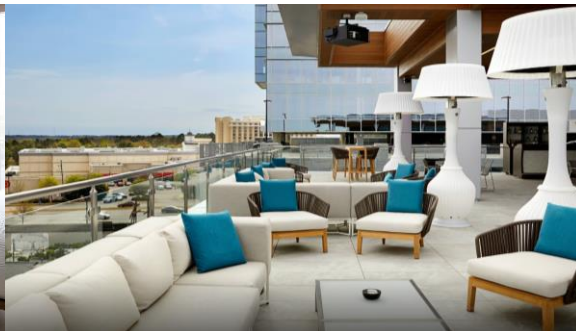




# ARA US HOSPITALITY TRUST

## 3Q 2020 BUSINESS & OPERATIONAL UPDATES

06 NOV 2020



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## 3Q 2020 OVERVIEW

# Navigating Amidst the Pandemic



## Snapshot of 3Q 2020



### Positive recovery continued in 3Q 2020

- All 41 hotels are open and operational as of 1 Jul 2020
- Continued steady recovery in portfolio revenue
- Positive GOP achieved

### Rooms-focused portfolio positioned for further recovery

- Efficient operating model of select-service hotels enabled swift operational changes and cost mitigation
- Portfolio is geographically diversified across the U.S. with limited urban market footprint which provides exposure to a variety of demand generators, in particular drive-to, leisure demand
- Extended-stay properties continued to demonstrate resilience and commanded premium in occupancy and RevPAR

### Secure financial footing to weather the challenges

- Adequate liquidity with US\$19.6 mil cash on hand
- Continued deferral of non-essential capital expenditure to conserve liquidity
- Secured commitment from banks for an additional US\$10 mil revolving facility



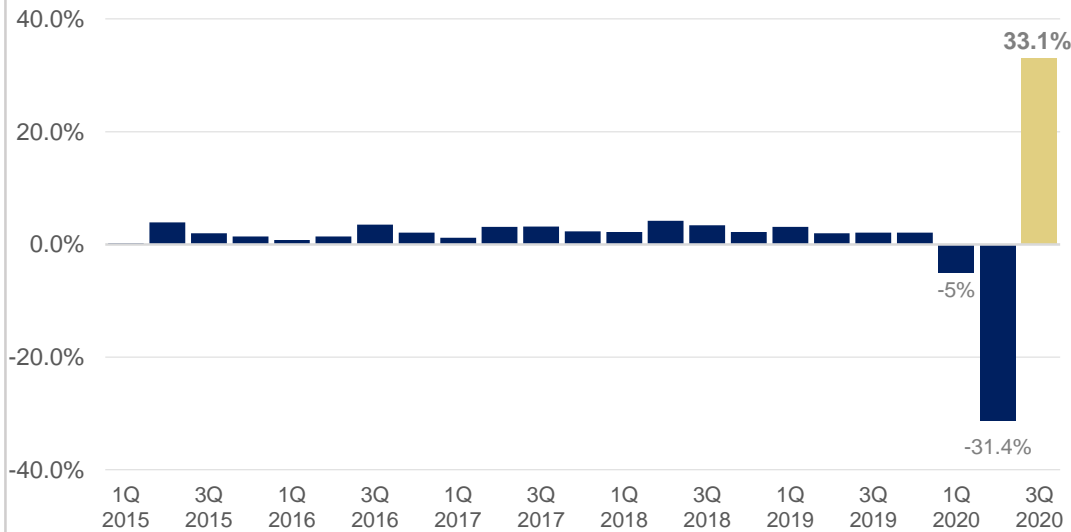


# U.S. MARKET UPDATE

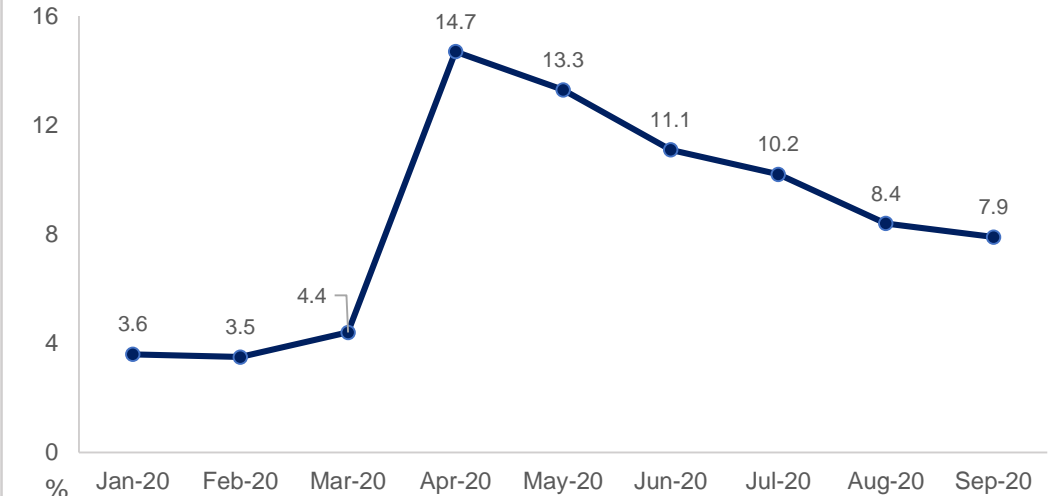
# U.S. Economy Swung to Record Growth in 3Q 2020

