



ARA US Hospitality Trust

Acquisition of a Portfolio of Three Premium Marriott-Branded
Upscale Select-Service Hotels in the United States

6 November 2019



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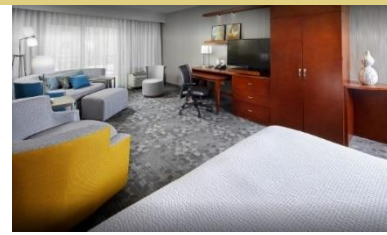
DBS Bank Ltd. was the Sole Issue Manager for the initial public offering of the Stapled Securities in ARA US Hospitality Trust (the "**Offering**"). DBS Bank Ltd., Overseas-Chinese Banking Corporation Limited and United Overseas Bank Limited were the Joint Financial Advisers and Joint Global Coordinators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

1. Overview

AC Hotel by Marriott Raleigh North Hills



Courtyard San Antonio at The Rim



Residence Inn San Antonio at The Rim



Overview of the Acquisition Properties



Property	AC by Marriott Raleigh North Hills	Courtyard San Antonio at The Rim	Residence Inn San Antonio at The Rim
Location	<ul style="list-style-type: none"> • 101 Park at North Hills Street Raleigh, North Carolina 	<ul style="list-style-type: none"> • 5731 Rim Pass San Antonio, Texas 	<ul style="list-style-type: none"> • 5707 Rim Pass San Antonio, Texas
Hotel Chain Scale	<ul style="list-style-type: none"> • Upscale Select-service 	<ul style="list-style-type: none"> • Upscale Select-service 	<ul style="list-style-type: none"> • Upscale Extended-stay
Brand / Franchisor	<ul style="list-style-type: none"> • AC / Marriott 	<ul style="list-style-type: none"> • Courtyard / Marriott 	<ul style="list-style-type: none"> • Residence Inn / Marriott
Land Title	<ul style="list-style-type: none"> • Freehold 	<ul style="list-style-type: none"> • Freehold 	<ul style="list-style-type: none"> • Freehold
Number of Keys	<ul style="list-style-type: none"> • 135 	<ul style="list-style-type: none"> • 124 	<ul style="list-style-type: none"> • 131
Opening Date	<ul style="list-style-type: none"> • 2017 	<ul style="list-style-type: none"> • 2009 ⁽¹⁾ 	<ul style="list-style-type: none"> • 2009 ⁽¹⁾

(1) Courtyard San Antonio at The Rim and Residence Inn San Antonio at The Rim underwent soft goods renovation in early 2017.

Overview of the Acquisition Properties

Diversification enhancement by location



2. Rationale for the Acquisition



AC by Marriott Raleigh North Hills

Rationale for the Acquisition



Opportunity to acquire a portfolio of three premium Marriott-branded upscale select service and extended stay hotel totaling 390 keys at an attractive cap rate of 8.0% that is complementary and accretive to the existing portfolio

1 Accretive Acquisition enhances stapled securityholders returns

- Funded by available debt headroom without issuance of new Stapled securities
- Post-transaction gearing increase to 38%, well within 45% regulatory limits ⁽¹⁾
- Enhance pro forma DPS by 8.1% from 3.13 US cents to 3.38 US cents ⁽²⁾

2 High quality assets with strong financial performance

- Young assets averaging 8 years old and recently renovated with freehold titles
- Strong Occupancy and ADR performance
- Broadens earnings base with diversified and increased net property income

3 Strategic locations in dynamics markets

- Assets located within dynamic submarkets in their respective MSA with strong corporate and leisure demand drivers
- Assets are strategically located with convenient access to downtown, the airport, universities and corporate parks

