



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 #30 – Filing of Complaint against Sponsor Parties for Unauthorised QM PPP Loan Application

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 the filing of a complaint by the Chapter 11 Entities¹ against Mr Howard Wu, Mr Taylor Woods (collectively, the “**Sponsor Individuals**”) and EHT Asset Management, LLC (being an entity owned by the Sponsor of EHT, Urban Commons, LLC, which is in turn 100% owned by the Sponsor Individuals) (collectively, the “**Sponsor Parties**”) with the United States Bankruptcy Court in connection with the unauthorised application in respect of the QM PPP Loan under the United States Paycheck Protection Program² (the “**QM PPP Loan Application**”)³.
- 1.2 References are also made to (a) the announcement “Update Announcement #11” dated 14 August 2020 (“**Announcement #11**”), (b) the announcement “Update Announcement #26” dated 29 March 2021 (“**Announcement #26**”), and (c) the announcement “Update Announcement #29” dated 24 May 2021 (“**Announcement #29**”, together with Announcement #11 and Announcement #26, 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).

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) 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.

² The United States Paycheck Protection Program is a business loan program enacted amidst the COVID-19 pandemic whereby eligible lenders provide low-interest loans to certain businesses as an incentive to maintain employment and facilitate continued operations, which loan is eligible for forgiveness subject to the satisfaction of certain criteria including complying with the limited purposes on which the loan proceeds may be spent.

³ The QM PPP Loan Application is an unauthorised loan application that was submitted by Mr Taylor Woods on behalf of the QM Master Lessor (being a subsidiary of EH-REIT) 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.

2. FILING OF COMPLAINT AGAINST SPONSOR PARTIES FOR UNAUTHORISED QM PPP LOAN APPLICATION

- 2.1 As mentioned in Update Announcement #11, the REIT Trustee were informed by their professional advisers that they discovered that an unauthorised QM PPP Loan Application was submitted on behalf of the QM Master Lessor purportedly on behalf of the QM Master Lessor. On 16 March 2021, the United States Bankruptcy Court entered an order granting the Discovery Motion (the “**Discovery Order**”) to the Chapter 11 Entities, pursuant to which the Sponsor Individuals and the Sponsor had to comply with, *inter alia*, document requests in relation to, among other things, the QM PPP Loan.
- 2.2 Pursuant to the Discovery Order and based on the documents produced by the Sponsor Parties, the REIT Trustee, with the assistance of its professional advisers, has discovered evidence showing that, *inter alia*:
- (a) the Sponsor Parties authorised and executed the QM PPP Loan Application for the QM Master Lessor despite correspondence evidencing knowledge that the Sponsor Parties did not have the authority to act on behalf of the QM Master Lessor;
 - (b) upon receiving the proceeds from the QM PPP Loan (the “**QM PPP Loan Proceeds**”), the Sponsor Parties immediately transferred such proceeds to an account under the control of EHT Asset Management, LLC (being an entity owned by the Sponsor of EHT, Urban Commons, LLC and not EH-REIT); and
 - (c) based on the information available, the QM PPP Loan Proceeds were apparently utilised in a manner contrary to the loan forgiveness requirements of the relevant United States laws.
- 2.3 Accordingly, the Chapter 11 Entities have filed a complaint (the “**PPP Complaint**”) and motion with the United States Bankruptcy Court for entry of an order to, *inter alia*:
- (a) preliminary enjoin the Sponsor Parties, their officers, agents and assigns, from transferring, encumbering or otherwise disposing of US\$2,437,500 (being the amount of the QM PPP Loan Proceeds) and requiring the Sponsor Parties to account for such funds to the Chapter 11 Entities;
 - (b) grant a preliminary injunction such that the Sponsor Parties, their officers, agents and assigns, shall not transfer, encumber or otherwise dispose of US\$2,437,500; and
 - (c) require the Sponsor Parties to account for such funds to the Chapter 11 Entities.
- Additional information regarding the Chapter 11 Entities’ submissions in respect of the dealings with respect to the QM PPP Loan on the part of the Sponsor Parties is available on www.donlinrecano.com/eagle.
- 2.4 At the hearing in relation to the PPP Complaint held on 26 May 2021 (United States time), the United States Bankruptcy Court found that the Chapter 11 Entities were likely to prevail on their claims that the Sponsor Parties had improperly obtained the QM PPP Loan and would be liable to return the US\$2,437,500 to the Chapter 11 Entities. Nevertheless, the Court declined to grant the requested preliminary injunction, as the Court considered that it is not clear that the Sponsor Individuals would not be able to pay if and when a final judgment for the claim is issued.

The REIT Trustee will update Stapled Securityholders of any material developments in respect of the abovementioned matters as and when appropriate.

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 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. 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: 27 May 2021

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

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