



ARA US HOSPITALITY TRUST

ESR GROUP & REITS CORPORATE ACCESS DAY PRESENTATION

24 JUNE 2022



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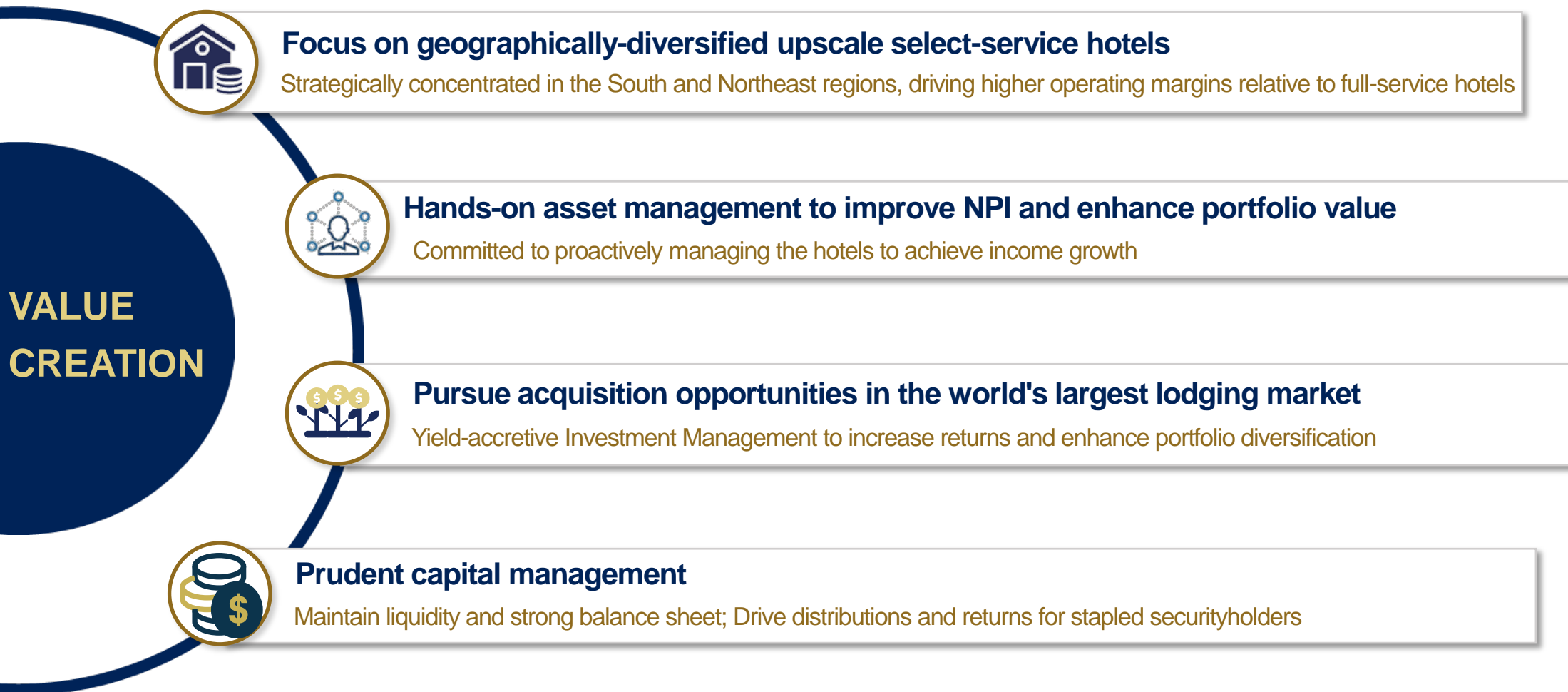
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Key Investment Strategies of ARA US Hospitality Trust

In pursuit of long-term income growth in U.S. real estate



ARA US Hospitality Trust – An Overview

First pure-play U.S. upscale select-service hospitality portfolio listed on the SGX-ST