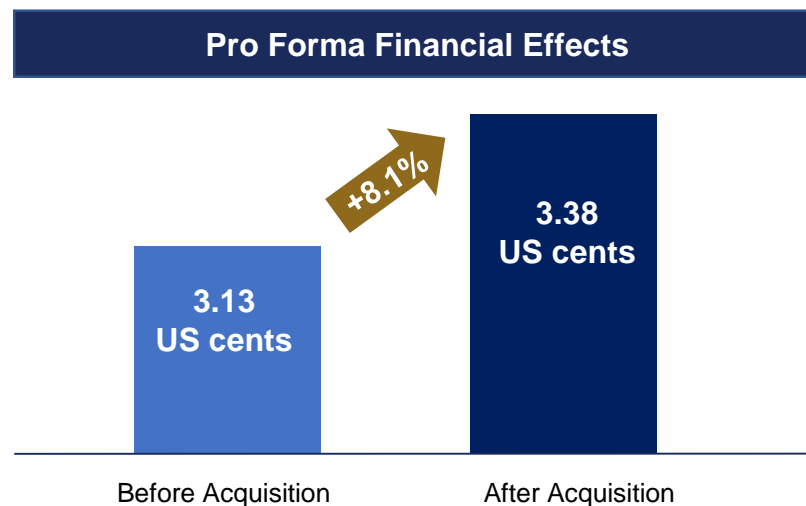
4 World class franchise affiliation with an experienced hotel operator

- Expand brand affiliation with well-known Marriott select service brands to diversify existing portfolio
- Diversify management relationship with an experienced hotel developer and third-party hotel management company
- Broaden ARAUSHT network to source future acquisition pipeline

(1) Based on Property Fund Appendix Rules for REITs.

(2) For the period from 9 May 2019 (Listing Date) to 30 September 2019.

1 Accretive Acquisition enhances Stapled Securityholders returns



Period from 9 May 2019 to 30 September 2019	Before Acquisition	After Acquisition ⁽¹⁾	Var (%)
Distributable Income (US\$'000)	17,754	19,190	8.1% ↑
DPS (US cents)	3.13	3.38	8.1% ↑
NAV per Stapled Security (US\$)	0.87	0.87	-
Gearing (%)	32%	38%	6% ↑




- Increase pro forma DPS by 8.1% from 3.13 US cents to 3.38 US cents
- Funded by available debt headroom without issuance of new Stapled Securities
- Post-transaction gearing increase to 38%, within 45% regulatory limit ⁽²⁾

(1) Assume the acquisition is primarily funded by bank loans and utilization of internal cash resources.

(2) Based on 45% Aggregate Leverage Limit for S-REITs.

2 High Quality Assets with Strong Financial Performance

- Newly opened / renovated hotels ⁽¹⁾ with freehold titles
- Strong occupancy and ADR performance contributes stable cashflow to bottom-line
- Outperformed its competitive sets with RevPAR index between 120% to 146%
- Portfolio NPI yield of 8.0% ⁽²⁾

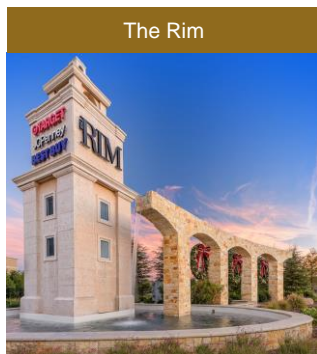
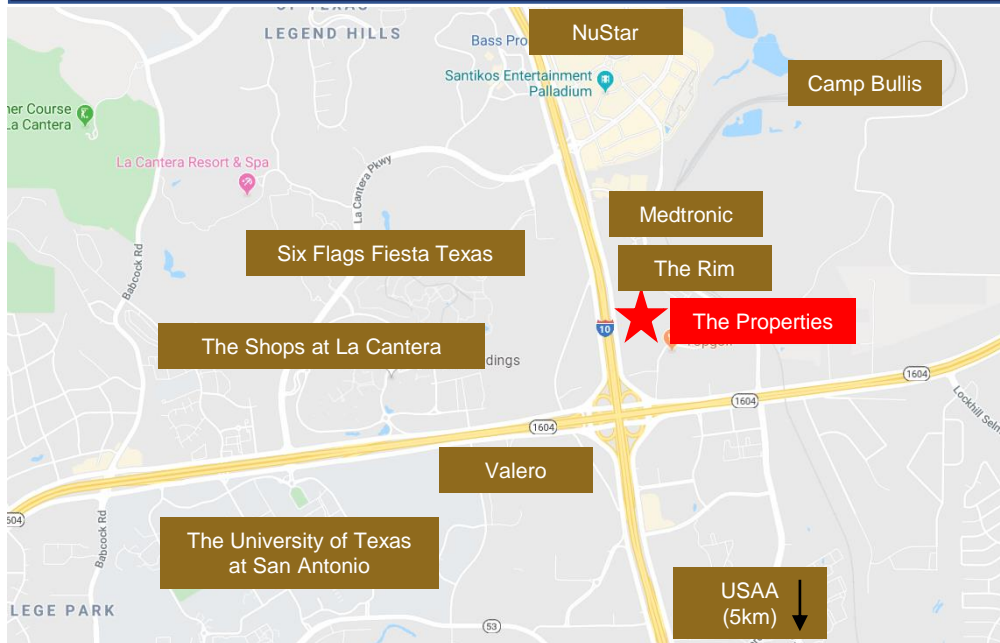
	Occupancy	RevPAR	RevPAR Index	GOP margin
 AC by Marriott Raleigh North Hills	77.6%	US\$134	120%	47.2%
 Courtyard San Antonio at The Rim	80.7%	US\$104	146%	46.8%
 Residence Inn San Antonio at The Rim	81.9%	US\$102	126%	45.5%

