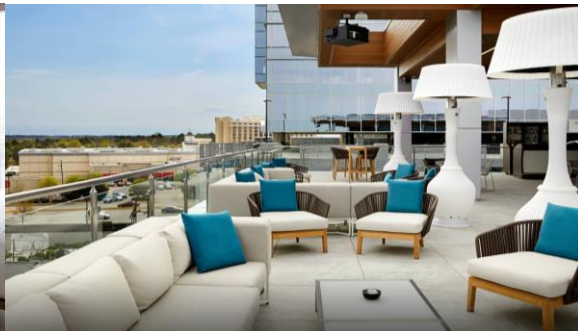




# ARA US HOSPITALITY TRUST

## SGX S-REIT CORPORATE DAY

17 MARCH 2021



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DBS Bank Ltd. was the Sole Issue Manager for the initial public offering of the Stapled Securities in ARA US Hospitality Trust (the “**Offering**”). DBS Bank Ltd., Overseas-Chinese Banking Corporation Limited and United Overseas Bank Limited were the Joint Financial Advisers and Joint Global Coordinators for the Offering. DBS Bank Ltd., Overseas-Chinese Banking Corporation Limited, United Overseas Bank Limited and Credit Suisse (Singapore) Limited were the joint Bookrunners and Underwriters for the Offering.



# OVERVIEW OF ARA H-TRUST

# Backed by Strong Singapore-based Sponsor – ARA Group

Largest, pure-play real assets manager in APAC with global reach and experience



## Founded in 2002

- S\$119b<sup>1</sup> gross assets managed by ARA Group and its Associates
- Diversified geographic exposure with presence across 28 countries



## Blue-chip Shareholders and Seasoned Management

- Experienced board and management team with demonstrable track record



## Successful Track Record

- Strong growth track record underpinned by consistent outperformance of relevant benchmarks

## Diversified Platforms

- Office, Logistics, Retail, Hospitality, Credit and Infrastructure
- REITs, Private Funds and Real Estate Mgmt Services
- Core, Core+, Value-add and Opportunistic



## Diversified Suite of Fast-growing REITs and Private Funds

	REITs	Private Funds	Strategic Associates
Public REITs	<p><b>FORTUNE REIT</b> Suburban retail in HK SAR</p> <p><b>SUNTEC</b> Prime office &amp; retail in SG, AU and UK</p> <p><b>PROSPERITY REIT</b> Office and industrial in HK SAR</p> <p><b>ARA LOGOS LOGISTICS TRUST</b> Logistics in APAC</p> <p><b>HUI XIAN REIT</b> Commercial properties in CN</p> <p><b>ARA US HOSPITALITY</b> Select-service hospitality assets in the US</p>	<p><b>APF</b> ARA Private Funds</p> <p>Opportunistic, Value-add, Core/Core+ strategies investing in various sectors in APAC</p> <p><b>AREP II</b> ARA Real Estate Partners Asia II</p> <p><b>CIP</b> ARA China Investment Partners</p> <p><b>PIP</b> Peninsula Investment Partners</p> <p><b>ARA Harmony Series</b></p> <p><b>ARA Quadreal JV</b></p>	<p><b>KENEDIX</b> Office Investment Corporation</p> <p><b>KENEDIX</b> Residential NEXT Investment Corporation</p> <p><b>KENEDIX</b> Retail REIT Corporation</p> <p><b>AMANAHRAYA REIT</b></p>
Private REITs / REFs	<p><b>Parc.1 Tower II</b> Landmark office tower Office in KR</p> <p><b>Seoul Square</b> Iconic prime office building Office in KR</p> <p><b>ARA-ShinYoung REIT No. 1</b> Multifamily in KR</p> <p><b>ARA-ShinYoung REIT No. 2</b> Multifamily in KR</p> <p><b>ARA-Alpharium REIT</b> Office in KR</p>	<p><b>LOGOS</b> Private logistics real estate funds across Asia Pacific</p> <p><b>ARAVenn</b> Investment vehicles in commercial real estate and residential mortgage lending in UK/EU</p> <p><b>ARA Infrastructure</b></p>	<p><b>CROMWELL</b> PROPERTY GROUP</p> <p><b>CROMWELL</b> EUROPEAN REIT</p>

<sup>1</sup> Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates and Joint Ventures as at 31 December 2020

# Management Team With Presence in U.S. and Singapore

Hands-on approach by a team of experienced hospitality specialists

## In-Market Management Team



**LEE JIN YONG**  
Chief Executive Officer

Hospitality and real estate professional with over 30 years of experience in hotel management and investment



**JAMES JUNG**  
Director, Investments

Hospitality and real estate professional with over 10 years of experience with expertise in hotel investment and asset management



**LISA SWAIN**  
Director, Asset Mgt

Hospitality professional with over 25 years of experience with expertise in property-level hotel management, revenue, sales and e-commerce management



**LING HONG LIANG**  
Finance Director

Finance professional with over 17 years of experience in accounting, finance and audit industry

# Resilient Portfolio Managed by Experienced Teams

A diversified portfolio anchored by resilient fundamentals

**41**  
upscale  
hotels

**5,340**  
rooms

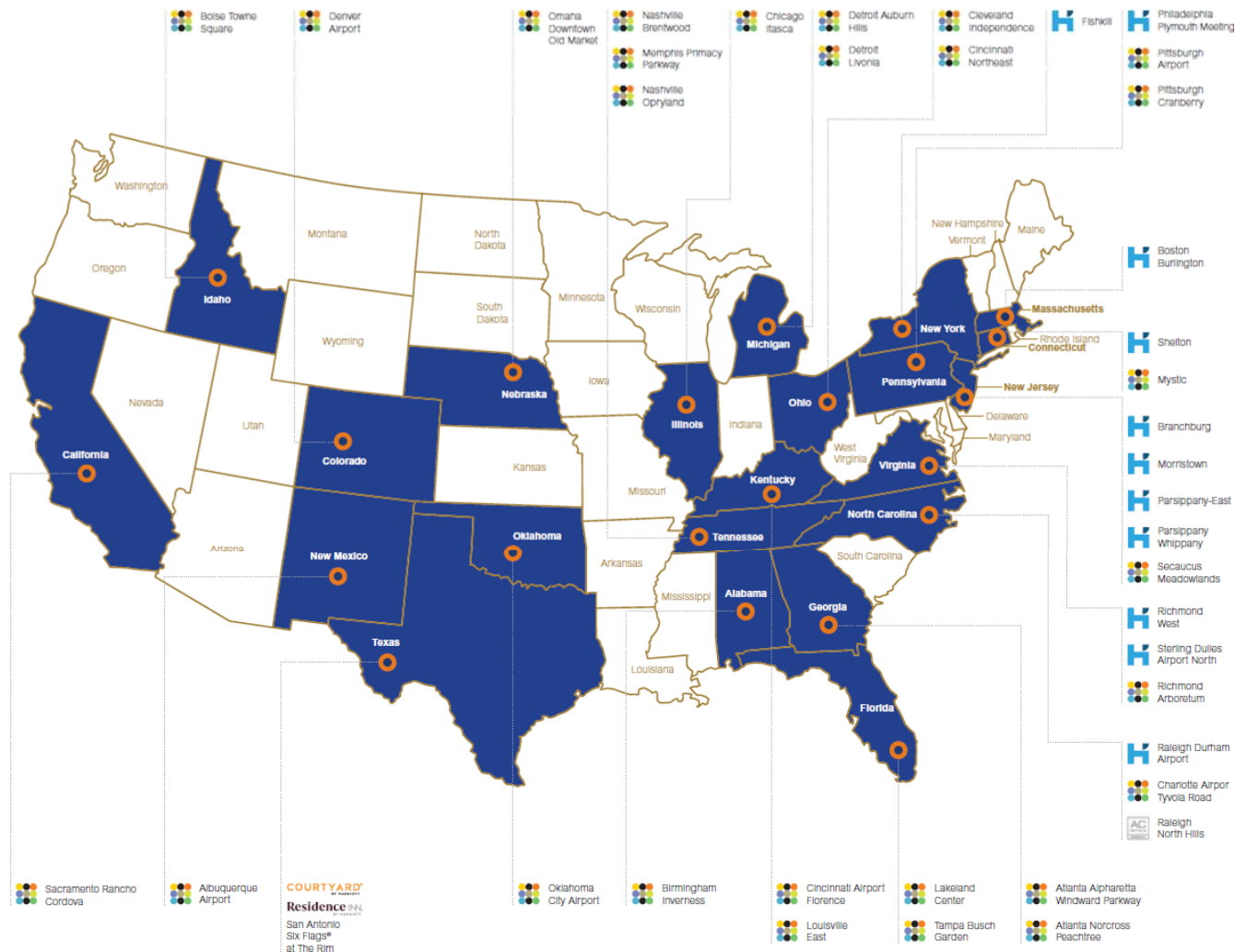
**22**  
states

**>90%**  
rooms-  
focused  
revenue

**5**  
hotel  
brands

Residence INN.  
BY MARRIOTT  
COURTYARD  
BY MARRIOTT

**2**  
hotel  
operators



# ARA H-Trust Structure

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

## Tax Efficient Structure

- Profits repatriated to Singapore via shareholder's loans not subject to U.S. withholding tax
- Distributions by ARA H-Trust to Stapled securityholders not subject to Singapore income tax

