	(18,283)	–	n.m.	(18,283)	–	n.m.
Impairment loss on trade and non-trade receivables	7	(40,312)	–	n.m.	(40,312)	–	n.m.
(Loss)/ Profit before tax and change in fair value		(46,636)	4,996	n.m.	(46,628)	4,996	n.m.
Net fair value change in investment properties	8	(1,057)	163,996	n.m.	(1,057)	163,996	n.m.
(Loss)/ Profit before tax		(47,693)	168,992	n.m.	(47,685)	168,992	n.m.
Tax expense	9	(126)	(34,447)	n.m.	(126)	(34,447)	n.m.
(Loss)/ Profit for the period ⁽³⁾	10	(47,819)	134,545	n.m.	(47,811)	134,545	n.m.
Distribution Statement							
(Loss)/ Profit for the period	10	(47,819)	134,545	n.m.	(47,811)	134,545	n.m.
Distribution adjustments	11	47,819	(128,898)	n.m.	47,811	(128,898)	n.m.
Income available for distribution to Stapled Securityholders	12	–	5,647	n.m.	–	5,647	n.m.

n.m. – Not meaningful

Footnotes:

- (1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.
(2) The actual results of 1H 2019 covers the period from 24 May 2019 to 30 June 2019 (38 days). However, 1H 2020 period is from 1 January 2020 to 30 June 2020 (182 days). Accordingly, the comparison of these two reporting periods is not meaningful. Please refer to Section 9 for variance analysis of the actual results for 1H 2020 compared with the projections as disclosed in the Prospectus.
(3) Included in EHT's loss for 1H 2020 is EH-BT's other trust expenses of US\$7,500.

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Notes:

1. REIT Manager's management fee is based on 10.0% of distributable income. There is no REIT Manager's management fee for 2Q 2020 and 1H 2020 due to the nil distributable income for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs.
2. Other trust expenses consist of recurring expenses, legal fees and professional fees incurred in connection with the Restructuring and Strategic Review of EHT's business as well as the defaults under the MLAs (Refer to notes (ix) and (xv) in pages 6 and 8 respectively for further details).

Recurring expenses relate to compliance expenses, registry and secretarial fees, audit and tax advisory fees and other miscellaneous expenses.

Legal and professional fees are mainly incurred in connection with the default under the MLAs. To the extent that any such fees are reasonably incurred in connection with any default under the MLAs, they would fall within the scope of the relevant Master Lessees' indemnity obligation under MLAs.

3. Expenses relating to temporary caretaker arrangements at certain hotels in EHT's portfolio were incurred due to the lack of remedial action on the part of the relevant Master Lessees to safeguard the hotels whose hotel management agreements ("HMAs") have been, amongst other things, terminated (Refer to note (iii) in page 4 for further details).

Certain defaults by the Master Lessees under HMAs in turn constitute defaults and/or events of defaults under the MLAs entered into with the Master Lessees (being subsidiaries of EH-REIT) (Refer to note (ix) in page 6 for further details). To the extent that any such fees are reasonably incurred in connection with any default under the MLAs, they would fall within the scope of the relevant Master Lessees' indemnity obligation under MLAs.

4. Other income comprises recovery of legal and professional fees, caretaker expenses and interest expense due to default rates that are accrued in statement of comprehensive income. To the extent these expenses are incurred in connection with any default under the MLAs, they would fall within the scope of the relevant Master Lessees' indemnity obligation under MLAs.
5. Finance income comprises interest income on bank balances.

Finance costs comprise interest expense on loans and borrowings, interest rate swaps and lease liabilities, amortisation of debt-related transaction costs, accretion of non-current security deposits measured at amortised cost.

The finance costs have increased significantly in 2Q 2020 due to the default interest accrued on the total outstanding loan balances of the Facilities Agreement and DW mortgage loan, with effect from the date of respective notice of defaults in accordance with the applicable provision of the relevant loan or facilities Agreement, as a result of the notice of default and acceleration of the Facilities Agreement issued by the Administrative Agent and Wells Fargo. In addition, the increase in finance costs also attributable to the interest on overdue interest payable amount at a rate calculated in accordance with the applicable provision of the relevant loan or Facilities Agreement.

6. The loss on termination of interest rate swap ("IRS") pertains to the amounts due and payable under the IRS agreement with effect from its termination date as a result of the notice of termination of IRS agreement received by EHT. (Refer to note (v) in page 5 for further details),
7. Impairment loss on trade receivables and non-trade receivables comprise:
 - (1) Rental receivable from Master Lessees as of 30 June 2020 have been fully impaired as a result of the uncertainty on the Master Lessee's ability to make rental payments and fulfil its obligations under MLAs; and
 - (2) Impairment loss on other receivables due to uncertainty on the recoverability.
8. The change in fair value relates to straight line rent accounting adjustments. Refer to paragraph 15 on page 39 for further details on the carrying amount of the investment properties.
9. Tax expense consist of current tax and deferred tax expenses. Current tax expense comprises mainly of income tax payable. Deferred tax is recognised in respect of temporary differences between the carrying amounts used, mainly derived for financial reporting purposes, and the amounts used for taxation purposes.

10. As a result of the above, EHT recorded a loss for 2Q 2020 and 1H 2020 of approximately US\$35.2 million and US\$44.1 million, respectively.

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11. Included in distribution adjustments are the following:

	EHT					
	2Q 2020 US\$'000	24 May 2019 to 30 June 2019 ⁽¹⁾ US\$'000	Variance ⁽²⁾ %	1H 2020 US\$'000	24 May 2019 to 30 June 2019 ⁽¹⁾	Variance ⁽²⁾ %
Distribution adjustments						
REIT Manager's management fees payable in Stapled Securities	–	(565)	n.m.	–	(565)	n.m.
REIT Trustee's fee	51	(23)	n.m.	103	(23)	n.m.
Amortisation of upfront debt-related transaction costs	622	(218)	n.m.	1,244	(218)	n.m.
Straight-lining of rental income, amortisation of deferred income and other revenue adjustments	(744)	329	n.m.	(1,522)	329	n.m.
Finance costs arising from lease liabilities	68	(23)	n.m.	137	(23)	n.m.
Net fair value change in investment properties	528	163,996	n.m.	1,057	163,996	n.m.
Deferred tax expense	–	(34,447)	n.m.	61	(34,447)	n.m.
Property tax expense	193	–	n.m.	1,469	–	n.m.
Drawdown of interest reserve account	152	(109)	n.m.	411	(109)	n.m.
Finance costs arising from accretion of non-current security deposits measured at amortised cost	101	(42)	n.m.	222	(42)	n.m.
Other adjustments ⁽³⁾	37,963	–	n.m.	44,637	–	n.m.
Distribution adjustments	38,934	128,898	n.m.	47,819	128,898	n.m.

Footnotes:

- (1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.
- (2) The actual results of 2Q 2019 and 1H 2019 covers the period from 24 May 2019 to 30 June 2019 (38 days). However, 2Q 2020 and 1H 2020 period is from 1 April 2020 to 30 June 2020 (91 days) and 1 January 2020 to 30 June 2020 (182 days) respectively. Accordingly, the comparison of these two reporting periods is not meaningful. Please refer to Section 9 for variance analysis of the actual results for 2Q 2020 and 1H 2020 compared with the projections as disclosed in the Prospectus
- (3) This relates to an upward adjustment made to arrive at the nil distribution income for 2Q 2020 and 1H 2020 respectively.

12. There is no income available for distribution for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty, taking into consideration, amongst other things, the liquidity of EHT, the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs and the default and acceleration of the US\$341.0 million syndicated credit agreement (the "Facilities Agreement").

