



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)

EAGLE HOSPITALITY BUSINESS TRUST

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

Update Announcement #26 – (1) Grant of Discovery Order, (2) Grant of Order Approving Stalking Horse Bidder and Bidding Procedures, (3) Entry into Stipulation with Sponsor Parties, (4) Appointment of Receiver for Hilton Houston Galleria and Delta Woodbridge, and (5) Grant of Winding Up Order in respect of Previous Manager of EH-REIT

1. INTRODUCTION

- 1.1 DBS Trustee Limited, in its capacity as trustee (the “**REIT Trustee**”) of Eagle Hospitality Real Estate Investment Trust (“**EH-REIT**”) wishes to provide an update to stapled securityholders (the “**Stapled Securityholders**”) of Eagle Hospitality Trust (“**EHT**”) on (a) the grant of the Discovery Order (as defined below) by the United States Bankruptcy Court, (b) the grant of an order by the United States Bankruptcy Court approving, *inter alia*, the Stalking Horse Bidder (as defined below) and the bidding procedures, (c) the entry into a stipulation between the Chapter 11 Entities and the Sponsor Parties (as defined below), (d) the appointment of a receiver by the lenders of each of the HHG Mortgage Loan and the DW Mortgage Loan, and (e) the winding up order granted in respect of the previous manager of EH-REIT.
- 1.2 References are also made to (a) the announcement “Update Announcement #22” dated 20 January 2021 (“**Announcement #22**”), (b) the announcement “Update Announcement #23” dated 28 January 2021 (“**Announcement #23**”), (c) the announcement “Update Announcement #24” dated 2 March 2021 (“**Announcement #24**”), and (d) the announcement “Update Announcement #25” dated 9 March 2021 (“**Announcement #25**”, collectively with the aforesaid announcements, the “**Earlier Announcements**”). Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as given in the Earlier Announcements (as the context requires).

2. GRANT OF DISCOVERY ORDER BY THE UNITED STATES BANKRUPTCY COURT

- 2.1 Following the Chapter 11 Filing, the Chapter 11 Entities¹ had filed a motion (the “**Discovery Motion**”) with the United States Bankruptcy Court to authorise such Chapter 11 Entities to take discovery from Mr Howard Wu, Mr Taylor Woods (collectively, the “**Sponsor Individuals**”) and Urban Commons, LLC (the “**Sponsor**”, being the Sponsor of EHT) and related persons and

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

¹ The Chapter 11 Entities are (a) 5151 Wiley Post Way, Salt Lake City, LLC, (b) ASAP Cayman Atlanta Hotel LLC, (c) ASAP Cayman Denver Tech LLC, (d) ASAP Cayman Salt Lake City Hotel LLC, (e) ASAP Salt Lake City Hotel, LLC, (f) Atlanta Hotel Holdings, LLC, (g) CI Hospitality Investment, LLC, (h) Eagle Hospitality Real Estate Investment Trust, (i)

entities, including by (a) directing the Sponsor Individuals and the Sponsor to respond to certain document requests and appear for individual and/or corporate representative depositions, and (b) authorising the Chapter 11 Entities to issue subpoenas directing the production of documents from and the depositions of other parties (including individuals affiliated or formerly affiliated with any of the Sponsor Individuals or the Sponsor), who may have knowledge of certain matters.

