



The Other Side of the Story

About Urban Commons

A privately-held real estate investment and development firm

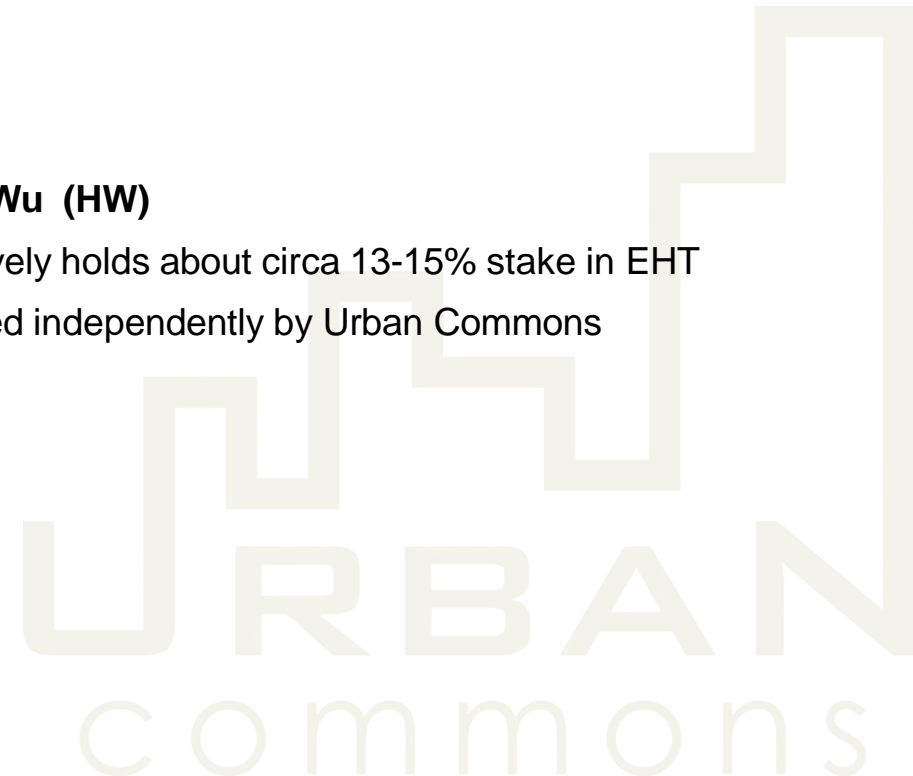
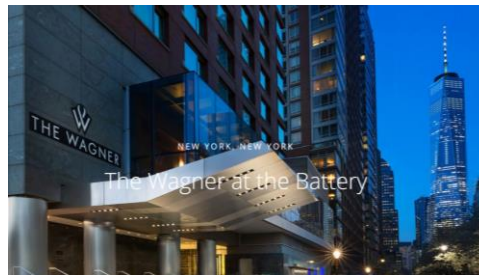
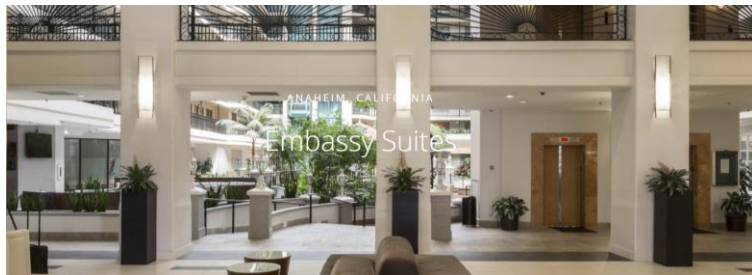
- Established in 2008;
- Since inception, has completed 38 real estate acquisition and divestment transactions
- Manages and/or owns 12 properties spanning hospitality, multifamily, retail, and assisted living

Their Role in Eagles Hospitality Trust (EHT)