## Distribution Policy

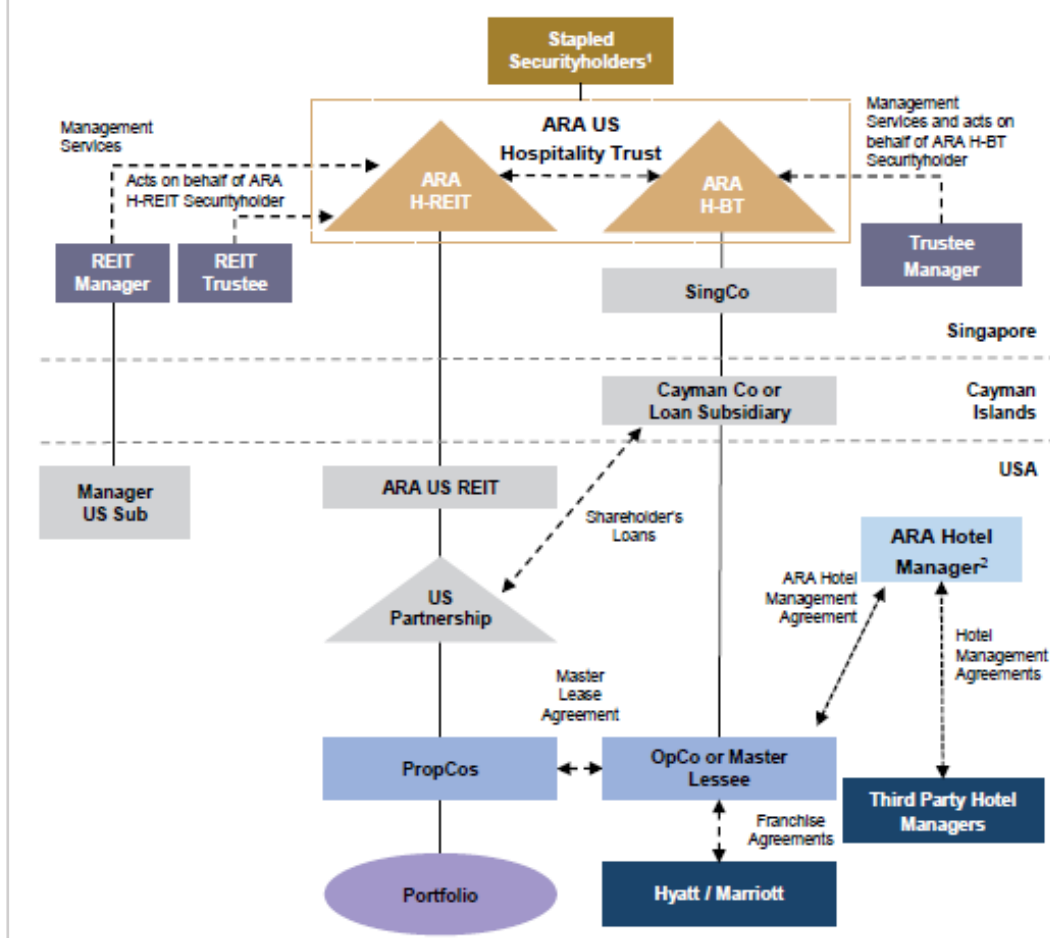
- Semi-annual distribution
- At least 90% of distributable income

## Fee Structure

### REIT Manager's and Trustee-Manager's management fee:

- Base Fee – 10.0% of Annual Distributable Income<sup>1</sup>
- Performance Fee – 25.0% p.a. of DPS growth over preceding financial year<sup>2</sup> multiplied by the weighted average number of Stapled Securities in issue for such financial year

## ARA H-Trust Structure



<sup>1</sup> Calculated before accounting for Base Fee and Performance Fee

<sup>2</sup> Calculated before accounting for Performance Fee but after accounting for Base Fee in each Financial Year



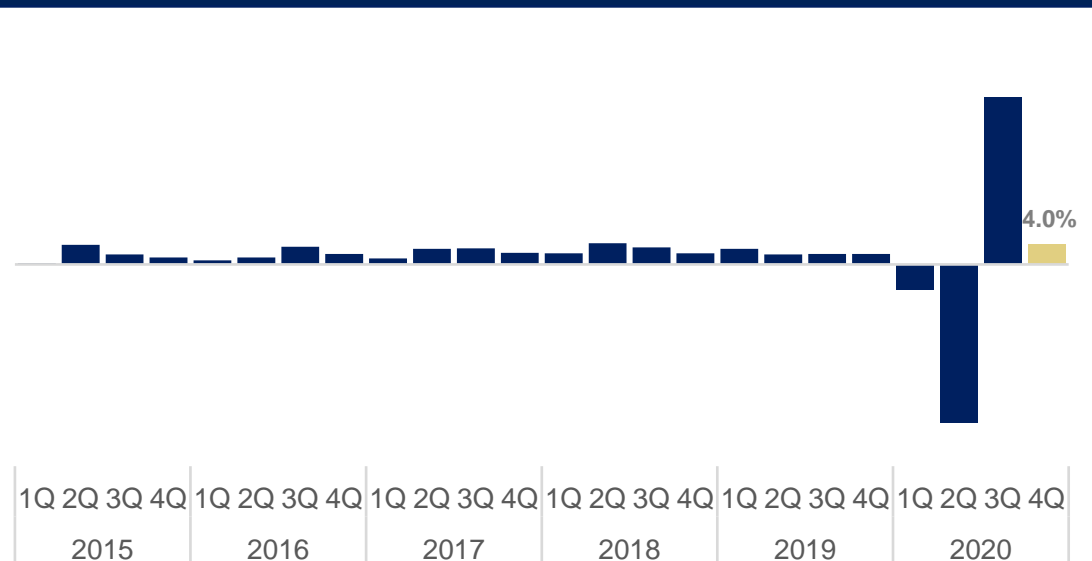
# U.S. MARKET UPDATE



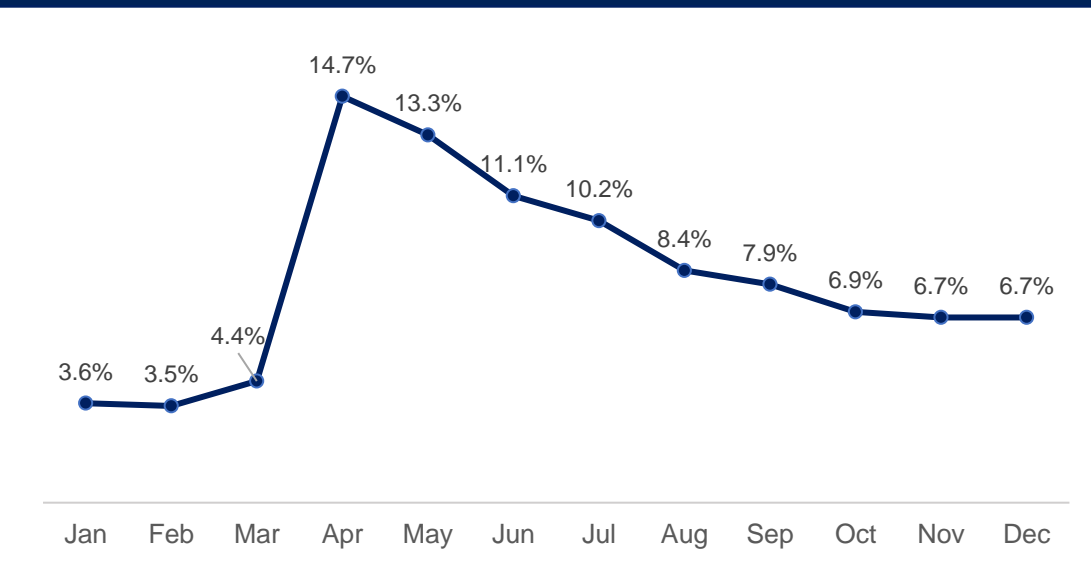
# 2020 In Review – An Unprecedented and Difficult Year

U.S. economy impacted by COVID-19, civil unrest, political turmoil and natural disasters in 2020