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1(b)(i) Statements of Financial Position

	Note	EHT		EH-REIT Group		EH-BT ⁽¹⁾	
		As at 30 Jun 2020 US\$'000	As at 31 Dec 2019 US\$'000	As at 30 Jun 2020 US\$'000	As at 31 Dec 2019 US\$'000	As at 30 Jun 2020 US\$'000	As at 31 Dec 2019 US\$'000
Assets							
Non-current assets							
Investment properties	1	1,267,480	1,267,480	1,267,480	1,267,480	–	–
		1,267,480	1,267,480	1,267,480	1,267,480	–	–
Current assets							
Trade and other receivables	2	6,332	17,798	6,332	17,798	–	–
Cash and cash equivalents	3	73,084	76,926	73,084	76,926	–	–
		79,416	94,724	79,416	94,724	–	–
Total assets		1,346,896	1,362,204	1,346,896	1,362,204	–	–
Liabilities							
Non-current liabilities							
Trade and other payables	4	23,383	28,027	23,383	28,027	–	–
Loans and borrowings	5	126,768	497,516	126,768	497,516	–	–
Lease liabilities		6,843	6,855	6,843	6,855	–	–
Derivative liabilities	6	–	4,699	–	4,699	–	–
Deferred tax liabilities		39,561	39,501	39,561	39,501	–	–
		196,555	576,598	196,555	576,598	–	–
Current liabilities							
Trade and other payables	4	71,973	5,727	71,955	5,717	18	10
Loans and borrowings	5	372,456	746	372,456	746	–	–
Lease liabilities		25	25	25	25	–	–
Current tax liabilities		85	–	85	–	–	–
		444,539	6,498	444,521	6,488	18	10
Total liabilities		641,094	583,096	641,076	583,086	18	10
Net assets/(liabilities)		705,802	779,108	705,820	779,118	(18)	(10)
Stapled Securityholders' funds							
Stapled Securities in issue and to be issued		679,988	679,988	679,988	679,988	–	–
Issue costs		(38,277)	(38,347)	(38,417)	(38,347)	–	–
Hedging reserve	6	–	(4,699)	–	(4,699)	–	–
Retained earnings/(Accumulated losses)	7	64,231	142,166	64,249	142,176	(18)	(10)
Total Stapled Securityholders' funds		705,802	779,108	705,820	779,118	(18)	(10)

Footnote:

(1) EH-BT was dormant during the period.

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Notes:

1. Property appraisals are carried out on an annual basis by independent valuers. Investment properties were valued by an independent valuer, SG&R Singapore Pte Ltd (trading as HVS) as at 31 December 2019, and includes the recognition of right-of-use asset arising from the adoption of IFRS 16 in relation to EHT's operating lease that qualifies as an investment property and accounting for rental income on a straight-line basis.

The independent valuations conducted by HVS on EHT's investment properties as at 31 December 2019 had included assumptions that relied on the construct of the MLAs. The Managers are in the process of undertaking its Strategic Review, which will take into account the various breaches and defaults under the MLAs. There is material uncertainty surrounding the viability of the MLA construct in the current environment and the consequential impact on the Master Lessees' ability to fulfil their commitments.

The outbreak of COVID-19 was declared by the World Health Organisation as a global pandemic on 11 March 2020, and subsequently declared a national emergency in the United States of America ("United States") on 13 March 2020. The spread of COVID-19, both globally and in the United States, has resulted in significant uncertainty in global economies and unprecedented disruptions in the United States lodging industry, which we operate in.

Consequently, the valuations of investment properties are subject to significant estimation uncertainty, and the value of investment properties may vary or change significantly. Given the above, there remains too much uncertainty and it is not yet possible to quantify the resultant impact on the valuation of the investment properties. Refer to paragraph 15 on page 38 for further details.

2. Trade and other receivables as of 30 June 2020 was lower than 31 December 2019 mainly due to:
 - (1) Rental receivables from Master Lessees as of 31 December 2019 have been fully settled;
 - (2) non-trade receivables as of 31 December 2019 had been partially settled subsequent to year end 31 December 2019 and the remaining outstanding balance had been impaired due to uncertainty on the recoverability; and
 - (3) Rental receivable from Master Lessees recorded as of 30 June 2020 had been fully impaired as a result of the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under MLAs.

The decrease is partially offset by prepaid retainer fees to professionals for restructuring and GST receivables as of 30 June 2020.

Under the MLAs, the Master Lessees are to pay an interest on demand on overdue amounts at a rate calculated in accordance with the applicable MLA. Such interests have not been reflected in the statement of comprehensive income. The Master Lessors reserve the right to impose default interest on the unpaid rent. There is no certainty of the Master Lessees' ability to make its rental payments and/or relevant interest payments, under the MLAs.

3. Cash and cash equivalents as of 30 June 2020 was lower than 31 December 2019 mainly due to the payment of professional fees incurred in connection with the Restructuring and Strategic Review of EHT's business and expenses relating to temporary caretaker arrangements at certain hotels in EHT's portfolio incurred during the period, which is partially offset by the receipt of 2019 rental receivables.

The utilisation of the cash and cash equivalents have been largely restricted since 20 March 2020 pursuant to the terms of the temporary forbearance agreement entered into with the Administrative Agent, the Lenders and the relevant entities of EHT and for the duration of such agreement. See further footnote 3 at page 24 below.

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4. Trade and other payables as of 30 June 2020 was higher than 31 December 2019 mainly due to:
- (1) Distribution payable of US\$30.1 million for the financial period from 24 May 2019 to 31 December 2019 (see Note 7 below);
 - (2) US\$5.0 million of security deposits received from Master Lessees as part of the amendment to the MLAs to grant the extension of time for Master Lessees to provide the balance of US\$15.0 million of incremental security deposits by 8 June 2020 (refer to EHT announcement dated 19 March 2020 titled "Business Strategic Review and Update"). As announced by the Managers on 29 June 2020, the Master Lessees had not provided the outstanding security deposits of approximately US\$15.0 million either in cash and/or letter of credit by the stipulated extended deadline, which, in turn, constitutes an event of default under the relevant MLAs (the "SD Defaults"). Accordingly, the EH-REIT Group has issued a notice of default in respect of the SD Defaults to the Master Lessees. (Refer to note (ix) in page 6 for further details).
 - (3) Accruals for professional fees in respect of Restructuring and Strategic Review of EHT's business which have been incurred but not yet paid as at 30 June 2020;
 - (4) Property tax recognised but not yet paid as at 30 June 2020;
 - (5) Interest payables for loans and borrowings;
 - (6) Default interests accrued on the total outstanding loan balances with effect from the date of notice of defaults in accordance with the applicable provision of the facility agreements, as a result of the notice of defaults in relation to Facilities Agreement received by EHT; and
 - (7) The amounts due and payable under IRS agreement as a result of the notice of termination of IRS agreement received by EHT.

The increase is partially offset by US\$3.9 million drawn from security deposits, as part of the funding of necessary and critical expenses of EHT and its underlying portfolio. (Refer to note (viii) in page 6 for further details)

5. As of 30 June 2020, US\$341.0 million in term loans and US\$35.0 million in mortgage loan had been reclassified from non-current liabilities to current liabilities, due to the notice of default and acceleration of the Facilities Agreement issued by the Administrative Agent, as a result of the Master Lessees' non-payment of rent to EHT under the MLAs.
6. The REIT Manager had received a notice of termination of the interest rate swap agreement (the "BOTW Interest Rate Swap Agreement") entered into by between EH-REIT (through one of its subsidiaries) and Bank of the West ("BOTW") in relation to the Loan under the Facilities Agreement. The total amounts owing under the BOTW Interest Rate Swap Agreement was 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. (Refer to note (v) in page 5 for further details). This amount has become due and payable.
7. Retained earnings as of 30 June 2020 was lower than 31 December 2019 mainly due to the loss position of EHT for period ended 30 June 2020 and the distribution for the financial period from the Listing Date to 31 December 2019 ("Distribution") as disclosed in the announcement "Notice of Record Date and Distribution Payment Date" dated 17 February 2020.

Refer to EHT's announcement dated 24 March 2020 titled "Request for Voluntary Trading Suspension", which states that no payment of the Distribution will be made on 30 March 2020 as originally scheduled and announced in the announcement "Notice of Record Date and Distribution Payment Date" dated 17 February 2020, pursuant to the issuance of the notice of default and acceleration in relation to the Facilities Agreement which restricts the payment of the Distribution.