Reopening efforts contributed to resumption of economic activity

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



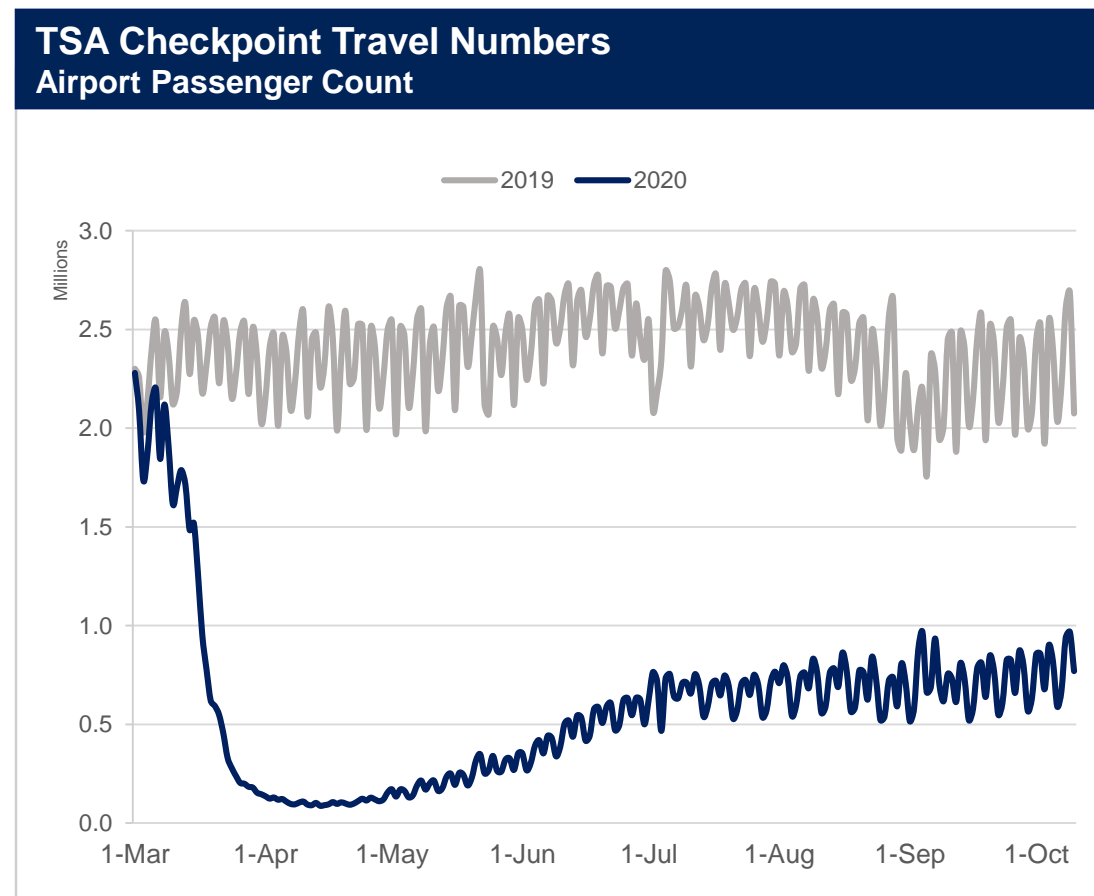
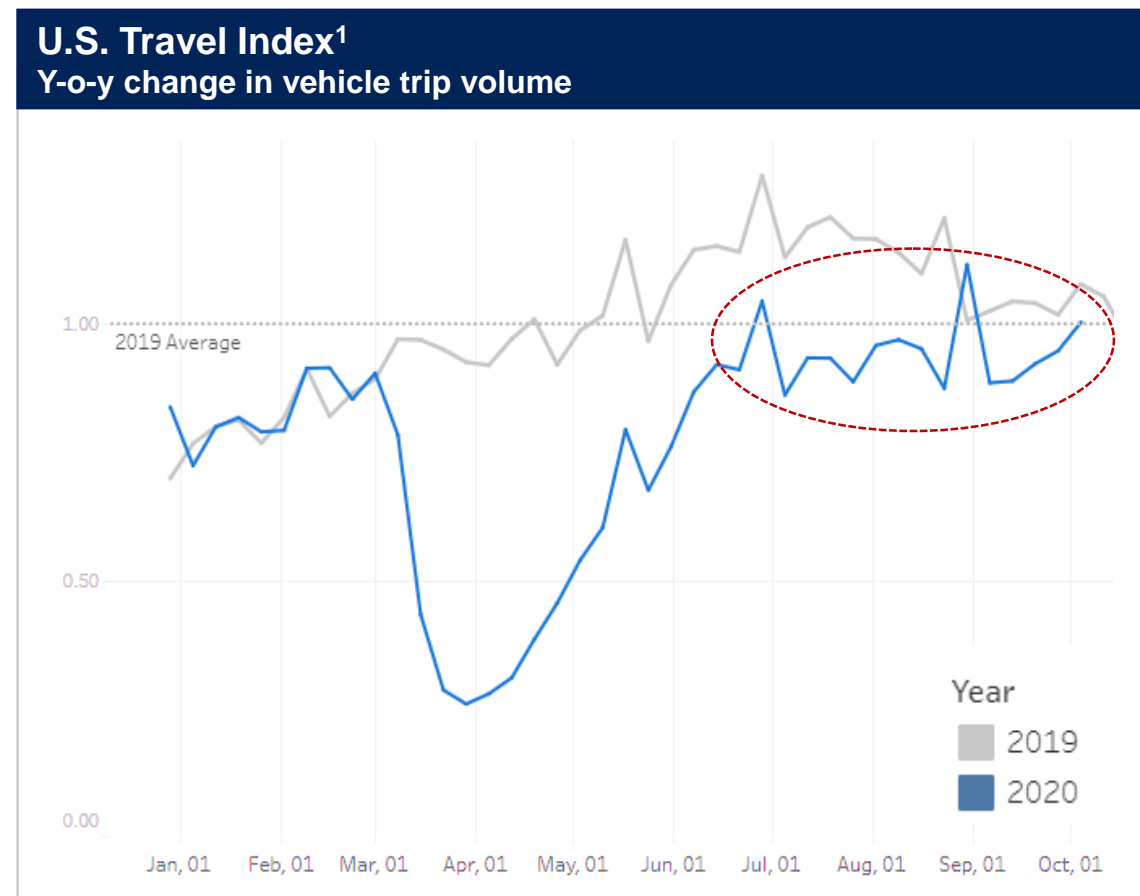
**U.S. Unemployment Rate**  
Seasonally Adj