- 2.2 The matters which are the subject of the Discovery Motion include, *inter alia*, the following:
- (a) certain non-disturbance agreements (the “**Further Non-Disturbance Agreements**”) that were entered into (post-IPO of EHT) by the Sponsor Individuals on behalf of certain Master Lessors with the corresponding previous Master Lessees pursuant to which the relevant Master Lessors guaranteed certain obligations of the corresponding previous Master Lessees under the Hotel Management Agreements (as further detailed in Update Announcement dated 15 May 2020);
 - (b) the unauthorised loan application that was submitted by one of the Sponsor Individuals on behalf of the QM Master Lessor (being a subsidiary of EH-REIT) under the Paycheck Protection Program that the United States government established in response to the COVID-19 pandemic, which resulted in the QM Master Lessor being the debtor of the QM PPP Loan notwithstanding that it did not receive any proceeds of the QM PPP Loan (as further detailed in Update Announcement #11 dated 14 August 2020); and
 - (c) the unsecured loan dated 16 May 2019 with a principal amount of US\$89 million issued by Lodging USA Lendco, LLC as at the listing date of EHT (the “**Lendco Unsecured Loan**”).
- 2.3 On 16 March 2021, the United States Bankruptcy Court entered an order granting the Discovery Motion (the “**Discovery Order**”). Pursuant to the Discovery Order:
- (a) the Sponsor Individuals and the Sponsor shall comply with the document requests by no later than 60 days after the date of the Discovery Order, with the first production of the relevant documents to be delivered no later than 30 days after the date of the Discovery Order;
 - (b) the Sponsor Individuals shall produce themselves for examination by counsel to the Chapter 11 Entities in accordance with Bankruptcy Rule 2004 on such date and time as may be agreed by the parties on the matters set out in the Discovery Order, which include the Further Non-Disturbance Agreements, the QM PPP Loan and the Lendco Unsecured Loan; and
 - (c) the Chapter 11 Entities have the right to ask the United States Bankruptcy Court for additional discovery (including any additional documents or depositions) based on any information that may be revealed as a result of the information provided pursuant to the Discovery Order or otherwise.
- 2.4 The REIT Trustee will provide further updates on this matter should there be any material discovery following the examination of the Sponsor Individuals, the Sponsor and their affiliates pursuant to the Discovery Order.

EHT Cayman Corp Ltd., (j) Eagle Hospitality Trust S1 Pte. Ltd., (k) Eagle Hospitality Trust S2 Pte. Ltd., (l) EHT US1, Inc., (m) Sky Harbor Atlanta Northeast, LLC, (n) Sky Harbor Denver Holdco, LLC, (o) Sky Harbor Denver Tech Center LLC, (p) UCCONT1, LLC, (q) UCF 1, LLC, (r) UCHIDH, LLC, (s) UCRDH, LLC, (t) Urban Commons 4th Street A, LLC, (u) Urban Commons Anaheim HI, LLC, (v) Urban Commons Bayshore A, LLC, (w) Urban Commons Cordova A, LLC, (x) Urban Commons Danbury A, LLC, (y) Urban Commons Highway 111 A, LLC, (z) Urban Commons Queensway, LLC, (aa) Urban Commons Riverside Blvd., A, LLC, and (bb) USHIL Holdco Member, LLC.

3. GRANT OF ORDER BY THE UNITED STATES BANKRUPTCY COURT APPROVING THE STALKING HORSE BIDDER AND THE BIDDING PROCEDURE

3.1 The United States Bankruptcy Court has, on 24 March 2021, entered an order that, *inter alia*, (a) designates Madison Phoenix LLC (the “**Stalking Horse Bidder**”), an affiliate of Monarch Alternative Capital LP², to act as the stalking horse bidder for the sale of the 15 properties in EHT’s portfolio that are owned by the Chapter 11 Property Entities, (b) approves certain bid protection for the Stalking Horse Bidder, and (c) approves bidding procedures and a timetable for interested parties to submit higher or otherwise better offers (the “**Second Bid Round**”), including any auction(s) related thereto (the “**Auction**”), all as further detailed in Announcement #25.

The key dates of the sale process (including the Second Bid Round and the Auction) are as follows:

Key Event	Date
Deadline to submit bids under the Second Bid Round	14 May 2021 at 4.00 p.m. (NY time)
Auction(s) to be held if the Chapter 11 Entities receive more than one (1) qualified bid under the Second Bid Round	20 May 2021 at 10.00 a.m. (NY time)
Hearing before the United States Bankruptcy Court to approve the sale of the Chapter 11 Properties to the winning bidder	28 May 2021 at 10.00 a.m. (NY time)

Additional information regarding the bidding procedures and the process of submitting bids under the Second Bid Round are available on www.donlinrecano.com/eagle.