41
upscale
hotels

Valued US\$722.6m



5,340
rooms



>95%
Freehold
Title



>90%
rooms-
focused
revenue



5
hotel
brands



2
hotel
operators



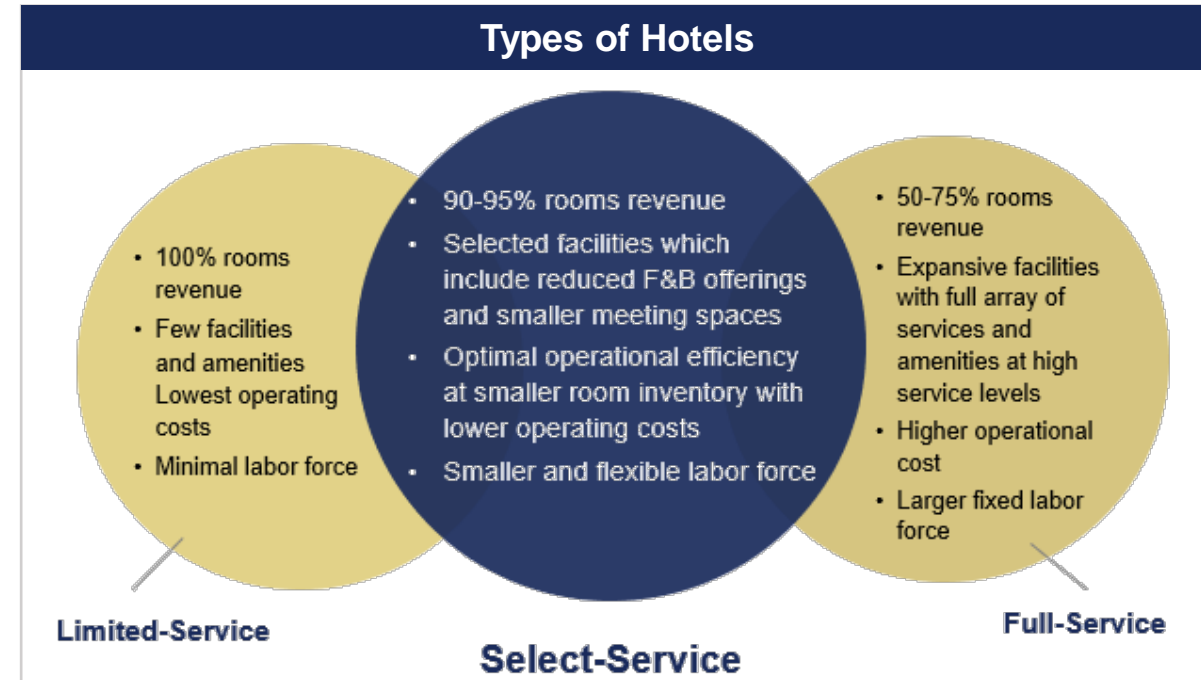
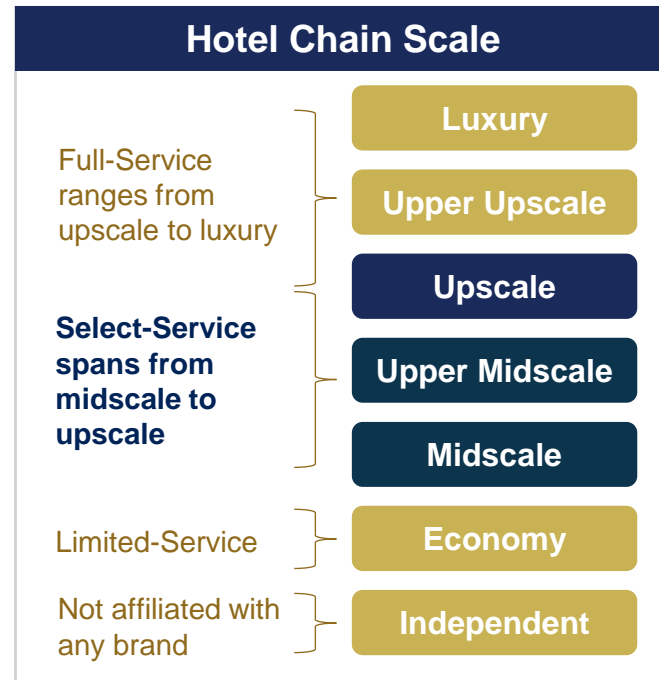
22
states

ESR
Backed by APAC's
Largest Real Asset
Manager

Tax efficient Structure
Attractive REIT platform to invest in U.S. hotels for non-U.S. investors

Primary Focus on Upscale, Select-service Hotel Segment

Well-poised for further growth due to defensive nature of portfolio



- Upscale hotels remain the most dynamic segment with demand growth outpacing the overall national hotel average by more than 3x over the last 20 years
- Select-service hotels is a hybrid between limited and full-service hotels with selected facilities and services at a lower price point than full-service hotels
- Upscale select-service hotels produce higher profit margins and remain resilient over the years

