



ARA US Hospitality Trust
(Stapled Securities in
ARA US Hospitality Property Trust and
ARA US Hospitality Management Trust
pursuant to a stapling deed dated 17 April 2019)

Unaudited Interim Financial Statements
For the Six months period ended 30 June 2021

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Introduction

ARA US Hospitality Trust ("**ARA H-Trust**" or "**Group**") is a stapled group comprising ARA US Hospitality Property Trust ("**ARA H-REIT**"), a real estate investment trust, and ARA US Hospitality Management Trust ("**ARA H-BT**"), a business trust. ARA H-Trust was listed on Singapore Exchange Securities Trading Limited ("**SGX**") on 9 May 2019 (the "**Listing date**").

The units in ARA H-REIT and ARA H-BT are stapled together as Stapled Securities in ARA H-Trust ("**Stapled Securities**") under the terms of a stapling deed dated 17 April 2019 (the "**Stapling Deed**") entered into between ARA Trust Management (USH) Pte. Ltd. (in its capacity as manager of ARA H-REIT)(the "**REIT Manager**"), DBS Trustee Limited (in its capacity as the trustee of ARA H-REIT)(the "**REIT Trustee**") and ARA Business Trust Management (USH) Pte. Ltd. (in its capacity as trustee-manager of ARA H-BT)(the "**Trustee-Manager**"). Each Stapled Security in ARA H-Trust comprises one unit in ARA H-REIT and one unit in ARA H-BT and cannot be traded separately.

ARA H-REIT is established with the principal investment strategy of investing primarily, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, located in the United States of America ("**U.S.**"), as well as real estate-related assets in connection with the foregoing. ARA H-BT is established with the same principal investment strategy as ARA H-REIT, and to carry on the business of managing and operating real estate used primarily for hospitality and/or hospitality-related purposes, located in the U.S.. The Managers presently intend for ARA H-REIT to hold income-producing real estate while ARA H-BT will be the master-lessee to manage and operate these assets.

The initial portfolio of properties held by ARA H-Trust comprises 38 hotels (the "**Properties**" or "**Hotels**"), consisting of 27 Hyatt Place hotels and 11 Hyatt House hotels located in the U.S., with a total of 4,950 hotel rooms located across 21 states. In January 2020, ARA H-Trust acquired 3 Marriott hotels and the portfolio currently comprises 41 upscale select-service hotels with 5,340 guest rooms located across 22 states.

ARA H-Trust is presenting its financial results for the financial period from 1 January 2021 to 30 June 2021 ("**1H 2021**"). The financial information presented has not been audited or reviewed by the independent auditors.

Distribution Policy

ARA H-REIT's and ARA H-BT's distribution policies are to distribute at least 90% of its distributable income. The actual level of distribution will be determined at the discretion of the Board of Directors of the Managers. The distributions will be made on a semi-annual basis. Distributions will be declared in United States dollar. Each Stapled Securityholder will receive his/her distribution in Singapore dollar equivalent of the United States dollar declared, unless he/she elects to receive otherwise.

Summary of Results

ARA H-Trust	1H 2021	1H 2020	Change
	US\$'000	US\$'000	%
Revenue	52,847	39,345	34.3%
Gross operating profit	14,132	5,841	>100.0%
Net property income / (loss)	9,124	(2,018)	N.M.
Distributable income	-	-	N.M.
Distribution per Stapled Security ("DPS") (US cents)	-	-	N.M.

	As at 30 June 2021	As at 31 December 2020
Net asset value per Stapled Security (US\$)	0.61	0.62

N.M. - not meaningful

The Stapled Group recorded higher revenue in 1H 2021 vs 1H 2020, as the portfolio's occupancy improved from 43.2%¹ to 51.2% , while RevPAR improved from US\$48 to US\$52 year-on-year.

The portfolio experienced recovery in occupancies since the beginning of 2021 with the widespread distribution of vaccines, reduction in COVID-19 case counts, and lifting of travel restrictions in the U.S. This is in comparison with 1H 2020 where demand was significantly impacted by the COVID-19 pandemic since mid-March 2020 and selected hotels were temporarily closed between April to June 2020 to reduce operating costs and preserve cash.

As a result of the higher revenue and effective cost mitigation measures implemented by the Managers, ARA H-Trust reported gross operating profit and net property income of US\$14.1 million and US\$9.1 million for 1H 2021 respectively. Deducting loan interest expenses, other trust expenses and fees payable to the REIT Trustee and Managers, the income before reserves set aside for capital expenditure amounted to approximately US\$2,787,000. After deducting reserves set aside for capital expenditure for the six-month period from 1 January 2021 to 30 June 2021, which relates to routine capital asset improvements and refurbishments for the hotel properties, ARA H-Trust reported NIL Distributable income for 1H 2021.