3.2 Further updates will be provided as and when there are any material developments on the Second Bid Round and the Auction.

4. ENTRY INTO STIPULATION BETWEEN THE CHAPTER 11 ENTITIES AND THE SPONSOR PARTIES

4.1 As disclosed in EHT’s previous announcements, certain subsidiaries of EH-REIT (being the Master Lessors of EHT’s properties) had issued notices of termination to the previous Master Lessees stating their election to terminate the MLAs for the previous Master Lessees’ multitude of defaults under the MLAs. As at the date of the Chapter 11 Filing, six (6) of the Chapter 11 Property Entities³ had not obtained clear legal title and control in respect of the relevant Chapter 11 Properties as the unlawful detainer actions for these properties have not been concluded.

4.2 Accordingly, each of these six (6) Chapter 11 Property Entities filed a complaint (collectively, the “**Master Lessor Complaints**”) with the United States Bankruptcy Court against the corresponding previous Master Lessee of the relevant Chapter 11 Property to seek, *inter alia*, the following judgments:

- (a) a declaration that the relevant MLAs terminated prior to the date of the Chapter 11 Filing;

² Affiliates of Monarch Alternative Capital LP are also the lenders under the US\$100 million senior secured super-priority DIP term loan facility.

³ These six (6) Chapter 11 Property Entities are (a) UCF 1, LLC, (b) Urban Commons 4th Street A, LLC, (c) Urban Commons Anaheim HI, LLC, (d) Urban Commons Highway 111 A, LLC, (e) Urban Commons Queensway, LLC, and (f) Urban Commons Riverside Blvd., A, LLC, and the corresponding six (6) Chapter 11 Properties are the (i) Embassy Suites by Hilton Anaheim North, (ii) Four Points by Sheraton San Jose Airport, (iii) Holiday Inn Hotel & Suites Anaheim, (iv) Embassy Suites by Hilton Palm Desert, (v) Queen Mary Long Beach, and (vi) Westin Sacramento.

- (b) to recover damages from these previous Master Lessees under the terms of the relevant MLAs for breaches of the MLAs;
 - (c) an order, pursuant to Section 542 of the United States Bankruptcy Code, requiring the turnover of the relevant Chapter 11 Properties (or leasehold interest, in the case of the Queen Mary Long Beach) to the corresponding Chapter 11 Property Entities, as debtor in possession; and
 - (d) an order, pursuant to Section 362(a) of the United States Bankruptcy Code, enforcing the automatic stay and requiring the relevant Master Lessees to turn over the relevant Chapter 11 Properties (or leasehold interest, in the case of the Queen Mary Long Beach) and cease any and all other acts exerting control over property of the corresponding Chapter 11 Property Entities' bankruptcy estate, and imposing appropriate sanctions and damages.
- 4.3 Following the filing of the Complaints, the previous Master Lessees in respect of the Chapter 11 Properties each filed a complaint (collectively, the "**Master Lessee Complaints**") with the United States Bankruptcy Court alleging, *inter alia*, breaches of the MLAs and the ancillary assignment and assumption of obligations agreements by the Master Lessors (being the Chapter 11 Property Entities) and sought damages as a result of such alleged breaches. The REIT Trustee considers the Master Lessee Complaints to be misguided and the allegations of breaches of the MLAs by the Master Lessors to be baseless.
- 4.4 In order to facilitate the sale process relating to the Chapter 11 Properties as further described in Announcement #25, and to ensure that third parties are not discouraged from participating in the Second Bid Round (where higher or otherwise better offers are sought), it is important for the Chapter 11 Entities to establish full legal ownership and clear title to the Chapter 11 Properties and avoid any uncertainty as to their title and ownership.
- 4.5 The Chapter 11 Entities have therefore entered into a stipulation (the "**Stipulation**") with the Sponsor, the Sponsor Individuals and the previous corresponding Master Lessees (collectively, the "**Sponsor Parties**") that partially resolves the Master Lessor Complaints and sets a litigation schedule for the remaining unresolved aspects of the Master Lessor Complaints and the Master Lessee Complaints, further details of which are set out in paragraph 4.6 below. Under United States law, a stipulation is a formal legal acknowledgement and agreement made between opposing parties, and usually relate to certain facts and issues in relation to the proceedings at hand.
- 4.6 Pursuant to the Stipulation, which the United States Bankruptcy Court has approved, the Sponsor Parties (including the previous Master Lessees) have agreed as follows:
- (a) subject to sub-paragraph (c) below, the MLAs, and all rights and obligations of the parties thereunder, have terminated prior to the date of the Chapter 11 Filing and are of no further force or effect;
 - (b) subject to sub-paragraph (c) below, each Master Lessor entity shall have full legal title to and control of their respective fee interest or leasehold interest in EHT's properties and shall be entitled to immediate possession of the properties (if such entity does not already have such possession);
 - (c) notwithstanding termination of the MLAs, the Stipulation is without prejudice to (i) the rights of the parties to pursue or defend any claims for money damages under the MLAs for the 18 properties in EHT's portfolio, including the claims set forth in the Master Lessor Complaints and the Master Lessee Complaints, and (ii) the rights of the parties to pursue other claims and causes of action unrelated to the MLAs, including without limitation, the rights of the Chapter 11 Entities to pursue any claims or causes of action they may identify as a result of their investigation as disclosed in paragraph 2 above; and