Hands-on Asset Management In Enhancing Portfolio Value

Committed to proactively managing the hotels to achieve income growth



Efficient Investment Structure

Attractive platform to invest for non-U.S. investors

AII-USD FX

Cashflows, assets and liabilities are denominated in USD

U.S. Withholding Tax-exempt

Profits repatriated to Singapore via shareholder's loans extended by a foreign company are not subject to U.S. withholding tax of 30%*

*Qualifies for Portfolio Interest Exemption

SG Tax Transparency

Qualifying distributions by ARA H-Trust to Stapled securityholders

Management fee structure pegged to distribution income and growth in DPU

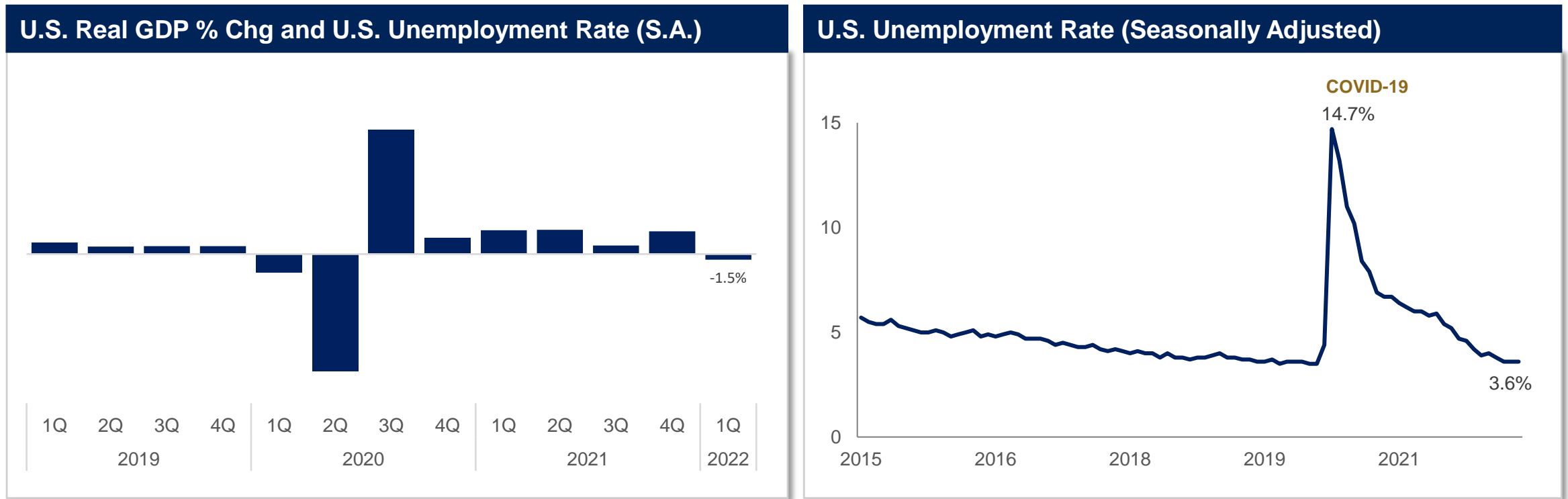
Semi-annual distribution; at least 90% of distributable income

A large American flag waving on a tall pole against a blue sky with white clouds. The flag is positioned on the left side of the image, and the background is split diagonally into a blue sky and a white area.