Net asset value per Stapled Security as at 30 June 2021 remained stable at US\$0.61 vs US\$0.62 as at 31 December 2020. The slight decrease is mainly due to accounting depreciation of the properties, partially uplifted by the income generated from hotel operations in 1H 2021.

¹ Based on available rooms of opened hotels in 1H 2020. All temporarily closed hotels were re-opened as of 1 July 2020.

Statements of Comprehensive Income
For the six months period ended 30 June 2021

		ARA H-Trust		
		1H 2021	1H 2020	Change
	Note	US\$'000	US\$'000	%
Revenue		52,847	39,345	34.3%
Operating expenses		(38,715)	(33,504)	(15.6%)
Gross operating profit		14,132	5,841	>100.0%
Hotel management fee		(1,586)	(1,181)	(34.3%)
Property taxes		(2,329)	(5,563)	58.1%
Other expenses		(1,093)	(1,115)	2.0%
Net Property Income/(Loss)		9,124	(2,018)	N.M.
Other income		25	-	N.M.
Depreciation and amortisation		(11,991)	(12,909)	7.1%
REIT Manager's and Trustee-Manager's Management fees		-	-	N.M.
Trustee-Manager's trustee fee		(60)	(60)	0.0%
REIT Trustee's fee		(54)	(57)	5.3%
Net finance costs	5	(6,078)	(5,675)	(7.1%)
Other trust expenses		(1,152)	(1,433)	19.6%
Net loss for the period before tax	6	(10,186)	(22,152)	54.0%
Taxation		685	(9)	N.M.
Net loss for the period after tax		(9,501)	(22,161)	57.1%
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges		4,086	(12,041)	N.M.
Total comprehensive income for the period		(5,415)	(34,202)	84.2%
Earnings per Stapled Security (U.S. cents)				
Basic	7	(1.67)	(3.91)	57.1%
Diluted	7	(1.67)	(3.91)	57.1%

Statements of Comprehensive Income (cont'd)
For the six months period ended 30 June 2021

		ARA H-REIT		
		1H 2021	1H 2020	Change
	Note	US\$'000	US\$'000	%
Rental revenue		22,606	21,365	5.8%
Operating expenses		(160)	(157)	(1.9%)
Gross operating profit		22,446	21,208	5.8%
Property taxes		(2,043)	(5,366)	61.9%
Other expenses		(418)	(395)	(5.8%)
Net Property Income		19,985	15,447	29.4%
REIT Manager's Management fees		-	-	N.M.
REIT Trustee's fee		(54)	(57)	5.3%
Net finance costs	5	(18,511)	(18,777)	1.4%
Other trust expenses		(602)	(751)	19.8%
Net income/(loss) for the period before tax		818	(4,138)	N.M.
Taxation		(21)	1,016	N.M.
Net income/(loss) for the period after tax		797	(3,122)	N.M.
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges		4,086	(12,041)	N.M.
Total comprehensive income for the period		4,883	(15,163)	N.M.

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Statements of Comprehensive Income (cont'd)
For the six months period ended 30 June 2021

		ARA H-BT		
		1H 2021	1H 2020	Change
		US\$'000	US\$'000	%
	Note			
Revenue		52,847	39,345	34.3%
Operating expenses		(38,555)	(33,347)	(15.6%)
Gross operating profit		14,292	5,998	>100.0%
Hotel management fee		(1,586)	(1,181)	(34.3%)
Property taxes		(286)	(197)	(45.2%)
Insurance		(480)	(519)	7.5%
Rental expenses		(1,002)	(201)	(>100.0%)
Net Property Income		10,938	3,900	>100.0%
Other income		25	-	N.M.
Depreciation and amortisation		(23,947)	(23,532)	(1.8%)
Trustee-Manager's Management fees		-	-	N.M.
Trustee-Manager's trustee fee		(60)	(60)	0.0%
Net finance income	5	9,939	10,024	(0.8%)
Other trust expenses		(552)	(686)	19.5%
Net loss for the period before tax	6	(3,657)	(10,354)	64.7%
Taxation		706	7	>100.0%.
Net loss for the period after tax and total comprehensive income for the period		(2,951)	(10,347)	71.5%

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Statement of Distributable Income
For the six months period ended 30 June 2021

	ARA H-Trust		
	1H 2021	1H 2020	Change
	US\$'000	US\$'000	%
Net loss for the period after tax	(9,501)	(22,161)	57.1%
Add/(less): Distribution adjustments			
Depreciation and amortisation	11,991	12,909	(7.1%)
Amortisation of upfront debt-related costs	158	130	21.5%
Interest expenses on lease liabilities	139	119	16.8%
Manager's fees paid/payable in Stapled Securities	-	-	N.M.
Deferred tax expense	-	43	N.M.
Others ⁽¹⁾	(2,787)	8,960	N.M.
Net distribution adjustments	9,501	22,161	(57.1%)
Distributable income	-	-	-

Footnote:

- (1) Relates mainly to reserves set aside for capital expenditures for 1H 2021, and upward adjustment to arrive at NIL distributable income in respect of 1H 2020.