**U.S. Real GDP Growth**  
% change from preceding quarter



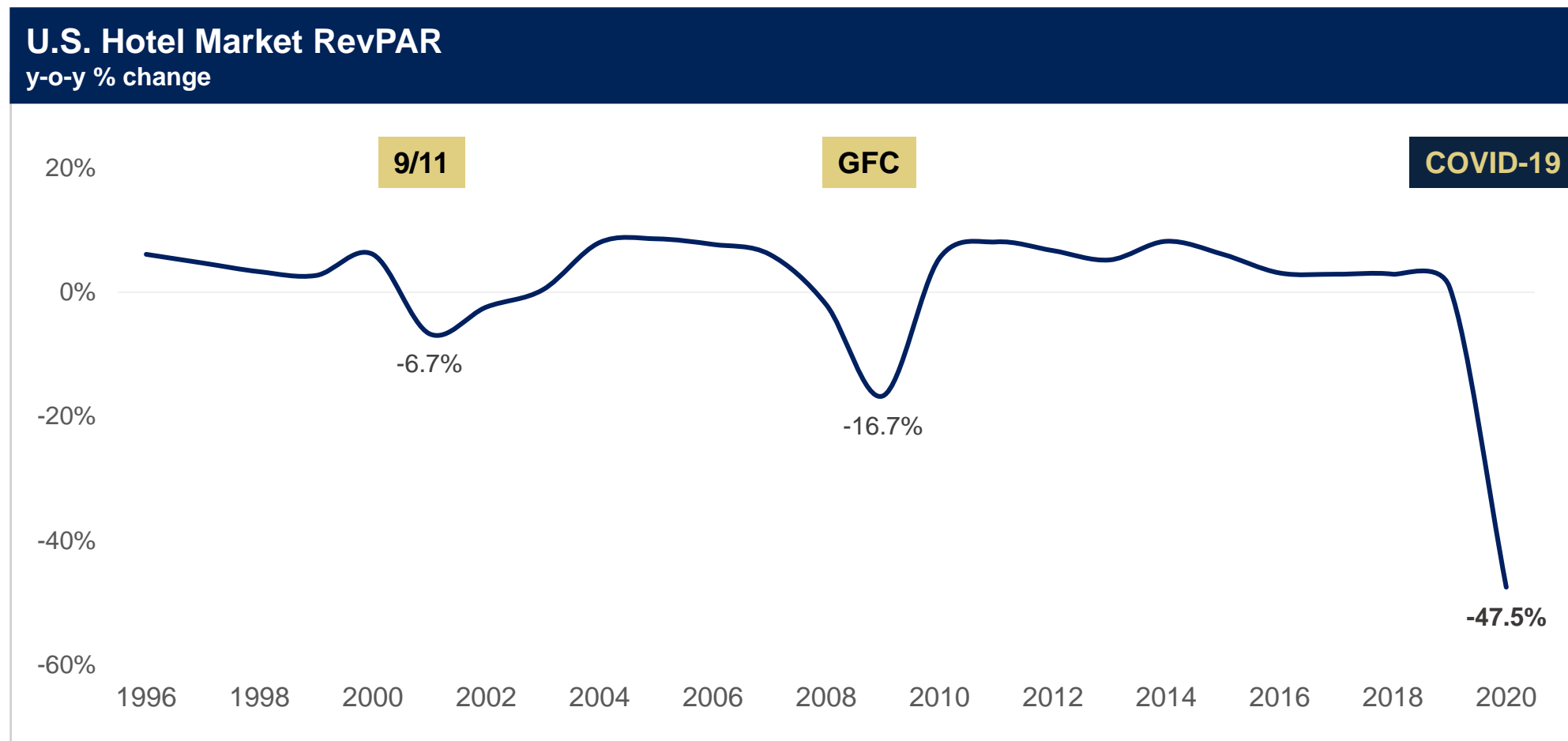
**2020 U.S. Unemployment Rate**  
Seasonally Adj



- U.S. economy contracted by 3.5% y-o-y in 2020 despite a sharp rebound in 2H 2020
- CPI increased by 1.4% for the 12 months ended Dec 2020
- Unemployment rate spiked in Apr 2020 and has since settled. Unemployment remains elevated due to COVID-19 restrictions
- Federal fund rates expected to remain near 0% to support U.S. economic recovery

# U.S. Hotel Market Suffered Worst Year on Record

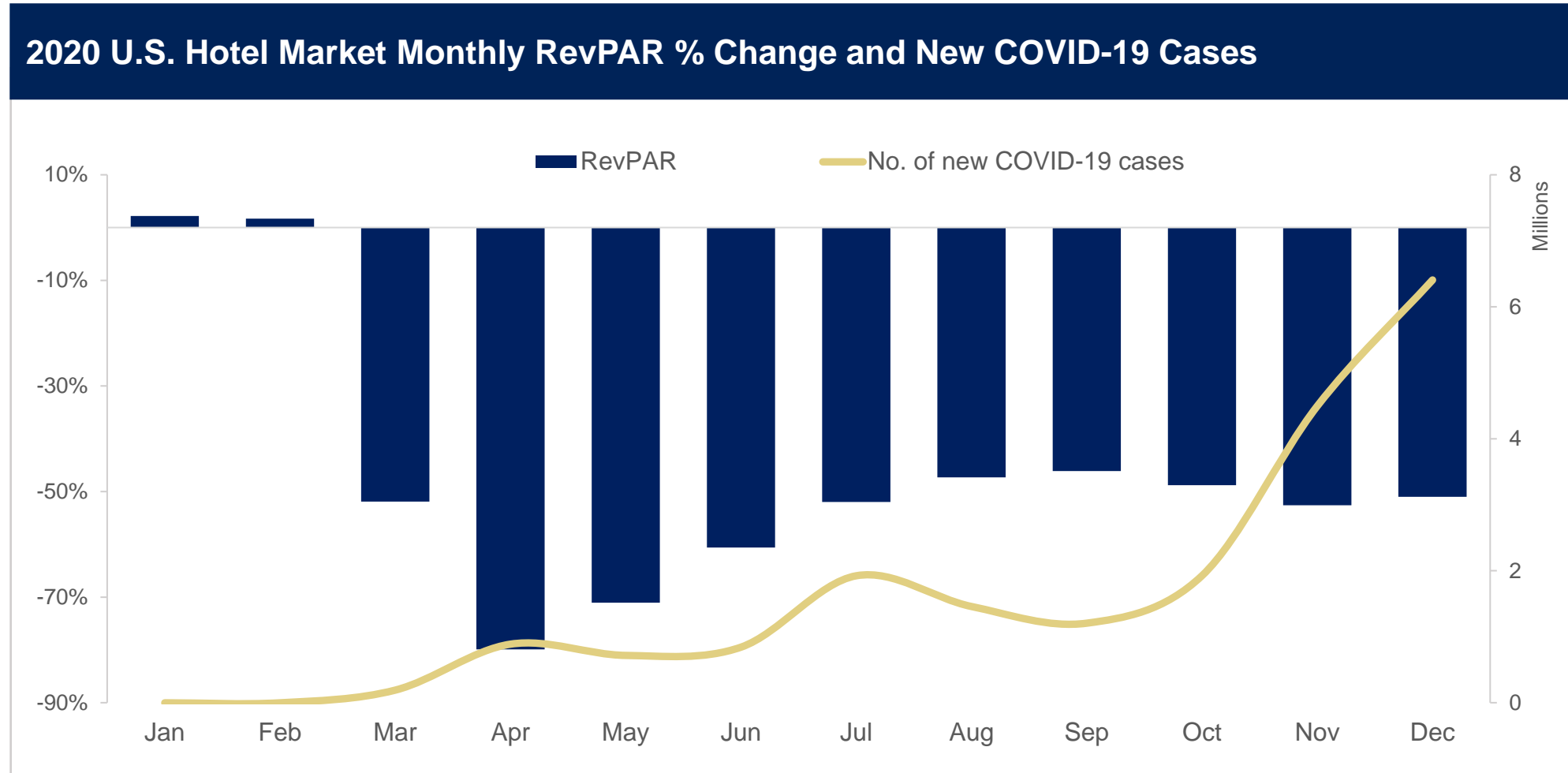
COVID-19 pandemic dislocation on U.S. hotel market far greater than prior recessions



