



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)

Frequently Asked Questions

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as given to them in Update Announcement #25 dated 9 March 2021.

1. Why is a stalking horse bidder being selected as part of the sale process?

It is common practice in the United States for an entity seeking to sell assets in a Chapter 11 process to identify and enter into a stalking horse agreement for the sale of its asset(s), and to subsequently solicit higher or otherwise better offers. The stalking horse's bid helps to set a "floor price" for the assets to be sold at an auction under the supervision of the United States Bankruptcy Court, and provides certainty that the sale process can be completed with an eventual bidder. There remains an opportunity for other potential bidders to top the stalking horse's bid during the auction process.

2. How was the sale process run? Why is the Stalking Horse Bidder's Bid lower than the valuation prepared by the independent valuer as of August 2020?

In connection with the sale process over the last 2 months, Moelis (the financial adviser to the Chapter 11 Entities) contacted more than 180 qualified parties to solicit their interest in submitting proposals for the restructuring and recapitalisation of EHT and/or the purchase of one (1) or more of the Chapter 11 Properties. The qualified parties included real estate focused asset managers, global multi-strategy asset managers, publicly-traded REITs, high net-worth investors, sovereign wealth funds, and private equity investors primarily in the United States and Asia and those that had previously participated in the Request for Proposal process conducted in 2020 and the DIP financing process.

Potential bidders were invited to participate in the process, and were provided information on the assets, upon execution of confidentiality agreements. In determining the size of their bids, potential bidders considered various factors and assumptions that may be different from that of the independent valuer that conducted an independent valuation of EHT's properties as at 31 August 2020, including the economic outlook of the United States hospitality industry and market, the impact of the ongoing COVID-19 pandemic on the reservation rates of the assets, the present state of the properties (including costs required to reopen the assets, new PIP/capex requirements by the hotel franchisors, and deferred capital expenditure required) and the availability of tenants for the assets. To date, 29 proposals have been received, nearly all of which related to the purchase of all or a subset of the Chapter 11 Properties.

3. How can potential bidders participate in the auction process? Can alternative options, e.g. restructuring and recapitalisation proposals, be presented?

Following the United States Bankruptcy Court's approval of the proposed bidding procedures, potential bidders will have the opportunity to submit a competing bid during a 45-day window in the Second Bid Round. In fact, because the bidding procedures motion was filed on 9 March 2021 (Singapore time), interested parties will have seen the Stalking Horse Bidder's bid for more than 60 days by the time of the anticipated bid deadline. It is also possible for any reorganisation and recapitalisation proposals to be made during the bidding process. If one or more competing bids are received, the Chapter 11 Entities will hold an Auction, which is tentatively scheduled to be held on 20 May 2021. The Stalking Horse Bidder will be able to improve its bid during that Auction.

Information regarding the bidding procedures and the process of submitting bids under the Second Bid Round will also be made available on www.donlinrecano.com/eagle as soon as the United States Bankruptcy Court has approved the bidding procedures.

4. If the assets are sold at the bid level indicated by the stalking horse, will there be any value remaining to Stapled Securityholders? Will there be any payment to the Stapled Securityholders who have 2020 declared dividends?

While the entry into the Stalking Horse Agreement will be followed by the Second Bid Round and Auction to solicit higher or otherwise better bids and allow for any restructuring and/or recapitalisation alternatives to be put forward, Stapled Securityholders should note that there is no certainty or assurance that any such other proposals will materialise. At this juncture, based on the debt profile of the Chapter 11 Entities, the "floor price" in the Stalking Horse Agreement is unlikely to generate any residual value to be distributed to Stapled Securityholders (including the relevant Stapled Securityholders' entitlement to the distribution of US\$3.478 cents per Stapled Security as declared on 17 February 2020).

5. Will the sale value improve if we wait further for market recovery?

The Stalking Horse Bidder's bid of consideration of US\$470 million represents the highest price achieved for the Chapter 11 Properties following an extensive solicitation process with bidders globally and sets the "floor price" for the Second Bid Round and the Auction, and prevents other potential bidders from underbidding the purchase price. The Stalking Horse Bidder's bid is also generally not subject to any material conditions (other than clear title of the Chapter 11 Properties) and requires minimal representations and warranties by the Chapter 11 Property Entities. The Stalking Horse Agreement remains subject to higher or better bids, including offers to purchase all or substantially all of the Chapter 11 Properties and to reorganise and/or recapitalise the Chapter 11 Entities (including EH-REIT).

Given the ongoing COVID-19 pandemic, the United States hospitality industry remains volatile and any interruption to the current pace of market recovery (e.g. slower vaccine rollouts or potential resurgence of COVID-19) will result in market uncertainties. Of the 15 Chapter 11 Properties, 12 remain closed and continue to draw on the DIP Financing Facility to fund critical operating expenses. The entry into the Stalking Horse Agreement at this juncture provides downside protection in the event of adverse changes in the macro environment which could create significant risk and uncertainty around any sale of the Chapter 11 Entities' properties. It also facilitates the soliciting of higher or otherwise better bids during the Second Bid Round, thereby having the potential to unlock greater value from EHT's portfolio of properties.

The DIP Financing Facility matures no later than January 2022 and failure to timely repay the obligations thereunder would entitle the lender of the DIP Financing Facility to exercise remedies under the DIP Financing Facility, including in respect of the Chapter 11 Properties.

Additionally, there are monthly administrative expenses of maintaining and operating EH-REIT, and property-level maintenance costs, which would require the Chapter 11 Entities to further draw down on the DIP Financing Facility (which will need to be repaid from any sale proceeds).

It is also further noted that the entry into the Stalking Horse Agreement will be followed by the Second Bid Round and the Auction, where the Stalking Horse and other potential bidders have an opportunity to outbid the Stalking Horse Bidder's bid.

6. Can the identity of top creditors and their priority ranking be disclosed?

The Chapter 11 Entities are in the process of preparing their schedules of assets and liabilities, which is expected to be filed with the United States Bankruptcy Court on or before 19 March 2021. Copies of the schedules will be made available on www.donlinrecano.com/eagle.

7. Can the Chapter 11 Entities be immediately liquidated? Will there be any value remaining to Stapled Securityholders?

The REIT Trustee and its professional advisers have commenced a marketing process to sell the assets through the Chapter 11 process. To the extent there is any residual value after repayment of the Chapter 11 Entities' creditors, such value will be made available to EHT's stakeholders, and Chapter 11 does provide a mechanism to facilitate such distributions.

Please refer to the response to Question 4 above in relation to the remaining value to Stapled Securityholders.

8. Why does the REIT Trustee seek to further borrow under the DIP Financing Facility?

The REIT Trustee is borrowing under the DIP Financing Facility to fund monthly administrative expenses of maintaining and operating EH-REIT, and property-level maintenance costs, in order to protect and preserve the assets of EH-REIT under the supervision of the United States Bankruptcy Court. Maintaining EH-REIT is beneficial for all stakeholders as it will allow the Chapter 11 Entities, through the Chapter 11 process, to undertake any value-maximising strategies or propositions for the benefit of all stakeholders.

9. Why were EH-REIT and the Singapore entities included in the Chapter 11 filings?

The Singapore entities have their own creditors, are part of a larger corporate group (with several members of that group in Chapter 11), and, absent access to the DIP Financing Facility, would have insufficient liquidity to operate. In addition, it is not feasible to have separate and competing bankruptcy cases in Delaware and in Singapore.