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Statements of Financial Position
As at 30 June 2021

		As at 30 June 2021			As at 31 December 2020		
		ARA H-Trust	ARA H-REIT	ARA H-BT	ARA H-Trust	ARA H-REIT	ARA H-BT
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets							
Investment properties	11	-	657,699	-	-	656,664	-
Deferred tax assets		10,867	-	10,867	10,867	-	10,867
Property, plant and equipment	11	685,377	-	177,258	695,189	-	198,066
Intangible assets		512	-	512	524	-	524
Loans to related corporation		-	-	294,000	-	-	294,000
		696,756	657,699	482,637	706,580	656,664	503,457
Current assets							
Inventories		358	-	358	330	-	330
Trade and other receivables		4,260	16,795	45,308	2,745	16,417	29,398
Loans to related corporation		-	36,603	-	-	29,703	-
Cash and cash equivalents		26,492	11,518	14,974	26,750	6,369	20,381
		31,110	64,916	60,640	29,825	52,489	50,109
Total assets		727,866	722,615	543,277	736,405	709,153	553,566

Statements of Financial Position (cont'd)
As at 30 June 2021

		As at 30 June 2021			As at 31 December 2020		
		ARA H-Trust	ARA H-REIT	ARA H-BT	ARA H-Trust	ARA H-REIT	ARA H-BT
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities							
Loans from related corporation		-	294,000	-	-	294,000	-
Loans and borrowings	12	346,264	318,670	132,556	354,427	327,504	150,312
Derivative financial liabilities	10	12,196	12,196	-	16,282	16,282	-
Other payables		125	125	-	125	125	-
		358,585	624,991	132,556	370,834	637,911	150,312
Current liabilities							
Loans from related corporation		-	-	36,603	-	-	29,703
Trade and other payables		14,751	44,541	28,067	16,011	33,088	26,006
Loans and borrowings	12	10,646	10,194	40,026	298	172	38,583
Tax payable		123	47	76	86	23	62
		25,520	54,782	104,772	16,395	33,283	94,354
Total liabilities		384,105	679,773	237,328	387,229	671,194	244,666
Represented by:							
Stapled Securityholders' funds		343,761	42,842	305,949	349,176	37,959	308,900

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Statements of Movements in Stapled Securityholders' Funds
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ARA H-Trust		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Revaluation Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021		490,578	(16,024)	(151,426)	(16,282)	42,330	349,176
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(9,501)	-	-	(9,501)
Increase in net assets from operations		490,578	(16,024)	(160,927)	(16,282)	42,330	339,675
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges		-	-	-	4,086	-	4,086
Total comprehensive income for the period, net of tax		-	-	-	4,086	-	4,086
At 30 June 2021		490,578	(16,024)	(160,927)	(12,196)	42,330	343,761

ARA H-Trust		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Revaluation Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2020		498,934	(16,374)	(41,775)	(7,282)	59,713	493,216
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(22,161)	-	-	(22,161)
Increase in net assets from operations		498,934	(16,374)	(63,936)	(7,282)	59,713	471,055
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges		-	-	-	(12,041)	-	(12,041)
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	1,031	1,031
Total comprehensive income for the period, net of tax		-	-	-	(12,041)	1,031	(11,010)
Contribution by and distribution to Stapled Securityholders							
Distribution to Stapled Securityholders		(8,676)	-	(15,186)	-	-	(23,862)
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities	(a)	320	-	-	-	-	320
Total contribution by and distribution to Stapled Securityholders		(8,356)	-	(15,186)	-	-	(23,542)
At 30 June 2020		490,578	(16,374)	(79,122)	(19,323)	60,744	436,503

(a) Represents 371,000 Stapled Securities issued as payment of 50% of Managers' base fees for the period from 1 October 2019 to 31 December 2019.

Statements of Movements in Stapled Securityholders' Funds (cont'd)
For the six months period ended 30 June 2021

ARA H-REIT		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021		176,431	(9,437)	(112,753)	(16,282)	37,959
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	797	-	797
Increase in net assets from operations		176,431	(9,437)	(111,956)	(16,282)	38,756
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges		-	-	-	4,086	4,086
Total comprehensive income for the period, net of tax		-	-	-	4,086	4,086
At 30 June 2021		176,431	(9,437)	(111,956)	(12,196)	42,842

ARA H-REIT		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2020		179,747	(9,722)	431	(7,282)	163,174
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(3,122)	-	(3,122)
Increase in net assets from operations		179,747	(9,722)	(2,691)	(7,282)	160,052
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges		-	-	-	(12,041)	(12,041)
Total comprehensive income for the period, net of tax		-	-	-	(12,041)	(12,041)
Contribution by and distribution to Stapled Securityholders						
Distribution to Stapled Securityholders		(3,476)	-	-	-	(3,476)
REIT Manager's base fee paid in Stapled Securities	(a)	160	-	-	-	160
Total contribution by and distribution to Stapled Securityholders		(3,316)	-	-	-	(3,316)
At 30 June 2020		176,431	(9,722)	(2,691)	(19,323)	144,695

(a) Represents 186,000 Stapled Securities issued as payment of REIT Manager's share of the base fees for the period from 1 October 2019 to 31 December 2019.