- U.S. economy rebounded by 33.1% in 3Q 2020 – the biggest growth quarter of all time
- CPI increased by 0.2% in Sep 2020 following rising trend since Jun 2020
- Unemployment rate continued to decline after a spike in Apr 2020 with improvements in labor market due to continued resumption of economic activities after reopening
- Federal fund rates expected to remain near 0% to boost employment and inflation and recover from recession

# Travel, Led by Leisure Demand, Is Recovering Steadily

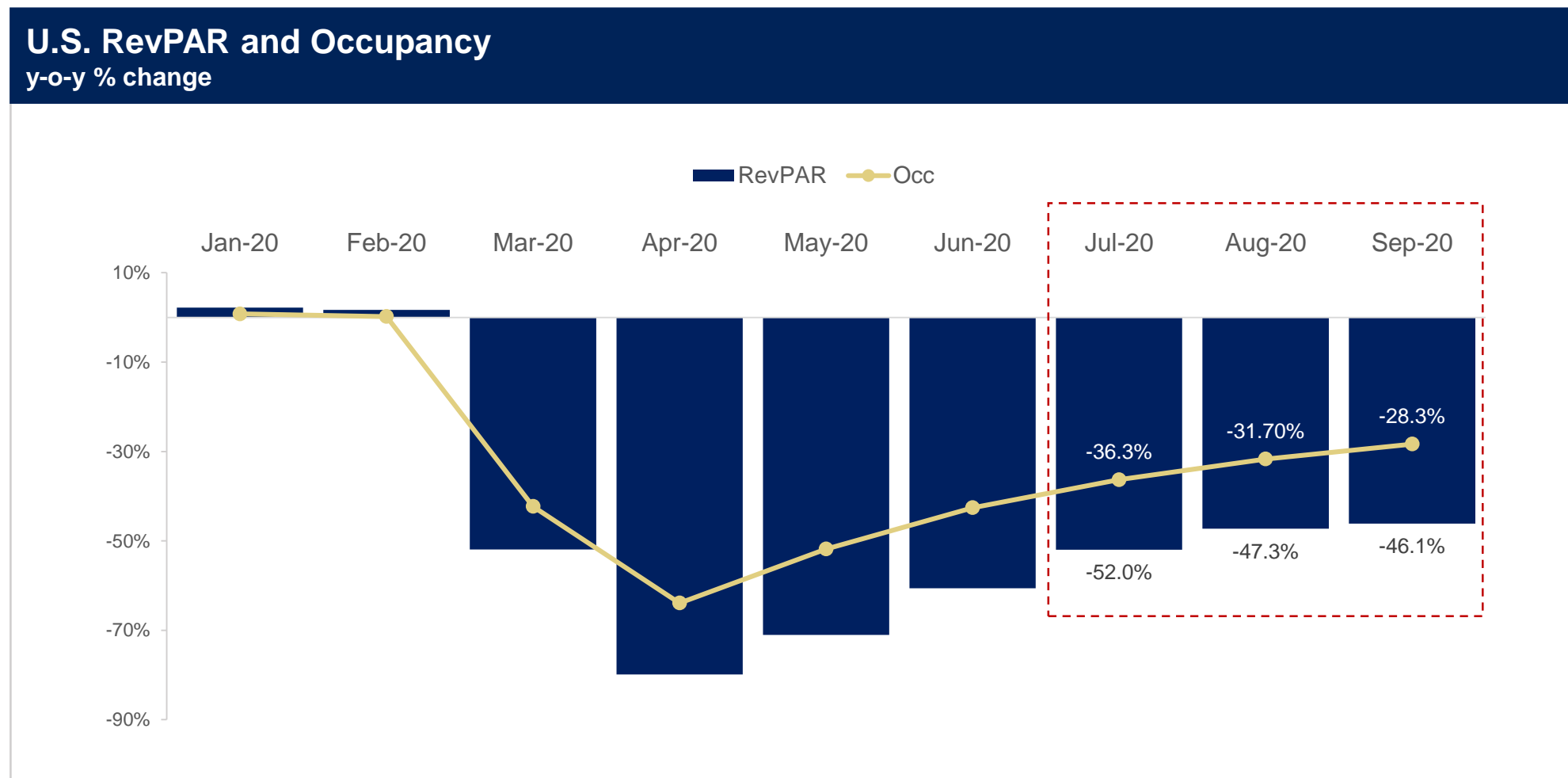
Travelers currently favor automobile travel but airline passenger counts are improving as well



<sup>1</sup>Drive market index of U.S. travelers who moved at least 50 miles from home and spent min. of 2 hours on the journey; excludes commuter travel and other repeated trips  
Source: Arrivalist® (10 Oct 2020), TSA Checkpoint (10 Oct 2020)