Refer to EHT's announcement dated 27 May 2020 titled "Update Announcement – Utilisation of Funds to Preserve and Protect Portfolio", whereby the Managers and the REIT Trustee, having received and reviewed the advice of their professional advisers and after consideration, had determined that it is in the best interest of EHT and the Stapled Securityholders to utilise available funds of EH-REIT (including in particular the funds constituting the security deposits available to EH-REIT, and funds that were originally intended for the payment of the Distribution) to fund the necessary and critical expenses of EHT and its underlying portfolio to protect and safeguard the asset value of EHT's portfolio, to the extent appropriate and necessary and in such manner and proportion as may be agreed with the Administrative Agent and the Lenders.

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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	EHT and EH-REIT Group	
	As at 30 Jun 2020 US\$'000	As at 31 Dec 2019 US\$'000
<u>Secured loans and borrowings</u>		
Amount repayable within one year	376,788	1,165
Less: Unamortised transaction costs	(4,332)	(419)
	372,456	746
Amount repayable after one year	40,542	416,447
Less: Unamortised transaction costs	(345)	(5,217)
	40,197	411,230
Total secured loans and borrowings	412,653	411,976
<u>Unsecured loans and borrowings</u>		
Amount repayable after one year	89,000	89,000
Less: Unamortised transaction costs	(2,429)	(2,714)
Total unsecured loans and borrowings	86,571	86,286
Grand total	499,224	498,262

On 20 March 2020, EHT received the Notice in relation to the Facilities Agreement, issued on behalf of Bank of America ("BofA"), the administrative agent for a syndicate of lenders on a syndicated term loan of which US\$341.0 million had been borrowed. Based on the Notice, an event of default had occurred under the Facilities Agreement, due to Master Lessees' non-payment of rent under the MLAs (Refer to EHT announcement dated 24 March 2020 titled "Request for Voluntary Trading Suspension").

As announced by the REIT Manager on 24 April 2020 in the announcement titled "Update Announcement – Appointment of Chief Restructuring Officers and other Updates", the REIT Manager had received a notice of default and demand for payment in relation to the mortgage loan dated 21 May 2019 in respect of the Delta Woodbridge with a principal amount of US\$35.0 million issued by Wells Fargo, National Association.

As announced by the REIT Manager on 15 May 2020 (the "15 May 2020 Announcement"), the REIT Manager had receive a notice of termination of the interest rate swap agreement ("BOTW Interest Rate Swap Agreement") entered into between EH-REIT (through one of its subsidiaries) and Bank of the West ("BOTW") in relation to the term loans under the Facilities Agreement (Refer to note (v) – in page 5 for further details).

As at 30 June 2020, these term loans were fully drawn down and US\$0.7 million has been repaid for mortgage loans. The weighted average all-in cost of borrowing for 30 June 2020, including debt-related transaction costs, was 5.8%. Aggregate leverage, as defined in the Property Funds Appendix, as at the end of the period was 37.6%⁽¹⁾. The interest coverage ratio⁽²⁾ of EHT has not been disclosed as its EBIDTA is negative, taking into consideration the impairment loss of trade and other receivables.

Footnotes:

- (1) Aggregate leverage is calculated based on the fair value of the investment properties as at 31 December 2019.
- (2) As defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore on 16 April 2020 and clarified on 29 May 2020 and computed as trailing 12 months EBITDA (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), over trailing 12 months borrowing costs.

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1I Consolidated Statement of Cash Flows

	EHT		EH-REIT Group	
	2Q 2020	24 May 2019 to 30 June 2019 ⁽¹⁾	2Q 2020	24 May 2019 to 30 June 2019 ⁽¹⁾
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/ Profit for the period ⁽²⁾	(38,934)	134,545	(38,929)	134,545
Adjustments for:				
Straight-lining of rental income, amortisation of deferred income and other revenue adjustments	(744)	(298)	(744)	(298)
Finance income	(20)	(37)	(20)	(37)
Finance costs	8,467	2,378	8,467	2,378
Loss on termination of interest rate swap	18,283	–	18,283	–
REIT Manager's management fee payable in Stapled Securities	–	565	–	565
Fair value change in investment properties	528	(163,996)	528	(163,996)
Impairment loss on trade and other receivables	26,300	–	26,300	–
Tax expense	–	34,447	–	34,447
Operating income before working capital changes	13,880	7,604	13,885	7,604
Changes in working capital:				
Trade and other receivables	(30,338)	(11,151)	(30,338)	(11,151)
Trade and other payables	1,093	(9,774)	1,088	(9,774)
Net cash used in operating activities	(15,365)	(13,321)	(15,365)	(13,321)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	–	(635,999)	–	(635,999)
Interest received	20	36	20	36
Net cash generated from/ (used in) investing activities	20	(635,963)	20	(635,963)
Cash flows from financing activities				
Proceeds from issue of Stapled Securities	–	676,953	–	676,953
Proceeds from borrowings	–	418,178	–	418,178
Payment of transaction costs related to the issuance of Stapled Securities	(70)	(32,175)	(70)	(32,175)
Payment of transaction costs relating to borrowings	–	(10,096)	–	(10,096)
Repayment of borrowings	(27)	(383,292)	(27)	(383,292)
Movement in restricted cash	12,518	–	12,518	–
Finance costs paid	(67)	(1,212)	(67)	(1,212)
Net cash generated from financing activities	12,354	668,356	12,354	668,356
Net (decrease)/ increase in cash and cash equivalents	(2,991)	19,072	(2,991)	19,072
Cash and cash equivalents at beginning of the period	4,426	–	4,426	–
Cash and cash equivalents at end of the period ⁽³⁾	1,435	19,072	1,435	19,072

Footnotes:

(1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.

(2) Included in EHT's loss for 2Q 2020 is EH-BT's other trust expenses of US\$4,700.

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1I Consolidated Statement of Cash Flows

	EHT		EH-REIT Group	
	1H 2020	24 May 2019 to 30 June 2019 ⁽¹⁾	1H 2020	24 May 2019 to 30 June 2019 ⁽¹⁾
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/ Profit for the period ⁽²⁾	(47,819)	134,545	(47,811)	134,545
Adjustments for:				
Straight-lining of rental income, amortisation of deferred income and other revenue adjustments	(1,522)	(298)	(1,522)	(298)
Finance income	(158)	(37)	(158)	(37)
Finance costs	13,988	2,378	13,988	2,378
Loss on termination of interest rate swap	18,283	–	18,283	–
REIT Manager's management fee payable in Stapled Securities	–	565	–	565
Fair value change in investment properties	1,057	(163,996)	1,057	(163,996)
Impairment loss on trade and other receivables	40,312	–	40,312	–
Tax expense	126	34,447	126	34,447
Operating income before working capital changes	24,267	7,604	24,275	7,604
Changes in working capital:				
Trade and other receivables	(28,855)	(11,151)	(28,855)	(11,151)
Trade and other payables	5,644	(9,774)	5,636	(9,774)
Net cash generated from/ (used in) operating activities	1,056	(13,321)	1,056	(13,321)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	–	(635,999)	–	(635,999)
Interest received	167	36	167	36
Net cash generated from investing activities	167	(635,963)	167	(635,963)
Cash flows from financing activities				
Proceeds from issue of Stapled Securities	–	676,953	–	676,953
Proceeds from borrowings	–	418,178	–	418,178
Payment of transaction costs related to the issuance of Stapled Securities	(70)	(32,175)	(70)	(32,175)
Payment of transaction costs relating to borrowings	–	(10,096)	–	(10,096)
Repayment of borrowings	(282)	(383,292)	(282)	(383,292)
Movement in restricted cash	(21,381)	–	(21,381)	–
Finance costs paid	(4,713)	(1,212)	(4,713)	(1,212)
Net cash (used in)/ generated from financing activities	(26,446)	668,356	(26,446)	668,356
Net (decrease)/ increase in cash and cash equivalents	(25,223)	19,072	(25,223)	19,072
Cash and cash equivalents at beginning of the period	26,658	–	26,658	–
Cash and cash equivalents at end of the period ⁽³⁾	1,435	19,072	1,435	19,072

Footnotes:

- (1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.
(2) Included in EHT's loss for 1H 2020 is EH-BT's other trust expenses of US\$7,500.