U.S. MARKET UPDATE

U.S. Economic Growth Stalls in 1Q 2022

Positive FY 2022 GDP growth still expected



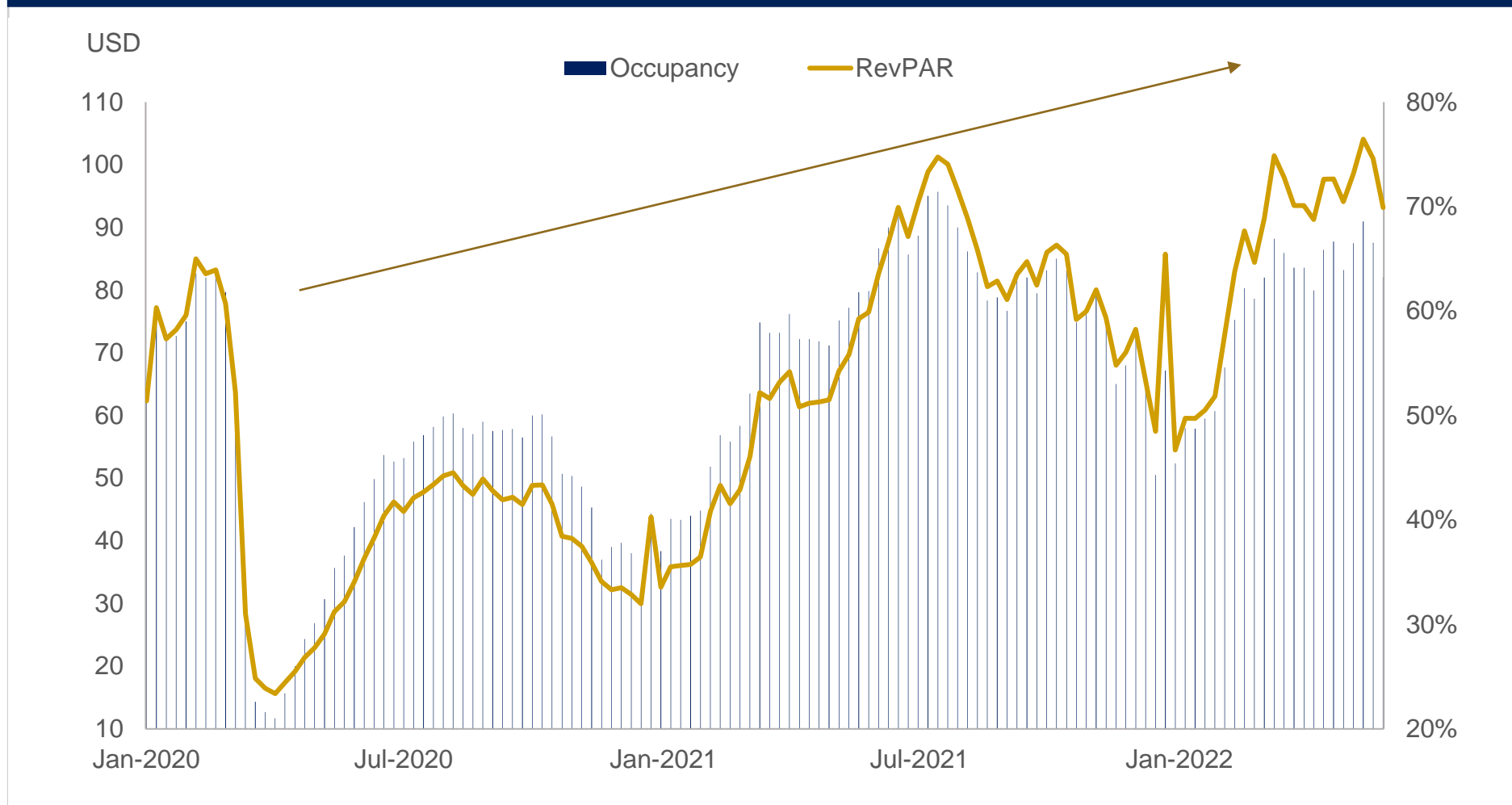
- 1Q 2022 GDP growth (second estimate) decreased by -1.5% as private inventory investment and government spending decreases offset increases in personal consumption expenditures
- Expected 2Q 2022 GDP growth at 3.5%, with full year projected GDP at 2.7%[#]
- U.S. CPI* rose 8.6% in last 12 months ended May 2022. Broad-base increases, with gasoline, shelter and food being the largest contributors
- Federal funds rate increased to 1.5-1.75% in June 2022

U.S. Hotel Market Recovery Supported by Strong Leisure Demand



Positive trend and recovery to 2019 levels

U.S. Hotel Market Weekly RevPAR and Occupancy



Buoyant Leisure Travel As Business Travel Picks Up

Consumer spending expected to be positive notwithstanding recessionary risks

Strong Recovery



- Domestic leisure drive
- Domestic leisure fly



Gaining Traction



- Essential meetings
- Small & medium events
- Regional international

Subsequent Stage



- Large events
- Long-haul international



Further easing of restrictions: Nil requirement for proof of a negative COVID-19 test or recovery from COVID-19 for all travellers into the U.S. regardless of vaccination status¹