# RevPAR Remains Depressed Due To Travel Restrictions and Fears



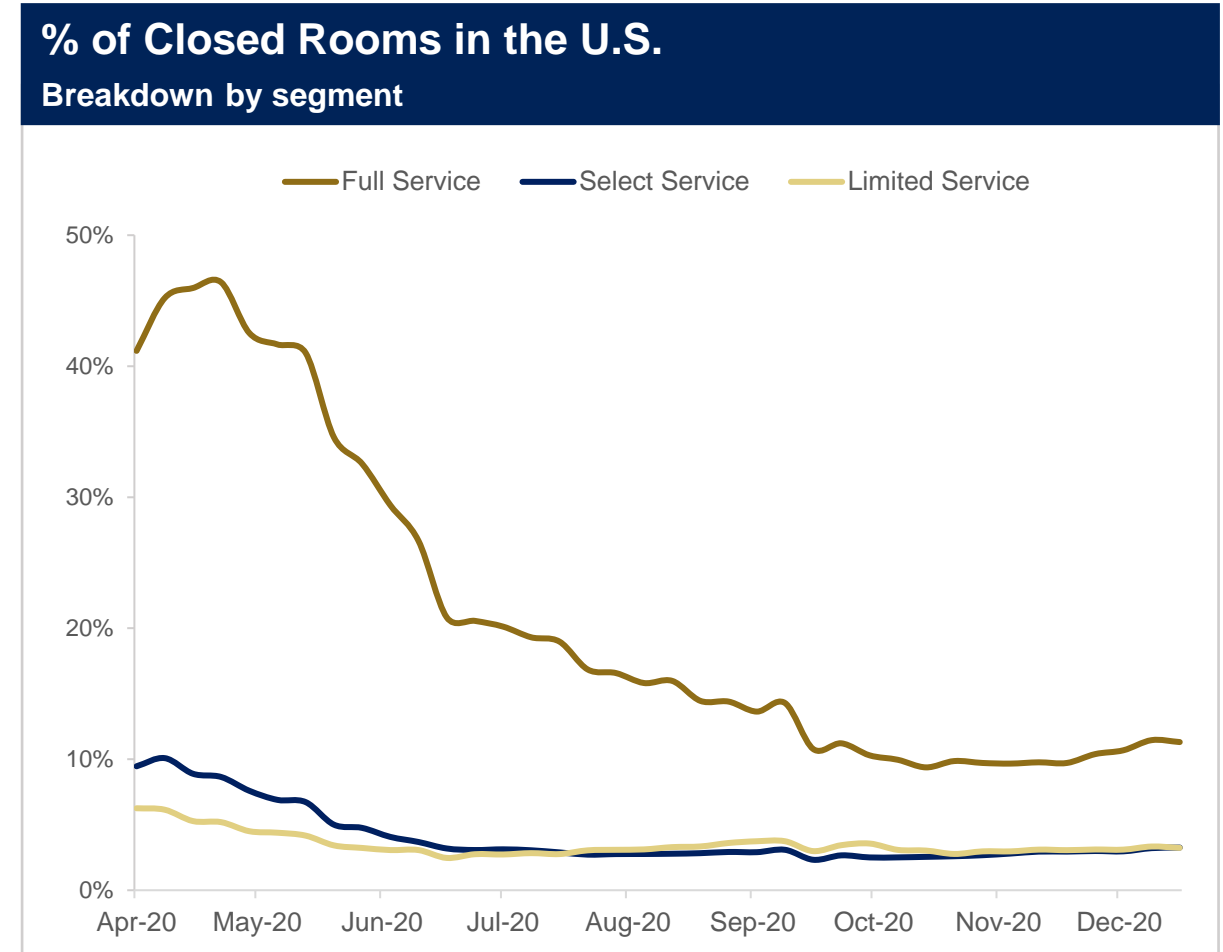
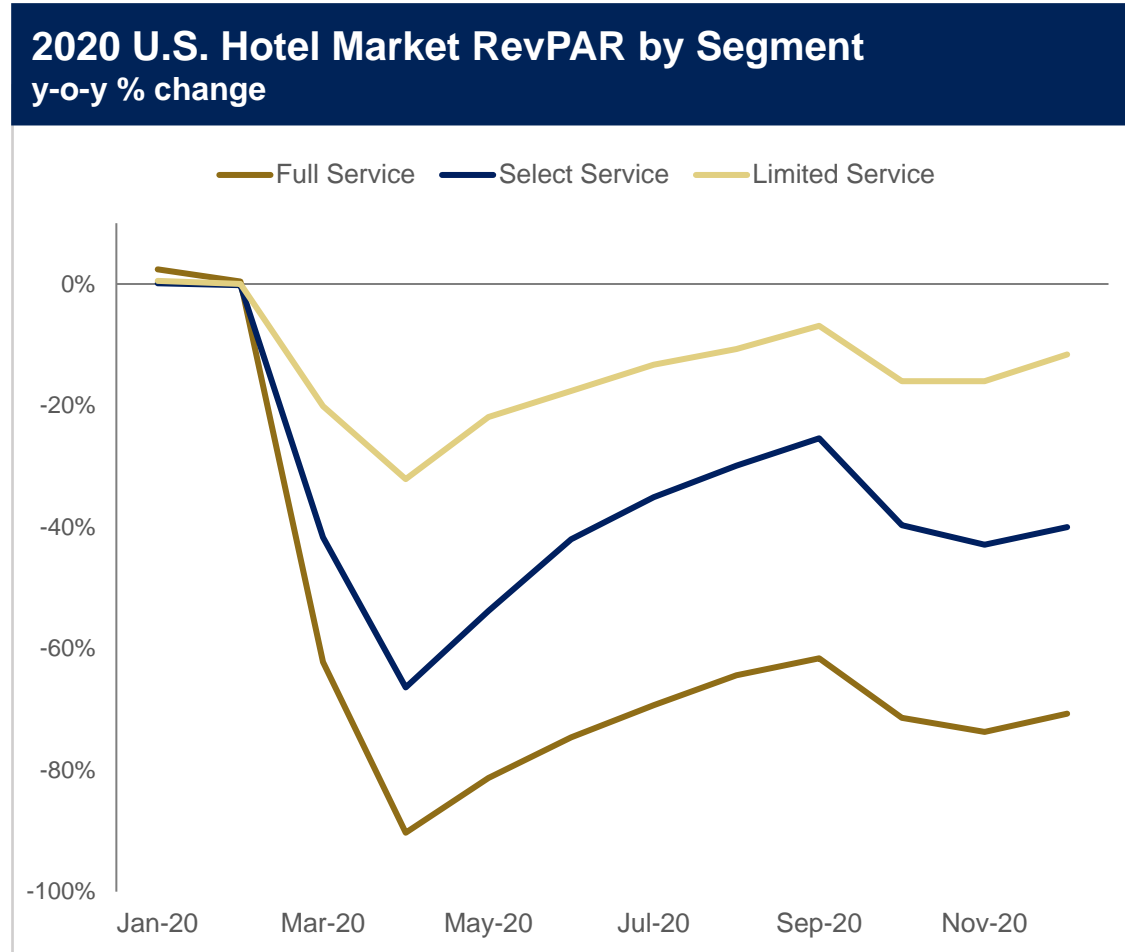
Effective vaccination and record-level federal stimulus should help expedite recovery



# Limited and Select Service Hotels Continue to Lead in Recovery



Full-service hotels are challenged to reopen due to their operational format



# Factors Driving Closures for Hotels

Permanent closures / conversions could reduce U.S. hotel supply by 8% – 16%



**Reliance on  
International Inbound  
Travelers**



**Obsolete Hotel  
Product and Amenities**



**Reliance on  
Convention / Group  
Demand**



**Presence of  
Union Labor**



# 2020: YEAR IN REVIEW

# Staying on Course Amidst the Pandemic

Swift and proactive action plans undertaken to protect performance and preserve liquidity



**Secured bookings**  
from U.S. federal agencies  
and essential workforce

**Building Up  
Hotel Occupancies**



**Leaner staffing model**  
21 → 14 FTEs<sup>1</sup> per hotel

**Smart & Streamlined  
Labor Management**



**Cost Reductions**  
from procurement and  
scaled-down services

**Refined  
Operating Model**



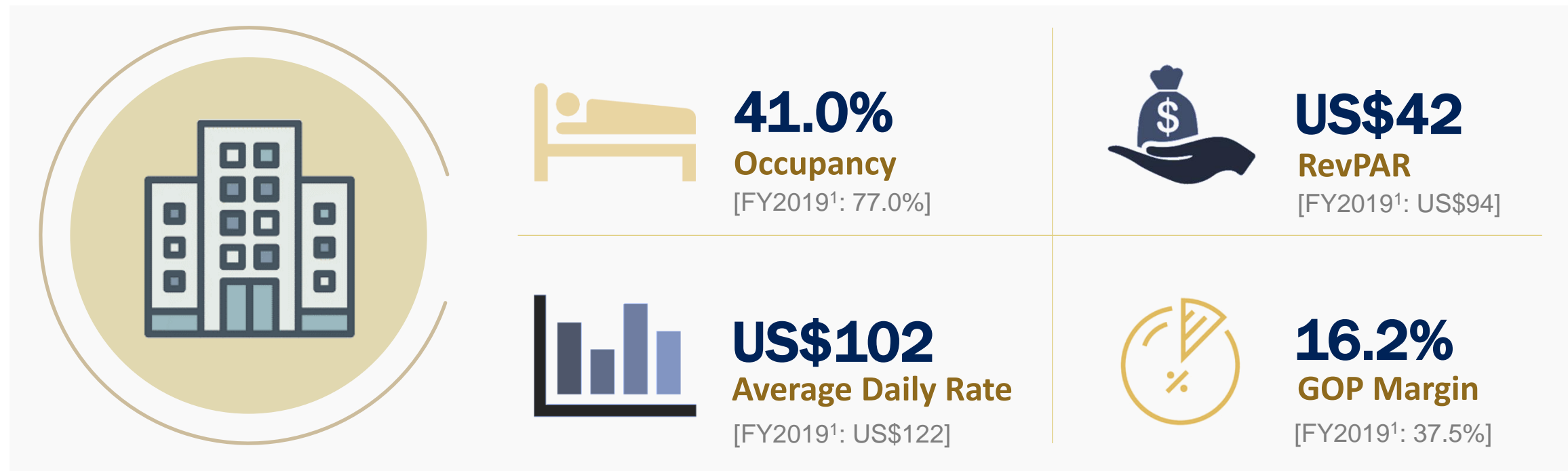
**Deferred capital projects,**  
only essential projects

