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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.

Business Strategic Review and Update

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**”), wish to inform stapled securityholders (“**Stapled Securityholders**”) of Eagle Hospitality Trust (“**EHT**”) that they are actively monitoring market conditions as they develop in order to act accordingly.

In the face of unprecedented circumstances related to Covid-19 and the significant impact on the United States hotel market, the Managers will focus on liquidity and capital resources, as well as strategies focused on safe-guarding value for Stapled Securityholders.

In line with the drastic sell-off in the global equity markets, EHT’s security price (“**Security Price**”) has come under significant pressure. The Managers believe that the Security Price meaningfully under-represents the underlying value of EHT’s portfolio. In an effort to unlock value and create liquidity, the Managers are preparing to launch several initiatives including:

- (1) identifying selected asset sales as part of a portfolio reconstitution plan. These asset sales, if completed, could help to bolster EHT’s cash position; and
- (2) concurrently, initiating a comprehensive strategic review of its business. As part of the review process, the Managers will hire a financial adviser to review and analyse a range of strategic and corporate options.

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.
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The properties in EHT's portfolio are subject to master lease agreements (each dated 24 May 2019, as described in the prospectus of EHT dated 16 May 2019 (the "**Prospectus**") and amended from time to time ("**MLAs**")), and these MLAs have the benefit of security deposits ("**SDs**"). The Managers plan to draw down on the SDs to increase liquidity and remedy delinquencies in payments from the master lessees under the MLAs (the "**Master Lessees**"). Urban Commons, LLC ("**UC**" or the "**Sponsor**"), as sponsor of EHT, has indicated that there have been delays in certain third-party property-level receivables and referenced the impact of the Covid-19 pandemic, which caused shortfalls in payments to EHT.

Currently, EHT has approximately US\$28.7 million of SDs and is taking measures to draw down up to approximately US\$12.5 million at this time. The Master Lessees, being affiliates of UC, are obliged to replenish the SDs within seven days of any drawdown (which obligation is then subject to a 20-day cure period under the MLAs). In addition, pursuant to the MLAs, the Master Lessees are required to provide approximately US\$15.0 million of incremental SDs by 8 June 2020 through cash contribution and/or Letters of Credit ("**LoC**"), which would, together with the required replenishment, bring the total SDs to US\$43.7 million as stipulated in the Prospectus.

By way of background and as disclosed in the Prospectus, the Sponsor was required to provide 75% of the annual fixed rent across the 18-asset portfolio in SDs; i.e. a total of US\$43.7 million (representing nine months of fixed rent). At the time of the IPO, the Sponsor funded US\$23.7 million in cash. The Sponsor indicated in the Prospectus that they would provide the balance of US\$20.0 million by way of LoC on or around the Listing Date. The Sponsor subsequently substantiated to the Manager and Independent Directors that they were in active discussions with reputable financial institutions and furnished a detailed term sheet from an "A" rated bank (the "**LoC Provider**"). Ahead of the outside date of the "cure period" to satisfy the balance of the SDs pursuant to the MLAs, the Sponsor requested an extension. As part of the amendment to the MLAs to grant the extension, the Sponsor provided an incremental US\$5.0 million of cash, bringing the total amount of SDs to US\$28.7 million (representing 5.9 months of fixed rent). At the time the extension was granted, the SDs were undrawn. In addition to EHT receiving the incremental US\$5.0 million of SDs, UC furnished an updated and executed term sheet for an LoC from the LoC Provider that would satisfy the balance of the SD requirements.

Given the pandemic and the Managers' current need to draw on the SDs, the Managers and Independent Directors have elevated the importance of the deficiency in SDs to the Sponsor and have requested immediate remedial action. Pursuant to the MLAs, failure to replenish any SD drawdowns or provide the incremental SDs of approximately US\$15.0 million within the stipulated periods would result in defaults. In a letter to UC, the Managers have emphasized the Sponsor's obligations and reiterated EHT's rights.

Mr. Howard Wu, Founder and Principal of UC said, "**UC continues to take measures to navigate an adverse market environment. We are focused on managing operations during this trying time. Drawing on the SDs to satisfy outstanding payments could help to create liquidity at the REIT without putting further strain on operations.**"

Lastly, in response to rapidly evolving market conditions, and in the interest of keeping Stapled Securityholders informed on a more regular basis, the Managers and Independent Directors decided to continue with quarterly earnings announcements, as opposed to making semi-annual announcements permitted under certain circumstances following the recent amendments to the Listing Manual of Singapore Exchange Securities Trading Limited which has taken effect as of 7 February 2020.

The Managers are currently working with the Sponsor to assess real-time developments and the potential magnitude of the impact that the crisis could have on EHT. The Manager will continue to keep Stapled Securityholders apprised. Stapled Securityholders and potential investors are advised to exercise caution and to make informed decisions in dealing in the Stapled Securities.

For and on behalf of the Board

Salvatore Gregory Takoushian
Executive Director and Chief Executive Officer

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: 19 March 2020

IMPORTANT NOTICE

This announcement is for information only and does not constitute an offer of, or invitation to subscribe or purchase or solicitation of subscriptions or purchases of stapled securities ("**Stapled Securities**") in Eagle Hospitality Trust any jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment or any investment decision whatsoever.

The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the REIT Manager, the Trustee-Manager, DBS Trustee Limited (as trustee of EH-REIT), Urban Commons, LLC (as sponsor of EHT), the Sole Financial Adviser and Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Underwriters or any of their respective affiliates, advisers or representatives.

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 Managers 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.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of EHT. The forecast financial performance of EHT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.

This announcement is not an offer or sale of the Stapled Securities in the United States. The Stapled Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. Any public offering of the Stapled Securities in the United States would be made by means of a prospectus that would contain detailed information about EHT, EH-REIT, EH-BT, the Managers and their management, as well as financial statements. The Managers do not intend to conduct a public offering of the Stapled Securities in the United States. The Stapled Securities are being offered and sold outside the United States (including to institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of the Securities Act or the applicable laws of other jurisdictions.