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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.

Update Announcement #17 – (1) Receipt of Notices of Extension of Termination Date under Certain Franchise Agreements, (2) Receipt of Certain Notices for the Mortgage Loans in respect of the Crowne Plaza Dallas Near Galleria-Addison and the Hilton Houston Galleria Area, (3) Certain Proceedings in relation to the Holiday Inn Resort Orlando Suites – Waterpark, and (4) Discovery of Employment-related Claims relating to the Queen Mary Long Beach

1. Introduction

Eagle Hospitality REIT Management Pte. Ltd., as manager (the “**REIT Manager**”) of Eagle Hospitality Real Estate Investment Trust (“**EH-REIT**”), and Eagle Hospitality Business Trust Management Pte. Ltd., as trustee-manager (the “**Trustee-Manager**”, collectively with the REIT Manager, the “**Managers**”) of Eagle Hospitality Business Trust (“**EH-BT**”, collectively with EH-REIT, “**EHT**”) wish to provide an update to stapled securityholders (“**Stapled Securityholders**”) on (a) the receipt of notices of extension of termination date in respect of certain Franchise Agreements following the previous notices of default and termination issued by the relevant franchisors, (b) the receipt of a notice of acceleration in relation to the mortgage loan in respect of the Crowne Plaza Dallas Near Galleria-Addison and a notice of default in relation to the mortgage loan in respect of the Hilton Houston Galleria Area, (c) certain proceedings initiated by certain third party service providers in relation to the Holiday Inn Resort Orlando Suites – Waterpark (the “**HIRO**”), and (d) the discovery of employment-related claims relating to the Queen Mary Long Beach (the “**QM**”).

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.
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References are made to the prospectus of EHT dated 16 May 2019 (the “**Prospectus**”) and the Managers’ earlier announcements: (i) the announcement “Update Announcement #8” dated 21 June 2020 (the “**21 June 2020 Announcement**”), and (ii) the announcement “Update Announcement #11” dated 14 August 2020 (the “**14 August 2020 Announcement**”, and collectively with the 21 June 2020 Announcement, the “**Earlier Announcements**”). Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as given to them in the Prospectus and the Earlier Announcements (as the context requires).

2. Receipt of Notices of Extension of Termination Date under Certain Franchise Agreements

2.1 As previously disclosed in the 14 August 2020 Announcement, the Master Lessees of ten (10) hotels had received the FA Termination Notices from the relevant franchisors in relation to the default and termination under their respective Franchise Agreements as a result of the relevant Master Lessees’ failure to cure their defaults for non-payment of fees and other amounts due and owing to the relevant franchisor under the relevant Franchise Agreement. The FA Termination Notices stated that the relevant Franchise Agreements would have the right to terminate the respective Franchise Agreements if the relevant Master Lessees do not cure the defaults under the Franchise Agreements within the applicable cure periods stated in the FA Termination Notices.

2.2 The Managers and the REIT Trustee wish to update Stapled Securityholders that with respect to eight (8) of these ten (10) hotels, the Managers and the REIT Trustee understand that the respective Master Lessees have received further notices from the relevant franchisors in relation to the extension of the termination date specified under the respective FA Termination Notices (the “**FA Extension Notices**”). The previous termination dates and the new termination dates as stated in the FA Termination Notices and the FA Extension Notices, respectively, for these eight (8) hotels are set out below:

Hotel	Previous termination date (as stated in the FA Termination Notices)	Extended termination date (as stated in the FA Extension Notices)
Delta Woodbridge	1 October 2020	30 November 2020 (previously extended to 30 October 2020)
Four Points by Sheraton San Jose Airport	31 August 2020	30 November 2020 (previously extended to 30 October 2020)
Renaissance Denver Stapleton	31 August 2020	30 November 2020 (previously extended to 30 October 2020)
Sheraton Denver Tech Center	31 August 2020	30 November 2020 (previously extended to 30 October 2020)
Sheraton Pasadena	31 August 2020	30 November 2020 (previously extended to 30 October 2020)
Westin Sacramento	28 August 2020	30 November 2020 (previously extended to 30 October 2020)
Holiday Inn Resort Orlando Suites – Waterpark	26 October 2020	11 January 2021
Holiday Inn & Suites San Mateo	17 May 2020	11 January 2021

2.3 For the avoidance of doubt and as stated in the 14 August 2020 Announcement, pursuant to the terms of the applicable MLAs in respect of the abovementioned hotels, the relevant Master Lessees are responsible for the payment of such outstanding amounts under the Franchise Agreements to the franchisor and the alleged defaults as detailed in the FA Termination Notices

and the FA Extension Notices, if true, would in turn also constitute a breach of the respective MLAs by the Master Lessees.

