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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 #18 – (1) Update on Master Lease Agreement Termination Process, (2) Receipt of Notices of Demand for Working Capital and Implementation of Additional Temporary Caretaker Arrangements, (3) Update on QM Audit Default under the QM Lease Agreement, and (4) REIT Manager's Clarification Response to MAS Notice of Intention

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 progress of the MLA termination process, (b) the receipt of notices of demand for working capital by the relevant Master Lessors from the hotel manager of the Holiday Inn Denver East – Stapleton and the Renaissance Denver Stapleton and the implementation of additional temporary caretaker arrangements in respect of the relevant hotels; (c) the status of the QM Audit Default under the QM Lease Agreement; and (d) the REIT Manager’s clarification response to the MAS Notice of Intention.

References are made to the Managers’ earlier announcements: (i) the announcement “Update Announcement – (1) Termination of Interest Rate Swap Agreement, (2) Discovery of Interested Person Transactions, and (3) Liabilities of Master Lessees” dated 15 May 2020 (the “**15 May 2020 Announcement**”), (ii) the announcement “Update Announcement #8” dated 21 June 2020 (the “**21 June 2020 Announcement**”), (iii) the announcement “Update Announcement #13” dated 16

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September 2020 (the "**16 September 2020 Announcement**"), (iv) the announcement "Update Announcement #14" dated 23 September 2020 (the "**23 September 2020 Announcement**"), and (v) the announcement "Update Announcement #16" dated 27 October 2020 (the "**27 October 2020 Announcement**"), and collectively with the foregoing, 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 Earlier Announcements (as the context requires).

2. Update on the Progress of the MLA Termination Process

- 2.1 As previously disclosed in the 16 September 2020 Announcement, the relevant Master Lessors (being subsidiaries of EH-REIT) have served the relevant Master Lessees with Statutory Notices in respect of certain properties, stating if the applicable Master Lessee fails to pay and/or quit the defaulted MLA obligations, the applicable Master Lessee is required to quit and peacefully vacate and surrender the applicable property. As further disclosed in the 23 September 2020 Announcement, the Master Lessors subsequently issued the Notices of Termination to the Master Lessees stating the Master Lessors' election to terminate the MLAs for the Master Lessees' multitude of defaults under the MLAs.
- 2.2 However, despite the issuance of the Statutory Notices and the Notices of Termination to the Master Lessees, the Master Lessees did not cure their numerous defaults under the MLAs and continued to remain in possession of the properties in EHT's portfolio without the relevant Master Lessor's consent, contrary to the terms of the applicable MLA and in violation of the deadlines stipulated in the Statutory Notices and in the Notices of Termination.
- 2.3 In view of the above, legal actions have been commenced by each of the Master Lessors against the applicable Master Lessee in the relevant State in which the applicable property is located. As at the date of this Announcement, a possession order has been granted in respect of each of the Doubletree by Hilton Salt Lake City Airport and the Renaissance Denver and the applicable Master Lessors have since regained legal possession of such properties. The remaining actions against the applicable Master Lessees (the "**Pending Actions**") remain pending and are proceeding according to local processes. Delays have been observed in the processing of the Pending Actions by the respective State courts due, *inter alia*, to the impact of COVID-19-related restrictions on the court processes in certain jurisdictions. To the Managers' knowledge, there has been no response or action on the part of the Sponsor or the Master Lessees in any of the Pending Actions to date. The Managers will provide further updates to Stapled Securityholders if there are material developments on this matter.