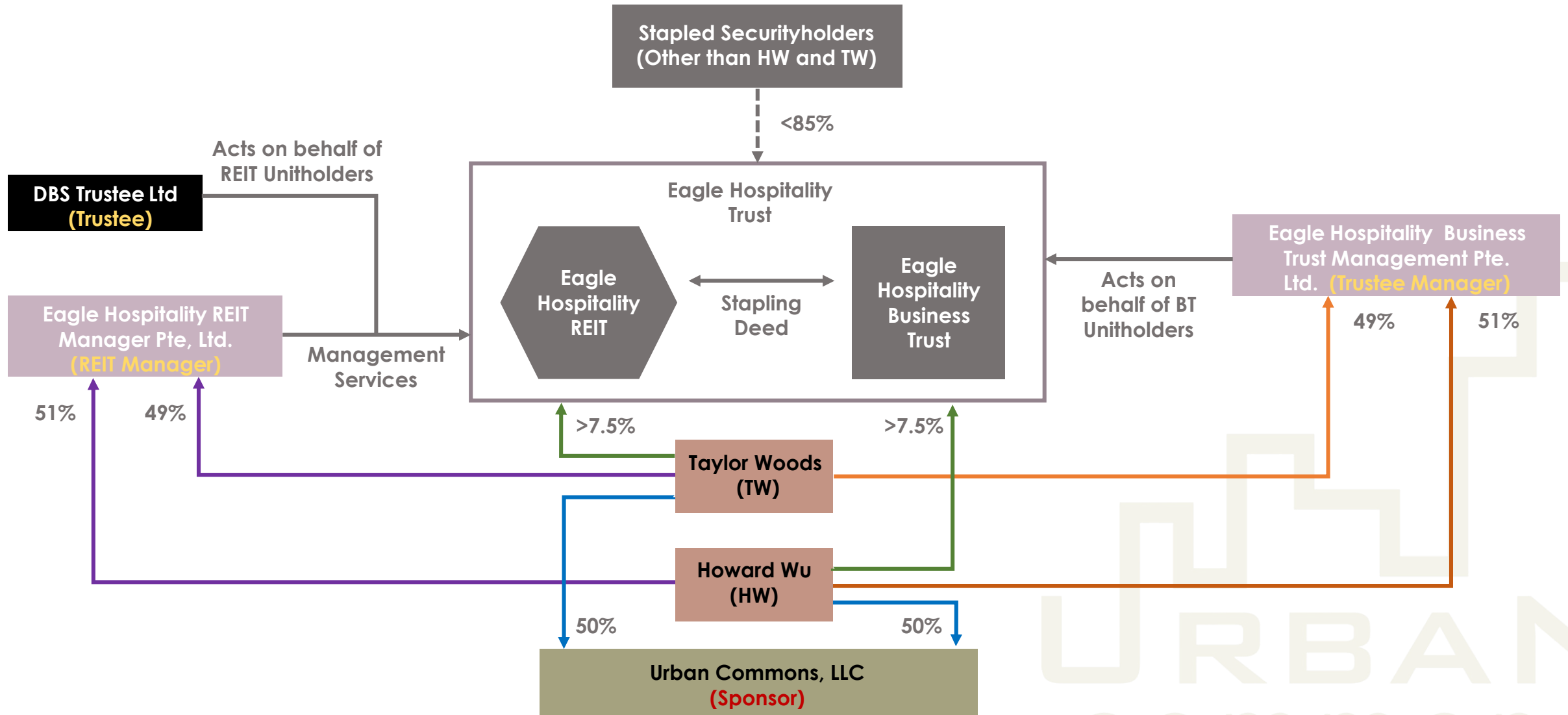
- Sponsor;
- Master Lessees

Urban Commons (Sponsor or UC) is co-owned by Taylor Woods (TW) and Howard Wu (HW)

