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EAGLE HOSPITALITY TRUST

Comprising:

EAGLE HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 11 April 2019 under the laws of the Republic of Singapore) managed by

Eagle Hospitality REIT Management Pte. Ltd.

EAGLE HOSPITALITY BUSINESS TRUST

(a business trust constituted on 11 April 2019 under the laws of the Republic of Singapore) managed by

Eagle Hospitality Business Trust Management Pte. Ltd.

Response to Questions received from Stapled Securityholders prior to the Company’s Extraordinary General Meeting

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as set out in the circular to Stapled Securityholders dated 8 December 2020 (the “Circular”).

This Q&A for Stapled Securityholders mainly relates to queries raised in connection with the Proposed Change of Managers and Related Matters, SCCPRE, the New Managers and the EH-REIT Trustee. For the avoidance of doubt, the Directors of the Managers do not accept any responsibility for the accuracy of the information given in the responses below relating to the RFP Process, the Proposed Change of Managers and Related Matters, the Termination Proposal, SCCPRE, the New Managers and the EH-REIT Trustee.

STATUS OF THE HOTELS

Question: What is the status of the Hotels and when will the Hotels open?

Three of eighteen Hotels remain open, namely the Renaissance Denver Stapleton, Holiday Inn Denver East – Stapleton and Delta Woodbridge. The remaining 15 Hotels are currently under caretaker agreements with Crestline, Evolution, Interstate, or GF Hotels (as applicable) for continued care and maintenance. After EHT has regained legal possession and control of the Hotels and activated EH-BT, the New Managers aim to re-open and commence operations at those Hotels which are currently closed (when practically and economically feasible), and work to stabilise the operations and performance of the

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.
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Hotels. The New Managers will work together with the relevant third-party hotel managers (who will manage the day-to-day operations of the Hotels) and franchisors to re-open the closed Hotels at the appropriate time, taking into account, among others, the prevailing market and economic conditions.

SCCPRE AS NEW MANAGERS

Question: It is noted that the SC Group has a 16-year track record across Asia Pacific; equity commitment and AUM of U\$2.9 billion and U\$7.3 billion, respectively, and has entities that are managers of 2 listed REITs in Asia. Given that it focuses predominantly on Asia Pacific, how does it envisage to add value to a US-focused portfolio?

The SC Group's business includes REIT management and the SC Group has experience in this field. At present, entities in the SC Group manage two listed REITs in Asia, the Japan Hotel REIT Investment Corporation ("JHR") listed on the Tokyo Stock Exchange and the Tprime Office REIT listed on The Stock Exchange of Thailand. Further, the SC Group has experience in the turnaround of hospitality REITs, having initiated the takeover and turnaround of JHR, a hotel REIT with a portfolio of Japanese hospitality assets. With the SC Group's experience in both turnaround and REIT management, the New Managers believe that they possess the necessary capabilities and expertise to manage and stabilise EHT.

Question: It appears that SC Group's modus operandi leans towards a private real estate manager, i.e. direct investments in properties – as evidenced by the fact that it has conducted "93 transactions, representing 137 assets to date". On a similar note, how does the SC Group look to operate and manage EHT's assets?

SCCPRE HRM as the proposed new manager of EH-REIT is focused on the long-term rehabilitation of EHT through the following two-phase process.

- Phase 1: Reopening the Properties and Returning them to Stabilisation
 - As the existing Master Lease Agreements have been terminated by the Master Lessors, the New Managers intend to activate EH-BT to be the master lessees of 2 of the Properties (through wholly owned OpCos). These master leases will be internalised within the EHT stapled structure.
 - Upon the Master Lessors obtaining legal and physical possession of the Properties, the New Managers intend to work closely with the hotel managers and franchisors to eventually reopen and commence operations at those Properties with an objective to stabilise the operations and performance of the Properties.
- Phase 2: Achieve Long-Term Stability and Growth
 - Proactive asset management and enhancement strategies to optimise the cash flow and value for Stapled Securityholders.
 - When circumstances and market conditions permit, refinance to lower the cost of capital.
 - Investments and acquisition growth strategy to source for suitable acquisition opportunities which provide attractive returns.
 - Prudent approach to capital management to optimise risk-adjusted returns.
 - Equity capital raisings at the appropriate time, taking into account conditions of the Proposed Bridge Facility (2021/2022).