2.4 The Managers will provide further updates if there are material developments on this matter. In the meantime, all rights of the Master Lessors against the Master Lessees under the MLAs prior to their termination are reserved.

3. Receipt of Notice of Acceleration for Mortgage Loan in respect of the Crowne Plaza Dallas Near Galleria-Addison and Notice of Default for Mortgage Loan in respect of the Hilton Houston Galleria Area

3.1 The Managers wish to update Stapled Securityholders that they have received the following notices:

- (a) a notice of acceleration (the “**CPDG Notice**”) in relation to the mortgage loan in respect of the Crowne Plaza Dallas Near Galleria-Addison (the “**CPDG Mortgage Loan**”) held by Wilmington Trust, National Association, as trustee, for the benefit of the holders of Benchmark 2018-B4 Mortgage Trust Commercial Mortgage Pass-Through Certificates, Series 2018-B4 (the “**CPDG Lender**”); and
- (b) a notice of default (the “**HHG Notice**”) in relation to the mortgage loan in respect of the Hilton Houston Galleria Area (the “**HHG Mortgage Loan**”) held by Wilmington Trust, National Association, as trustee, for the benefit of the registered holders of Wells Fargo Commercial Mortgage Trust 2017 C-41, Commercial Mortgage Pass-Through Certificates, Series 2017-C41 (the “**HHG Lender**”).

CPDG Notice

3.2 The CPDG Notice states that the CPDG Mortgage Loan is in default for, among other things, the failure to pay all amounts when due thereunder and, as a result, the CPDG Lender has elected to accelerate the CPDG Mortgage Loan, thereby demanding the immediate payment of all amounts due under and pursuant to the CPDG Mortgage Loan.

3.3 The Managers have also been informed that in light of the default under the CPDG Mortgage Loan, the CPDG Lender has drawn upon a cash reserve (previously set aside for utilisation upon an event of default) to partially repay the outstanding amounts due under the CPDG Mortgage Loan. Following such draw down by the CPDG Lender, the amount outstanding under the CPDG Mortgage Loan (including accrued interest and default interest, etc) is approximately US\$12.9 million.

HHG Notice

3.4 The HHG Notice states that defaults and events of defaults have occurred and are continuing under the HHG Mortgage Loan for, among other things, the failure to pay all amounts when due thereunder. Accordingly, the HHG Lender has demanded for the payment of all such delinquent amounts, otherwise it may elect to exercise its rights and remedies pursuant to the HHG Mortgage Loan documents. As at the date of this Announcement, the delinquent amounts under the HHG Mortgage Loan remain outstanding and to the Managers’ knowledge, the Master Lessor of the Hilton Houston Galleria Area has not received any written notice of acceleration in respect of the HHG Mortgage Loan from the HHG Lender.

3.5 The Managers, with the assistance of their professional advisers, are assessing the potential implications of the CPDG Notice and the HHG Notice and are discussing potential forbearance options with the CPDG Lender and the HHG Lender. The Managers will provide further updates if and when there are material developments on these matters.

4. Proceedings in relation to the Holiday Inn Resort Orlando Suites – Waterpark

- 4.1 The Managers and the REIT Trustee wish to update Stapled Securityholders of certain litigation proceedings initiated by two (2) third-party service providers against, amongst others, the Master Lessor of the HIRO (the “**HIRO Master Lessor**”), in respect of unpaid amounts for certain services rendered in respect of the HIRO. Such services were rendered by the applicable third-party service providers to the HIRO prior to the implementation of the temporary caretaker arrangement by the REIT Manager as disclosed in the 21 June 2020 Announcement.

AmeriFactors Financial Group, LLC (“**AmeriFactors**”)

- 4.2 The Managers and the REIT Trustee were informed that a default judgment was entered against the HIRO Master Lessor in favour of AmeriFactors for approximately US\$420,326.40 for staffing services provided to the HIRO. In addition, a writ of garnishment was issued against the HIRO Master Lessor on 5 June 2020 following such default judgment. Upon the receipt of the writ of garnishment, Bank of America, N.A. froze funds in the HIRO Master Lessor’s account for the recovery of the judgment amount.
- 4.3 The HIRO Master Lessor has since filed a motion to vacate the default judgment and the writ of garnishment on grounds that the previous hotel manager, and not the HIRO Master Lessor, was the party to the agreement or business transactions with AmeriFactors and should be named as the defendant instead of the HIRO Master Lessor. The motion to vacate was granted, the default judgment and the writ of garnishment were vacated and the motion to dismiss has been filed by the HIRO Master Lessor as at the date of this Announcement. As at the date of this Announcement, AmeriFactors has not filed an amended complaint in response to the motion to dismiss filed by the HIRO Master Lessor.