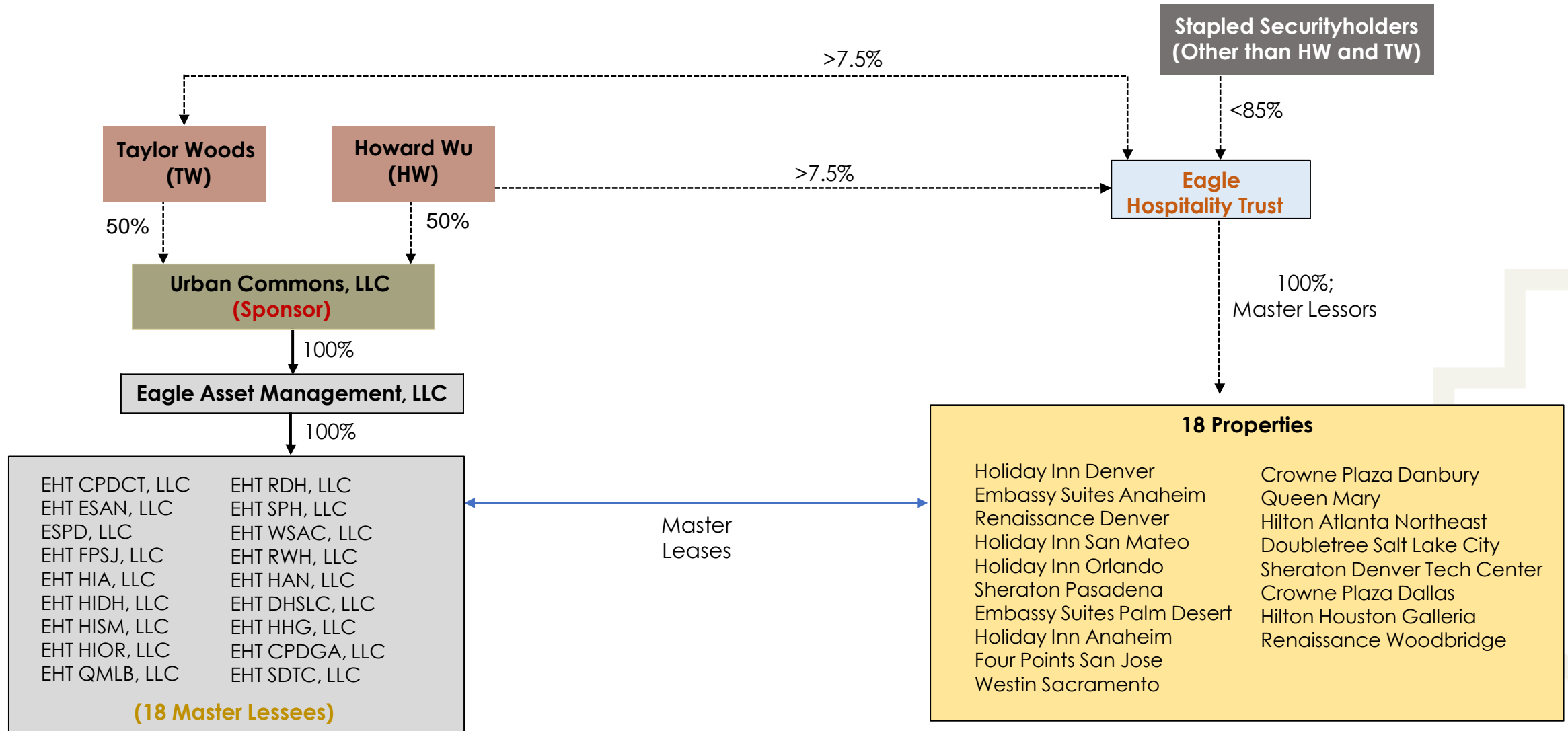
- TW and HW also owns the Trustee Manager and REIT manager of EHT, and collectively holds about circa 13-15% stake in EHT
- The Trustee Manager and REIT manager are run by an external party and is managed independently by Urban Commons



Eagle Hospitality Trust – REIT Structure (Simplified)



Eagle Hospitality Trust – REIT Structure (Simplified)



REIT Structure (Notes)

Observations	Comments
<p data-bbox="147 419 868 501">Howard Wu (HW) and Taylor Woods (TW) hold multiple roles in the REIT</p> <ul data-bbox="147 554 835 725" style="list-style-type: none"><li data-bbox="147 554 835 635">• Sponsor (Urban Commons), Master Lessees<li data-bbox="147 639 835 725">• Ownership of REIT Manager and Trustee Manager	<p data-bbox="980 419 2066 501">However, several other hospitality REITS also have a common person/company in multiple roles.</p>

REIT Structure (Notes)

Observations	Comments
<p>With ownership in both the REIT manager and Master Lessee, isn't there a conflict of interest by HW and TW?</p>	<p>Trustee Manager and REIT Manager are run by an external party and is managed independently from Urban Commons. The majority of the board of directors in the REIT Manager are independent directors- 4 independent directors.</p> <p>HW and TW continue to be substantial shareholders in EHT with a circa 13-15% stake.</p> <p>Since the crisis struck, HW and TW has tried to fulfil their duties and even after stepping down as REIT manager directors, through Urban Commons, they have continued to approach the Trustee with proposals, in hopes of saving EHT, however the Trustee has not responded at all.</p> <p>Master Lessee's payment was affected with the outbreak of COVID-19. Master Lessees has made full payment till Dec 2019, paying for repairs on damages to the properties due to hurricane damage first, even when it's the responsibility of the REIT.</p> <ul style="list-style-type: none">• For the January rent which was due in February 2020, while the payment of rent was affected by the impact of COVID-19, this was offset by the amount the Master Lessee had over-funded EHT by paying its full rent in accordance with the MLA - even though the Orlando properties of EHT were impacted by hurricanes in late 2019.• For the February rent which was due in March 2020, the fixed rent payments are covered by the Force Majeure situation, directly attributed to COVID-19. March 2020 income came in at negative US\$4 million compared to fixed rent due to almost non-existent occupancy levels, and therefore income, as a result of the global pandemic.