# U.S. Hotel Demand Recovery Trajectory Continued Steadily

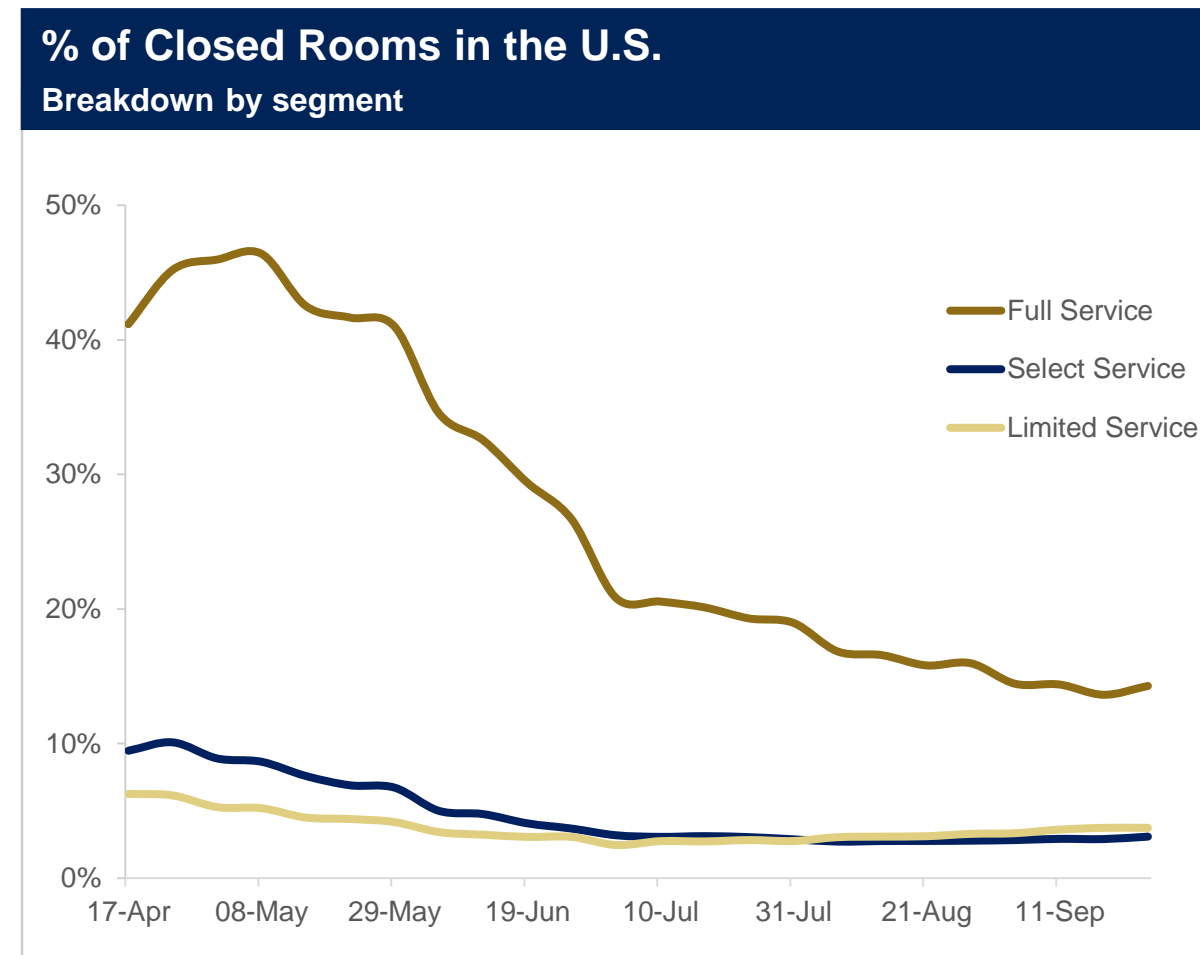
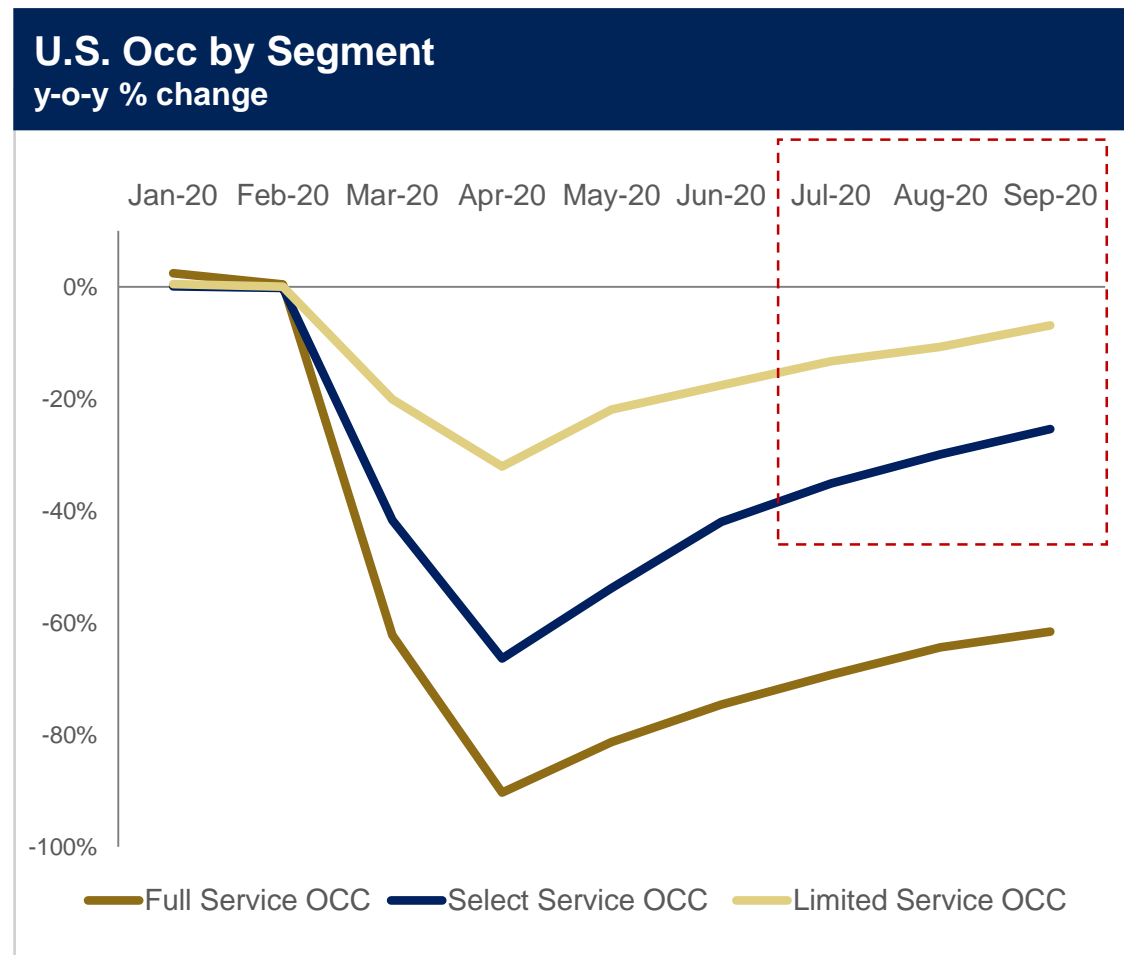
U.S. lodging market has shown steady, gradual improvement since spring