3. Receipt of Demands for Working Capital and Implementation of Additional Temporary Caretaker Arrangements

- 3.1 As disclosed in the 15 May 2020 Announcement, the Master Lessors of the Three Denver Hotels (being the Renaissance Denver Stapleton, the Holiday Inn Denver East – Stapleton and the Sheraton Denver Tech Center) had entered into the Denver NDAs, pursuant to which such Master Lessors had purportedly agreed to, *inter alia*, assume all of the obligations of the relevant Master Lessee under the applicable HMA in the event of any termination of the applicable MLA.
- 3.2 The hotel manager of the Holiday Inn Denver East – Stapleton and the Renaissance Denver Stapleton has demanded, by notice to the applicable Master Lessors, for the payment of working capital (the "**Working Capital Notices**") on the basis of the Denver NDAs and the applicable Master Lessor's election to terminate the applicable MLA. It is also stated in the Working Capital Notices that failure to provide working capital as requested by the hotel manager would result in a significant reduction in the hotel management services provided by the hotel manager at these properties and the effective closure of these two (2) hotels, which remain operational as at the date of this Announcement.
- 3.3 In view of the need to protect and preserve the asset value of the Holiday Inn Denver East – Stapleton and the Renaissance Denver Stapleton and to keep these two (2) hotels operational, each of the corresponding Master Lessors, at the direction of the REIT Manager and with the approval of the REIT Trustee (after taking into consideration professional advice), the

Administrative Agents and the Lenders, intends to enter into hotel caretaker agreements with the incumbent hotel manager, under which the hotel manager would provide and implement temporary caretaker services at the applicable hotel such that these two (2) hotels would continue to remain operational, in exchange for payment of monthly caretaker costs by the applicable Master Lessors. The hotel caretaker agreements are currently being negotiated as at the date of this Announcement and the Managers and the REIT Trustee will provide further updates when appropriate.

4. Update on QM Audit Default under the QM Lease Agreement

- 4.1 As mentioned in the 21 June 2020 Announcement, the QM Subsidiary (being a subsidiary of EH-REIT and the lessee in respect of the Queen Mary Long Beach) had earlier received notices of default from the City of Long Beach in relation to, *inter alia*, the QM Audit Default as a result of the QM Subsidiary's failure to provide the full audited financial statements for 2019 and access to and/or copies of certain records to the City Auditor's Office as required under the QM Lease Agreement. For the avoidance of doubt, the QM Master Lessee was responsible for complying with such requirements under the applicable MLA prior to its termination, though the QM Subsidiary remained obliged for the same under the QM Lease Agreement in the event the QM Master Lessee failed to perform.
- 4.2 As at the date of this Announcement, the audited financial statements for 2019 for the QM Subsidiary have been issued and delivered to the City of Long Beach. Subsequent to the foregoing, the QM Subsidiary has received an additional letter from the City of Long Beach, seeking further clarification and documentation in relation to the financial statements, which the QM Subsidiary has promptly provided with the assistance of professional advisers. The Managers and the REIT Trustee will provide further updates on the status of the resolution of the QM Audit Default as and when able.

5. REIT Manager's Clarification Response to MAS Notice of Intention

- 5.1 As previously disclosed in the 27 October 2020 Announcement, the MAS has issued a Notice of Intention to each of the REIT Manager and the REIT Trustee, stating its intention to direct the REIT Trustee to remove the REIT Manager as the manager of EH-REIT and appoint a new manager, in view of the REIT Manager's various incidents of non-compliance with the SFA. The Notice of Intention further stated that the REIT Manager may submit a written statement to the MAS by close of business on 9 November 2020 as to why the MAS should not issue such a direction.
- 5.2 The REIT Manager wishes to update Stapled Securityholders that the Board of the REIT Manager has submitted a written clarification response to the MAS to clarify its position with regard to the breaches to the MAS and to outline that the Board and management of the REIT Manager have exercised diligence and expended their best efforts to further mitigate and/or remedy the various breaches outlined in the Notice of Intention, including matters pertaining to ensuring funding and capital adequacy of the REIT Manager which the management and the Board of the REIT Manager have limited control over. The Board of the REIT Manager's written clarification response was not intended to set out grounds as to why the MAS should not direct the REIT Trustee to remove the REIT Manager as the manager of EH-REIT and the REIT Manager understands that a separate written statement has been submitted by the shareholder of the REIT Manager to the MAS in that regard.
- 5.3 The REIT Manager will keep Stapled Securityholders updated of any material developments on this matter. In the meantime, the Board of the REIT Manager will continue to discharge their fiduciary duties and act in the best interests of EHT and its Stapled Securityholders for so long as the REIT Manager remains as the manager of EH-REIT.

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:

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

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Issued by:

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(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: 13 November 2020

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