¹ Effective June 12, 2022

Recovery to Exceed Pre-pandemic Levels

Projected RevPAR growth underpinned by strengthened ADR

Year	2019	2020	2021	2022F	2023F	2024F
Occupancy	66%	44%	58%	63%	65%	66%
ADR	\$131	\$103	\$125	\$145	\$150	\$155
RevPAR	\$87	\$45	\$72	\$92	\$98	\$103
RevPAR compared w/ 2019	-	-50%	-17%	+7%	+13%	+19%

- Outlook for U.S. hospitality sector remains positive notwithstanding economic headwinds
- Higher pricing due to inflation, ramp up in business travel recovery in addition to leisure sector recovery

PORTFOLIO PERFORMANCE



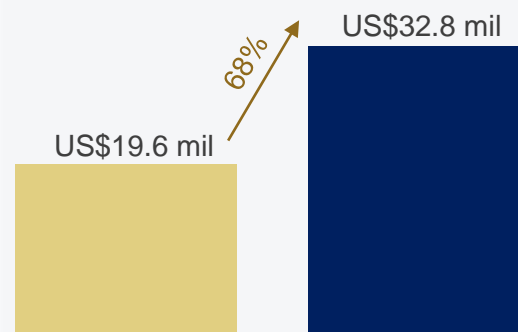
