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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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### **Request For Voluntary Trading Suspension**

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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**") wish to announce to the stapled securityholders ("**Stapled Securityholders**") that they have requested for a voluntary suspension of the trading of the stapled securities ("**Stapled Securities**") in Eagle Hospitality Trust ("**EHT**") with immediate effect.

#### **1. Background**

Reference is made to the announcement titled "Business Strategic Review and Update" dated 19 March 2020 ("**Strategic Review Announcement**").

The hospitality market globally and in the United States of America continues to deteriorate at an accelerated pace with steep and unprecedented declines in national occupancy levels due to the global COVID-19 pandemic. The operating landscape has been changing on an almost daily basis due to the global COVID-19 pandemic and the Managers continue to work to address developments arising from this fast changing landscape.

Recent projections provided by the master lessees (the "**Master Lessees**") and discussed with the Managers reflect significant operating dislocation.

Under the master lease agreements (collectively, the "**MLAs**") entered into between the subsidiaries of EH-REIT that directly own each EHT property and the Master Lessees, the Master Lessees are to make rent payments to EHT, including a monthly fixed rent payment. The Master Lessees' commitment to satisfy

their obligations under the MLAs has been supported by the income productivity of the underlying properties.

Based on the current market outlook, the productivity of the properties is expected to be insufficient as compared to the Master Lessees' payment obligations to EHT.

The board of directors of the Managers (the "**Board**") has developed material concerns about the viability of the existing terms and arrangements under the MLAs in the current environment and consequential impact on the Master Lessees' ability to fulfil their commitments. As stated in the Strategic Review Announcement, the Board has planned to identify selected asset sales as part of a portfolio reconstitution plan and initiate a comprehensive strategic review ("**Strategic Review**") of its business. It is contemplated that part of this Strategic Review will entail an assessment of appropriateness of the existing MLA structure in light of evolving circumstances.

As further stated in the Strategic Review Announcement, the Managers also planned to draw down on security deposits ("**SDs**") to increase liquidity and remedy delinquencies in rent payments from the Master Lessees. The SDs were planned to be drawn down and were intended to be utilised for purposes of making the rent payment in accordance with the MLAs prior to the receipt of the Notice (as defined below).

## **2. Facilities Agreement and Notice of Default and Acceleration Issued**

Against the above background and backdrop, the Managers wish to further update Stapled Securityholders on recent developments in respect of the syndicated credit agreement dated 16 May 2019 (the "**Facilities Agreement**") entered into by EH-REIT, through certain of its subsidiaries (collectively, the "**Borrowers**"), with a syndicate of lenders (the "**Lenders**") in respect of term loan facilities and/or a revolving credit facility, of which, US\$341 million have been borrowed to date (the "**Loan**").

On 20 March 2020, the Managers received a notice of default and acceleration (the "**Notice**") in relation to the Facilities Agreement issued on behalf of Bank of America, N.A., as the administrative agent for the Lenders (the "**Administrative Agent**") under the Facilities Agreement.

Based on the Notice, an event of default has occurred under the Facilities Agreement, due to the Master Lessees' non-payment of rent under the MLAs in respect of certain properties in EHT's portfolio. For the avoidance of doubt, as at the time of issuance of the Notice, EHT itself has been meeting its own regularly-scheduled debt service obligations on the Loan to the Lenders.

The Notice further states that as a result of such event of default, the Administrative Agent, on behalf of the Lenders, is entitled to and is exercising its rights and remedies under the Facilities Agreement, including the right to accelerate the entirety of the Loan as a result of which a principal amount of US\$341 million was declared to have become immediately due and owing.

In light of the Notice, the Managers will not be able to draw on the SDs as planned and as referred to above.

The Managers are in the process of seeking professional advice and will need more time to:

- (a) assess the implications of the Notice (including legal, financial, auditing, operational and business perspectives); and
- (b) engage in further discussions with the Lenders with a view to working with them to, among other things, negotiate and obtain an agreement for the Lenders to forbear from exercising their asserted rights and remedies under the Facilities Agreement, and developing a longer-term consensual strategy (addressing amongst others the concerns which led to the decision to initiate the Strategic Review) for operating EHT going forward amidst an unprecedented and extreme operating environment in a manner which seeks to protect the interests of the Stapled Securityholders.

As set out in the Strategic Review Announcement and section 1 above, prior to the issuance of the Notice, the Managers had already commenced the process of developing such strategic plan and will continue to do so with a view to improving cash positions and the financial condition of EHT, concurrent with the above discussions with the Lenders.

### 3. Impact of the Notice of Default and Acceleration on the Distribution

The Managers further refer to the announcement dated 17 February 2020 ("**Distribution Payment Announcement**") in respect of the notice of record date and distribution payment date for the previously announced distribution of US3.478 cents per Stapled Security for the period from 24 May 2019 (being the listing date of EHT) to 31 December 2019 (the "**Distribution**").

The Facilities Agreement provides that no Borrower may, directly or indirectly, declare, order, make or set apart any sum for or pay any dividend or distribution following the acceleration of the Loan. In the Notice, the Administrative Agent expressly highlighted this restriction against the payment of any distributions.

The issuance of the Notice therefore means that EH-REIT is now restricted under the terms of the Facilities Agreement from making payment of the Distribution.

In order for the Distribution to be paid on Monday, 30 March 2020 as stated in the Distribution Payment Announcement, funds for the payment would have had to be paid to The Central Depository (Pte) Limited ("**CDP**") by 23 March 2020 to allow for sufficient processing time for the Distribution to be credited to the accounts of Stapled Securityholders.

Whilst there are sufficient funds in the bank accounts of EHT to fund CDP and to pay out the Distribution in full, in light of the Notice and the restrictions against payment of the Distribution, pending further discussions and negotiations with the Lenders and pending overall assessment of the financial implications of the Notice, the Managers have in the meantime deferred any action to pay the funds to CDP for settlement of the Distribution.

**Accordingly, in light of the above developments, Stapled Securityholders should note and expect that there is no certainty or assurance as to the period of the delay in receipt of the Distribution or that such Distribution will be made at all.**

### 4. Voluntary Suspension

In view of the above developments, the Managers have decided to suspend the trading of the Stapled Securities on a voluntary basis to protect the interests of the Stapled Securityholders and to ensure that no person trades the Stapled Securities without sufficient information required to make an informed decision. The Managers wish to emphasise that this is a voluntary suspension pursuant to Rule 1302 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

We wish to reiterate our commitment to work in the best interests of and towards the long term sustainability of EHT and strive for the best outcome for the Stapled Securityholders.

We will provide updates including on our discussions with the Lenders, the Strategic Review and the status of the Distribution as soon as practicable.

The Managers will also seek to lift the trading suspension as soon as it is appropriate to do so without compromising the interests of the Stapled Securityholders.

**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. Stapled Securityholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.**

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

Contact Investor Relations  
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DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.

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: 24 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 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.