The above metrics are based on historical trailing 12-months results up to June 2019

(1) AC by Marriott Raleigh North Hills opened in March 2017, Courtyard San Antonio at The Rim and Residence Inn San Antonio at The Rim underwent soft goods renovation in 2017
 (2) Based on acquisition price of US\$84.5m for Portfolio, NPI is net of 4% of total revenue set aside for capital requirements

3 Strategic Locations in Dynamics Markets

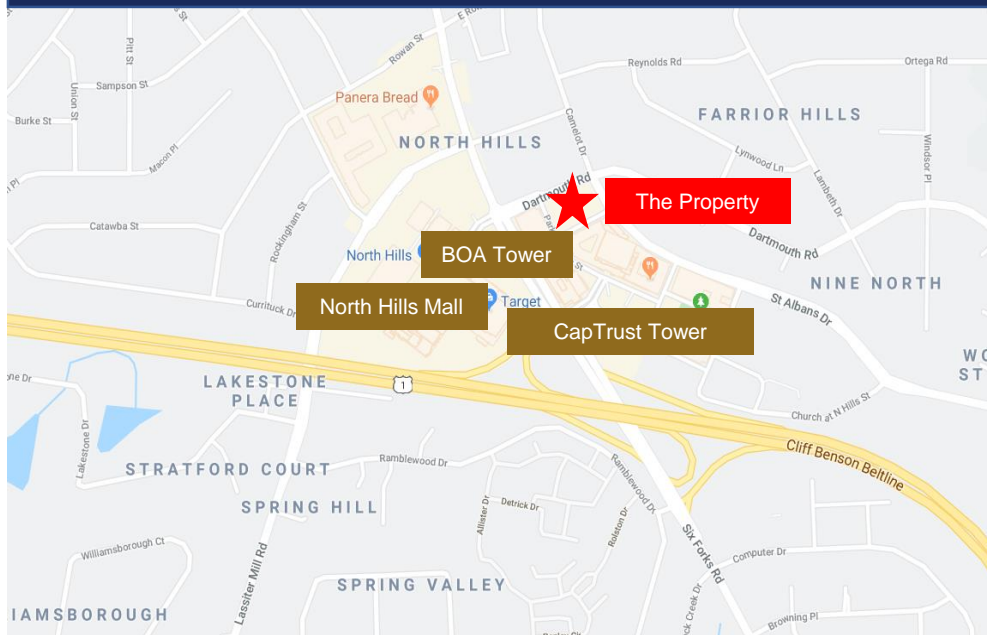
The Rim sub-market in San Antonio



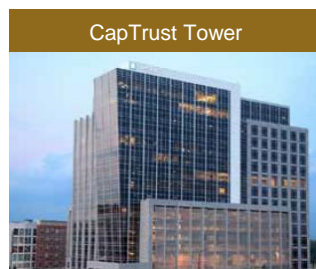
- Adjacent to each other, **Courtyard San Antonio The Rim** and **Residence Inn San Antonio at The Rim** are located in one of the most desirable submarket in San Antonio
 - Situated within attractive residential, retail and office and close to popular leisure attractions
 - Located near major highways and less that 30 minutes from the airport, downtown, and other office parks
- **Key demand drivers** within a five kilometers radius;
 - **Corporation** - Valero Headquarters (Fortune 500 energy group), Medtronic (1000+ employees). USAA (Fortune 500 financial group), NuStar Energy (1000+ employees)
 - **Leisure** - Located within Texas Hill Country, a popular regional destination that includes: a popular amusement park, 2.8 million square feet of master development with retail and dining
 - **University** - The University of Texas at San Antonio is the 8th largest university in Texas (31,000 student enrolled)
 - **Government** - Camp Bullis
 - 28,000 acre U.S. Army training facility with 6,000 employees and training throughput of ~170,000 per year