Question: How will the New Managers manage any conflicts of interest issues?

The New Managers will put in place procedures to deal with conflicts of interest issues, as described in Paragraph 3.4 of Appendix B of the Circular. In addition, given the activities of the wider SC Group (which includes REIT management and fund management), additional measures have been implemented as described in Paragraph 3.4.3 of Appendix B of the Circular. Further, the New Managers note that under the Securities and Futures Act, Chapter 289 of Singapore and the Business Trusts Act, Chapter 31A of Singapore respectively, the New Managers and their directors are required to prioritise the interests of Stapled Securityholders as a whole, over the interests of their shareholders

PROPOSED BRIDGE FACILITY

Question: The Proposed Bridge Facility of up to US\$125 million with a consortium of lender banks led by Bank of America, N.A., is cited as a critical investment and source of financing for the rehabilitation of EHT. Why is the interest rate higher than the Term Loan when they now have first-lien security over the Borrowing Base Properties? What will the leverage ratio be and how do the New Managers intend to reduce it?

The BoA Facilities Agreement Lenders have pledges over the equity interests in the Master Lessors of the Borrowing Base Properties and will now receive first priority liens on the Borrowing Base Properties. Whilst the consortium of the BoA Facilities Agreement Lenders has an increased exposure from US\$341 million to US\$484 million (including the BoA Facilities Agreement, BotW Swap Agreement and Proposed Bridge Facility), the valuation of the Borrowing Base Properties has decreased from US\$1,037 million on 31 December 2018 to US\$646 million in 31 August 2020 (on an As Is basis), and therefore the risk profile to the lenders has undergone significant changes. In addition, there are uncertainties around whether EHT can be successfully rehabilitated or the timeframe around such rehabilitation (including existing market conditions and the time required for EHT to take legal and physical possession of the Properties, reopen the Properties and negotiate with third parties stakeholders such as hotel managers and franchisors). Assuming the initial drawdowns under the Proposed Bridge Facility are completed on 30 December 2020, based on an illustrative scheduled drawdown under the Proposed Bridge Facility of US\$10.3 million and additional capitalised accrued interest of the existing borrowings, EHT is expected to have an aggregate leverage of approximately 71.3% as at 31 December 2020.

In the medium to long term, the New Managers will endeavour to reduce the aggregate leverage to the permitted limit under the Property Funds Appendix through a combination of:

- Portfolio rebalancing (which includes the divestment of select Properties and new accretive acquisitions, where appropriate);
- Creation of valuation uplift through rigorous asset management initiatives; and
- (subject to market conditions and other factors which the New Managers may consider relevant) recapitalising EHT's balance sheet through new equity issuances.

Question: Other than the interest rate per annum of "7.0% plus the prime rate of 3.25%", it was noted here that the Proposed Bridge Facility was also subjected to certain fees such as (i) an extension fee of 2.0%, (ii) a commitment fee of 1.0% and (iii) an exit fee of up to 2.0%. What is the all-in interest cost of this Proposed Bridge Facility?

Assuming (i) there are no changes to the prime rate, (ii) the extension option of 18 months is exercised, (iii) there is no early repayment of the Proposed Bridge Facility, and (iv) the full amount of the Proposed Bridge Facility is drawn-down on day 1, then taking into account the one-off fees across the full term of the Proposed Bridge Facility, the maximum all-in interest cost is expected to be in the low teens.

However, we wish to highlight that the Proposed Bridge Facility is expected to be drawn-down in stages according to a budget agreed by the New Managers and the BoA Facilities Agreement Administrative Agent (which would avoid incurring interest on the full amount of the Proposed Bridge Facility from the start of the term). Accordingly, the actual all-in interest costs are expected to be lower.

Question: Can we have more details on the divestments required under the Proposed Bridge Facility? How many Hotels have been identified to be disposed and what is the target of the sales proceeds?

The New Managers plan to work on proactive asset management and enhancement strategies to optimise the cash flow and value of the Hotels and work towards completing the divestment of the select Hotels by the deadline specified by the lenders of the Proposed Bridge Facility.

Given that the situation is dynamic and subject to change (as well as various factors outside of the control of the New Managers and/or the EH-REIT Trustee, such as whether buyers can be found for the select Hotels on acceptable terms), the New Managers and EH-REIT Trustee are unable to make any commitments with regards to the divestment plans. The identity of the Hotels is commercially sensitive,

therefore we do not propose to disclose this information at this preliminary period. An announcement will be made through the SGXNET at the appropriate time.