- (d) the remainder of the proceedings in relation to the Master Lessor Complaints and the Master Lessee Complaints (i.e. the parties' competing claims for damages) are stayed until 30 days following the United States Bankruptcy Court's entry, on a final basis, of the sale order approving the sale of all the Chapter 11 Properties or a proposal for the restructuring and recapitalisation of the Chapter 11 Entities.
- 4.7 The Stipulation acts as a mere deferment of proceedings against the Sponsor Parties for a limited period of time in order to facilitate any sale of the Chapter 11 Properties under the Chapter 11 sale process. For the avoidance of doubt, the entry into the Stipulation fully preserves EH-REIT and its subsidiaries' rights and ability to pursue all claims against the Sponsor Parties and does not release, waive or discharge any such claims against any of the Sponsor Parties.
- 4.8 The entry into the Stipulation is in the best interest of all stakeholders as it, *inter alia*:
- (a) confirms that the Chapter 11 Property Entities have full legal control of and clear legal title to their respective fee interest or leasehold interest in the relevant Chapter 11 Properties well in advance of the deadline for submission of bids by interested parties under the Second Bid Round;
 - (b) saves the Chapter 11 Entities significant time and expense that would be required to obtain legal title and control of the Chapter 11 Properties through litigation;
 - (c) allows the Chapter 11 Entities to focus their resources on the sale process by deferring the damages litigation until after that process concludes; and
 - (d) fully preserves EH-REIT and its subsidiaries' ability to pursue claims for damages against, *inter alia*, the Sponsor, the Sponsor Individuals and the previous Master Lessees based on their breaches of the MLAs and the investigations as disclosed in paragraph 2 above.

5. APPOINTMENT OF RECEIVER BY LENDER OF EACH OF THE HHG MORTGAGE LOAN AND THE DW MORTGAGE LOAN

HHG Mortgage Loan

- 5.1 As disclosed in Announcement #24, the lender of the HHG Mortgage Loan had filed the HHG Receiver Application with the district court of Harris County, Texas, for the appointment of a receiver to, *inter alia*, hold possession of the HHG and take such other actions to preserve its interests (including without limitation the power to sell or dispose of the HHG). At the hearing in relation to the HHG Receiver Application, it was ordered that the borrower (being a subsidiary of EH-REIT) and lender of the HHG Mortgage Loan engage in mandatory mediation to discuss a settlement in relation to the HHG Mortgage Loan.
- 5.2 As at the date of this Announcement, the borrower and lender of the HHG Mortgage Loan have not resolved their disputes under the mediation process. The district court of Harris County, Texas, has, on the further application of the lender of the HHG Mortgage Loan, granted an order for the appointment of a receiver (the "**HHG Receiver**") to take possession of and operate the HHG for the limited purpose of protecting and preserving the HHG.
- 5.3 The HHG Receiver has the authority to, *inter alia*, take possession of the HHG in order to determine if the current remediation efforts are sufficient to prevent further deterioration of the HHG and to take remediation action as the HHG Receiver determines. Should the lender of the HHG Mortgage Loan recover a judgment in respect of its action against the borrower of the HHG Mortgage Loan, the lender of the HHG Mortgage Loan shall have the right to seek recovery of all costs against the borrower (including the HHG Receiver's fees and remediation expenses). As at the date of this Announcement, the outstanding principal amount under the HHG Mortgage Loan is US\$14.9 million and based on the REIT Trustee's United States professional advisers' assessments, such outstanding principal amount (including accrued