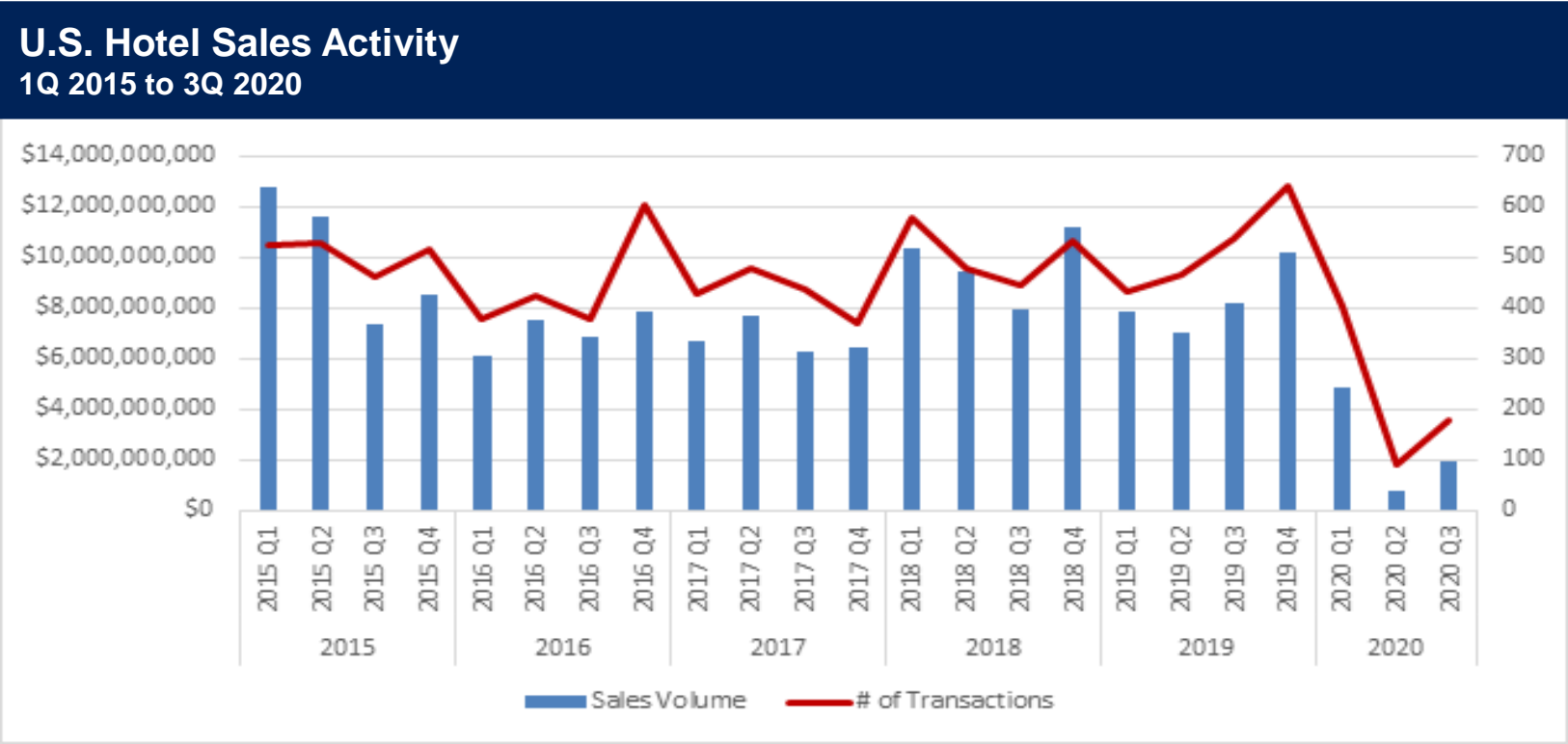
# Limited and Select Service Hotels Continue to Lead in Recovery