**Prudent Capital  
Management**

<sup>1</sup> Full-time employees

# Portfolio's Performance Amidst COVID-19 Pandemic

## FY 2020 key performance indicators



<sup>1</sup> Listing Date (9 May 2019) to 31 Dec 2019

<sup>2</sup> Inclusive of US\$1.0 mil of FY2021 property taxes accrued based on receipt of notices in accordance with IFRS



# Portfolio Continued to Generate Positive Operating Profit

Flexible operating cost structure; attractive yields when stabilized

	FY 2019 <sup>1</sup>	1H 2020	2H 2020	FY 2020
<b>Portfolio Performance</b>				
Occupancy	77.0%	43.2%	39.3%	<b>41.0%</b>
RevPAR	US\$94	US\$48	US\$37	<b>US\$42</b>
<b>Financial Summary</b>				
Gross Revenue	US\$115.0 mil	US\$39.3 mil	US\$38.8 mil	<b>US\$78.2 mil</b>
Gross Operating Profit	US\$43.1 mil	US\$5.8 mil	US\$6.9 mil	<b>US\$12.7 mil</b>
GOP Margin	37.5%	14.8%	17.7%	<b>16.2%</b>
Net Property Income	US\$32.6 mil	(US\$2.0 mil)	(US\$3.0 mil) <sup>2</sup>	<b>(US\$5.0 mil)<sup>2</sup></b>
Distribution per Stapled Security (U.S. cents)	4.21 <sup>3</sup>	-	-	-

<sup>1</sup> Listing Date (9 May 2019) to 31 Dec 2019

<sup>2</sup> Inclusive of US\$1.0 mil of FY2021 property taxes accrued based on receipt of notices in accordance with IFRS

<sup>3</sup> Annualized yield of 7.4% based on IPO price of US\$0.88 from 9 May 2019 to 31 Dec 2019

# Acquisition of Marriott Portfolio in Jan 2020 Enhanced Portfolio

Extended-stay hotels (Residence Inn and Hyatt House) outperformed

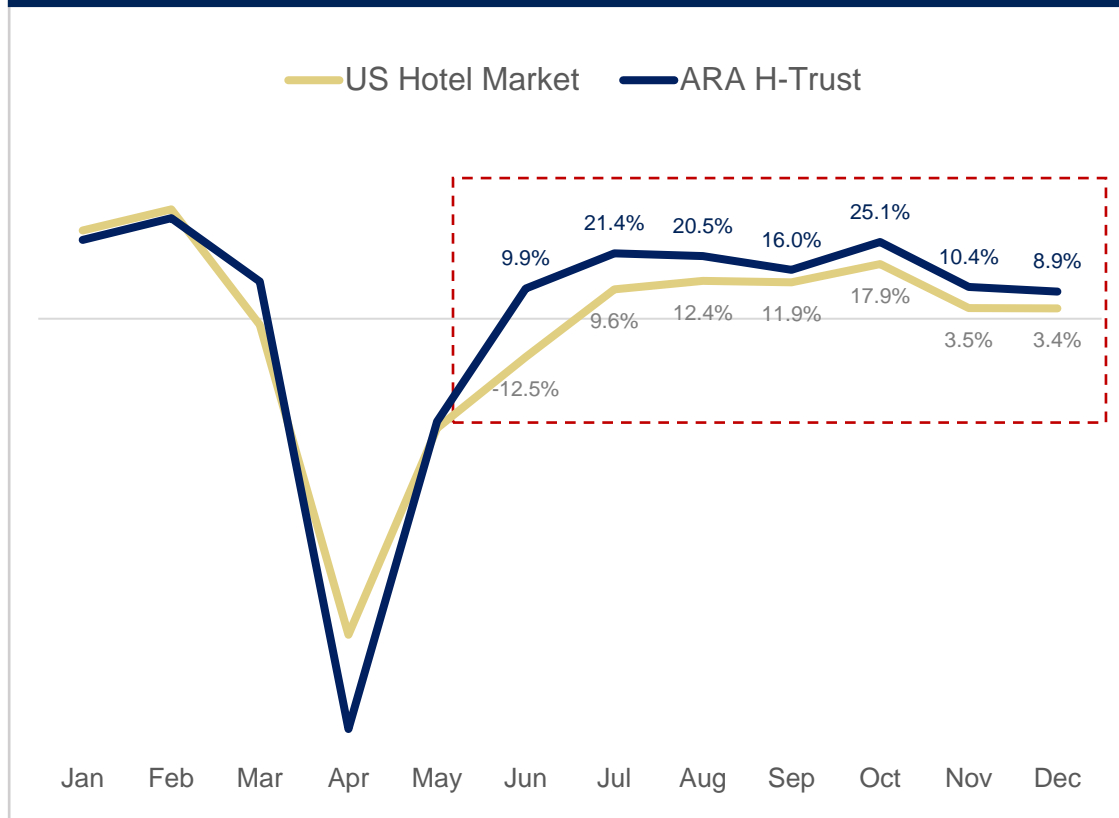
Hotel Brand	FY 2019 <sup>1</sup>		FY 2020	
	Occ	RevPAR	Occ	RevPAR
<b>Hyatt Portfolio</b>	<b>77.0%</b>	<b>US\$94</b>	<b>40.2%</b>	<b>US\$41</b>
Hyatt Place	74.6%	US\$85	39.0%	US\$37
Hyatt House	82.3%	US\$113	42.7%	US\$48
<b>Marriott Portfolio</b>	<b>80.0%</b>	<b>US\$114</b>	<b>51.8%</b>	<b>US\$61</b>
AC Hotel	77.6%	US\$134	45.2%	US\$68
Courtyard by Marriott	80.7%	US\$104	46.7%	US\$48
Residence Inn	81.9%	US\$102	61.3%	US\$66
<b>ARA H-TRUST</b>	<b>77.0%</b>	<b>US\$94</b>	<b>41.0%</b>	<b>US\$42</b>

<sup>1</sup> Hyatt Portfolio: Listing Date (9 May 2019) to 31 Dec 2019; Marriott Portfolio (acquired in Jan 2020): Trailing 12-month to Jun 2019

