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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.**

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#### **Response to the SGX-ST's Queries**

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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**”) wishes to announce their response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to Eagle Hospitality Trust’s (“**EHT**”) results for the Second Quarter and Half Year ended 30 June 2020 announced on 14 August 2020 (the “**2Q2020 Results Announcement**”).

***Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as given to them in the 2Q2020 Results Announcement.***

The following information is in response to the SGX-ST’s queries dated 19 August 2020.

- (1) **On page 19 of EHT’s 1H2020 financial statements ended 30 June 2020, EHT disclosed that “Rental receivable from Master Lessees recorded as of 30 June 2020 had been fully impaired as a result of the uncertainty on the Master Lessees’ ability to make rental payments and fulfil its obligations under MLAs.” Please disclose the amount of Rental receivable due from Master Lessees prior to impairment.**

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

Pursuant to the terms of the MLAs, EHT recognised US\$29.0 million of rental income due to the Master Lessors by the Master Lessees for EHT's properties for 1H 2020. During such period, US\$3.9 million was recognised in the form of (a) drawdowns from certain of security deposits paid by the Master Lessees previously under the terms of the MLAs and (b) overpayments by the Master Lessees relating to FY2019 rental income were used to offset the rental receivables for 1H 2020. This resulted in an outstanding balance of US\$25.1 million due from the Master Lessees for 1H 2020 which has been subsequently impaired as a result of the uncertainty on the Master Lessees' ability to make rental payments and fulfil its obligations under the MLAs.

- (2) **On page 32 of the EHT's 1H2020 financial statements, EHT disclosed that "Revenue for 2Q 2020 and 1H 2020 were US\$15.7 million and US\$32.3 million which were 34.4% and 29.6% below projection." Please provide details of which hotels these revenue were attributed, and whether any of these revenue had since ceased and if so, please disclose when.**

**Response:**

EHT recognises rental income on an accrual basis based on the terms of the MLAs. As at 30 June 2020, 15 of EHT's properties remain closed and only 3 of EHT's properties remain open but EHT has continued to recognise rental income due from the Master Lessees pursuant to the terms of the MLAs for all properties. The revenue breakdown and rental income breakdown for each property for 2Q 2020 and 1H 2020 are set out in the tables below.

**Revenue breakdown for 2Q 2020 and 1H 2020**

	<b>2Q 2020 (US\$'000)</b>	<b>1H 2020 (US\$'000)</b>
Rental income	14,228	29,025
Others <sup>(1)</sup>	1,466	3,259
<b>Revenue</b>	<b>15,694</b>	<b>32,284</b>

## Footnote

(1) Others consist mainly of recovery of expenses.

**Rental income breakdown (by property) for 2Q 2020 and 1H 2020**

<b>Property</b>	<b>2Q 2020 (US\$'000)</b>	<b>1H 2020 (US\$'000)</b>	<b>Status of Hotel (Open/ Close)</b>	<b>Date of closure</b>
Holiday Inn & Suites Anaheim	752	1,502	Close	7 May 2020
Embassy Suites by Hilton Anaheim North	510	1,056	Close	7 May 2020
The Queen Mary Long Beach	2,627	5,327	Close	7 May 2020
Embassy Suites by Hilton Palm Desert	245	700	Close	5 April 2020
Sheraton Pasadena	1,066	2,116	Close	7 May 2020
The Westin Sacramento	400	800	Close	7 May 2020
Four Points by Sheraton San Jose	704	1,404	Close	17 April 2020

Airport				
Holiday Inn Hotel & Suites San Mateo	835	1,660	Close	7 May 2020
Crowne Plaza Danbury	201	401	Close	4 April 2020
Holiday Inn Resort Orlando Suites - Waterpark	1,772	3,647	Close	7 May 2020
Holiday Inn Denver East – Stapleton	581	1,156	Open	Not applicable
Renaissance Denver Stapleton	962	1,958	Open	Not applicable
Delta Woodbridge	850	1,700	Open	Not applicable
Hilton Atlanta Northeast	602	1,202	Close	6 April 2020
Doubletree by Hilton Salt Lake City Airport	650	1,300	Close	17 April 2020
Sheraton Denver Tech Center	448	898	Close	7 May 2020
Hilton Houston Galleria Area	398	948	Close	17 April 2020
Crowne Plaza Dallas Near Galleria-Addison	625	1,250	Close	26 May 2020
<b>Total</b>	<b>14,228</b>	<b>29,025</b>		