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(3) Cash and cash equivalents for EHT as at 30 June 2020 are as follows:

Cash and cash equivalents in the statements of financial position
Less: Restricted cash ⁽¹⁾
Cash and cash equivalents in the consolidated statement of cash flows

EHT and EH-REIT Group	
As at 30 Jun 2020 US\$'000	
	73,084
	(71,649)
	1,435

Footnote:

- (1) Restricted cash mainly relates to rental deposits received in cash from the Master Lessees amounting to US\$19.0 million which are pledged for term loan facilities granted to EHT, reserve funds of US\$24.9 million required to be maintained under the terms of certain mortgage loans, US\$0.1 million maintained to fund certain capital improvement works as required under the terms of the MLAs, and US\$2.1 million in general business accounts which have been restricted for withdrawal and transfer due to the default under the Facilities Agreement. The restricted cash also includes US\$25.5 million in a bank account held with DBS Bank (Hong Kong) Limited which the REIT Manager has provided irrevocable instructions not to cause or permit any withdrawal or transfers whilst discussions with the Administrative Agents and the Lenders are ongoing during the temporary forbearance period.

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1(d)(i) Statements of Changes in Unitholders' Funds for the period from 1 April 2020 to 30 June 2020

	EHT					EH-REIT Group					EH-BT	
	Units in issue and to be issued US\$'000	Issue expenses US\$'000	Hedging reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Units in issue and to be issued US\$'000	Issue expenses US\$'000	Hedging reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Accumulated losses US\$'000	Total US\$'000
At the beginning of the period	679,988	(38,347)	(17,356)	103,165	727,450	679,988	(38,347)	(17,356)	103,178	727,463	(13)	(13)
Total comprehensive income for the period												
Loss for the period	–	–	–	(38,934)	(38,934)	–	–	–	(38,929)	(38,929)	(5)	(5)
<u>Other comprehensive income</u>												
Hedging reserve transferred to profit and loss	–	–	17,356	–	17,356	–	–	17,356	–	17,356	–	–
Total other comprehensive income	–	–	17,356	–	17,356	–	–	17,356	–	17,356	–	–
Total comprehensive income for the period	–	–	17,356	(38,934)	(21,578)	–	–	17,356	(38,929)	(21,573)	(5)	(5)
Transactions with unitholders, recognised directly in equity												
<u>Contributions by and distributions to unitholders</u>												
Issue costs	–	(70)	–	–	(70)	–	(70)	–	–	(70)		
Total contributions by and distributions to unitholders	–	(70)	–	–	(70)	–	(70)	–	–	(70)	–	–
Total transactions with unitholders	–	(70)	–	–	(70)	–	(70)	–	–	(70)	–	–
At 30 June 2020	679,988	(38,417)	–	64,231	705,802	679,988	(38,417)	–	64,249	705,820	(18)	(18)

Footnotes:

(1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.

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1(d)(i) Statements of Changes in Unitholders' Funds for the period from 1 January 2020 to 30 June 2020

	EHT					EH-REIT Group					EH-BT	
	Units in issue and to be issued US\$'000	Issue expenses US\$'000	Hedging reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Units in issue and to be issued US\$'000	Issue expenses US\$'000	Hedging reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Accumulated losses US\$'000	Total US\$'000
At the beginning of the period	679,988	(38,347)	(4,699)	142,166	779,108	679,988	(38,347)	(4,699)	142,176	779,118	(10)	(10)
Total comprehensive income for the period												
Loss for the period	–	–	–	(47,819)	(47,819)	–	–	–	(47,811)	(47,811)	(8)	(8)
<u>Other comprehensive income</u>												
Hedging reserve transferred to profit and loss	–	–	4,699	–	4,699	–	–	4,699	–	4,699	–	–
Total other comprehensive income	–	–	4,699	–	4,699	–	–	4,699	–	4,699	–	–
Total comprehensive income for the period	–	–	4,699	(47,819)	(43,120)	–	–	4,699	(47,811)	(43,112)	(8)	(8)
Transactions with unitholders, recognised directly in equity												
<u>Contributions by and distributions to unitholders</u>												
Issue costs	–	(70)	–	–	(70)	–	(70)	–	–	(70)	–	–
Distribution ⁽²⁾	–	–	–	(30,116)	(30,116)	–	–	–	(30,116)	(30,116)	–	–
Total contributions by and distributions to unitholders⁽²⁾	–	(70)	–	(30,116)	(30,186)	–	(70)	–	(30,116)	(30,186)	–	–
Total transactions with unitholders⁽²⁾	–	(70)	–	(30,116)	(30,186)	–	(70)	–	(30,116)	(30,186)	–	–
At 30 June 2020	679,988	(38,417)	–	64,231	705,802	679,988	(38,417)	–	64,249	705,820	(18)	(18)

Footnotes:

(1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019

(2) No payment of the Distribution had been made on 30 March 2020 as originally scheduled. See further Note 7 at page 15 above.

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1(d)(i) Statements of Changes in Unitholders' Funds for the period from 24 May 2019 to 30 June 2019

	EHT				EH-REIT Group				EH-BT	
	Units in issue and to be issued	Issue expenses	Retained earnings	Total	Units in issue and to be issued	Issue expenses	Retained earnings	Total	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 11 April 2019 (Date of Constitution)	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period										
Profit for the period	–	–	134,545	134,545	–	–	134,545	134,545	–	–
Total comprehensive income for the period	–	–	134,545	134,545	–	–	134,545	134,545	–	–
Transactions with unitholders, recognised directly in equity										
<u>Contributions by and distributions to unitholders</u>										
Issue of new units/stapled securities										
- Initial public offering	676,953	–	–	676,953	676,903	–	–	676,903	50	50
- REIT Manager's management fees payable in Stapled securities	565	–	–	565	565	–	–	565	–	–
Issue costs	–	(37,722)	–	(37,722)	–	(37,722)	–	(37,722)	–	–
Total contributions by and distributions to unitholders	677,518	(37,722)	–	639,796	677,468	(37,722)	–	639,746	50	50
Total transactions with unitholders	677,518	(37,722)	–	639,796	677,468	(37,722)	–	639,746	50	50
At 30 June 2019	677,518	(37,722)	134,545	774,341	677,468	(37,722)	134,545	774,291	50	50

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1(d)(ii) Details of any changes in Stapled Securities

	EHT			
	2Q 2020	24 May 2019 to 30 June 2019 ⁽¹⁾	1H 2020	24 May 2019 to 30 June 2019 ⁽¹⁾
	No. of Stapled Securities	No. of Stapled Securities	No. of Stapled Securities	No. of Stapled Securities
Stapled securities in issue:				
At the beginning of the period/ At 11 April 2019 (Date of Constitution)	872,750,118	–	870,866,094	–
Movements during the period:				
- Issue of new Stapled Securities at initial public offering	–	867,888,000	–	867,888,000
- REIT Manager's management fee paid in stapled securities for the period 1 October 2019 to 31 December 2019	–	–	1,884,024	–
Total issued Stapled Securities as at the end of the period	–	67,888,000	872,750,118	67,888,000
Stapled securities to be issued:				
- REIT Manager's management fees payable in stapled securities for the period 24 May 2019 to 30 June 2019	–	807,296	–	807,296
Total issuable Stapled Securities as at the end of the period	–	807,296	–	807,296
Total stapled securities issued and to be issued as at end of the period	872,750,118	868,695,296	872,750,118	868,695,296

Footnote:

- (1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT's results announcement for the period from 24 May 2019 to 30 June 2019.

1(d)(iii) To show the total number of issued stapled securities excluding treasury shares at the end of the current financial period, and as at the end of the immediately preceding year

EHT does not hold any treasury stapled securities as at 30 June 2020. The total number of issued Stapled Securities in EHT was 872,750,118.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed.