>90% of select service hotels have reopened



# Hotel Sales Activity Low Due to Impact of the Pandemic

Transaction activity may remain anemic with wide bid-ask spread



# PORTFOLIO PERFORMANCE





# 3Q 2020 Results Show Marked Improvement From 2Q 2020 Levels



Recovery in portfolio performance led to positive GOP

|                              | 2Q 2020          | 3Q 2020                          | q-o-q chg |
|------------------------------|------------------|----------------------------------|-----------|
| <b>Portfolio Performance</b> |                  |                                  |           |
| Occupancy                    | 24.6%            | <b>39.2%</b>                     | 14.6 pp   |
| RevPAR                       | US\$24           | <b>US\$39</b>                    | 62.5%     |
| RPI                          | N.A <sup>1</sup> | <b>N.A<sup>1</sup></b>           | -         |
| <b>Financial Summary</b>     |                  |                                  |           |
| Gross Revenue                | US\$7.6 mil      | <b>US\$20.4 mil</b>              | 168.4%    |
| Gross Operating Profit       | (US\$2.3 mil)    | <b>US\$3.9 mil</b>               | N.M       |
| GOP Margin                   | N.M              | <b>19.3%</b>                     | N.M       |
| Net Property Income          | (US\$5.6 mil)    | <b>(US\$1.3 mil)<sup>2</sup></b> | N.M       |

<sup>1</sup> RevPAR Index; Not applicable in 2Q 2020 and 3Q 2020 as data may not be accurate (due to temporary closure of competitor set hotels following the COVID-19 pandemic)

<sup>2</sup> In accordance with IFRS standards, US\$4.2 mil in property tax invoices were received and recorded in 3Q 2020, of which US\$0.9 mil and US\$1.2 mil relates to 4Q 2020 and 1H 2021 respectively. Adjusting for these, net property income would have been US\$0.8 mil for the quarter.

# Gradual Recovery in Performance From Trough

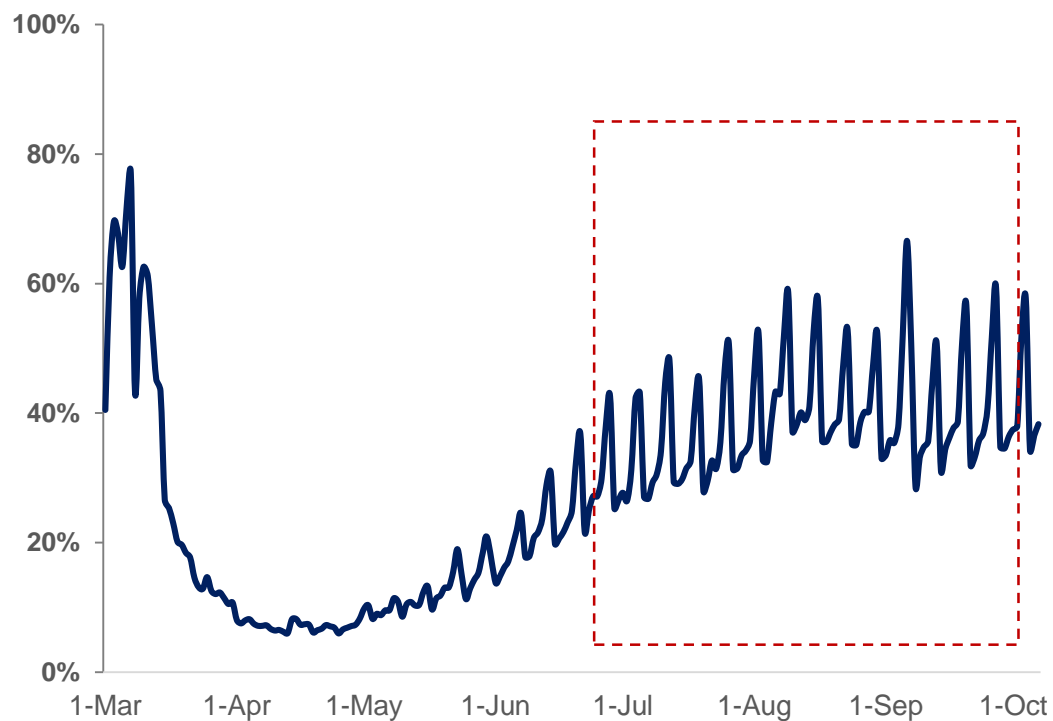
Marriott portfolio continued to outperform the U.S. upscale hotel segment

| Hotel Brand               | 2Q 2020      |               | 3Q 2020      |                 |               |                |
|---------------------------|--------------|---------------|--------------|-----------------|---------------|----------------|
|                           | Occ          | RevPAR        | Occ          | q-o-q<br>pp chg | RevPAR        | q-o-q<br>% chg |
| <b>Hyatt Portfolio</b>    | 23.7%        | US\$23        | <b>38.6%</b> | 14.9            | <b>US\$38</b> | 65.2%          |
| Hyatt Place               | 22.2%        | US\$20        | 36.2%        | 14.0            | US\$33        | 65.0%          |
| Hyatt House               | 25.8%        | US\$28        | 43.9%        | 18.1            | US\$49        | 75.0%          |
| <b>Marriott Portfolio</b> | 35.7%        | US\$37        | <b>46.7%</b> | 11.0            | <b>US\$50</b> | 35.1%          |
| AC Hotels                 | 34.4%        | US\$43        | 36.9%        | 2.5             | US\$48        | 11.6%          |
| Courtyard by Marriott     | 25.4%        | US\$24        | 38.6%        | 13.2            | US\$35        | 45.8%          |
| Residence Inn             | 40.5%        | US\$41        | 64.6%        | 24.1            | US\$66        | 61.0%          |
| <b>ARA H-TRUST</b>        | <b>24.6%</b> | <b>US\$24</b> | <b>39.2%</b> | 14.6            | <b>US\$39</b> | 62.5%          |

