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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 #21 – (1) Application for Appointment of Receiver by Hilton Houston Galleria Area Lender, (2) Receipt of Letters in relation to Lendco Unsecured Loan and (3) Requests for Reference Proceedings from Certain Master Lessees

1. Introduction

- 1.1 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 application by the lender in respect of the Hilton Houston Galleria Area (“**HHG**”) for the appointment of a receiver under the mortgage loan dated 24 October 2017 in respect of the HHG property (the “**HHG Mortgage Loan**”), (b) the receipt of letters from Lodging USA Lendco, LLC (“**Lendco**”, being the lender of the Lendco Unsecured Loan (as defined in the Circular)) and its affiliated entity, Claydon Hill Investments Limited (“**Claydon Hill**”) which is a Stapled Securityholder, in relation to the Lendco Unsecured Loan and disclosures in respect thereof in the Circular and (c) the receipt of requests for reference proceedings from certain Master Lessees under the relevant Master Lease Agreements.
- 1.2 References are made to (i) the announcement “Update Announcement #17” dated 30 October 2020 (the “**30 October 2020 Announcement**”) and (ii) the circular to Stapled Securityholders dated 8 December 2020 (the “**Circular**”). Unless otherwise defined, all capitalised terms used and

DBS Bank Ltd. was the sole financial adviser and issue manager for the initial public offering of Eagle Hospitality Trust.
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not defined herein shall have the same meanings as given to them in the 30 October 2020 Announcement and the Circular (as the context requires).

2. Application for Appointment of Receiver by Lender of the HHG Mortgage Loan

- 2.1 As mentioned in the 30 October 2020 Announcement, the Managers had received the HHG Notice in relation to the alleged defaults and events of defaults under the HHG Mortgage Loan and the demand by the HHG Lender for the payment of all delinquent amounts under the HHG Mortgage Loan. The Managers and the EH-REIT Trustee have been informed that the lender of the HHG Mortgage Loan (being Comm 2017-C41 6780 SW Freeway, LLC, as successor in interest to Wilmington Trust, National Association, as trustee, for the benefit of the registered holders of Wells Fargo Commercial Mortgage Trust 2017 C-41, Commercial Mortgage Pass-Through Certificates, Series 2017-C41) has filed a petition and application for the appointment of a receiver with the district court of Harris County, Texas to, *inter alia*, hold possession of the HHG and take such other actions to preserve its interests (including without limitation the power to sell or dispose of the HHG) (the “**HHG Receiver Application**”).
- 2.2 The Managers and the EH-REIT Trustee are assessing the implications of the HHG Receiver Application and are in the midst of consulting their professional advisers to determine the appropriate course of action to take in relation thereto.

3. Receipt of Letters from Lendco and Claydon Hill in relation to the Lendco Unsecured Loan and Related Disclosures in the Circular

Letters from Lendco and Claydon Hill

- 3.1 The Managers have received letters from Lendco (being the lender of the Lendco Unsecured Loan) and Claydon Hill (an entity affiliated to Lendco and which purportedly holds approximately 1.92% of the Stapled Securities in issue), **alleging**, *inter alia*, the following in relation to the Lendco Unsecured Loan and the disclosures in respect thereof in the Circular:
- (a) the following disclosure in Paragraph 1.1.5 of the Circular is a false statement as Lendco has demanded payment and noticed EHT of its defaults under the Lendco Unsecured Loan notably including a notice of default directed to EHT on 14 August 2020, as well as other written notices directed to both EHT and the BoA Facilities Agreement Administrative Agent with respect to the defaults and demand for repayment:
- "As at the Latest Practicable Date, EHT has received notices of default or acceleration and/or demands for payment in respect of all of the EHT Debt Facilities **save for the Lendco Unsecured Loan**...[emphasis added]";*
- (b) the Proposed Bridge Facility to be obtained from a consortium of lender banks led by Bank of America, N.A. for the purposes of funding the property-level budget prepared by the New Managers has been advanced without the consent of Lendco; and
- (c) EHT has engaged in other bad faith conduct in violation of its obligations to Lendco which has materially prejudiced the rights of Lendco including, *inter alia*, failing to advise Lendco of material changes to EHT and wrongfully conducting negotiations with other lenders without the involvement or consent of Lendco,
- (collectively, the “**Lendco Allegations**”).
- 3.2 Lendco and Claydon Hill have also demanded that EHT provide accurate disclosures and must cease all conduct and activities with respect to the Proposed Bridge Facility without the consent of Lendco as well as all other conduct that prejudices Lendco.

Position of the Managers and the EH-REIT Trustee

- 3.3 The Managers and the EH-REIT Trustee, after consultation with their professional advisers, consider that the Lendco Allegations are without merit. In particular:

- (a) in respect of the first Lendco Allegation in Paragraph 3.1(a), the Managers, the EH-REIT Trustee and their respective professional advisers are in the process of investigating as none of them have any record of any alleged notice relating to the default under or repayment of the Unsecured Lendco Loan (including the alleged notice of default directed to EHT on 14 August 2020). Accordingly, to the Managers and the EH-REIT Trustee's knowledge, the disclosure in Paragraph 1.1.5 of the Circular providing that EHT has not received any notices of default or acceleration in respect of the Lendco Unsecured Loan is accurate as at the Latest Practicable Date;
 - (b) in respect of the second Lendco Allegation in Paragraph 3.1(b), the Proposed Bridge Facility does not require the consent of Lendco, nor does it constitute a breach of any of Lendco's rights under contract or applicable law; and
 - (c) in respect of the third Lendco Allegation in Paragraph 3.1(c), there is no obligation on EHT to advise Lendco of any material changes to EHT and EHT has not wrongfully conducted negotiations with other lenders.
- 3.4 All rights of EHT (including the subsidiaries of EH-REIT), as well as the Managers and the EH-REIT Trustee, against Lendco and Claydon Hill in relation to the Lendco Allegations, the Lendco Unsecured Loan and related documents thereto are expressly reserved.
- 4. Requests for Reference Proceedings from Certain Master Lessees**
- 4.1 Certain Master Lessors (being subsidiaries of EH-REIT) of California-based properties (being the Holiday Inn Hotel & Suites Anaheim, Four Points by Sheraton San Jose Airport, Embassy Suites by Hilton Palm Desert and Embassy Suites by Hilton Anaheim North) have received letters of request from certain Master Lessees to initiate reference proceedings in accordance with California law as provided under the relevant Master Lease Agreements. For the information of the Stapled Securityholders, a reference proceeding is a proceeding akin in some, but not all, respects to a private arbitration and is conducted under the auspices of the relevant California courts instead of a private arbitration organisation. None of such letters has identified any act or omission by the relevant Master Lessors that the Master Lessees desire to adjudicate in the proposed reference proceeding.
- 4.2 The Managers and the EH-REIT Trustee are in the midst of consulting their professional advisers to determine the appropriate course of action to be taken in relation to the requests for reference proceedings from the relevant Master Lessees.

The Managers and/or and the EH-REIT Trustee will update Stapled Securityholders of any material developments in respect of the above-mentioned matters as and when appropriate. For the avoidance of doubt, the above-mentioned matters do not impact the extraordinary general meeting to be held at 2.00 p.m. on Wednesday, 30 December 2020.

Stapled Securityholders are advised to read this Announcement and any further announcements relating to EHT 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:

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: 29 December 2020

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