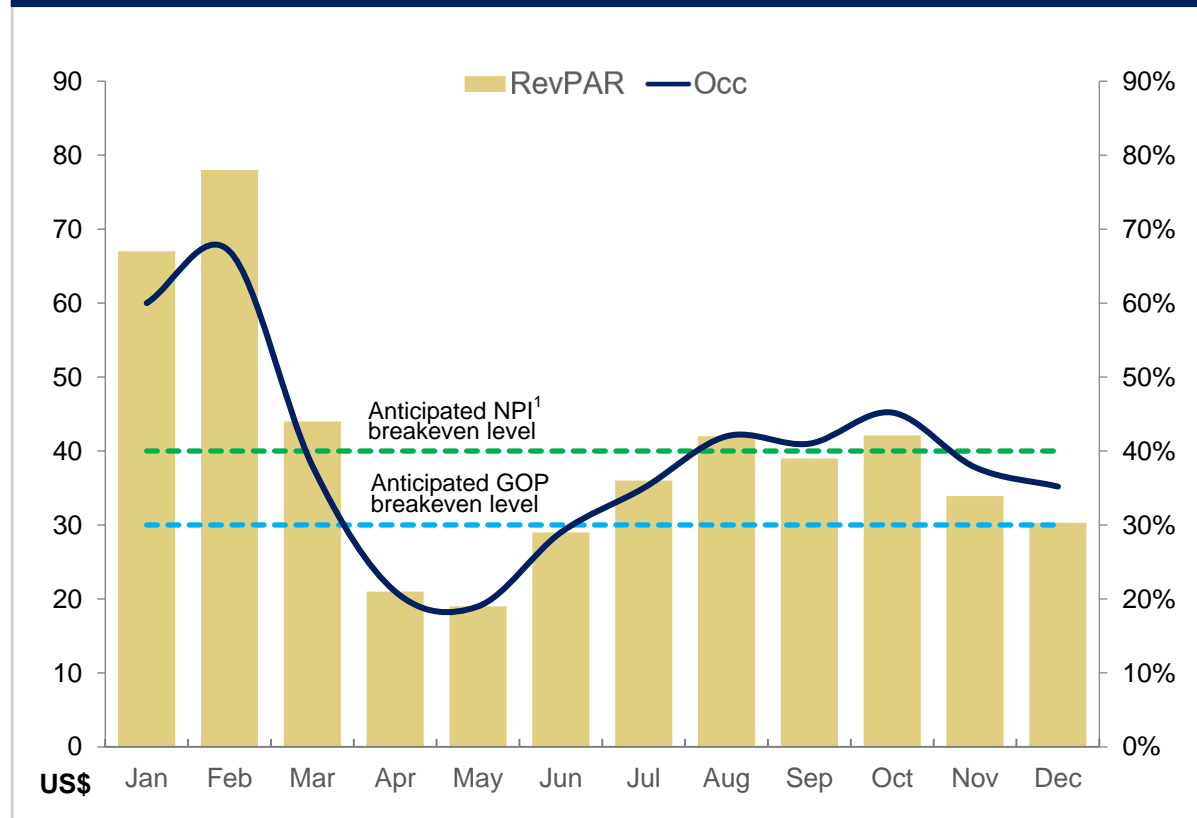
# Managers Remain Focused on Profitability

Profit margins outperformed U.S. hotel industry since Jun 2020

## 2020 U.S. Hotel Market & ARA H-Trust GOP Margins



## 2020 ARA H-Trust Monthly RevPAR & Occupancy



<sup>1</sup> Assuming annual property taxes, insurance, and other fixed expenses are accrued and expensed on a monthly straight-line basis

# Valuation Adversely Impacted in the Worst Year for U.S. Hotels

Snapshot as at 31 Dec 2020 reflects COVID-19 impact but not permanently

2019 Valuation	2020 Valuation	Prospective Valuation
38 Hotels (IPO portfolio)	41 Hotels (incl 3 Marriott hotels)	41 Hotels (incl 3 Marriott hotels)
As at 31 Dec 2019	As at 31 Dec 2020	When Stabilized
<b>US\$704.7 mil<sup>1</sup></b>	<b>US\$686.9 mil</b>	<b>US\$888.4 mil<sup>2</sup></b>
	▼ 2.5%	▲ 26.1%

- 2.5% decline in total property value as at 31 Dec 2020 compared to 31 Dec 2019
- Valuation declined by 13.5% due to adverse impact of COVID-19 pandemic on performance, partially offset by acquisition of Marriott portfolio in Jan 2020
- U.S. valuers have additionally provided prospective when stabilized values in consideration of unprecedented and unique market circumstances caused by the COVID-19 pandemic

<sup>1</sup> Excludes Marriott portfolio valued at US\$88.9 mil as at 31 Dec 2019. The Marriott portfolio was acquired in Jan 2020.

<sup>2</sup> Values are stated as future values (US\$820.9 mil in today's values). Stabilization for ARA H-Trust properties is anticipated around 2024.

# Secure Financial and Liquidity Position



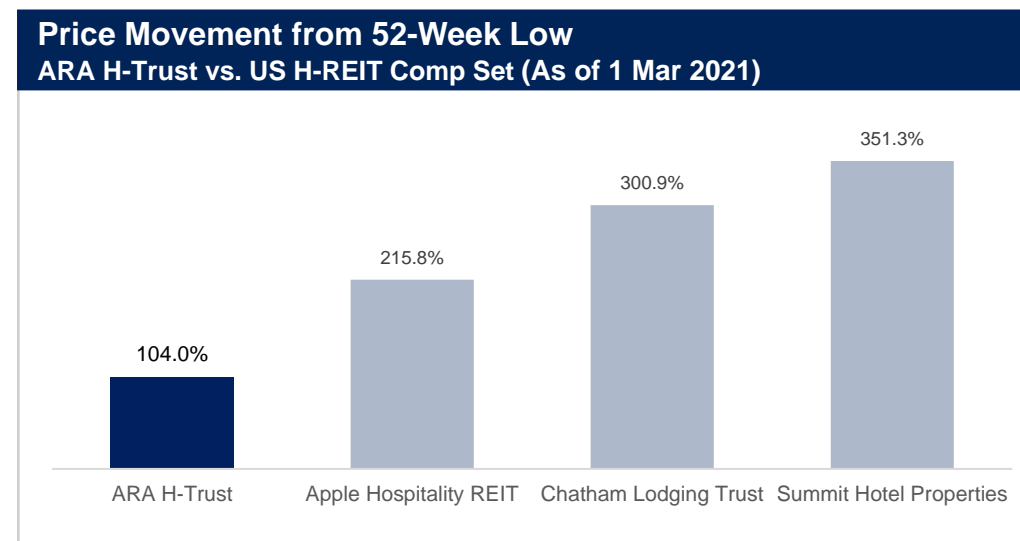
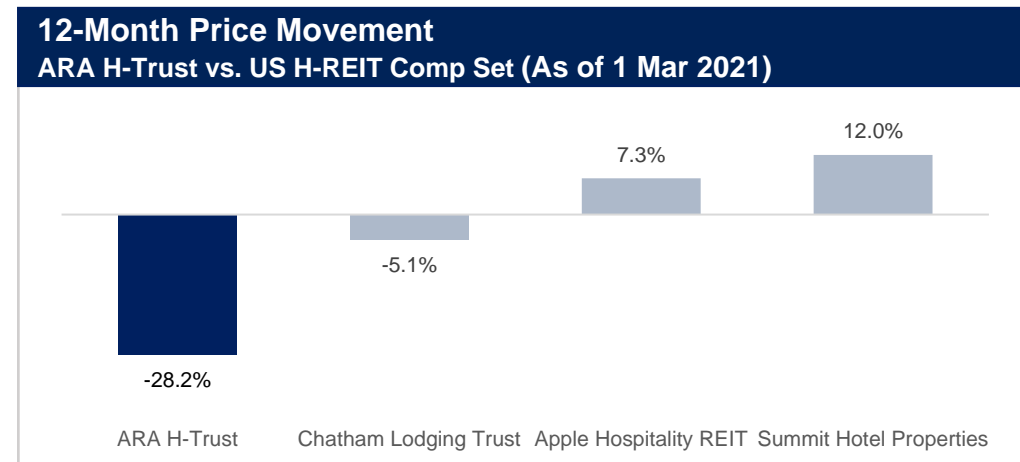
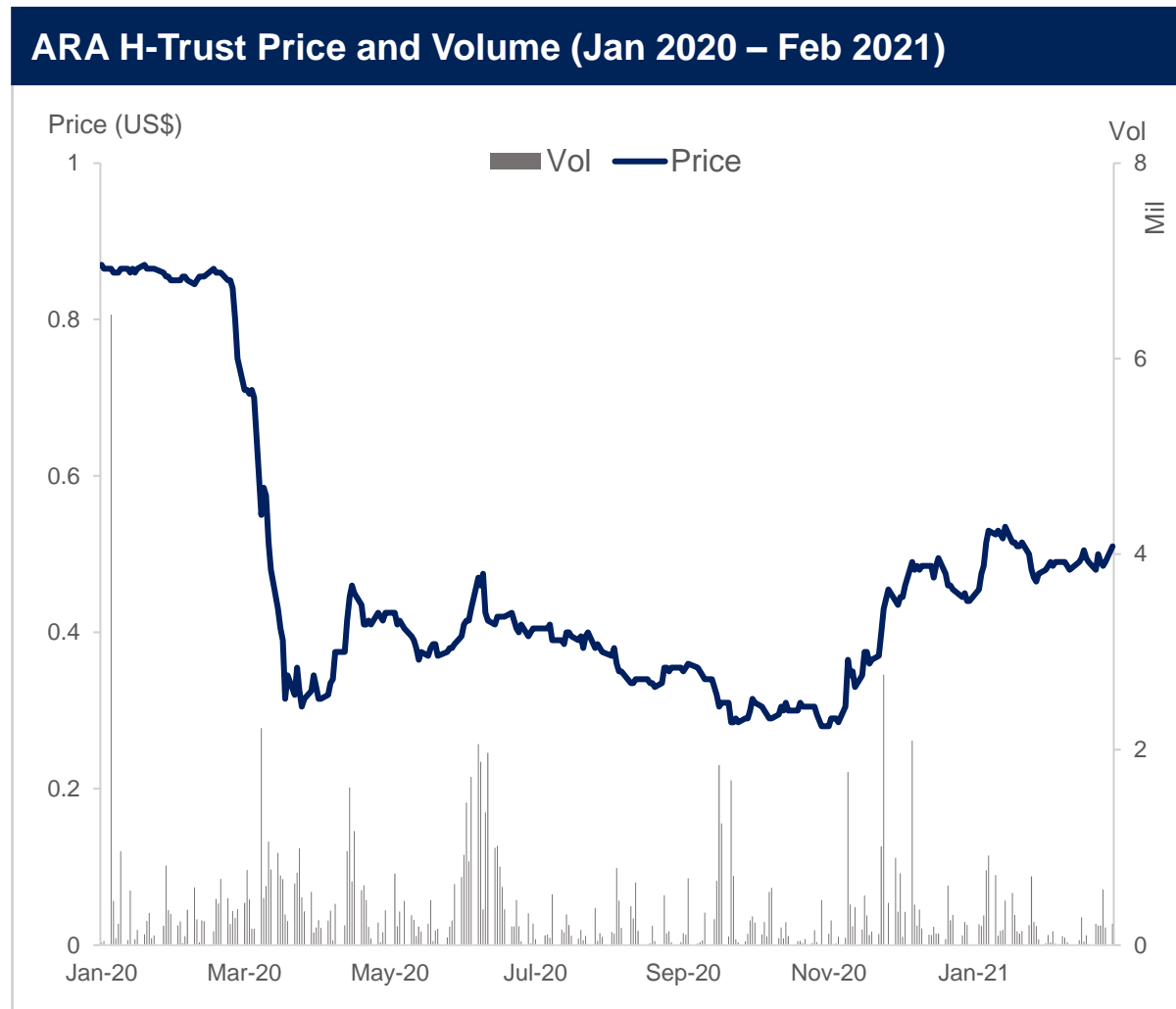
As at 31 Dec 2020