Question: In 2020, Colliers forecasted that 15 out of 18 Hotels required capex of US\$38.0 million over three years. Why is the Proposed Bridge Facility of up to US\$125.0 million credit facility required, which is more than 3.2x of the forecasted CAPEX.

EHT has limited cash resources currently and is unable to generate sufficient operating income from the Hotels as 15 of the 18 Hotels remain closed.

Other than funding CAPEX, Hotel reopening expenses and working capital requirements, the Proposed Bridge Facility would be required to fund interest reserves, property-level expenses, REIT organisational and other expenses, past-due liabilities relating to the Hotels.

FUTURE EQUITY FUND RAISINGS

Question: Can we have more details on future equity fund raisings?

The lenders of the Proposed Bridge Facility require minimum equity capital raisings of US\$20 million by 31 December 2021 and US\$30 million by 31 December 2022 with net proceeds to be utilised for the payment of approved REIT expenses or repayment of advances under the Proposed Bridge Facility that were funded for the payment of approved REIT expenses or otherwise for the payment of permitted uses in the Proposed Bridge Facility.

The New Managers will make a decision on any such equity fund raising at an appropriate time (including with respect to the timing and structure), in consultation with the appropriate professional advisers where necessary, taking into account market conditions and other relevant factors. The New Managers will provide further updates through the SGXNET at the appropriate time.

EH-REIT TRUSTEE'S FIDUCIARY DUTIES

Questions:

- **Is there any liability on the EH-REIT Trustee's part with regards to the developments surrounding EHT? What is the EH-REIT Trustee doing to ensure that decisions made will be in the best interests for EH-REIT and its unitholders going forward?**
- **The removal of the EH-REIT Manager by MAS was unprecedented and a first for the Singapore REIT market. What was the process that the EH-REIT Trustee undertook to identify a suitable REIT manager?**

The EH-REIT Trustee has been working alongside the Special Committee and its professional advisers on the Strategic Review of EHT's business with a goal towards a resolution that would be in the best interest of Stapled Securityholders. The issues that had to be dealt with include:

- On the operational front, balancing the numerous and competing demands on EHT's resources to fund necessary and critical expenses to safeguard the Hotels and their underlying asset value and to minimise losses;
- On the legal front, to protect EHT's properties from the various defaults of the Master Lessees' obligations under the Master Lease Agreements, Hotel Management Agreements and Franchise Agreements; and
- On the financial front, the constant and regular negotiations of the forbearance agreements to secure the forbearance extensions from EHT's lenders.

In light of the multiple challenges facing EHT, the EH-REIT Trustee appointed and directed its financial advisor, Moelis & Company to conduct a comprehensive request-for-proposal process (RFP) to seek proposals for EHT on an expedited basis.

Over the last three months, a rigorous RFP Process was initiated that yielded a total of 15 interested parties. The considerations that had to be taken into account when assessing the various proposals, include but are not limited to, the track record of the RFP candidates, their ability to bring in new capital investment, the receptiveness of the lenders to the RFP candidates, and the dilution impact to Stapled Securityholders. The EH-REIT Trustee worked with its professional advisers to engage and develop each credible expression of interest, while maintaining regular dialogue with EHT's lenders to ensure that the forbearance is maintained throughout the RFP Process.

The RFP Process was concluded on 28 October 2020 with the selection of SCCPRE Hospitality REIT Management Pte. Ltd. as the proposed new manager of EH-REIT as it had put forth the most credible proposal for the long-term rehabilitation and recapitalisation of EHT. SC Group's proposal presents a key benefit of preserving value within EHT with minimal dilution impact to Stapled Securityholders as it does not contemplate any immediate equity fund raisings in weak market conditions or any debt fund raisings at interest rates which would be expensive in the context of EH-REIT as a borrower. Additionally, the BoA Facilities Agreement Lenders are receptive to engaging in discussions with the SC Group with respect to the proposal that SCCPRE Hospitality REIT Management Pte. Ltd. would be appointed as the new manager of EH-REIT.

Through the RFP Process, the EH-REIT Trustee (based on the recommendation of its professional advisers) is of the view that the SC Group has put forth the most credible proposal under the RFP Process.