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Statements of Movements in Stapled Securityholders' Funds (cont'd)
For the six months period ended 30 June 2021

ARA H-BT		Stapled Security	Issue Costs	Revenue Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021		314,147	(6,587)	1,340	308,900
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(2,951)	(2,951)
Increase in net assets from operations		314,147	(6,587)	(1,611)	305,949
At 30 June 2021		314,147	(6,587)	(1,611)	305,949

ARA H-BT		Stapled Security	Issue Costs	Revenue Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2020		319,187	(6,652)	17,503	330,038
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(10,347)	(10,347)
Increase in net assets from operations		319,187	(6,652)	7,156	319,691
Contribution by and distribution to Stapled Securityholders					
Distribution to Stapled Securityholders		(5,200)	-	(15,186)	(20,386)
Trustee-Manager's base fee paid in Stapled Securities	(a)	160	-	-	160
Total contribution by and distribution to Stapled Securityholders		(5,040)	-	(15,186)	(20,226)
At 30 June 2020		314,147	(6,652)	(8,030)	299,465

(a) Represents 186,000 Stapled Securities issued as payment of Trustee-Manager's share of the base fees for the period from 1 October 2019 to 31 December 2019.

Statements of Cash Flows
For the six months period ended 30 June 2021

		ARA H-Trust	
		1H 2021	1H 2020
	Note	US\$'000	US\$'000
Cash flows from operating activities			
Net loss before tax		(10,186)	(22,152)
Adjustments for:			
Allowance for doubtful debts and bad debts written off		68	280
Depreciation of property, plant and equipment		11,978	12,897
Amortisation of intangible assets		13	12
Net finance costs	5	6,078	5,675
Operating income/(loss) before working capital changes		7,951	(3,288)
Changes in working capital:			
Inventories		(28)	62
Trade and other receivables		(1,583)	2,885
Trade and other payables		(1,171)	1,219
Cash generated from operations		5,169	878
Tax refund		722	28
Net cash generated from operating activities		5,891	906
Cash flows from investing activities			
Interest received		-	118
Acquisition of intangible assets		-	(549)
Acquisition of property, plant and equipment		-	(85,294)
Payment for capital expenditure		(2,166)	(5,999)
Net cash used in investing activities		(2,166)	(91,724)
Cash flows from financing activities			
Proceeds from loans and borrowings		2,172	97,151
Payment of transaction costs relating to new loan facilities		(90)	(372)
Payment of lease liabilities		(283)	(284)
Distribution to Stapled Securityholders		-	(23,862)
Interest paid		(5,782)	(5,528)
Net cash (used in)/generated from financing activities		(3,983)	67,105
Net decrease in cash and cash equivalents		(258)	(23,713)
Cash and cash equivalents at beginning of the period		26,750	45,240
Cash and cash equivalents at end of the period		26,492	21,527

Statements of Cash Flows (cont'd)
For the six months period ended 30 June 2021

		ARA H-REIT	
		1H 2021	1H 2020
	Note	US\$'000	US\$'000
Cash flows from operating activities			
Net income/(loss) before tax		818	(4,138)
Adjustments for:			
Net finance costs	5	18,511	18,777
Operating income before working capital changes		19,329	14,639
Changes in working capital:			
Trade and other receivables		49	(763)
Trade and other payables		(2,409)	2,653
Cash generated from operations		16,969	16,529
Tax refund		3	28
Net cash generated from operating activities		16,972	16,557
Cash flows from investing activities			
Interest received		-	108
Acquisition of investment properties		-	(76,421)
Payment for capital expenditure		(1,035)	(2,302)
Issuance of loan to related corporation		(6,900)	(20,803)
Amount due from related corporation – non-trade		688	(11,318)
Net cash used in investing activities		(7,247)	(110,736)
Cash flows from financing activities			
Proceeds from loans and borrowings		1,142	76,816
Payment of transaction costs relating to new loan facilities		-	(372)
Payment of lease liabilities		(217)	(216)
Distribution to Stapled Securityholders		-	(3,477)
Interest paid		(5,501)	(5,493)
Net cash (used in)/generated from financing activities		(4,576)	67,258
Net increase/(decrease) in cash and cash equivalents		5,149	(26,921)
Cash and cash equivalents at beginning of the period		6,369	33,128
Cash and cash equivalents at end of the period		11,518	6,207