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3 Where the figures have been audited or reviewed, the auditor’s report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer’s most recent audited annual financial statements have been applied

EHT has applied the same accounting policies and methods of computation consistent with those used in the audited financial statements for the financial period ended 31 December 2019 in the preparation of the consolidated financial statements for the current reporting period.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6 Earnings Per Stapled Security (“EPS”) and Distribution Per Stapled Security (“DPS”)

EPS

	EHT			
	2Q 2020	24 May 2019 to 30 June 2019 ⁽¹⁾	1H 2020	24 May 2019 to 30 June 2019 ⁽¹⁾
Basic EPS				
Weighted average number of Stapled Securities in issue and issuable	872,750,118	867,909,245	870,952,415	867,909,245
Basic EPS (US cents)	(4.461)	15.50	(5.476)	15.50
Diluted EPS				
Weighted average number of Stapled Securities in issue and issuable	872,750,118	867,909,245	872,750,118	867,909,245
Diluted EPS (US cents)	(4.461)	15.50	(5.465)	15.50

DPS

	EHT			
	2Q 2020 ⁽²⁾	24 May 2019 to 30 June 2019 ⁽¹⁾	1H 2020 ⁽²⁾	24 May 2019 to 30 June 2019 ⁽¹⁾
Number of Stapled Securities in issue at end of period	872,750,118	868,695,296	872,750,118	868,695,296
DPS (US cents) ⁽²⁾	–	0.650	–	0.650

Footnotes:

(1) The comparative figures were for the period from 24 May 2019 (Listing Date) to 30 June 2019. These figures were extracted from EHT’s results announcement for the period from 24 May 2019 to 30 June 2019.

(2) There is no income available for distribution for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty on the Master Lessees’ ability to make rental payments and fulfil its obligations under the MLAs. In this regard, there is no distribution per Stapled Security.

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7 Net Asset Value (“NAV”) and Net Tangible Asset (“NTA”) per Stapled Security based on issued and issuable stapled securities at the end of (a) the current financial period reported on and (b) immediately preceding financial year

	EHT	
	As at 30 Jun 2020	As at 31 Dec 2019
Number of Stapled Securities in issue and to be issued	872,750,118	872,750,118
Net asset value/net tangible assets attributable to stapled securityholders (US\$'000)	705,802	779,108
NAV and NTA per Stapled Security (US cents) ⁽¹⁾	80.87	89.27

Footnote:

(1) The computation of NAV and NTA was based on number of stapled securities in issue and to be issued as at the end of the period. NAV and NTA is the same as there was no intangible asset as at the end of the period.

8 Review of Performance

On 24 March 2020, the REIT Manager announced that it had on 20 March 2020 received the Notice in relation to the Facilities Agreement issued on behalf of the Administrative Agent for the Lenders under the Facilities Agreement. The Notice states that as a result of such event of default, the Administrative Agent, on behalf of the Lenders under the Facilities Agreement, is entitled to and is exercising its rights and remedies under the Facilities Agreement, including the right to accelerate the entirety of the loan as a result of which a principal amount of US\$341.0 million was declared to have become immediately due and owing.

As announced on 1 April 2020, the Special Committee of the REIT Manager have been working with the Administrative Agent and the lenders to, among other things, negotiate with an objective of obtaining an agreement with the Administrative Agent and the Lenders in respect of a longer-term forbearance agreement, including a consensual strategy moving forward. However, as disclosed in the same announcement, there is no certainty or assurance that any discussions or prospects will be successfully concluded or any definitive arrangements in relation to any transactions will be entered into, including whether there will be any satisfactory resolution with the administrative agent and the lenders. Consequently, EHT’s portfolio of properties remain at risk upon enforcement action by the lenders.

The unaudited financial statements for 2Q 2020 and 1H 2020 have been prepared based on certain key assumptions and adjustments as follows:

- i. The unaudited financial statements have been prepared on a going concern basis on the assumption that the Administrative Agent will not act to foreclose the entirety of the loan due and owing under the Facilities Agreement and/or other parties do not seek to enforce their rights to any receivables.
- ii. The financial effects of certain developments affecting EHT after 30 June 2020 are not reflected in the 2Q 2020 and 1H 2020 financial statements. Please refer to further announcements of the REIT Manager for more information. The Special Committee of the REIT Manager will continue to update its Stapled Securityholders on any significant developments as and when appropriate.

Please refer to Section 9 on the review of the actual results for the Second Quarter period from 1 April 2020 to 30 June 2020 and the Half Year period from 1 January 2020 to 30 June 2020 against the projection as disclosed in the Prospectus.

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9 Where a forecast, or a prospect statement, has been previously disclosed to Stapled Securityholders, any variance between it and the actual results.

Variance between Actual and Projection Results

<u>Consolidated Statement of Comprehensive Income</u>	Note	2Q 2020			1H 2020		
		Actual US\$'000	Projection ⁽¹⁾ US\$'000	Variance %	Actual US\$'000	Projection ⁽¹⁾ US\$'000	Variance %
Revenue	1	15,694	23,907	(34.35%)	32,284	45,850	(29.59%)
Property expenses	2	(1,753)	(3,527)	(50.30%)	(5,759)	(7,051)	(18.32%)
Net property income		13,941	20,380	(31.59%)	26,525	38,799	(31.63%)
REIT Manager's management fees	3	–	(1,453)	(100.0%)	–	(2,706)	(100.0%)
REIT Trustee's fees		(51)	(69)	(26.09%)	(103)	(137)	(24.82%)
Other trust expenses	4	(10,221)	(482)	n.m.	(11,588)	(964)	n.m.
Caretaker expenses	5	(3,361)	–	n.m.	(3,361)	–	n.m.
Other income	6	14,316	–	n.m.	14,316	–	n.m.
Finance income		20	157	(87.26%)	158	314	(49.68%)
Finance costs		(8,467)	(5,769)	46.77%	(13,988)	(11,539)	21.22%
Net finance costs	7	(8,447)	(5,612)	50.52%	(13,830)	(11,225)	23.21%
Loss on termination of interest rate swap	8	(18,283)	–	n.m.	(18,283)	–	n.m.
Impairment loss on trade and non-trade receivables	9	(26,300)	–	n.m.	(40,312)	–	n.m.
(Loss)/ Profit before tax and change in fair value		(38,406)	12,764	n.m.	(46,636)	23,767	n.m.
Net fair value change in investment properties	10	(528)	–	n.m.	(1,057)	–	n.m.
(Loss)/ Profit before tax		(38,934)	12,764	n.m.	(47,693)	23,767	n.m.
Tax expense	11	–	–	n.m.	(126)	–	n.m.
(Loss)/ Profit for the period	12	(38,934)	12,764	n.m.	(47,819)	23,767	n.m.

Distribution Statement

(Loss)/ Profit for the period	12	(38,934)	12,764	n.m.	(47,819)	23,767	n.m.
Distribution adjustments		38,934	1,763	n.m.	47,819	3,290	n.m.
Income available for distribution to Stapled Securityholders	13	–	14,527	n.m.	–	27,057	n.m.

n.m. – Not meaningful

Footnotes:

(1) The Prospectus disclosed a 12-month profit projection for the year from 1 January 2020 to 31 December 2020 (the "Projection"). Projection results were derived from the seasonal projection for 2Q 2020 and 1H 2020 respectively, based on the Projection Year 2020 as disclosed in the Prospectus.

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Notes:

1. Revenue for 2Q 2020 and 1H 2020 were US\$15.7 million and US\$32.3 million which were 34.4% and 29.6% below projection. This was mainly due to the rental payments for 2Q 2020 and 1H 2020 remaining substantially outstanding and unpaid by the Master Lessees.