Key Takeaways

Since the IPO, Urban Commons and its affiliates have

1. **Funded the necessary capital (in advance for EHT) caused by a category 5 hurricane**, which caused damage to EHT's largest hotel in Orlando. The master lessee has also continued to pay for fixed rent of approximately US\$3 million for Holiday Inn in Orlando, Florida, despite damages to the property.
2. **Contributed approximately US\$10 million more to the REIT than hotel-level generated income to support EHT.** Given Urban Commons' voluntary efforts to support the hotels financially and the master lessees full compliance with their reporting obligations under the MLA, Urban Commons believes that the advisory firm appointed by EHT's demand for additional information and the threatened forensic accounting investigation are bad faith efforts to damage the reputation of Urban Commons by attempting to create some appearance of wrong-doing.
3. **Since April 2020, Urban Commons has attempted to engage with the Trustee and its advisors on restructuring/recapitalizing EHT on multiple occasions.** However, the Trustee does not respond and there is no call or meeting with the Trustee until 22 July 2020 regarding the RFP progress.



Forensic Accounting Investigation

Urban Commons

29 Jun 20

- Announcement released on SGXNet of “commencement of Forensic Accounting Investigation of Sponsor of EHT and Master Lessees” through FTI (appointed by the Trustee and the SC)
- In reality, there is no “forensic accounting investigation” of Urban Commons
- The Trustee, SC and FTI are already in possession of the information they are contractually entitled to (i.e., audited statements setting out EBDITA of the US properties) and have no legal authority to go into the records or systems of the Sponsor and Master Lessees
- As this was not set out in the public announcements, this has already led to a wrong perception of Urban Commons by the media and investors

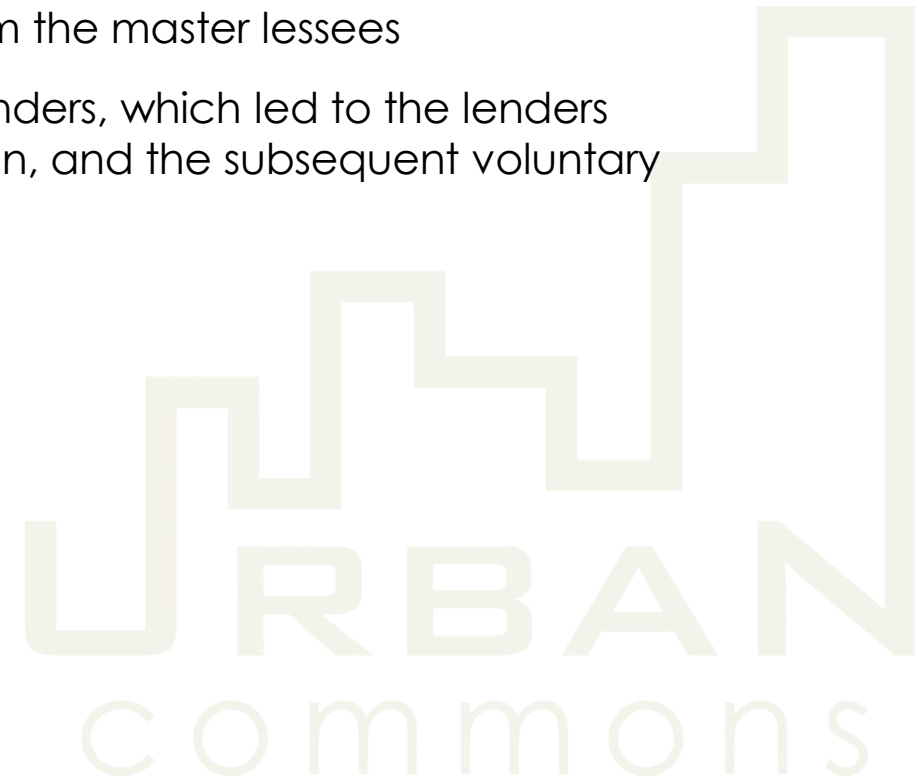


Timeline of Events

What exactly went wrong? (Summary)

The notice of default was the crux leading to the current crisis of EHT. This is due to several factors