Statements of Cash Flows (cont'd)
For the six months period ended 30 June 2021

	Note	ARA H-BT	
		1H 2021	1H 2020
		US\$'000	US\$'000
Cash flows from operating activities			
Net loss before tax		(3,657)	(10,354)
Adjustments for:			
Allowance for doubtful debts and bad debts written off		68	280
Depreciation of property, plant and equipment		23,935	23,520
Amortisation of intangible assets		13	12
Net finance income	5	(9,939)	(10,024)
Operating income before working capital changes		10,420	3,434
Changes in working capital:			
Inventories		(28)	62
Trade and other receivables		(2,803)	14,780
Trade and other payables		2,413	(12,562)
Cash generated from operations		10,002	5,714
Tax refund		719	-
Net cash generated from operating activities		10,721	5,714
Cash flows from investing activities			
Interest received		-	10
Acquisition of intangible assets		-	(549)
Acquisition of property, plant and equipment		-	(8,873)
Payment for capital expenditures		(1,131)	(3,697)
Net cash used in investing activities		(1,131)	(13,109)
Cash flows from financing activities			
Proceeds from loans and borrowings		1,030	20,335
Payment of transaction costs relating to new loan facilities		(90)	-
Payment of lease liabilities		(21,867)	(21,433)
Proceeds from loan from related corporation		6,900	20,803
Amount due to related corporation – non-trade		(688)	11,318
Distribution to Stapled Securityholders		-	(20,386)
Interest paid		(282)	(35)
Net cash (used in)/generated from financing activities		(14,997)	10,602
Net (decrease)/increase in cash and cash equivalents		(5,407)	3,207
Cash and cash equivalents at beginning of the period		20,381	12,112
Cash and cash equivalents at end of the period		14,974	15,319



Notes to the Interim Financial Statements

1. Corporate information

ARA US Hospitality Trust is a stapled group comprising ARA US Hospitality Property Trust ("**ARA H-REIT**") and its subsidiaries (the "**ARA H-REIT Group**") and ARA US Hospitality Management Trust ("**ARA H-BT**") and its subsidiaries (the "**ARA H-BT Group**") (collectively, "**ARA H-Trust**" or the "**Stapled Group**").

ARA H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 24 September 2018 (as amended) (the "**ARA H-REIT Trust Deed**") between the REIT Manager and the REIT Trustee. The ARA H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of ARA H-REIT held by it or through its subsidiaries in trust for the holders of units in ARA H-REIT. ARA H-BT is a business trust constituted by a trust deed dated 29 October 2018 (the "**ARA H-BT Trust Deed**") and is managed by the Trustee-Manager (the "**REIT Manager**" and together with the "**Trustee-Manager**", defined as the "**Managers**"). The Managers are wholly-owned subsidiaries of ARA Asset Management Limited ("**ARA**"). The securities in each of ARA H-REIT and ARA H-BT are stapled together under the terms of a stapling deed dated 17 April 2019 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "**Stapling Deed**") and cannot be traded separately. Each stapled security in ARA US Hospitality Trust (the "**Stapled Security**") comprises a unit in ARA H-REIT (the "**ARA H-REIT Unit**") and a unit in ARA H-BT (the "**ARA H-BT Unit**").

ARA H-Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 9 May 2019 ("**Listing date**").

The principal activities of ARA H-REIT Group involve investing primarily, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, located in the United States of America (the "**U.S.**"), as well as real estate-related assets in connection to the foregoing.

The principal activities of ARA H-BT Group involve investing in a portfolio of real estate located in the U.S. primarily used for hospitality and/ or hospitality-related purposes, as well as real estate-related assets in connection with the foregoing and to carry on the business of managing and operating real estate located in U.S. used primarily for hospitality and/or hospitality-related purposes.

The consolidated financial statements of the Stapled Group relate to the ARA H-REIT Group and the ARA H-BT Group.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the Stapled Group's last annual financial statements as at and for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Stapled Group since the last annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States dollars, which is the functional currency of the Stapled Group, ARA H-REIT and ARA H-BT. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Stapled Group

A number of amendments to Standards have become applicable for the current reporting period. The Stapled Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The following SFRS(I)s, amendments to and interpretations of SFRS(I) are applicable for the annual period beginning on 1 January 2021:

- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 4, SFRS(I) 7, SFRS(I) 9, SFRS(I) 16 and SFRS(I) 1-39)

The application of these amendments to standards and interpretations does not have a material effect on the condensed interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Stapled Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 11 – Fair value of property, plant and equipment and investment properties

2.3 Fair value measurement

A number of the Stapled Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Managers use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

3. Seasonal operations

The Stapled Group's business is affected by seasonality due to the influence of weather and local events on travel demand. Prior to the pandemic, for most markets in the U.S., peak demand months for commercial/business travel generally occur during the spring to fall months, while leisure travel peaks in the summer months. Most markets experience off-peak season during the winter months of late November to February.