AC Hotel Marriott Raleigh North Hills

1Q 2022 Performance

Strong y-o-y growth across all key metrics

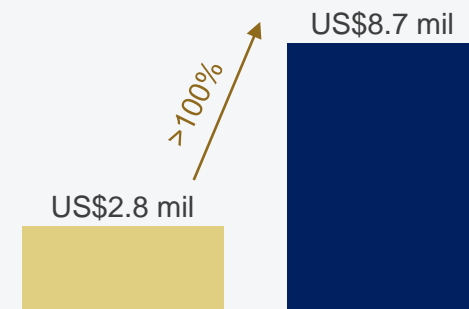


Gross Revenue
US\$32.8 mil



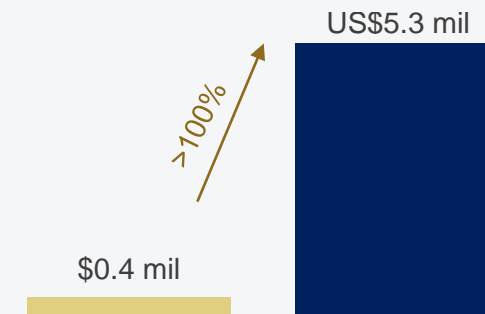
■ 1Q 2021 ■ 1Q 2022

Gross Operating Profit
US\$8.7 mil



■ 1Q 2021 ■ 1Q 2022

Net Property Income
US\$5.3 mil

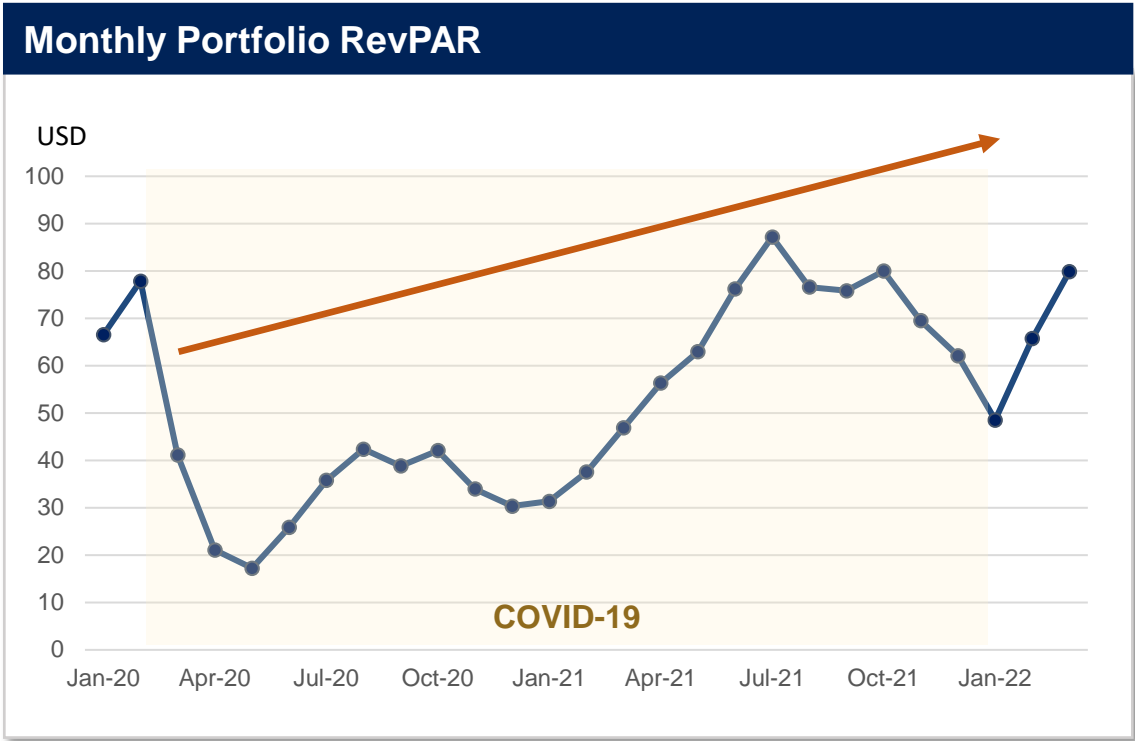
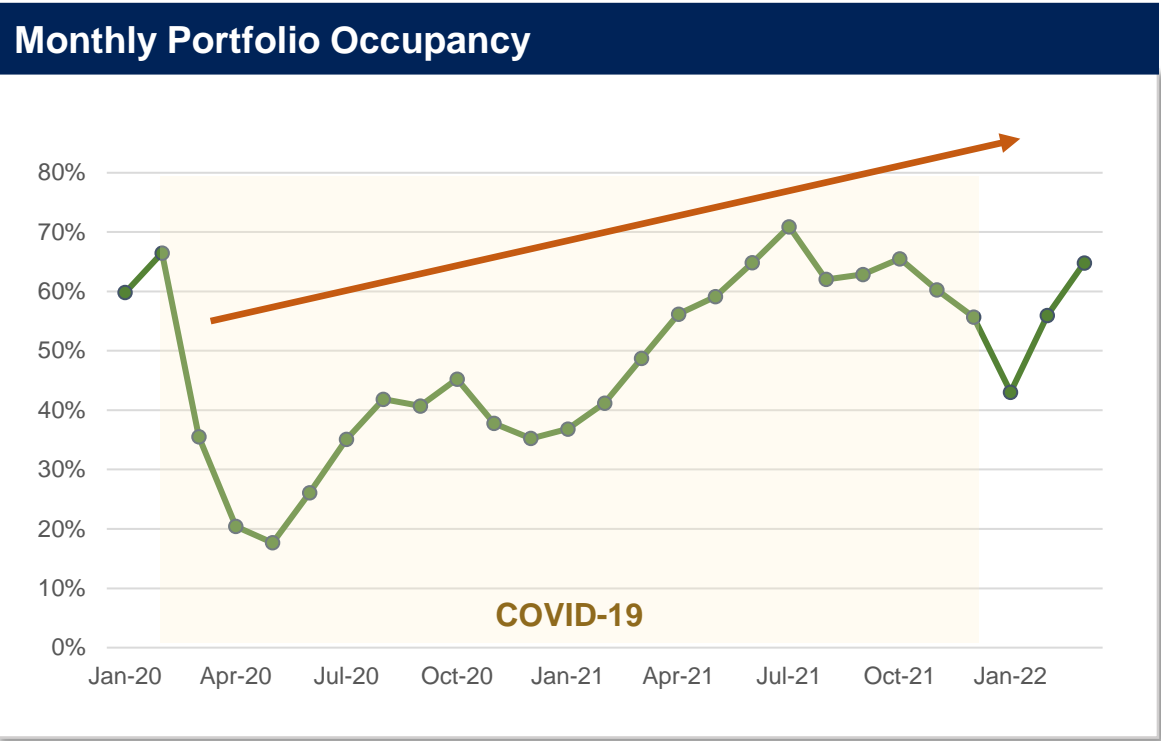


■ 1Q 2021 ■ 1Q 2022

- Increased RevPAR of over 67% y-o-y underpinned the significant growth in GOP and NPI of over 100%
- Strengthened GOP margins of 26.6% for the quarter expected to improve in the next quarter