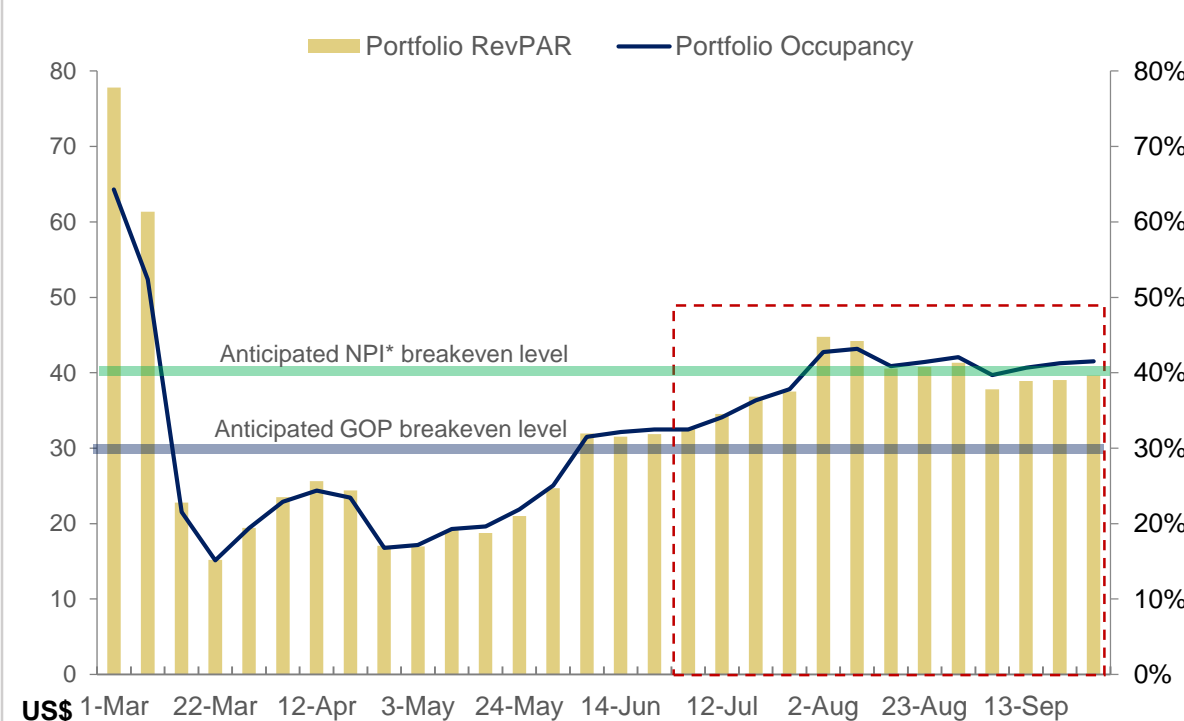
# Recovery Backed by Reopening and Weekend Leisure Travel

Weekly performance consistently above GOP breakeven level

## ARA H-Trust – Daily Occupancy



## ARA H-Trust – Weekly RevPAR and Occupancy



\*Assuming annual property taxes, insurance, and other fixed expenses are accrued and expensed on a monthly straight-line basis



# Secure Financial Position to Forge Ahead

As at 30 Sep 2020

|                                | As at<br>30 Jun 2020 | As at<br>30 Sep 2020 |
|--------------------------------|----------------------|----------------------|
| NAV per Stapled Security       | US\$0.77             | US\$0.75             |
| Cash Balance                   | US\$21.5 mil         | US\$19.6 mil         |
| Total Debt Outstanding         | US\$347.9 mil        | US\$349.2 mil        |
| Aggregate Leverage Ratio       | 42.5%                | 43.0%                |
| Weighted Average Debt Maturity | 3.6 years            | 3.3 years            |
| Average Cost of Debt (p.a.)    | 3.5%                 | 3.5%                 |



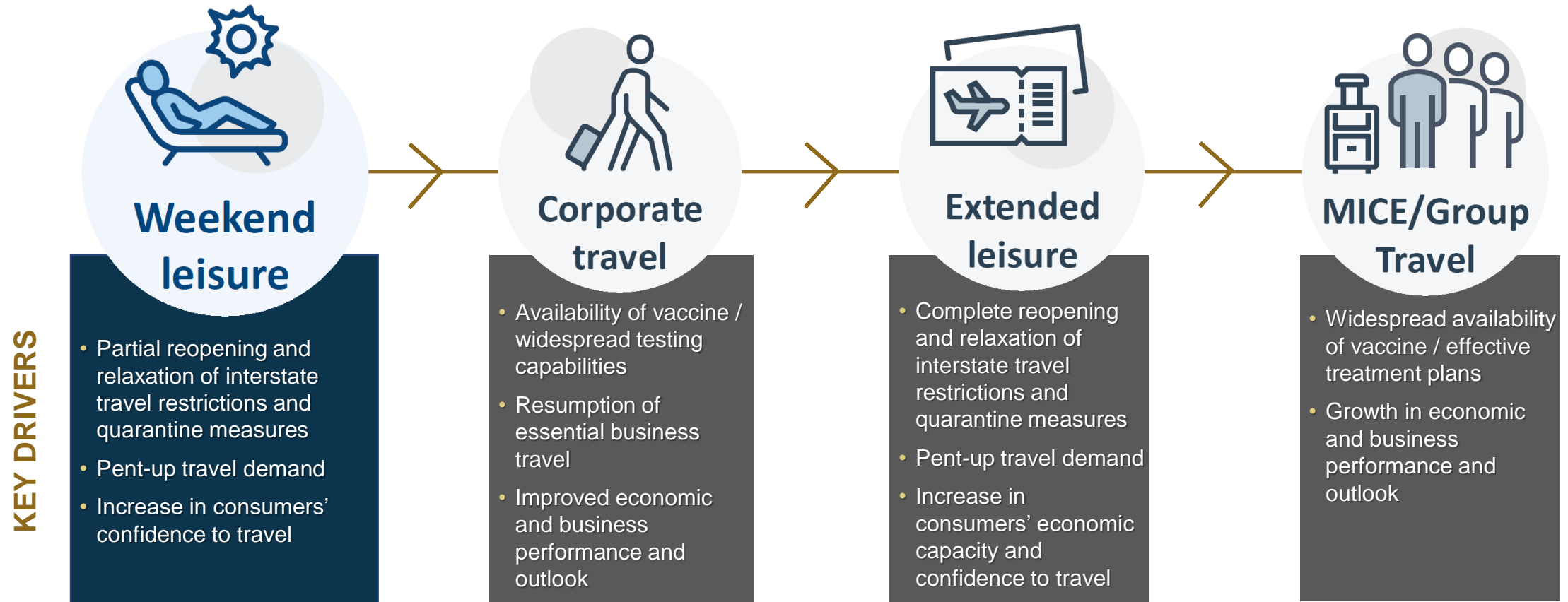
Secured commitment from banks for additional US\$10 mil revolving facility



