



## 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)

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## Update Announcement #23 – (1) Update on Chapter 11 Process, (2) EH-REIT Commences a Chapter 11 Case in the United States Bankruptcy Court and Singapore Court Rules that REIT Trustee May Act Upon Advice of its Professionals in the Absence of a REIT Manager, and (3) Grant of Temporary Waiver from Paragraph 9.2 of the Property Funds Appendix by the Monetary Authority of Singapore to EH-REIT

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### 1. INTRODUCTION

- 1.1 DBS Trustee Limited, as trustee (the “**REIT Trustee**”) of Eagle Hospitality Real Estate Investment Trust (“**EH-REIT**”) wishes to update the stapled securityholders of Eagle Hospitality Trust (“**EHT**”) (the “**Stapled Securityholders**”) on (a) the interim orders granted by the United States Bankruptcy Court in respect of the Chapter 11 Filing of 27 subsidiaries of EH-REIT (collectively, the “**Chapter 11 Entities**”)<sup>1</sup>, (b) EH-REIT having filed its own Chapter 11 case in the United States Bankruptcy Court and the Singapore Court (as defined below) having ruled that the REIT Trustee may act upon the advice of its professionals advisers in the absence of a manager of EH-REIT, and (c) the Monetary Authority of Singapore’s (“**MAS**”) grant of a temporary waiver from Paragraph 9.2 of Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) to EH-REIT.
- 1.2 References are made to (a) the announcement “Announcement on Asset Valuation” dated 6 November 2020 (the “**Valuation Announcement**”) and (b) the REIT Trustee’s announcement “Update Announcement #22” dated 20 January 2021 (the “**Announcement #22**”). Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Valuation Announcement and Announcement #22 (as the context requires).

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

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<sup>1</sup> The Chapter 11 Entities are (a) 5151 Wiley Post Way, Salt Lake City, LLC, (b) ASAP Cayman Atlanta Hotel LLC, (c) ASAP Cayman Denver Tech LLC, (d) ASAP Cayman Salt Lake City Hotel LLC, (e) ASAP Salt Lake City Hotel, LLC, (f) Atlanta Hotel Holdings, LLC, (g) CI Hospitality Investment, LLC, (h) EHT Cayman Corp Ltd., (i) Eagle Hospitality Trust S1 Pte. Ltd., (j) Eagle Hospitality Trust S2 Pte. Ltd., (k) EHT US1, Inc., (l) Sky Harbor Atlanta Northeast, LLC, (m) Sky Harbor Denver Holdco, LLC, (n) Sky Harbor Denver Tech Center LLC, (o) UCCONT1, LLC, (p) UCF 1, LLC, (q) UCHIDH, LLC, (r) UCRDH, LLC, (s) Urban Commons 4th Street A, LLC, (t) Urban Commons Anaheim HI, LLC, (u) Urban Commons Bayshore A, LLC, (v) Urban Commons Cordova A, LLC, (w) Urban Commons Danbury A, LLC, (x) Urban Commons Highway 111 A, LLC, (y) Urban Commons Queensway, LLC, (z) Urban Commons Riverside Blvd., A, LLC and (aa) USHIL Holdco Member, LLC.

## 2. INTERIM ORDERS GRANTED BY THE UNITED STATES BANKRUPTCY COURT

- 2.1 As mentioned in Announcement #22, (a) on 17 January 2021, the Chapter 11 Entities executed a commitment letter in respect of a US\$100 million senior secured superpriority DIP term loan facility (the “**DIP Financing Facility**”) with Monarch Alternative Capital LP, acting on behalf of one or more advisory clients and/or related entities, which financing was subject to the approval of the United States Bankruptcy Court, and (b) on 19 January 2021 (Singapore time), the Chapter 11 Entities filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (“**Chapter 11**”) to obtain the protection of the United States Bankruptcy Court. EH-REIT did not file a petition for relief at the time that the Chapter 11 Entities commenced their Chapter 11 cases.
- 2.2 At the hearing before the United States Bankruptcy Court on 21 January 2021, the United States Bankruptcy Court, among other things:
- (a) authorised the joint administration, for procedural purposes, of the Chapter 11 Entities’ Chapter 11 cases;
  - (b) approved the DIP Financing Facility on an interim basis, allowing the Chapter 11 Entities to borrow up to US\$9.3 million until the next hearing to be held on 11 February 2021;
  - (c) authorised, on an interim basis, the Chapter 11 Entities to pay certain critical vendors for the ongoing operations and maintenance of the hotels in EH-REIT’s portfolio post-Chapter 11 Filing;
  - (d) appointed the Chapter 11 Entities’ chief restructuring officer to act as foreign representative in any Singapore proceedings to recognise the Chapter 11 cases as foreign main proceedings; and
  - (e) confirmed the application of the worldwide automatic stay in respect of any claims against the Chapter 11 Entities.
- 2.3 A further hearing in the Chapter 11 cases will be held on 11 February 2021 at which time the United States Bankruptcy Court will consider final approval of orders granted on an interim basis at the 21 January 2021 hearing (including DIP financing in the total amount of US\$100 million).