3 Strategic Locations in Dynamics Markets

North Hills sub-market in Raleigh



- **AC Hotel by Marriott Raleigh North Hills** is the newest hotel within the heart of Raleigh’s North Hills – one of Raleigh/Durham’s premier live work-play destinations
- North Hills is a mixed use development that contains more than 1 million square feet of office space, with notable tenants such as PwC, KPMG and Bank of America, plus retail, entertainment and residences
- **Key demand drivers:**
 - **Robust corporate demand:**
 - Technology job growth - Raleigh metro area ranks just behind Austin in technology job growth
 - Ranked 4th among the top 25 startup hubs in the U.S
 - Research Triangle Park – one of the most prominent high-tech research and development parks in the United States and houses 200 companies (including IBM, SAS, GlaxoSmithKline, Cisco and Lenovo) with over 50,000 workers
 - 1 million square feet of office space in North Hills - notable tenants: PwC, KPMG and Bank of America
 - **Nationally recognized universities:**
 - North Carolina State University (35,000 students), Duke University (15,000 student), University of North Carolina (UNC) (29,000 students)
 - Duke and UNC are considered one of the top academic and Division I sports teams in the country



Marriott – largest global hotel chain with robust loyalty members

- Marriott is the largest hotel chain with 30 brands across 7,003 properties in 131 countries
- Leading concentration in top quality hotel tier that results in strong guest loyalty base
- Marriott Bonvoy Loyalty Program – 125 million members worldwide with 1.5 million new members every month. Members represent approximately 50% of the paid room nights in Marriott branded hotels

Concord Hospitality – experienced hotel management company in the US

- Based in North Carolina, with over 30 years of operational expertise
- Premier operator managing 102 hotels 23 states and two Canadian Provinces and current development pipeline of over 25 hotels
- Approved operator across most major franchisors: Marriott, Hilton, Hyatt and Intercontinental



COURTYARD[®]
BY MARRIOTT

Residence INN[®]
BY MARRIOTT

- Acquired by Marriott in 2011, AC Hotels is designed for modern travelers with an entrepreneurial mindset
- Urban and European inspired with elevated modern design
- The brand offers concept-driven, turn-key customization of guest room and public space design
- With over 150 open hotels (54 in the U.S.) and a strong pipeline of over 100 globally
- Marriott flagship select-service brand since 1983 and now their largest brand by distribution
- A pioneer in upscale select-service hotel smartly designed for the modern business travelers
- With over 1,100 hotels across the US and over 45 countries. Current global pipeline of 290 hotels
- Marriott flagship extended-stay brand since 1987 that defined the extended-stay lodging space
- Uniquely designed for long-stay guests, with rooms defined by spacious suites and fully equipped kitchen. As well, these hotels provide complementary hot breakfast
- With over 760 hotels worldwide, 2X the footprint of its next largest competitor. Current global pipeline of 250 hotels



Key Takeaways

High Quality Assets

- Young assets with freehold titles
- Prime locations in dynamic markets
- Generate strong operating margins
- Robust demand drivers

Well-known Brands with experienced Operator

- Best-in-class brands under Marriott franchise
- Managed by experienced hotel management company in US
- Brand and hotel management operator diversification
- Broaden ARA USHT network to source for future acquisition pipeline

Accretive Acquisition

- Primarily funded by debt, utilizing available debt headroom
- Pro Forma DPS yield accretive by 8.1% ⁽¹⁾

Continued Growth

- Leverage on ARA Group's network to originate deals in the world's largest lodging market
- Demonstrate ability to execute third-party transactions at attractive yields

(1) Pro forma DPS yield based on the pro forma results for the period from 9 May 2019 to 30 September 2019.



Thank You

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