- (3) **On page 32 of the EHT’s 1H2020 financial statements, EHT disclosed that “As announced by the Managers on 28 April 2020 and 21 June 2020, the relevant Master Lessors (being subsidiaries of EH-REIT), with the approval of the REIT Trustee, the Administrative Agent and the Lenders, have instituted temporary caretaker arrangements with the incumbent or a new hotel manager for certain properties...”**

**Please disclose:**

- (i) **if temporary caretaker arrangements with the incumbent or a new hotel manager relate to 3 of the 18 properties that are still operating;**
- (ii) **if the revenue generated under these arrangements has been received by EHT;**
- (iii) **if the HMAs for the other properties that are not under caretaker arrangements are still generating revenue and if so, who received the revenue generated from such operations.**

**Response:**

- (i) As at 30 June 2020 and as at the date of this Announcement, the 3 properties that are still operating (being the Holiday Inn Denver East – Stapleton, the Renaissance Denver Stapleton and the Delta Woodbridge) are being managed by the incumbent hotel managers pursuant to the existing Hotel Management Agreements for such properties and accordingly, there is no caretaker arrangement in place for such properties.
- (ii) The 15 hotels that are currently managed pursuant to caretaker arrangements were already closed prior to the implementation of such caretaker arrangements and therefore, no revenue was generated from these hotels under the caretaker arrangements.
- (iii) The revenue generated by the 3 operating hotels are deposited into a revenue bank account owned by the Master Lessees, which in turn has been pledged to EHT. EHT in turn pledged the security interest in the revenue bank accounts to its lenders as additional collateral under its lending facilities. Due to the default and acceleration of the

US\$341.0 million syndicated credit agreement as disclosed in the Managers' announcement "Request for Voluntary Trading Suspension" dated 24 March 2020, outflows from such pledged revenue bank accounts are controlled by the relevant lenders. The Sponsor and/or the relevant Master Lessee would request for monies from such revenue bank accounts to be wired directly to third party vendors to pay amounts due in connection with the operation of these hotels. FTI (being the Chief Restructuring Officer) would be advised of such requests as a courtesy by the lenders. The lenders would permit the remittance of funds for the payments to such third party vendors accordingly if the lenders deem the expenses to be appropriate. For the avoidance of doubt, neither the Sponsor nor the relevant Master Lessee has the ability to withdraw any funds or make any disbursements from such revenue bank accounts without the consent of the lenders.

- (4) **On page 34 of the EHT's 1H2020 financial statements, the EHT disclosed that "there have been various delinquencies on the part of Master Lessees, particularly in providing security deposits and paying for rent for the months of January to June 2020 under their master leases with EHT as well as in performing various obligations under their hotel management agreements with third party hotel operators, all of which have not been remedied to date." Please disclose how much of the security deposits are still owing by the Master Lessees and if they have been recorded in the financial statements. If so, please state under which item in the Statement of Financial Position.**

**Response:**

In line with the announcement "Update Announcement #9 – Commencement of Forensic Accounting Investigation of Sponsor of EHT and Master Lessees and Issuance of Notices of Defaults to Master Lessees" dated 29 June 2020, as at the date of the release of EHT's 1H 2020 financial statements on 14 August 2020, the Master Lessees have not provided the outstanding security deposits of approximately US\$15.0 million. Such outstanding security deposits amount was not recorded in EHT's 1H 2020 financial statements but was disclosed as a significant event during the Reporting Period on page 6 of EHT's 1H 2020 financial statements.

In addition, the Master Lessors have drawn upon approximately US\$8.9 million of security deposits as a result of the Master Lessees' defaults under the terms of the MLAs as at 30 June 2020. Further, as mentioned on page 20 of EHT's 1H 2020 financial statements, US\$3.9 million of such drawn down amount was used to fund necessary and critical expenses of EHT and its underlying portfolio. Pursuant to the MLAs, the Master Lessees are obliged to replenish the security deposits which have been drawn down within seven days of any drawdown (which obligation is then subject to a 20-day cure period). The Master Lessors had issued a demand letter dated 9 July 2020 to the Master Lessees for the replacement of the portion of the security deposits that were drawn down. As at the date of release of EHT's 1H 2020 financial statements, such amount has not been replenished.

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**

21 August 2020

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