	As at 31 Dec 2019	As at 31 Dec 2020
<b>NAV per Stapled Security</b>	US\$0.87	<b>US\$0.62</b>
<b>Cash Balance</b>	US\$45.2 mil	<b>US\$26.8 mil</b>
<b>Total Debt Outstanding</b>	US\$244.0 mil	<b>US\$354.7 mil</b>
<b>Aggregate Leverage Ratio</b>	32.1%	<b>48.2%</b>
<b>Weighted Average Debt Maturity</b>	4.4 years	<b>3.0 years</b>
<b>Average Cost of Debt (p.a.)</b>	3.9%	<b>3.4%</b>
<b>% of Fixed Debt</b>	82.7%	<b>76.7%</b>

\* Lender banks have provided further extension to the financial covenants waiver up to Jun 2021

# Poised for Further Growth

Further room for price recovery in comparison to U.S. H-REIT peers



# CHARTING THE PATH TO RECOVERY

# U.S. Vaccination Rollout Continue to Accelerate

One-third of U.S. population expected to be fully vaccinated by Mar 2021



**54,639**

COVID-19 Cases in U.S.<sup>1</sup>  
(7-day average)



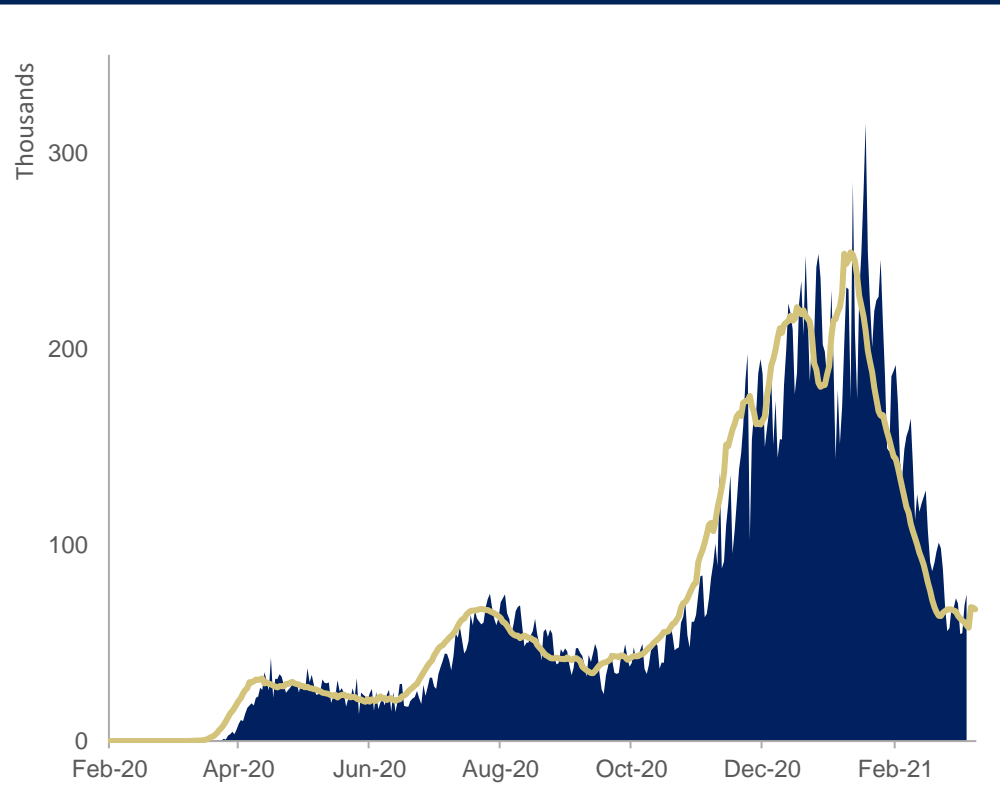
**11.2%**  
vs. prior week



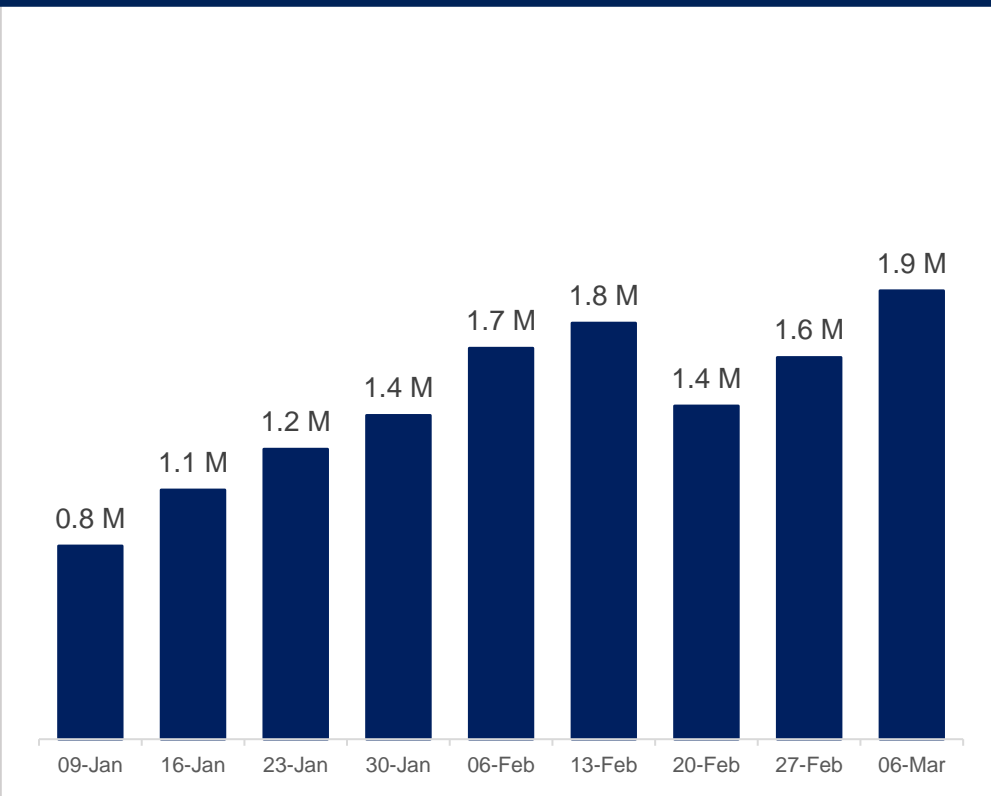
**107.1 mil**

Total Vaccines Administered<sup>1</sup>

U.S. Daily No. of COVID-19 Cases



U.S. 7-Day Average Daily Vaccine Doses Administered



Source: CDC

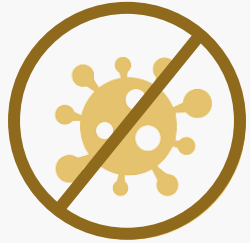
<sup>1</sup> As of 14 Mar 2021



# Pent-up Demand, Restored Travel Confidence to Drive Recovery



Travel remains an important entitlement and expenditure to consumers



**99%** of U.S. travelers are eager and plan to travel again once COVID-19 travel restrictions ease



**70%** plan to take a holiday in 2021



**42%** of travel advisors reported renewed interest in smaller, regional meetings and conferences



**83%** believe that a vaccine will restore travel confidence

# Select Service Hotels to Potentially Lead in Recovery

Recovery pace dependent on easing of restrictions and speed of effective vaccination