Advanced Resourcing, LLC (“**Advanced Resourcing**”)

- 4.4 The Managers and the REIT Trustee were also informed that a default judgment was entered against the HIRO Master Lessor and the previous hotel manager of the HIRO in favour of Advanced Resourcing for approximately US\$190,398.93 for the alleged unjust enrichment to the HIRO Master Lessor for the provision of hotel-related services in respect of the HIRO.
- 4.5 The HIRO Master Lessor has since filed a motion to vacate the default judgment on grounds that the previous hotel manager, and not the HIRO Master Lessor, was the party to the agreement or business transactions with Advanced Resourcing and should be named as the defendant instead of the HIRO Master Lessor. The motion to vacate was granted, the default judgment was vacated and the motion to dismiss has been filed as at the date of this Announcement. Advanced Resourcing filed an amended complaint on 12 October 2020 against the HIRO Master Lessor, the HIRO Master Lessee and the previous hotel manager of the HIRO and the HIRO Master Lessor has subsequently filed a motion to dismiss such amended complaint on 23 October 2020.
- 4.6 The amounts claimed by AmeriFactors and Advanced Resourcing amount to approximately US\$611,000, plus interest, attorneys’ fees and costs. The Managers will provide further updates when there are material developments on these matters.

5. Discovery of Employment-related Claims relating to the Queen Mary Long Beach

- 5.1 As stated in the Prospectus, as at EHT’s listing date of 24 May 2019, EH-REIT, its subsidiaries and EH-BT will not have employees. The Managers would like to clarify to Stapled Securityholders that (a) the Master Lessor of the QM (the “**QM Master Lessor**”) was the signatory of two (2) separate collective bargaining agreements, which were entered into prior to the IPO, covering union-represented employees working at the QM as at the listing date of EHT, and (b) in respect of union-represented employees working at the QM, as advised by EHT’s relevant professional advisers at the time of IPO (including the Managers’ United States legal counsel), the obligations under the collective bargaining agreements were assigned to the Master Lessee of the QM in connection with EHT’s listing pursuant to an Omnibus Assignment and Assumption Agreement. Under the Omnibus Assignment and Assumption Agreement, the QM Master Lessor would be indemnified by the QM Master Lessee in respect of all claims relating to any act, matter or thing

occurring on or after EHT's listing date of 24 May 2019 under the contracts assigned pursuant to the Omnibus Assignment and Assumption Agreement, including these collective bargaining agreements.

- 5.2 For reference, it is common for a collective bargaining agreement to be entered into between an employer and a union where there is a union representing the employees, which typically covers the terms and conditions on which the employees would be employed including the wages and working hours of and healthcare insurance benefits available to the employees. Further, in the case of a hotel property, where there is a master lessor-master lessee construct and a hotel manager that manages the property on behalf of the master lessee, the master lessee and/or the hotel manager would usually be the employer of record and in turn, the party that would enter into or be bound under any collective bargaining agreement with the union(s) that represent the employees working at such hotel property.
- 5.3 The Managers have discovered, however, that there are a number of pending employment-related claims in respect of the QM, including those involving union-represented employees, for certain individuals who were previously actively employed at the QM.
- 5.4 The Managers and the REIT Trustee are in the midst of consulting their professional advisers as to the appropriate course of action to be taken in relation to the employment arrangements in respect of the QM and any resulting obligations and liabilities in respect of the QM arising therefrom. The Managers will provide further updates to Stapled Securityholders if there are material developments on this matter.

Stapled Securityholders are advised to read this Announcement and any further announcements by the Managers carefully. There is no certainty or assurance as at the date of this Announcement that any discussions or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into (including whether there will be any satisfactory resolution with EHT's lenders, Master Lessees and/or claimants). 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:

Email: boardsc@eagleht.com

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

Contact Investor Relations
Telephone: +65 6653 4434
Email: enquiry@eagleht.com

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: 30 October 2020

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