Following the pandemic which started to rapidly evolve in the U.S. from mid-March 2020, demand and occupancies dropped significantly and are currently on the path to recovery driven primarily by the leisure segment. As a result, the seasonality effects mentioned above were less apparent in 1H 2021 and 1H 2020.

4. Segment and revenue information

All operating segments' operating results are reviewed regularly by the Board of Directors of the Managers ("Board") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in internal management reports that are reviewed by the board of directors of the Managers. Segment net property income is used to measure performance as the Managers believe that such information is the most relevant in evaluating the results of the portfolio relative to those that operate within the same industry.

4.1 Reportable segments

ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total US\$'000
1 January 2021 to 30 June 2021				
Revenue	29,539	15,734	7,574	52,847
Reportable segment net property income	3,556	2,683	2,885	9,124
Depreciation of property, plant and equipment	(6,486)	(4,022)	(1,470)	(11,978)
Amortisation of intangible assets	-	-	(13)	(13)
Unallocated items:				
– Other income				25
– Trustee-Manager's trustee fees				(60)
– REIT trustee fees				(54)
– Finance costs				(6,078)
– Other trust expenses				(1,152)
– Taxation				685
Net loss for the period				(9,501)

As at 30 June 2021	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Unallocated US\$'000	Total US\$'000
Assets and liabilities					
Reportable segment assets	386,053	238,511	88,307	14,995	727,866
Reportable segment liabilities	(8,880)	(9,897)	(3,370)	(361,958)	(384,105)

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ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total US\$'000
1 January 2020 to 30 June 2020				
Revenue	21,564	13,628	4,153	39,345
Reportable segment net property (loss)/income	(2,900)	(384)	1,266	(2,018)
Depreciation of property, plant and equipment	(7,041)	(4,277)	(1,579)	(12,897)
Amortisation of intangible assets	-	-	(12)	(12)
Unallocated items:				
– Trustee-Manager's trustee fees				(60)
– REIT trustee fees				(57)
– Finance costs				(5,675)
– Other trust expenses				(1,433)
– Taxation				(9)
Net loss for the period				(22,161)

As at 31 December 2020	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Unallocated US\$'000	Total US\$'000
Assets and liabilities					
Reportable segment assets	369,740	251,032	86,223	29,410	736,405
Reportable segment liabilities	(6,203)	(2,547)	(2,633)	(375,846)	(387,229)

5. Net finance (costs)/income

	ARA H-Trust	
	1H 2021 US\$'000	1H 2020 US\$'000
Finance income		
Interest income under the effective interest method on:		
– Deposits with financial institutions	-	109
	-	109
Finance costs		
Financial liabilities measured at amortised cost:		
– Interest paid/payable to banks	(5,781)	(5,535)
– Interest expenses on lease liabilities	(139)	(119)
– Amortisation of debt related transaction costs	(158)	(130)
	(6,078)	(5,784)
Net finance costs	(6,078)	(5,675)

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	ARA H-REIT	
	1H 2021	1H 2020
	US\$'000	US\$'000
Finance income		
Interest income under the effective interest method on:		
- Deposits with financial institutions	-	99
- Loans to related corporation	426	94
	<u>426</u>	<u>193</u>
Finance costs		
Financial liabilities measured at amortised cost:		
- Interest expense paid/payable to banks	(5,499)	(5,480)
- Interest expense paid/payable to related corporation	(13,176)	(13,249)
- Interest expense on lease liabilities	(131)	(111)
- Amortisation of debt related transaction costs	(131)	(130)
	<u>(18,937)</u>	<u>(18,970)</u>
Net finance costs	<u>(18,511)</u>	<u>(18,777)</u>

	ARA H-BT	
	1H 2021	1H 2020
	US\$'000	US\$'000
Finance income		
Interest income under the effective interest method on:		
- Deposits with financial institutions	-	10
- Loans to related corporation	13,176	13,249
	<u>13,176</u>	<u>13,259</u>
Finance costs		
Financial liabilities measured at amortised cost:		
- Interest expense paid/payable to banks	(283)	(55)
- Interest expense paid/payable to related corporation	(426)	(94)
- Interest expense on lease liabilities	(2,502)	(3,086)
- Amortisation of debt related transaction costs	(26)	-
	<u>(3,237)</u>	<u>(3,235)</u>
Net finance income	<u>9,939</u>	<u>10,024</u>

6. Net loss before taxation

The following items have been included in arriving at net loss for the interim period

	ARA H-Trust	
	1H 2021	1H 2020
	US\$'000	US\$'000
Allowance for doubtful debts and bad debts written off	<u>68</u>	<u>280</u>
	ARA H-BT	
	1H 2021	1H 2020
	US\$'000	US\$'000
Allowance for doubtful debts and bad debts written off	<u>68</u>	<u>280</u>