# THE VIEW AHEAD

# Recovery Pace Dependent on Shift to Corporate Travel and Beyond

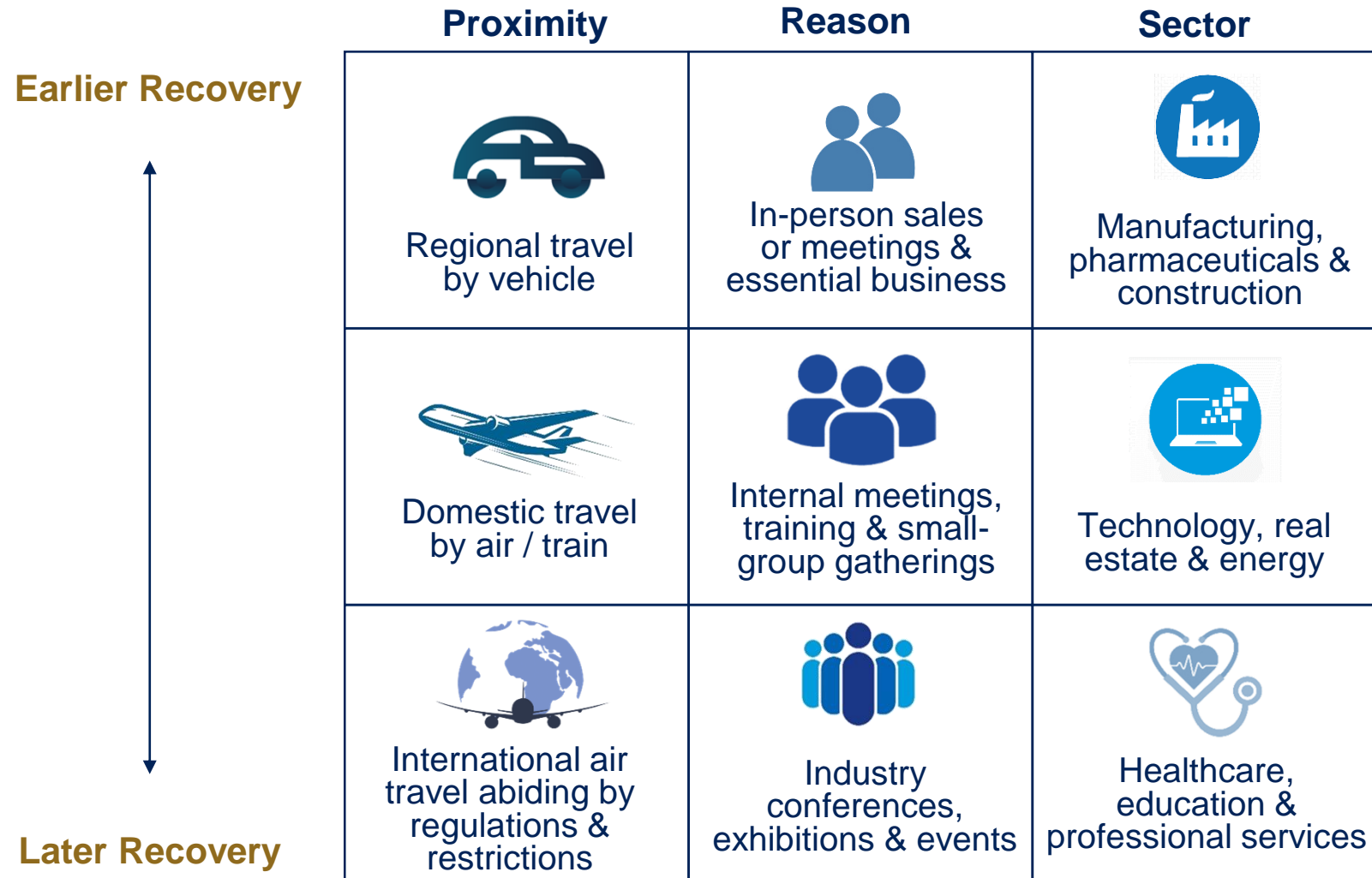
Key drivers remain crucial for further recovery





# Corporate Travel and Activities to Return in Phases

Spurred by proximity, travel reasons and sectors



# 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

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