

FOR IMMEDIATE RELEASE

Eagle Hospitality Trust issues termination notices to master lessees of all its properties to protect portfolio

- Action taken after ongoing events of default by the Master Lessees.
- Request For Proposal (“RFP”) process currently ongoing for new investor(s) to inject fresh capital into Eagle Hospitality Trust as part of restructuring and rehabilitation plan.

Singapore, 23 September 2020 – Eagle Hospitality Trust (“EHT”) has issued notices of termination of the Master Lease Agreements (the “MLAs”) of all the 18 properties in EHT’s portfolio to the Master Lessees.

The issuance of the termination notices was to protect the portfolio in the interest of EHT and its Stapled Securityholders and pursuant to lenders’ requirements. The termination of the MLAs is to occur 10 days after the delivery of the termination notices to the Master Lessees.

The issuance of the termination notices of the MLAs follows last week’s SGXNET announcement by the Managers of EHT that the relevant Master Lessors have issued notices to the relevant Master Lessees to pay outstanding rent and/or perform the defaulted non-rent obligations under the applicable MLA.

The termination of the MLAs is a required condition of the lenders’ consent to continued extension of further forbearance arrangements, and it is crucial for EHT to take control of the hotel properties in order to implement potential temporary arrangements in respect of the properties.

Notwithstanding the MLAs’ termination, the Master Lessors have not and will not be waiving any of their rights or remedies relating to the Master Lessees’ liabilities and/or obligations under the MLAs, including those accrued prior to the termination of the MLAs. The Master Lessors continue to reserve all of their rights against the Master Lessees.

Notwithstanding the MLAs’ termination, the Managers of EHT continue to be in dialogue with the Master Lessees on possible resolutions to past defaults and/or obligations.

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

The termination of the MLAs arises out of, among other things, the uncured and ongoing defaults by the Master Lessees under the MLAs, many of which pre-date the COVID-19 pandemic. Examples of these defaults include:

- (i) the monthly fixed rent, the variable rent and the additional rent for the calendar months of January 2020 to August 2020 for all of the properties remain substantially unpaid;
- (ii) the Master Lessees have repeatedly failed to timely pay the outgoings (including the costs of insurance premiums and other expenses relating to the insurances required to be effected by the Master Lessees under the MLAs); and
- (iii) the relevant Master Lessees have failed to prevent the termination of certain hotel management agreements by the relevant hotel manager of five hotels – Four Points by Sheraton San Jose Airport, Crowne Plaza Danbury, Hilton Houston Galleria Area, Embassy Suites by Hilton Palm Desert and Doubletree by Hilton Salt Lake City.

In light of the continuing defaults by the Master Lessees, the Managers have had to utilise available funds at EH-REIT to fund necessary and critical expenses of EHT and its underlying portfolio to protect and safeguard the asset value of EHT's portfolio and to protect the interest of Stapled Securityholders.

Over the past few months, the available funds of EHT have been decreasing in order to fund such expenses, a substantial portion of which are the obligations and liabilities of the Master Lessees under the MLAs.

A detailed breakdown of the ongoing defaults as well as the rationale for the termination of the MLAs are outlined from Page 2 to 4 in the accompanying SGXNET announcement.

The Interim Plan

Presently, only three of the 18 hotels in EHT's portfolio are open and operational – the Delta Woodbridge, the Holiday Inn Denver East - Stapleton and the Renaissance Denver.

Until longer-term replacement lessee(s) solutions are found, EH-REIT and the Master Lessors will continue to provide oversight of the hotels, with the hotel managers (or caretaker hotel managers) managing and/or operating the hotels under the brand name of franchisors.

The Board of the REIT Manager and the REIT Trustee believe that, on balance, the interim management and operation of the properties are in the best interests of the Stapled Securityholders and is necessary and integral to facilitate the restructuring process. The RFP process commenced on 23 July 2020 to seek proposals for EHT, on an expedited basis.

It is envisaged that all of the 18 hotels in EHT's portfolio, circumstances permitting, will eventually be re-opened to the public. The Master Lessors will seek to receive operating income from the operation of the hotels (subject to revenue exceeding operating expenses) on an interim basis.

This temporary measure will continue until such time that new Master Lessees are installed, the RFP process is completed, and subject to there being a viable and credible winning participant pursuant to the RFP process. This also includes an extraordinary general meeting of the Stapled Securityholders that will likely be convened to seek the approval for a new structure to be put in place for EHT.

An update in respect of the RFP process will be separately provided at the appropriate juncture as the REIT Trustee is still in the midst of assessing all proposals received from the RFP process.

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About Eagle Hospitality Trust ("EHT")

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

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

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