6.1 Related party transactions

During the financial period, other than the transactions disclosed elsewhere in the condensed interim financial statements, these were the following significant related party transactions:

	ARA H-Trust	
	1H 2021	1H 2020
	US\$'000	US\$'000
Related entities		
Trustee-Manager's trustee fee paid/payable	60	60
REIT Trustee's fees paid/payable	54	57
Hotel management fee paid/payable	1,586	1,181
Acquisition fee paid/payable	-	840
Reimbursement of expenses (paid on behalf by REIT Manager and Trustee-Manager)	39	-

	ARA H-REIT	
	1H 2021	1H 2020
	US\$'000	US\$'000
Related entities		
REIT Trustee's fees paid/payable	54	57
Acquisition fee paid/payable	-	840
Reimbursement of expenses (paid on behalf by REIT Manager)	13	-
Related corporations		
Rental income received/receivable	22,606	21,365
Interest expenses paid/payable	13,176	13,249
Interest income received/receivable	426	94

	ARA H-BT	
	1H 2021	1H 2020
	US\$'000	US\$'000
Related entities		
Trustee-Manager's trustee fee paid/payable	60	60
Hotel management fee paid/payable	1,586	1,181
Reimbursement of expenses (paid on behalf by Trustee-Manager)	26	-
Related corporations		
Rental expenses paid/payable	22,606	21,365
Interest expenses paid/payable	426	94
Interest income received/receivable	13,176	13,249

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7. Earnings per Stapled Security

Earnings per Stapled Security is based on:

	ARA H-Trust	
	1H 2021	1H 2020
	US\$'000	US\$'000
Net loss for the period attributable to Stapled Securityholders	(9,501)	(22,161)
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security:		
- issued Stapled Securities at the beginning of the period	567,342	566,971
- issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	-	259
	<u>567,342</u>	<u>567,230</u>
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security:		
- weighted average number of Stapled Securities (basic)	567,342	567,230
- to be issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	-	-
	<u>567,342</u>	<u>567,230</u>
Earnings per Stapled Security ("EPS") (US cents)		
Basic	(1.67)	(3.91)
Diluted	<u>(1.67)</u>	<u>(3.91)</u>

8. Distribution per Stapled Security

	ARA H-Trust	
	1H 2021	1H 2020
	US\$'000	US\$'000
Distributions	-	-
Number of Stapled Securities on issue at the end of period ('000)	<u>567,342</u>	<u>567,342</u>
Basic and Diluted DPS (U.S. cents)	<u>-</u>	<u>-</u>

9. Net asset value

	ARA H-Trust	
	As at	As at
	30 June 2021	31 December 2020
Net assets attributable to Stapled Securityholders (US\$'000)	<u>343,761</u>	<u>349,176</u>
Total issued and to be issued Stapled Securities ('000)	<u>567,342</u>	<u>567,342</u>
Net asset value per Stapled Security (US\$)	<u>0.61</u>	<u>0.62</u>

10. Fair value of assets and liabilities

The Stapled Group uses interest rate swaps to manage its exposure to interest rate risks. As at 30 June 2021, the Stapled Group had interest rate swaps with a notional amount of US\$266.3 million (31 December 2021: US\$266.3 million) designated as cash flow hedging instruments.

The effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income ("OCI") and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include financial assets and financial liabilities whose carrying amount is a reasonable approximation of fair value.

	ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000
30 June 2021			
Financial assets not measured at fair value			
Loans to related corporation			
- Carrying amount	–	–	294,000
- Fair value (Level 2)	–	–	295,124
Financial liabilities measured at fair value			
Derivative financial liabilities – interest rate swaps			
- Carrying amount	(12,196)	(12,196)	–
- Fair value (Level 2)	(12,196)	(12,196)	–
Financial liabilities not measured at fair value			
Loans from related corporation			
- Carrying amount	–	(294,000)	–
- Fair value (Level 2)	–	(295,124)	–
Loans and borrowings ⁽¹⁾			
- Carrying amount	(348,663)	(320,921)	(27,741)
- Fair value (Level 2)	(349,330)	(321,504)	(27,826)
31 December 2020			
Financial assets not measured at fair value			
Loans to related corporation			
- Carrying amount	–	–	294,000
- Fair value (Level 2)	–	–	295,172
Financial liabilities measured at fair value			
Derivative financial liabilities – interest rate swaps			
- Carrying amount	(16,282)	(16,282)	–
- Fair value (Level 2)	(16,282)	(16,282)	–
Financial liabilities not measured at fair value			
Loans from related corporation			
- Carrying amount	–	(294,000)	–
- Fair value (Level 2)	–	(295,172)	–
Loans and borrowings ⁽¹⁾			
- Carrying amount	(346,333)	(319,648)	(26,685)
- Fair value (Level 2)	(347,163)	(320,367)	(26,796)

⁽¹⁾ Excluding lease liabilities

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values.