**Initial Phase**  
Began Summer 2020



- Domestic leisure drive
- Domestic leisure fly

**Secondary Phase**  
Begins 2Q 2021



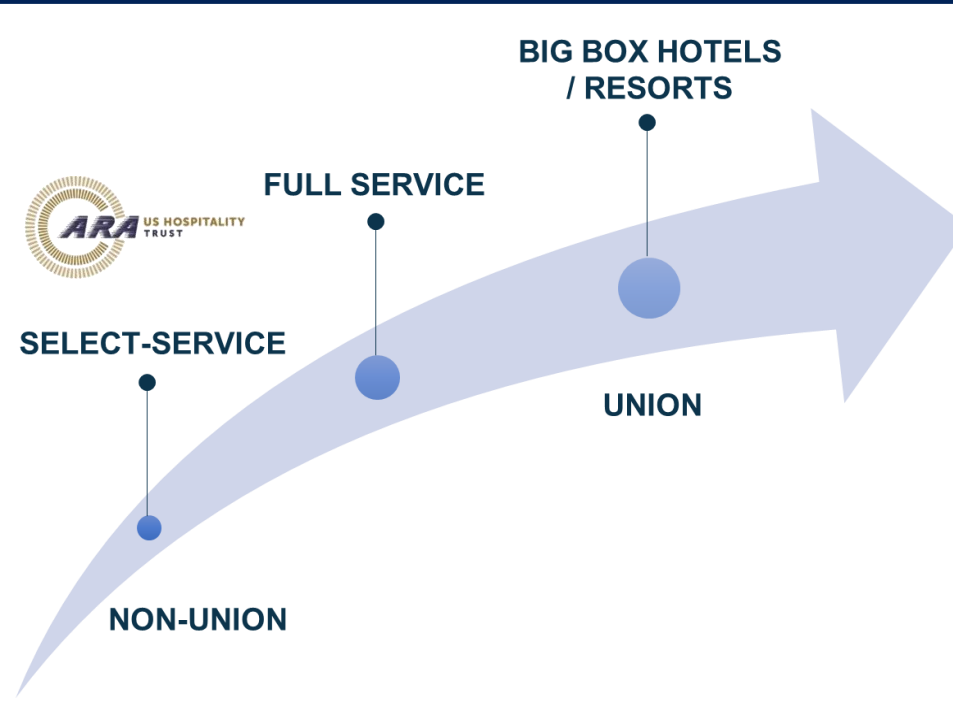
- Essential meetings
- Small & medium events
- Regional international

**Final Phase**  
Begins 3Q 2021



- Large events
- Long-haul international

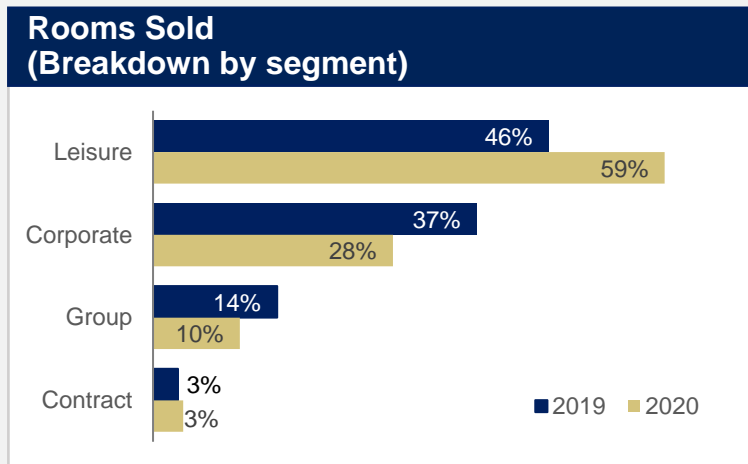
## Pace of Recovery



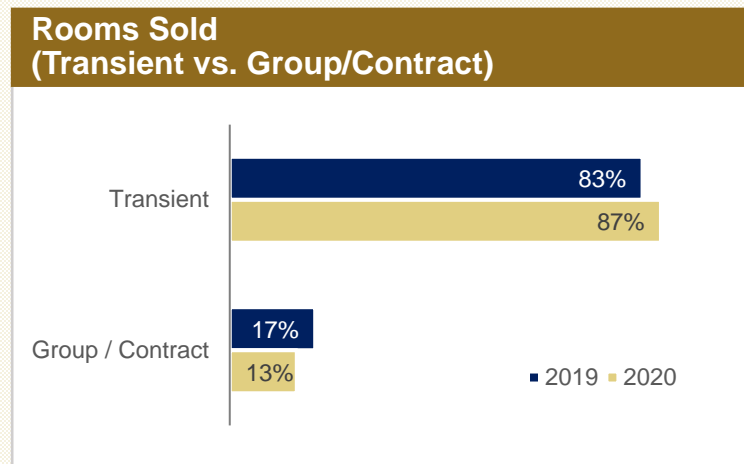
# Well-poised For Rebound and Growth

Defensive and streamlined nature of rooms-focused hotels to facilitate swift recovery

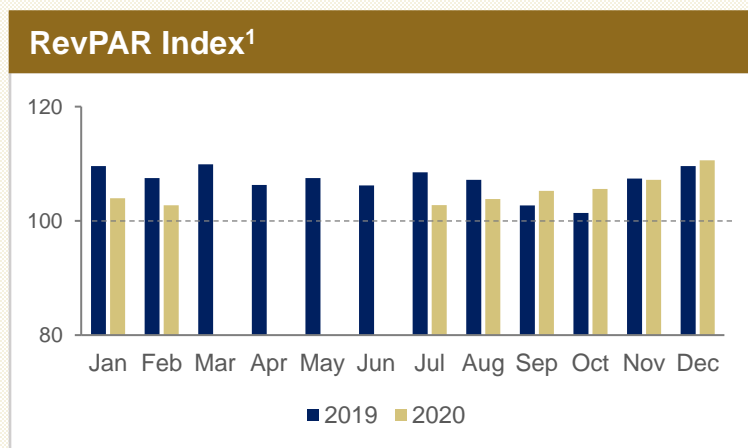
**Exposure to wider variety of demand generators**



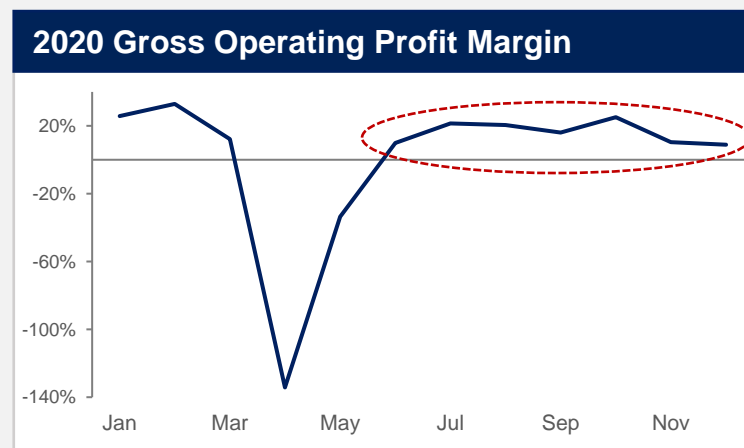
**Low dependence on group & contract business**



**Outperformed competitor set consistently**



**Efficient operating model & hands-on approach led to quick GOP recovery**



<sup>1</sup> RevPAR Index is not applicable in Mar – Jun 2020 due to temporary closure of competitor set hotels amidst the COVID-19 pandemic

# Proactive, Hands-on Implementation of Key Initiatives

Managers' hotel expertise critical in directing path to recovery



# Three-pronged Strategy for Long-Term Value Creation

Focused on delivering sustainable and stable returns to Stapled Securityholders



## Proactive Asset Management

Active, hands-on portfolio management to improve NPI and enhance portfolio value



## Prudent Capital Management

Optimizing capital structure to provide financial flexibility and maintain strong balance sheet



## Yield-accretive Investment Management

Pursue acquisition opportunities to increase returns and enhance portfolio diversification

# Thank You

For enquiries, please contact:

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