- COVID-19 having a huge fiscal impact on the global tourism industry, resulting in a precipitous fall in occupancy rates and operational performance of EHT properties
- This triggered the REIT Manager to try to draw down US\$12.5 million of the security deposits to increase the liquidity of EHT and remedy delinquencies in rent payments from the master lessees
- This in turn brought the rental delinquencies to the attention of its lenders, which led to the lenders issuing a notice of default and acceleration on a US\$341 million loan, and the subsequent voluntary suspension of the REIT



Timeline of Events

19 March 20
Request for trading halt announced

3 March 20

Cost-saving measures against impact of Covid-19 pandemic announced

20 March 20

REIT Manager and Trustee Manager (the Managers) **had received notice of default and acceleration in relation to the US\$341 million facilities** from Bank of America, N.A. (BAML Loan).

Why did EHT default on the Loan?

- The lenders had in May 2019 provided term loan facilities and/or a revolving credit facility to EHT
- The notice states that an event of default has occurred for the loan, due to master lessees' non-payment of rent to EHT under the master lease agreements (MLAs) for certain EHT properties
- The coronavirus pandemic has caused steep declines in occupancy levels in the hospitality market, reducing the income, productivity of EHT's properties, impeding the ability of some master lessees to pay their rent
- This notwithstanding, EHT has its own scheduled debt-service obligations on the loan to the lenders as at March 20.

Timeline of Events

1 April 20

Special committee of the board of directors of the REIT Manager and Trustee Manager (SC) established. Rajah & Tann is appointed by the SC.

On various dates thereafter in April, DBS Trustee Limited (Trustee) and the SC subsequently appointed various advisors for the Eagle Hospitality REIT (EHT), including FTI Consulting Inc. (FTI) and Moelis & Company (Moelis). The terms of reference of FT and Moelis are to report to the Trustee and the SC.

2 April 20

Urban Commons attempts to engage with the Trustee and its advisors on restructuring/recapitalizing EHT on multiple occasions.

The Trustee does not respond and there is no call or meeting with the Trustee until 22 July 2020

~ 7 May 20

Without prior approval from existing stakeholders of the Managers, Moelis issued a Request For Proposal (RFP) to select bidders requesting bids, including offers to acquire a majority stake in the Managers

Timeline of Events

11 May 2020

Urban Commons commenced negotiation of a term sheet with Far East Consortium International (FECIL). FECIL preferred to subscribe for new shares so the proposed investment agreement had to involve the SC, representing the Managers, as well as the Existing Shareholder and FECIL

9 May 20

After objections raised that Moelis had no authority to ask bidders for offers to acquire a majority stake in the Managers which are owned by Mandarin West Holdings, LLC (Existing Shareholder), Moelis sent out an email on 9 May 2020 suspending the RFP

15 May 20

EHT announced allegations that certain “Non-Disturbance Agreements” (NDAs) entered in order to facilitate change of certain hotel managers carrying out the management and operation of the US properties, were purportedly not on usual commercial terms and “prejudicial” to the interests of EHT and its minority Stapled Security Holders

Timeline of Events

Urban Commons has been in discussions for six months regarding potential partnerships with Asia-based partners. Urban Commons aim to bring on board a new strategic partner at the REIT Manager level to stabilize, strengthen and improve operations. In line with this, Howard Wu and Taylor Woods had decided to step down to avoid any perception of conflict of interest.

3 Jun 20

Non-binding conditional proposals between FECIL and Urban Commons, involving FECIL acquiring a 70% shareholding in both EHT's REIT manager and its trustee manager

26 May 20

Howard Wu and Taylor Woods (Co-founders of Urban Commons) have stepped down from the board of directors of the Managers

8 Jun 20

Announcement released on SGXNet of joint investigation by MAS and CAD

Urban Commons Futile Redemption Attempts

The Trustee does not respond to the Sponsor's latest proposal and instead communicates that the "Request for Proposal" process (RFP Process) will be launched. Urban Commons then receives a letter regarding the RFP Process

30 July 20
Expressions of interest due under the RFP Process

22 July 20

Urban Commons issues a written proposal rescuing EHT to the Trustee and the SC

23 July 20

Announcement released on SGXNet referring to the RFP Process. There is no mention that the Trustee and SC have received the Sponsor's re-financing and re-capitalisation proposal

There is no mention that since April 2020, Urban Commons has been seeking to engage with the Trustee and its advisors on restructuring/recapitalizing EHT on multiple occasions