interest, penalties, defeasance costs, lender fees, etc) likely exceeds the current market value of the HHG.

- 5.4 As disclosed in Announcement #24, the lender of the HHG Mortgage Loan has also filed a foreclosure notice and sent a foreclosure sale in respect of the HHG. Currently, the foreclosure sale in respect of the HHG is scheduled to take place on 6 April 2021. As such a notice is inconsistent with the receivership in many respects, discussions are pending with the HHG Receiver with respect to the withdrawal of such notice, the marketing of the HHG for sale and/or the lender's right to keep the foreclosure sale notice in place.

DW Mortgage Loan

- 5.5 As disclosed in Announcement #24, Wells Fargo, the lender of the DW Mortgage Loan, had filed with the Superior Court of New Jersey an application for the appointment of a rent receiver to, *inter alia*, take charge of the DW and to manage the same (including hotel operation) and to collect and receive rent and profits from the occupants of the hotel.
- 5.6 The Superior Court of New Jersey has granted an order for a rent receiver to be appointed to take charge of the DW (the "**DW Receiver**") and to, *inter alia*, manage the same (including the hotel operations) and to collect and receive rent and profits from the tenants, occupants and hotel guests. As at the date of this Announcement, the outstanding principal amount under the DW Mortgage Loan is US\$34.7 million and based on the REIT Trustee's United States professional advisers' assessments, such outstanding principal amount (including accrued interest, penalties, defeasance costs, lender fees, etc) likely exceeds the current market value of the DW.
- 5.7 The REIT Trustee is in the midst of assessing the implications of the appointment of the HHG Receiver and the DW Receiver and the foreclosure notice in respect of the HHG and exploring all options available to EHT in respect of the HHG, the HHG Mortgage Loan, the DW and the DW Mortgage Loan, in the interests of all stakeholders. The REIT Trustee will update Stapled Securityholders of any material developments in respect of this matter as and when appropriate.

6. WINDING UP ORDER GRANTED IN RESPECT OF THE PREVIOUS MANAGER OF EH-REIT

The REIT Trustee wishes to update Stapled Securityholders that it has been informed that Eagle Hospitality REIT Management Pte. Ltd., the previous manager of EH-REIT ("**EHRM**"), had filed an application for the winding up of EHRM with the High Court of the Republic of Singapore ("**Singapore High Court**"). Further to such application by EHRM, the Singapore High Court has, on 19 March 2021, ordered that a winding up order be made against EHRM on the ground of insolvency and for liquidators of EHRM to be appointed.

Stapled Securityholders are advised to read this Announcement issued by the REIT Trustee and any further announcements by the REIT Trustee carefully. Stapled Securityholders should note that there is no certainty or assurance that there will be (a) a restructuring and/or reorganisation under Chapter 11 or that Stapled Securityholders will receive any value in the event of a disposal of EHT's properties whether pursuant to the Chapter 11 cases and/or the Section 363 sale process, a foreclosure sale or otherwise, and (b) any satisfactory resolution with the Sponsor, the Sponsor Individuals and/or the previous Master Lessees. Stapled Securityholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

Issued by:

DBS Trustee Limited

(Company Registration No.: 197502043G)

as trustee of Eagle Hospitality Real Estate Investment Trust

Date: 29 March 2021

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