Upward Trajectory in RevPAR

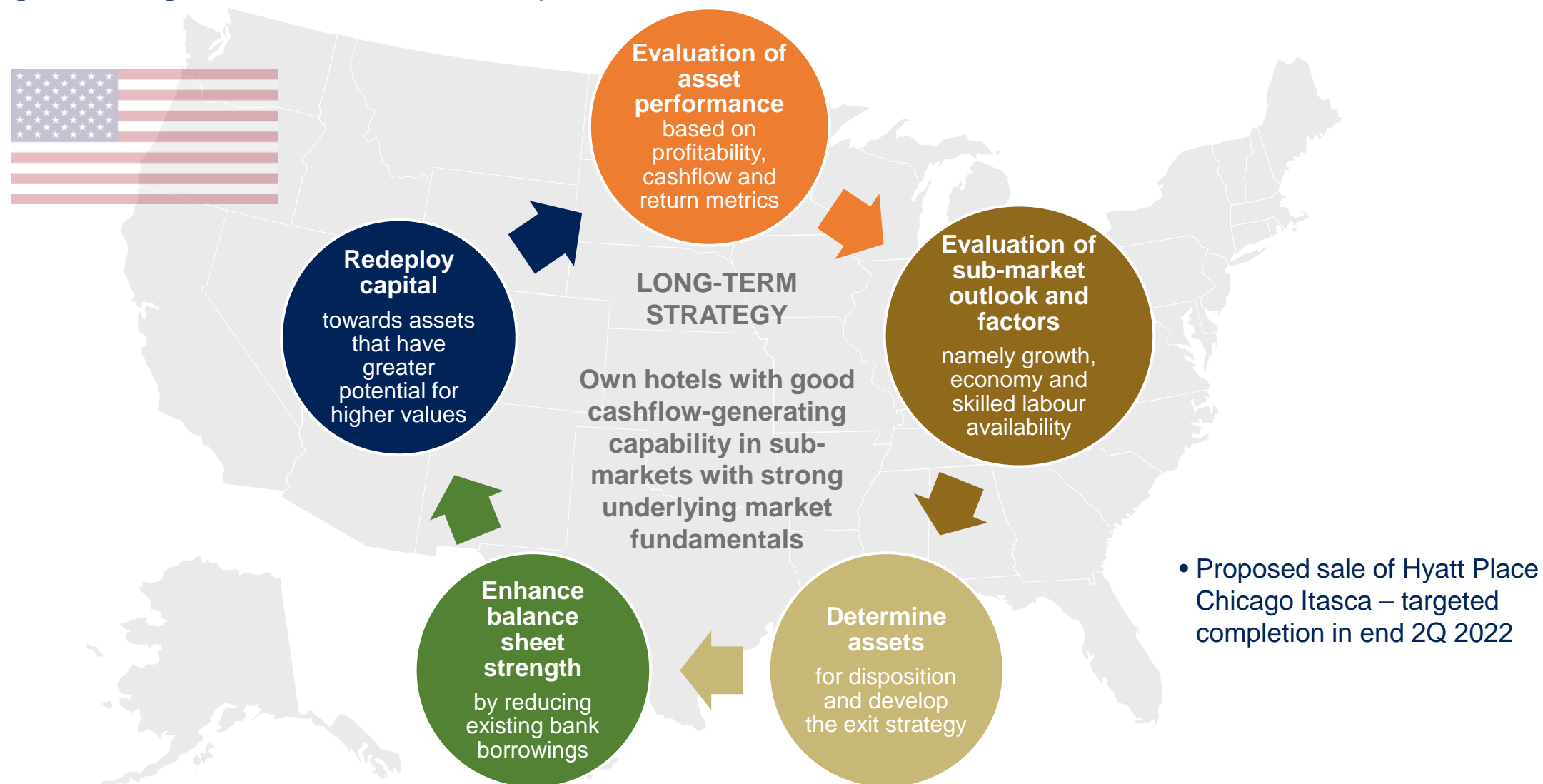
Strength in daily pricing driving RevPAR momentum



- Stronger performance expected in second quarter being peak season for occupancies