As announced by the Managers on 28 April 2020 and 21 June 2020, the relevant Master Lessors (being subsidiaries of EH-REIT), with the approval of the REIT Trustee, the Administrative Agent and the Lenders, have instituted temporary caretaker arrangements with the incumbent or a new hotel manager for certain properties whereby (i) pursuant to the issue of default notices to the relevant Master Lessees under the respective hotel management agreements, the HMAs have been terminated or the applicable hotel manager was threatening to reduce management services and/or abandon the hotel in the absence of imminent caretaker action; and/or (ii) the hotels would be closed to the public for at least the immediate future in response to the COVID-19 pandemic and its unprecedented impact on the hotels, under which such hotel managers are providing temporary caretaker services at the applicable hotel in exchange for payment of monthly caretaker costs by the applicable Master Lessors. As of 30 June 2020, 15 out of the 18 properties in EHT's portfolio have shuttered and ceased operations for the time being.

Furthermore, the impact of the global COVID-19 pandemic where travel restrictions and stay-at-home orders were imposed by governments to varying degrees since March 2020, being a traditionally stronger month within the first quarter, resulted in a significant decline in our RevPAR.

2. Property expenses for 2Q 2020 and 1H 2020 were US\$1.8 million and US\$5.8 million, which were 50.3% and 18.3% lower than projection which is mainly attributed to property tax expense is recognised when EHT receives the invoice for payment whereas the projected property tax expenses derived from the Projection Year 2020 was on a pro-rata basis of 91 days and 182 days respectively.
3. REIT Manager's management fee is calculated at 10.0% of distributable income. There is no REIT manager's management fee for 2Q 2020 and 1H 2020 due to the nil distributable income for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs.
4. Other trust expenses for 2Q 2020 and 1H 2020 were US\$10.2 million and US\$11.6 million, which were significantly higher than projection. This was mainly attributed to legal and professional fees incurred in connection with the Restructuring and Strategic Review, as well as the due to the default under the MLAs. (Refer to notes (ix) and (xv) in pages 6 and 8 respectively for further details)
5. Expenses relating to temporary caretaker arrangements at certain hotels in EHT's portfolio were incurred due to the lack of remedial action on the part of the relevant Master Lessees to safeguard the hotels whose HMAs have been, amongst other things, terminated (Refer to note (iii) in page 4 for further details).
6. Other income comprises recovery of legal and professional fees, caretaker expenses and interest expense due to default rates that are accrued in statement of comprehensive income. To the extent these expenses are incurred in connection with any default under the MLAs, they would fall within the scope of the relevant Master Lessees' indemnity obligation under MLAs.
7. Finance income comprises interest income on bank balances.

Finance costs comprise interest expense on loans and borrowings, interest rate swaps and lease liabilities, amortisation of debt-related transaction costs, accretion of non-current security deposits measured at amortised cost.

The finance costs have increased significantly in 2Q 2020 due to the default interest accrued on the total outstanding loan balances of the Facilities Agreement and DW mortgage loan, with effect from the date of respective notice of defaults in accordance with the applicable provision of the relevant loan or facilities Agreement, as a result of the notice of default and acceleration of the Facilities Agreement issued by the Administrative Agent and Wells Fargo. In addition, the increase in finance costs also attributable to the interest on overdue interest payable amount at a rate calculated in accordance with the applicable provision of the relevant loan or Facilities Agreement.

8. The loss on termination of interest rate swap ("IRS") pertains to the amounts due and payable under the IRS agreement with effect from its termination date as a result of the notice of termination of IRS agreement received by EHT. (Refer to note (v) in page 5 for further details)

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9. Impairment loss on trade receivables and non-trade receivables comprise:
- (1) Rental receivable from Master Lessees recorded as of 30 June 2020 have been fully impaired as a result of the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under MLAs; and
 - (2) Impairment loss on other receivables due to uncertainty on the recoverability.
10. The change in fair value relates to straight line rent accounting adjustments. Refer to paragraph 15 on page 39 for further details on the carrying amount of the investment properties.
11. Tax expense consist of current tax and deferred tax expenses. Current tax expense comprises mainly of income tax payable. Deferred tax is recognised in respect of temporary differences between the carrying amounts used, mainly derived for financial reporting purposes, and the amounts used for taxation purposes.
12. As a result of the above, EHT recorded a loss for 2Q 2020 and 1H 2020 of approximately US\$38.9 million and US\$47.8 million, respectively.
13. There is no income available for distribution for 2Q 2020 and 1H 2020 respectively, as a result of the uncertainty on the Master Lessee's ability to make rental payments and fulfil its obligations under the MLAs.

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10 Commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As a result of the COVID-19 pandemic, many countries around the world have implemented enhanced social distancing or partial or total lockdown measures, resulting in a sharp decrease in traveller volume in the United States. Within the United States, the outbreak has been closely monitored, with stringent travel restrictions and stay-at-home orders put in place by many states, including those in which EHT's hotels operate. These developments have caused significant disruptions to market demand across EHT's hotels and have affected the revenue streams of these hotels. To date, 15 of EHT's hotels have shuttered and the cessation of operations is expected to have a significant impact on both the fixed and variable rent EHT expects to receive in 2020 which were based on pre-COVID-19 forecast.

As previously disclosed by the Managers in (i) the announcement "Business Strategic Review and Update" dated 19 March 2020, (ii) the announcement "Request for Voluntary Trading Suspension" dated 24 March 2020, (iii) the announcement "Update Announcement and Response to SGX-ST's Queries" dated 20 April 2020, (iv) the announcement "Update Announcement – Appointment of Chief Restructuring Officers and other Updates" dated 24 April 2020, (v) the announcement "Update Announcement – (1) Termination of Interest Rate Swap Agreement, (2) Discovery of Interested Person Transactions, and (3) Liabilities of Master Lessees" dated 15 May 2020, (vi) the announcement "Update Announcement #8 – (1) Additional Notices of Default by Master Lessees under Hotel Management Agreements and Demand for Repayment of Key Money from Master Lessors, (2) Implementation of Additional Temporary Caretaker Arrangements, (3) Proceedings in relation to Sheraton Pasadena, (4) Liens over Certain Hotels, and (5) Defaults under The Queen Mary Long Beach Lease dated 21 June 2020, (vii) the announcement "Update Announcement #9 – Commencement of Forensic Accounting Investigation of Sponsor of EHT and Master Lessees and Issuance of Notices of Defaults to Master Lessees" and (viii) the announcement "Update Announcement #11 – (1) Discovery of Unauthorised Application made under the United States Paycheck Protection Program on behalf of the Queen Mary Master Lessor, (2) Delinquency of Taxes by Certain Master Lessees, and (3) Receipt of Notices of Default and Termination under Certain Franchise Agreements", there have been various delinquencies on the part of Master Lessees, particularly in providing security deposits and paying for rent for the months of January to June 2020 under their master leases with EHT as well as in performing various obligations under their hotel management agreements with third party hotel operators, all of which have not been remedied to date. There is currently no visibility on whether the Master Lessees will remedy these delinquencies, if at all, or whether the Master Lessees will be able to perform their contractual obligations in future, especially coupled with the uncertainty in business prospects due to COVID-19 as outlined below. In relation to the foregoing, contingency measures have been implemented, such as instituting temporary caretaker arrangements at some of EHT's hotels, to preserve asset value.

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 master leases and all rights of the Master Lessors against the Master Lessees under the master leases are expressly reserved. It is unclear if and when the Master Lessees would be able to remedy such delinquencies and all rights and remedies against the Master Lessees will need to be explored including if appropriate termination of the master leases.

On a related note, as previously disclosed in the 24 March 2020 announcement "Request for Voluntary Trading Suspension", the 1 April 2020 announcement "Update Announcement – Special Committee Established", as a result of the Master Lessees' non-payment of rent, a notice of default and acceleration in relation to a facilities agreement entered into by EH-REIT, through certain of its subsidiaries, has been issued by the administrative agent acting on behalf of the lenders, declaring that a principal amount of US\$341.0 million has become due and payable. As subsequently disclosed in the 15 May 2020 announcement "Update Announcement – (1) Termination of Interest Rate Swap Agreement, (2) Discovery of Interested Person Transactions, and (3) Liabilities of Master Lessees", pursuant to the subsequent termination of an interest rate swap arrangement with one of the lenders under the Facilities Agreement, there has been a further addition of US\$18.3 million to this outstanding amount. While the lenders have agreed to a temporary forbearance from exercising their rights and remedies in relation to the defaults, there is currently no certainty that a long-term forbearance or any other form of satisfactory resolution will be achieved with the lenders. As such, the prospects of a consensual restructuring of EHT remains uncertain and EHT's portfolio of properties remain at risk upon enforcement action by the lenders.