In the lead up to EHT's EGM to be held at 2pm on 30 December 2020, the EH-REIT Trustee, alongside its financial advisers and the proposed new REIT manager, has also been engaging Stapled Securityholders through a series of focus group sessions, including a dialogue session organised together with SIAS to ensure Stapled Securityholders fully understand the rationale for the proposed appointment of the new REIT manager.

RESUMPTION OF TRADING

Question: When will Stapled Securities resume trading?

When sufficient progress has been made towards stabilising EHT's operations, including after the Properties have been re-opened, EHT is operating on a going concern basis and subject to any requirements of the SGX-ST, the New Managers intend to engage with the SGX-ST, with a view to eventually lifting the trading suspension of the Stapled Securities. This would enable Stapled Securityholders to re-commence trading in their Stapled Securities.

Notwithstanding the above, as stated in the Circular, there is no certainty as to when the trading suspension on the Stapled Securities will be lifted. The ability to achieve the milestones necessary to lift the trading suspension is dependent on numerous factors outside of EHT and/or the New Managers' control. Accordingly, there can be no certainty as to when the trading suspension on the Stapled Securities will be lifted (and no assurance that the trading suspension will be lifted at all).

PAYMENT OF DISTRIBUTIONS

Question: Will Stapled Securityholders receive their 2019 declared distributions or future distributions?

As one of the conditions of the Proposed Bridge Facility, no distributions shall be permitted during the term of the Proposed Bridge Facility, which has a maturity date of 30 June 2022; or if extended, 31 December 2023. Please note that the terms of the Proposed Bridge Facility are under ongoing discussions and negotiations and is subject to the relevant parties executing definitive documentation.

In the medium to long term after the circumstances affecting EHT as well as outstanding issues have been resolved to the satisfaction of the New Managers and the operations and performance of the Properties have stabilised, the New Managers' objective is to deliver regular and stable distributions to Stapled

Securityholders, though, among others, proactive asset management and enhancement strategies to optimise the portfolio, cash flow and value for Stapled Securityholders.

TRUST EXPENSES

Question: Why are the trust expenses higher than projected?

The issues faced by EHT were much more complicated than initially anticipated, including but not limited to:

- Various delinquencies by Master Lessees under the Master Lease Agreements culminating in the termination of the Master Lease Agreements, where legal and professional advice were required to assess the impact to EHT on multiple fronts;
- Defaults and/or termination of Hotel Management Agreements and defaults of Franchise Agreements, where relationships with third party stakeholders needed to be carefully managed;
- Various judgment and/or mechanic liens filed against the Properties as a result of delinquencies by the Master Lessees;
- Unauthorised Paycheck Protection Program Application submitted on behalf of the Master Lessor of the Queen Mary Long Beach Property under the United States Paycheck Protection Program; and
- Inability to meet principal and/or interest repayment obligations under loan agreements as a result of the delinquencies by the Master Lessees under the Master Lease Agreements requiring continued engagement with EHT lenders in negotiating forbearance agreements.

In order to preserve the value and protect the interests of EHT for the benefit of Stapled Securityholders, trust expenses were incurred to assist EHT to, amongst other things, manage the Properties in the absence of the Master Lessees, terminate the Master Lease Agreements with the Master Lessees, negotiate with EHT's lenders in obtaining forbearance agreements with a view to restructure the relevant loan facilities and review and analyse a range of strategic and corporate options for EHT (including running the RFP Process).

LEGAL ACTIONS AGAINST STAKEHOLDERS

Question: Will the New Managers pursue legal action against the principals and professional advisers who participated in the IPO?

The New Managers' priorities are to stabilise the operations and performance of the Hotels, with a view to re-opening and commencing operations at the 15 Hotels which are currently closed. The New Managers were not involved in, and are unable to comment on events relating to, the IPO.

Stapled Securityholders are advised to read this Announcement and any further announcements by the Managers carefully. Stapled Securityholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

For Strategic Review and related matters, please contact:

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

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Issued by:

Eagle Hospitality REIT Management Pte. Ltd.
(Company Registration No.: 201829789W)
as manager of Eagle Hospitality Real Estate Investment Trust

Eagle Hospitality Business Trust Management Pte. Ltd.
(Company Registration No.: 201829816K)
as trustee-manager of Eagle Hospitality Business Trust

Date: 29 December 2020

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