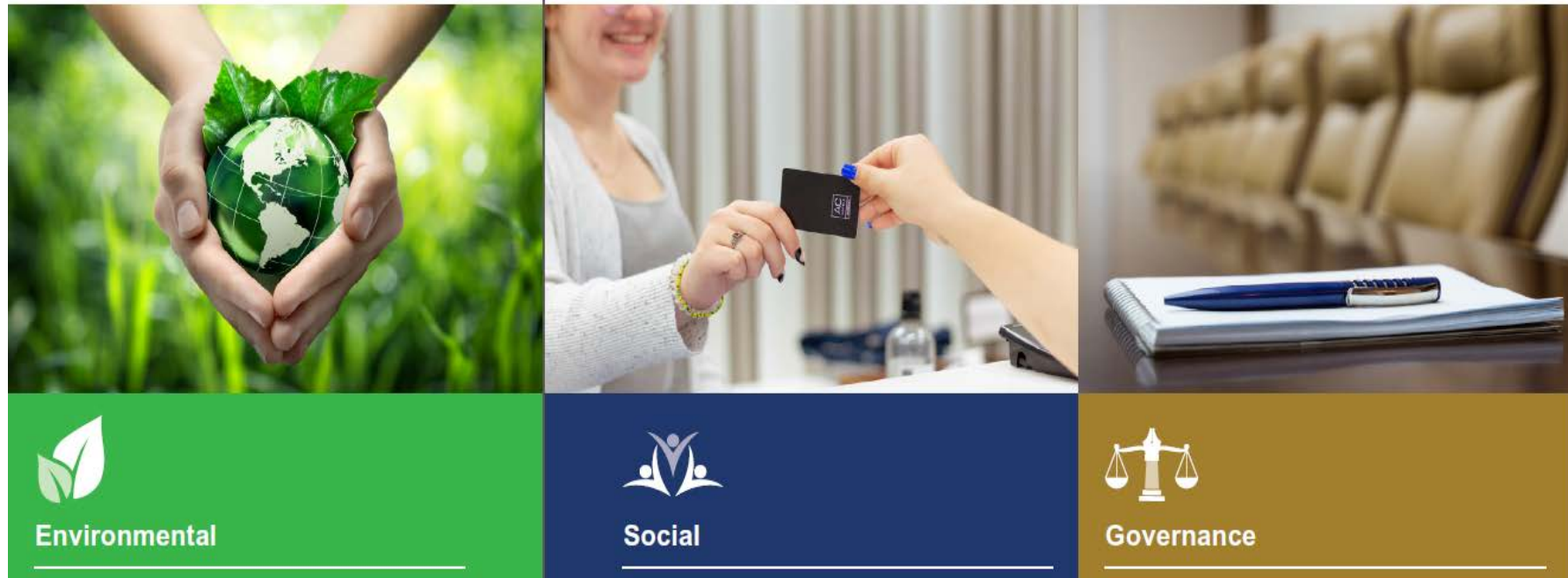
Portfolio Optimisation

Building a stronger and more resilient portfolio



ESG Initiatives for ARA US Hospitality Trust

Move towards sustainable hospitality



-  Sustainable management as part of asset management
-  Aimed at contributing to the social and environmental well-being of stakeholders over the long term
-  Framework to engage, report and review developed in 2019
-  Close collaboration with Brand Partners and Hotel Managers to drive sustainability programs and initiatives throughout the COVID-19 pandemic

Sound Financial and Liquidity Position



Sequential improvement in ICR will create more debt headroom @ 50% gearing limit

	As at 31 Mar 2022
NAV per Stapled Security	US\$0.70
Cash Balance	US\$17.7 mil
Total Debt Outstanding	US\$339.9 mil
Aggregate Leverage Ratio	44.9%
Interest Cover Ratio	2.3x
Weighted Average Debt Maturity	2.3 years
Average Cost of Debt (p.a.)	3.6%
% of Fixed Debt	78.6%

- No refinancing requirement for FY2022 and FY2023

Key Takeaways



First **pure-play U.S. upscale select-service** hospitality portfolio worth ~US\$723m, providing a tax-efficient platform for non-U.S. investors to invest in U.S. hotels



Improving YTD operational performance towards 2019 levels, reflecting the general recovery pattern of the sizable U.S. lodging industry



Proven hands-on asset management approach in navigating sector headwinds; portfolio RevPAR has **consistently outperformed peer group**



Positive sector drivers and recovery momentum

- Covid-19 transitions from pandemic to endemic
- U.S. economic expansion continues into 2022 despite covid-related disruptions and geo-political risks
- Consumer spending expected to be positive for leisure travel
- International travel conditions to ease further, facilitating the return of corporate and group travel



Sound financial and liquidity position and return of **distributions**

Optimise

Focus on sub-markets with good long-term market fundamentals that underpins long-term hotel performance

Thank You

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AC Hotel Marriott Raleigh North Hills