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US Economic and Lodging Market Outlook¹

Due to the global pandemic outbreak, US Real GDP² is estimated to have contracted at an accelerated rate of 32.9% in 2Q 2020, as compared to a 5.0% contraction in 1Q 2020, which ended the longest period of US economic expansion on record.

With lockdowns in place as well as cost-cutting measures undertaken in 2Q 2020, the US job market suffered greatly with unemployment rate³ increasing to 11.1% as of 2Q 2020, as compared to 4.4% as of 1Q 2020. While there was better than expected job market recovery from 14.7% unemployment rate in April 2020 to 11.1% unemployment rate in June 2020, the health crisis continues to pose a risk to the economic recovery.

Consumer confidence⁴ has also deteriorated significantly to 78.1 in 2Q 2020, as compared to 89.1 in 1Q 2020. As of July 2020, consumer confidence has continued its decline and is currently at 72.5.

The Lodging sector continues to face two main headwinds: a contraction in overall economic activity and the need for social distancing. This has caused a severe decline in Lodging demand, with the impact expected to be greatest in gateway cities that cater to international and business travellers, and those that accommodate large groups for conventions and conferences. The drop in foreign travellers which accounts for 8.0% of total U.S. hotel demand will especially impact gateway hospitality markets such as New York, Los Angeles, Miami and Orlando.

Many states that began lifting restrictions have seen an increase in the number of COVID-19 cases. As case numbers accelerate in some areas of the US, some states have begun to pause their reopening plans and have reinstated lockdown measures in some cases. Even without additional lockdown measures, a resurgence in cases is expected to curtail lodging demand in these areas as the risk of infection causes travelers to avoid these locations. As was the case at the start of the pandemic, consumers and employers cut back on travel well before social distancing and lockdown measures are put in place to reduce their own risk of getting the disease and spreading it to others.

For the week ending June 27, U.S. hotels reached 46.2% occupancy, up significantly from its low point of 22.0% in mid-April when strict local lockdown measures brought travel to a standstill. Occupancy levels doubled as Americans have hit the road as the country has re-opened to domestic travel, and occupancy gains were stronger than expected and reflect an earlier-than-expected easing of lockdown measures and strong pent-up demand for hotel rooms in leisure destinations that can support drive-to travelers.

Although the unexpected job market recovery in May and June coupled with 10 consecutive weeks of positive occupancy gains puts the U.S. hotel industry in a better position and has surprised to the upside, downside risks remain elevated as COVID-19 case numbers continue to rise at an alarming rate and will more than likely slow or reverse the reopening of many states in the U.S. There is slower growth anticipated throughout July and August, and if case numbers begin to decline again, many small groups and some corporate travel may begin heading into fall.

Overall, no areas of lodging have been spared from the pandemic. It is now estimated that 2020's US National RevPAR will decline 51.9% y-o-y. An estimated 38.0% y-o-y decline in 2020's US National Occupancy Rates will be the primary impact of Lodging performance. 2020's US National ADR (Average Daily Rates) are also estimated to decline by 22.5% y-o-y.

¹ Source: Independent Market Research unless otherwise stated

² Source Bureau of Economic Analysis, United States Department of Commerce

³ Source: Bureau of Labor Statistics, United States Department of Labor

⁴ Source: University of Michigan

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11 Other Risk Factors

In light of the recent events surrounding EHT, such as the uncertainty of the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs, the default and acceleration of the Facilities Agreement and the outbreak of the COVID-19 pandemic, the REIT Manager wishes to highlight some of the material risks it currently faces. It should be noted that the full consequences and implications which have been disclosed in the REIT Manager' announcements thus far cannot necessarily be appreciated or assessed at this time.

The risks described below are by no means exhaustive or comprehensive, and there may be other risks in addition to those outlined below that are not known to the REIT Manager or which may not be material now but could turn out to be material in the future. Confirmations by the directors set out in paragraph 15 need to be read in the context of all disclosures to date by the REIT Manager including in this announcement and the fact that not all implications of developments and events can be assessed or known at this time.

There is material uncertainty which may cast significant doubt on EHT's ability to continue as a going concern

There cannot be any assurance that EHT will be able to continue operating as a going concern. As a result of the Notice issued by the Administrative Agent under the Facilities Agreement, as of 31 March 2020, approximately US\$341.0 million of secured loans and borrowings are repayable by EHT within one year, and exceeds EHT's unrestricted cash and cash equivalents of approximately US\$4.4 million as of 31 March 2020. The REIT Manager has also subsequently received other notices of default and/or termination from other lenders of EHT.

As disclosed in the recent announcements of EHT, the REIT Manager is currently undergoing discussions and negotiations with its lenders with the goal of achieving a long term forbearance agreement, but there can be no certainty or assurance that there will be any satisfactory resolution with EHT's lenders. If a long term forbearance cannot be negotiated, the Administrative Agent will have the right to foreclose on the loan and exercises its rights and remedies under the Facilities Agreement.

The financial performance of EHT is dependent on the condition and outlook of the United States hospitality and lodging industry, which has been severely affected by the outbreak of COVID-19

The global impact of the COVID-19 pandemic has resulted in unprecedented impacts in the industries which we operate in, particularly the hospitality and lodging industry in the United States. It is possible that public health officials or governmental authorities in the markets in which we operate in may impose restrictions in an effort to slow the spread of COVID-19, or relax or revoke existing restrictions too quickly, which could, in any case, exacerbate the severity of adverse impacts on economies. Due to the fluid and evolving nature of the COVID-19 outbreak, there is uncertainty as to the severity of impact that COVID-19 will have on EHT. This presents a material risk to our business, financial condition, results of operations and prospects of EHT.

The Properties in EHT's portfolio may not be able to generate sufficient cash flow

There can be no assurance that the properties in EHT's Initial Portfolio will be able to generate sufficient cash flow. EHT's revenue and results of operations depend on the performance of the United States economy, which is in turn affected by, amongst others, the outbreak of the COVID-19 pandemic and global economic conditions. Any prolonged adverse effects on the United States economy could adversely affect EHT's results of operations and financial performance.

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EHT may not be able to collect rent and/or receive security deposits from the Master Lessees at all

EHT is dependent upon the rental payments from the Master Lessees, and the business, financial condition, results of operations and prospects of EHT depend substantially upon the Master Lessees' ability to make rent payments to EHT. There can be no assurance that the Master Lessees will make payment of its outstanding and continuing rental obligations to EHT and that EHT will be able to settle its rental and other receivables in the near future.

As disclosed by the REIT Manager on 29 June 2020 in the announcement titled "Commencement of Forensic Accounting Investigation of Sponsor of EHT and Master Lessees and Issuance of Notices of Defaults to Master Lessees", the REIT Manager had granted an extension of time to 8 June 2020 for the Master Lessees to furnish the balance of its security deposits under the MLAs by way of letter of credit issued in favour of the REIT Manager. As at the date of this report, the relevant Master Lessees have not provided the outstanding security deposits, There can be no assurance that the Master Lessees will be able to furnish the security deposits to the relevant Master Lessors.

EHT may be affected by adverse developments affecting the Sponsor and/or Master Lessees

Any adverse developments and future financial challenges, such as potential bankruptcy or insolvency of the Sponsor and/or the Master Lessees may have a direct material adverse effect on the financial condition and results of operations of EHT. In the announcement dated 21 June 2020, titled "Update Announcement #8 – (1) Additional Notices of Default by Master Lessees under Hotel Management Agreements and Demand for Repayment of Key Money from Master Lessors, (2) Implementation of Additional Temporary Caretaker Arrangements, (3) Proceedings in relation to Sheraton Pasadena, (4) Liens over Certain Hotels, and (5) Defaults under The Queen Mary Long Beach Lease", the REIT Manager has been informed by FTI Consulting, Inc, ("FTI") as Chief Restructuring Officers of EHT, 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 in respect of EHT's properties amount to approximately US\$49.0 million.

