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 the announcement titled "Disposal of Crowne Plaza Dallas Near Galleria-Addison" dated 12 April 2021.

1. Why does the property remain closed? Would it not have been beneficial to open this property before you sell it, so that it can start generating income and its valuation could also increase, thereby securing a higher sale price?

Re-opening the CPDG presents substantial risks to EHT's stakeholders and creditors. There are substantial costs involved in re-opening hotels, including negotiating new franchise contracts, hotel management agreements, reopening costs, property improvement plan costs, liquor licensing requirements, and other capital expenditures, all of which are costs that the EHT is not in a position to undertake at this time without assurance (which cannot be provided at this time) that re-opened hotels would become sufficiently profitable in the short term to recover all such re-opening costs.

As such, the priority is to continue to focus on preserving the limited funds to keep critical operations going and to expeditiously identify the best possible option available, which includes either a sale of assets or a reorganisation plan.

2. Why sell the property now?

CDPG continues to cause a drain on a limited pool of funds
Due to the ongoing COVID-19 pandemic. CPDG has remained closed for a year since April 2020. Despite this, it incurs ongoing expenses, such as the monthly maintenance costs and expenses of approximately US$100,000 per month which continue to accrue. There has been further damage to the property during the recent winter storms and this will require an additional expense of approximately US$350,000 for immediate repairs.

Unable to use proceeds from the DIP
There are continued objections from other stakeholders in the United States on the utilisation of the proceeds from the US$100 million senior secured superpriority DIP term loan facility to fund the necessary costs and expenses of CPDG which is not under the Chapter 11 process. This has constrained EH-REIT's ability to support CPDG.

Risk of CPDG Lender foreclosing
The amount outstanding to the CPDG Lender is approximately US$12.9 million as at the latest practicable date prior to the announcement. CPDG continues to face numerous challenges and the CPDG Mortgage Loan is in default. As a result, the CPDG Lender had elected to accelerate the CPDG Mortgage Loan, thereby demanding the immediate payment of all amounts due under and pursuant to the CPDG Mortgage Loan. Further, the property has remained closed since April 2020 and has also incurred damage in the recent winter storms.

With no resolution, there is an increasing risk with each passing day, that the CPDG Lender will exercise its right to foreclose on CPDG. In that event, CPDG will unlikely generate any net proceeds for such a sale and this would not be in the interests of stakeholders.

Current sale price is higher than the reserve price for the CPDG Auction
Based on the Valuation Report by Colliers as announced on 6 November 2020, the valuation of CPDG on an “as is” basis is US$18.6 million. The reserve price set for CPDG was US$16 million. Prior to the sale of CPDG to the Buyer, a broad marketing campaign was carried out in parallel with the preparations for the auction of CPDG that was conducted from 5 April 2021 to 7 April 2021. The overall process leading up to the CPDG Auction generated preliminary bids which were less than the auction reserve price of US$16 million, with the highest bid visible to all bidders on the CPDG Auction system prior to its conclusion being US$12.5 million.

In contrast, the Buyer executed an acceptable purchase and sale agreement and placed a US$1 million non-refundable deposit. As such, the auction was subsequently terminated.

Support of Committee of Unsecured Creditors and BoA
As EH-REIT and the other Chapter 11 Entities are debtors in the Chapter 11 cases, the debtors are obliged under United States law to preserve and maximise value for the benefit of all stakeholders, in particular the creditors of the Seller-Owner and of the Chapter 11 Entities. The REIT Trustee was informed that the Committee of Unsecured Creditors of the Chapter 11 Entities, which was formed as a result of the Chapter 11 Filing and Bank of America, N.A. (as the administrative agent of the syndicated credit agreement dated 16 March 2019, being EH-REIT’s largest debt facility) ("**BoA**"), supported the CPDG Disposal and were of the consistent view that CPDG should be sold to the Buyer for the Sale Consideration, in the interests of the debtor estates.

3. Why did you not embark on an auction process? Would you not get a higher amount through the auction?

The overall process leading up to the CPDG Auction generated fewer than expected bidders registering to participate in the CPDG Auction and the preliminary bids for CPDG were less than the auction reserve price of US$16 million, with the highest bid visible to all bidders on the CPDG Auction system prior to its conclusion being US$12.5 million.

The REIT Trustee also took into account various factors such as CBRE’s view that the CPDG Auction was unlikely to yield any bids higher than the Sale Consideration of the Buyer and the terms of the Purchase and Sale Agreement and timeline of the CPDG Disposal presented an attractive proposal.

4. **How is the Trustee being responsible by selling this asset back to the buyer at a price less than the original purchase price?**

   The current sale price reflects the current realities. It would not be possible in the current market nor would it be realistic to secure a sale of an asset based on historic prices, let alone, at pre-COVID 19 levels. The Sale Consideration was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis. It is also based on current state of the property "as is" and the current state of the United States hospitality industry.

5. **You are selling at a deficit of US$0.6 million and a discount to book of 4.5%. How is this sale in the best interest of stakeholders? How can you justify that you have acted in unitholders' interest?**

   Please refer to response in Question 2 of this FAQ for full explanation on rationale for the sale.

6. **Will there be an EGM to approve the sale?**

   With regard to the sale of CPDG, based on the Sale Consideration, the relative figures as set out in Rules 1006(a) and (c) of the Listing Manual exceed 5% but do not exceed 20%. Accordingly, the CPDG Disposal will be classified as a discloseable transaction under Rule 1010 of the Listing Manual and will not be conditional upon the approval of stapled securityholders of EHT. As such, no voting at an EGM by stapled securityholders, will be required for the sale.