



## 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)

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## Frequently Asked Questions

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*Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as given to them in Update Announcement #22 to Update Announcement #29 (as the context requires).*

1. **Could the Process have been delayed as the U.S. hospitality industry looks to be improving?**

The REIT Trustee, with the assistance of its professional advisers, had endeavoured to take as thorough an approach as possible, in relation to (a) the sale of the Chapter 11 Properties; and (b) the submission of proposals by interested parties in relation to the restructuring and recapitalisation of EH-REIT (collectively, the "**Process**"). This included the REIT Trustee instructing Moelis to advise on viable options for the restructuring of EH-REIT as well as commence a sale process in respect of the Chapter 11 Properties, which entailed Moelis contacting more than 180 qualified parties to solicit their interest in submitting proposals for the possible restructuring and recapitalisation of Eagle Hospitality Trust (EHT) and/or the purchase of one or more of the Chapter 11 Properties prior to the entry into the Stalking Horse Agreement.

As disclosed in Update Announcement #25 dated 9 March 2021, the proposal received from Madison Phoenix LLC (an affiliate of Monarch Alternative Capital LP, whose affiliates are also the lenders of the DIP Financing Facility) (the "**Stalking Horse Bidder**") for the sale of the Chapter 11 Properties was determined to be the best positioned bid at the time and in the best interests of all stakeholders, as it was, amongst other things, a bid with a purchase consideration for the Chapter 11 Properties superior to all the other proposals received to date, following an extensive solicitation process. It is common in the U.S. for parties to enter into a stalking horse agreement to solicit higher and better offers in the Second Bid Round under the Chapter 11 process, where the stalking horse's bid can provide certainty that the sale process can be completed with an eventual bidder.

Given the volatility and uncertainty in the United States hospitality industry and the property-level maintenance costs that have to be paid using the proceeds of the DIP Financing, EHT does not have the luxury of delaying the Process. These factors, along with the pressure of the looming deadline of the DIP Financing that will become due and payable by January 2022, compound the risks faced by EHT and its stakeholders because it will, amongst other things, increase EHT's exposure as it continues to incur costs and expenses associated with maintaining and operating the Chapter 11 Properties. The Debtors are obliged under U.S. law

to preserve and maximise value for the benefit of all stakeholders. Unless there is certainty that a delay in the sale process would result in better or higher bids for the hotels, delaying the sale process would put further risks on stakeholders by increasing the borrowers' exposure under the DIP Financing facility without creating an offsetting increase in the value of the hotels.

In addition, the Back-Up Termination Date under the Stalking Horse Agreement is 14 June 2021, and any delay in the sale process would risk the Debtors losing the Stalking Horse Bidder as a Back-Up Bidder.

**2. Did EHT file any motion to expedite the Process?**

EHT had not filed any motion to expedite the sale process.

The Informal Steering Committee is referring to the Debtors' motion filed on 9 March 2021 to expedite the hearing of their motion to approve the bidding procedures. This motion was granted by the U.S. Bankruptcy Court. Please refer to Update Announcement #26 dated 29 March 2021 for further details.

The motion was filed because the Stalking Horse Agreement required that an auction take place no later than 24 May 2021 and the Debtors looked to extend the time between the approval of the bidding procedures and the time of the auction for the required due diligence.

**3. Could EHT have agreed to an adjournment of the sale hearing?**

At this time, the auction has concluded and the successful bidders (and back-up bidders) from the Auction have been declared. As set out in Update Announcement #29 dated 24 May 2021, the Debtors, with the assistance of their professional advisers, gave due and careful consideration to the proposals made by Constellation Hospitality Group LLC ("**Constellation**") in the same manner as all other bids received under the Second Bid Round. While the Debtors will continue to evaluate all bids received, the proposals made by Constellation to date are not acceptable, for numerous reasons. Among other things, Constellation has not (a) submitted the required deposit, (b) demonstrated certainty as to its proposed sources of funding, or (c) obtained support from any creditor class.

**4. Why was the plan by Constellation not accepted?**

The REIT Trustee and Moelis have at all times remained open to collaborating with all qualified parties to identify and explore all available options for EHT that would be for the benefit of all stakeholders of EHT. All bids need to be assessed around certain key areas to facilitate a review of the bid, including evaluating whether it constitutes a qualified bid (or whether certain deficiencies could be cured so as to render it a qualified bid). These include, without limitation, the bidder's ability to comply with the bid deposit requirement, provide certainty on sources of funding and obtaining required support from key creditors of the Debtors. All bidders are required to fulfil the same key areas in a satisfactory manner before it is determined to be a qualified bid. All bidders have had the same amount of time to prepare their bids.

If a proposal with certain deficiencies were to be selected, provided it was deemed a superior bid, all stakeholders of EHT are exposed to the risk that the proposal might not ultimately materialise—whether on the basis that the proposal cannot be confirmed as a matter of U.S. bankruptcy law or because the funding for the proposal fails. This would result not only in the loss of critical time but also the further depletion of scarce resources available to EHT as a result of exploring such a proposal (and any subsequent alternatives that EHT may have to revisit as a result). Moreover, in that scenario, it is unlikely that the proposal received from the Stalking Horse Bidder would continue to be available. This is an exposure that would not be in the best interests of all stakeholders of EHT and one that we cannot afford to take.

As set out in Update Announcement #29 dated 24 May 2021, the REIT Trustee, with the assistance of its professional advisers, gave due and careful consideration to Constellation's proposal in the same manner as all other bids received under the Second Bid Round, and identified numerous shortfalls in relation to Constellation's bid that required further clarification and corrections in order to make such bid a qualified bid. However, the required clarifications and corrections, including the required deposit, were never received.

5. **Some substantial Stapled Securityholders are supportive of the plan by Constellation. Does it help with the bid assessment by all stakeholders?**

Under the Chapter 11 process, any plan for reorganisation for the Chapter 11 Entities will be conducted under the supervision and jurisdiction of the U.S. Bankruptcy Court and therefore will be subject to the approval of the U.S. Bankruptcy Court, with a focus to identify value-maximising strategies for all stakeholders of EHT under the scrutiny and subject to the inputs from all the various stakeholders of EHT and committees formed pursuant to the Chapter 11 process. Moreover, any such plan of reorganisation must comply with various requirements under the U.S. Bankruptcy Code.

Accordingly, all bids received are assessed objectively based on the criteria as described in the response to question 4 above and will ultimately be subject to the approval of the U.S. Bankruptcy Court. Any proposal presented to the U.S. Bankruptcy Court would need to be serious and viable, where there needs to be certainty that EHT's borrowings will be repaid or creditor consent can be received.

6. **What are the key considerations required for a viable plan to be evaluated?**

To assist Stapled Securityholders in better understanding how a bid evaluation is conducted, we list out key requirements necessary for a bid to be deemed qualified. This include but are not limited to:

- (a) Track record of bidder, including ability to execute proposed plan
- (b) Certainty of sources of funding
- (c) Ability to comply with the bid deposit requirement
- (d) Support from key creditors (and other stakeholders, where applicable)
- (e) Ability to stay in compliance with all applicable regulatory requirements
- (f) Ability to meet the timeline of the Process, as required by the U.S. Bankruptcy Court.