EHT may also become involved in legal and regulatory proceedings and otherwise be subject to legal claims arising out of the adverse developments affecting the Sponsor and/or the Master Lessees, including claims by regulatory authorities, hotel franchisors and/or hotel managers operating the hotels for, *inter alia*, breaches of legal, contractual or other duties on the part of the Master Lessee. Exposure to litigation may affect EHT's reputation and have a material adverse effect on the financial condition and results of the operations of EHT.

12 Distribution

(a) Current financial period

Any distributions declared for the current financial period?

No

(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the corresponding period of the immediately preceding financial period?

Not applicable

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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13 If no distribution has been declared/recommended, a statement to that effect and the reason (s) for the decision

No distribution for the current financial period was declared as there was no income available for distribution for the period from 1 January 2020 to 30 June 2020.

The REIT Manager will need to review the financial results for the appropriate financial periods in totality to determine the actual level of distribution (if any), taking into consideration, amongst other things, the liquidity of EHT, the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs, the default and acceleration of the US\$341.0 million syndicated credit agreement (the "Facilities Agreement"), the continuing inability of EHT to pay the distribution for FY2019 and the evolving situation of the COVID-19 pandemic and its collective impact on EHT.

14 If the Group has obtained a general mandate from Stapled Securityholders for interested person transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

EHT has not obtained a general mandate from its Stapled Securityholders for interested person transactions.

15 Confirmation pursuant to Rule 705(5) of the Listing Manual

Subject to the basis of preparation as set out in paragraph 8 and the matters which have been disclosed on SGXNET and events or implications arising therefrom, we, on behalf of the Board of Directors of the REIT Manager and the Trustee-Manager confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the REIT Manager and the Trustee-Manager which may render the unaudited financial results of EHT for second quarter and half year ended 30 June 2020, to be false or misleading in any material aspect.

The Board of Directors of the Managers would like to highlight that the carrying amounts of the investment properties as at 30 June 2020 are based on independent valuations as at 31 December 2019, and have not taken into account any impact of the recent events surrounding EHT and the COVID-19 pandemic, which may be significant. The investment properties were valued by an independent valuer, SG&R Singapore Pte Ltd (trading as HVS) as at 31 December 2019, and includes the recognition of right-of-use asset arising from the adoption of IFRS 16 in relation to EHT's operating lease that qualifies as an investment property and accounting for rental income on a straight-line basis.

As disclosed by the Managers in (i) the announcement "Business Strategic Review and Update" dated 19 March 2020, (ii) the announcement "Request for Voluntary Trading Suspension" dated 24 March 2020, (iii) the announcement "Update Announcement and Response to SGX-ST's Queries" dated 20 April 2020, (iv) the announcement "Update Announcement – Appointment of Chief Restructuring Officers and other Updates" dated 24 April 2020, (v) the announcement "Update Announcement – (1) Termination of Interest Rate Swap Agreement, (2) Discovery of Interested Person Transactions, and (3) Liabilities of Master Lessees" dated 15 May 2020, (vi) the announcement "Update Announcement #8 – (1) Additional Notices of Default by Master Lessees under Hotel Management Agreements and Demand for Repayment of Key Money from Master Lessors, (2) Implementation of Additional Temporary Caretaker Arrangements, (3) Proceedings in relation to Sheraton Pasadena, (4) Liens over Certain Hotels, and (5) Defaults under The Queen Mary Long Beach Lease dated 21 June 2020 and (vii) the announcement "Update Announcement #9 – Commencement of Forensic Accounting Investigation of Sponsor of EHT and Master Lessees and Issuance of Notices of Defaults to Master Lessees" (collectively, the "**Announcements**"), there have been multiple breaches and defaults by the Master Lessees under the master lease agreements. These breaches and defaults of the master lease agreements include the relevant Master Lessees failure to provide outstanding security deposits of approximately US\$15.0 million to the relevant Master Lessors, rental delinquencies on the part of the Master Lessees' for fixed and variable rent due in 2020, and various other breaches and defaults by the relevant Master Lessees on other obligations under the applicable master lease agreements as described in the Announcements

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The independent valuations conducted by HVS on EHT's investment properties as at 31 December 2019 had included assumptions that relied on the construct of the master lease agreements entered into by subsidiaries of EH-REIT and Urban Commons, LLC. The Managers are in the process of undertaking its comprehensive strategic review of EHT in consultation with its professional advisors and the Trustee, which will take into account the various breaches and defaults under the master lease agreements in respect of the appropriateness and viability of the master lease agreement structure and any actions to be taken in respect of and pursuant to the MLAs. It remains unclear if and when the Master Lessees would be able to remedy such delinquencies and all rights and remedies against the Master Lessees are being explored, including if appropriate the termination of the master lease agreements. As a result, the material uncertainty surrounding the viability of the master lease agreement construct and the consequential impact of the Master Lessees' inability to fulfil their commitments lend to a lack of visibility regarding key valuation assumptions, thus increasing the difficulty to conduct any appropriate property valuation at this point in time

The outbreak of COVID-19 was declared by the World Health Organisation as a global pandemic on 11 March 2020, and subsequent declared a national emergency in the United States on 13 March 2020. The COVID-19 pandemic has resulted in unprecedented market uncertainty, particularly in the short term, that poses challenges in providing accurate and meaningful valuations for the investment properties. For example, developments on the easing of government restrictions on travel and social distancing measures are ongoing and consequential impact on travel and business demand remains uncertain. In view of the significant market uncertainty resulting from COVID-19 and its corresponding impact on the hospitality and tourism industry in the United States coupled with the ongoing defaults as disclosed in the Announcements, there exists a lack of visibility regarding future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates in the current market, which contributes to the difficulties in obtaining appropriate property valuations of the investment properties

The Board of Directors are of the view that under the existing circumstances, including but not limited to the events as outlined above, it is difficult to reasonably quantify any impact on the carrying amounts of the EHT's investment properties at this point in time. Given the fluidity and uncertainty of our current operating environment and the ongoing defaults as highlighted in the Announcements, some of the key assumptions used to derive the valuations of the investment properties would be very subjective and arbitrary.

Salvatore Gregory Takoushian
Executive Director and Chief Executive Officer

Tan Wee Peng Kelvin
Independent Director

16 Confirmation pursuant to Rule 720(1) of the Listing Manual

We, on behalf of the board of directors of the REIT Manager and the Trustee-Manager, confirm that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the SGX-ST (the "Listing Manual"), as required by Rule 720(1) of the Listing Manual.

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17 Use of proceeds from Initial Public Offering

The use of proceeds raised from the initial public offering, including proceeds from the loan facilities, is in accordance with the stated uses as disclosed in the Prospectus, and is set out below:

	Amount allocated US\$'000	Amount utilised US\$'000	Balance US\$'000
Acquisition of the Initial Portfolio	1,111,649	1,111,649	-
Issue expenses and other transaction costs	49,234	45,205	4,029
Working capital ⁽¹⁾	23,600	5,493	18,107
	1,184,483	1,162,347	22,136

Footnote:

(1) Included in the working capital is a US\$16.1 million cash collateral on a secured loan.

The breakdown on the utilisation of working capital from IPO is as follows:

	Amount utilised US\$'000
Debt-related transaction cost	3,123
Unused cash from IPO	(1,210)
Finance income	(60)
REIT Trustee fees	80
Other trust expenses	3,560
	5,493

The REIT Manager will make further announcements via SGXNET on the utilisation of the remainder of the IPO proceeds as and when such funds are substantially disbursed.

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This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the REIT Manager and the Trustee-Manager (collectively, the “Managers”) on future events.

The value of the stapled securities in EHT (the “Stapled Securities”) and the income derived from them, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of EHT is not necessarily indicative of the future performance of EHT. Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board

Salvatore Gregory Takoushian
Executive Director and 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. 201829918K)
(as Trustee-Manager of Eagle Hospitality Business Trust)

Date: 14 August 2020