## 3. EH-REIT’S COMMENCEMENT OF A CHAPTER 11 CASE IN THE UNITED STATES BANKRUPTCY COURT

- 3.1 On 28 January 2021 (Singapore time), the REIT Trustee (in its capacity as trustee of EH-REIT) filed, on behalf of EH-REIT, a voluntary petition for relief under Chapter 11 in the United States Bankruptcy Court.
- 3.2 As a result of the commencement of the Chapter 11 case of EH-REIT, and by operation of section 362 of the United States Bankruptcy Code, the automatic stay enjoins all entities from, among other things, taking any action to obtain possession of property of EH-REIT’s estate or to exercise control over property of EH-REIT’s estate, wherever located.
- 3.3 The Chapter 11 filing of EH-REIT follows the REIT Trustee having obtained an Order from the General Division of the High Court of the Republic of Singapore (the “**Singapore Court**”) granting it liberty, upon the advice of its professional advisers, to:
- (a) undertake all actions which are prescribed under the Deed of Trust constituting EH-REIT as exercisable by the REIT Trustee on the recommendation, request, direction or instruction of the manager of EH-REIT, or with the consent or approval of the manager of EH-REIT, without requiring and notwithstanding the absence of such recommendation, request, direction, instruction, consent or approval; and
  - (b) do any act which the REIT Trustee may deem necessary for the management and administration of EH-REIT and its business.

- 3.4 This application was made to the Singapore Court pursuant to Section 56 of the Trustees Act (Chapter 337 of Singapore), having regard to the removal of the former manager of EH-REIT (Eagle Hospitality REIT Management Pte. Ltd.) with effect from 30 December 2020.
- 3.5 In its Chapter 11 case, EH-REIT will seek to have certain of the orders previously entered by the United States Bankruptcy Court with respect to the Chapter 11 Entities, including the order (a) confirming the application of the worldwide automatic stay in respect of any claims and (b) authorising, on an interim basis, the financing under the DIP Financing Facility, to extend to EH-REIT. EH-REIT will also seek to have its Chapter 11 case be jointly administered, for procedural purposes only, with the Chapter 11 cases of the Chapter 11 Entities.
- 3.6 The Chapter 11 Entities and EH-REIT also intend to seek recognition in the Singapore Court of their Chapter 11 cases as foreign main proceedings.
- 3.7 Should any stakeholder of EHT have any queries in relation to the Singapore Court proceedings, please contact Rajah & Tann Singapore LLP, the legal counsel to EHT, at [eht2021@rajahtann.com](mailto:eht2021@rajahtann.com).

#### **4. GRANT OF TEMPORARY WAIVER FROM PARAGRAPH 9.2 OF THE PROPERTY FUNDS APPENDIX BY THE MAS**

- 4.1 Pursuant to Paragraph 9.2 of the Property Funds Appendix, the total borrowings and deferred payments (collectively, the “**Aggregate Leverage**”) of EH-REIT:
- (a) should not, before 1 January 2022, exceed 50% of EH-REIT’s deposited property; and
  - (b) should not, on or after 1 January 2022, exceed 45% of EH-REIT’s deposited property. The Aggregate Leverage of EH-REIT may exceed 45% of its deposited property (up to a maximum of 50%) only if EH-REIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.
- 4.2 As at 30 September 2020, EH-REIT’s Aggregate Leverage was approximately 65.5%<sup>2</sup> (excluding accrued and default interest) arising due to the recent valuation of the properties of EH-REIT as at 31 August 2020 on an As-Is basis as disclosed in the Valuation Announcement.
- 4.3 As the DIP Financing will result in an increase in EH-REIT’s Aggregate Leverage, the REIT Trustee had made an application to the MAS for the MAS’ consent and waiver in respect of EH-REIT’s compliance with Paragraph 9.2 of the Property Funds Appendix.
- 4.4 The MAS has granted EH-REIT a temporary waiver (the “**Aggregate Leverage Temporary Waiver**”) from paragraph 9.2 of the Property Funds Appendix ending (a) 31 March 2022 or (b) the date on which the Chapter 11 cases are concluded, whichever is earlier. The Aggregate Leverage Temporary Waiver is subject to the condition that the REIT Trustee states its view that the DIP Financing and the plan to seek insolvency protection for EH-REIT and the Chapter 11 Entities under Chapter 11 are in the best interests of Stapled Securityholders in an SGXNET announcement.
- 4.5 The REIT Trustee, having considered the advice and submissions from its professional advisers on such matters, is of the view that on balance, the DIP Financing and the seeking of insolvency protection for EH-REIT and the Chapter 11 Entities under Chapter 11 are in the best interests of Stapled Securityholders as well as the other stakeholders of EH-REIT and the Chapter 11 Entities.

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<sup>2</sup> Includes the termination cost of the interest rate swap agreement dated 22 May 2019 with Bank of the West in the United States of approximately US\$18.3 million (excluding accrued and default interest) as part of the borrowings of EH-REIT. In the event that such termination cost is not included, the Aggregate Leverage of EH-REIT as at 30 September 2020 would be approximately 63.1%.

**Stapled Securityholders are advised to read this Announcement issued by the REIT Trustee and any further announcements by the REIT Trustee carefully. Stapled Securityholders should note that there is no certainty or assurance that there will be a restructuring under Chapter 11 and in the event of a disposal of the properties, Stapled Securityholders may not receive any value. Stapled Securityholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

Issued by:

**DBS Trustee Limited**

(Company Registration No.: 197502043G)

**as trustee of Eagle Hospitality Real Estate Investment Trust**

Date: 28 January 2021

### **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 of EHT in 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, Eagle Hospitality Business Trust Management Pte. Ltd. (as trustee-manager of Eagle Hospitality Business Trust) (the “**Trustee-Manager**”) and the REIT Trustee (as trustee of EH-REIT), 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 Trustee-Manager and/or the REIT Trustee 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 Trustee-Manager and/or the REIT Trustee’s 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, amongst others, EHT, EH-REIT, EH-BT as well as financial statements. 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.

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