Financial instruments measured at fair value	Valuation technique
Interest rate swaps	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transaction in similar instruments.

11. Property, plant and equipment and Investment properties

The portfolio hotels, comprising 38 Hyatt hotels and 3 Marriott hotels, are presented as property, plant and equipment in the books of ARA H-Trust and ARA H-BT, and as investment properties in the books of ARA H-REIT.

During the six months ended 30 June 2021, ARA H-Trust and ARA H-BT acquired property, plant and equipment amounting to Nil (31 December 2020: US\$85,294,000) and Nil (31 December 2020: US\$8,873,000) respectively, capitalised capital expenditures amounting to US\$2,166,000 (31 December 2020: US\$9,217,000) and US\$1,131,000 (31 December 2020: US\$5,268,000) and disposed of assets amounting to Nil (31 December 2020: Nil) and Nil (31 December 2020: Nil) respectively. During the six months ended 30 June 2021, ARA H-REIT acquired investment properties amounting to Nil (31 December 2020: US\$76,421,000), capitalised capital expenditures amounting to US\$1,035,000 (31 December 2020: US\$3,949,000) and disposed of assets amounting to Nil (31 December 2020: Nil).

On an annual basis, the Stapled Group engages external, independent and qualified valuers to perform a full valuation of the portfolio hotels, prepared in accordance with the Uniform Standards of Professional Practice ("USPAP"), and in compliance with the requirements under the SGX Listing Manual and Code on Collective Investment Schemes (the "Code"). The external independent property valuer is required to have appropriate recognised professional qualifications and recent experience in the location and type of properties being valued, and not value the same property for more than two consecutive financial years unless allowed under the Code. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between the property managers, the Managers and the independent valuer.

As disclosed in the 31 December 2020 audited financial statements, the valuation reports contain a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this uncertainty, the assumptions may be revised significantly in subsequent periods.

For the unaudited interim financial statements for the six months period ended 30 June 2021, the Managers corroborated all significant unobservable inputs with the external independent valuer, including whether they are appropriate and reflect current market conditions, and updated the cash flow projections based on the latest forecast to assess the fair value of the portfolio hotels via a discounted cash flow analysis. The Managers have assessed that the fair values of the investment properties as at 30 June 2021 approximate their carrying values.

The fair values of the Group's portfolio hotels are determined based on significant unobservable inputs and are categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair values are derived using the income capitalisation – discounted cash flows approach where the net property income is capitalised at a rate which reflects the present and potential income growth over the unexpired lease term.

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As at the reporting date, the Stapled Group has the following capital commitments:

	30 June 2021	31 December 2020
	US\$'000	US\$'000
Capital expenditure contracted but not provided for	4,690	4,498

12. Loans and borrowings

The Stapled Group has in place the following USD loan facilities:

- US\$260.8 million (31 December 2020: US\$260.8 million) secured term loan and letter of credit facilities; and
- US\$96.5 million (31 December 2020: US\$95.3 million) unsecured loan and revolving facilities;

Secured term loan

As at 30 June 2021, the Stapled Group has drawn down US\$252.8 million (31 December 2020: US\$251.8 million) of the secured facilities. The facilities are secured on the following:

- mortgages, assignment of leases and rents, security agreement and fixture fittings over the hotel properties;
- an assignment of the franchise agreement and Aimbridge hotel management agreement;
- an assignment of insurances taken in respect of each hotel property; and
- a charge over certain bank accounts of the Stapled Group.

As at 30 June 2021, the unsecured loan and credit facilities were fully drawn.

	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
ARA H-Trust		
Secured loans	252,825	251,795
Unsecured loans	96,485	95,343
Lease liabilities ⁽¹⁾	8,247	8,392
	357,557	355,530
Less: Unamortised upfront debt-related costs	(647)	(805)
	356,910	354,725

ARA H-REIT		
Secured loans	244,325	244,325
Unsecured loans	77,161	76,019
Lease liabilities ⁽¹⁾	7,943	8,028
	329,429	328,372
Less: Unamortised upfront debt-related costs	(565)	(696)
	328,864	327,676

	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
ARA H-BT		
Secured loans	8,500	7,470
Unsecured loans	19,324	19,324
Lease liabilities ⁽¹⁾	144,841	162,210
	172,665	189,004
Less: Unamortised upfront debt-related costs	(83)	(109)
	172,582	188,895

⁽¹⁾ The Stapled Group applied SFRS(I)16 at 1 January 2020, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases.

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Loans and borrowings are repayable as follows:

	As at 30 June 2021			As at 31 December 2020		
	Secured US\$'000	Unsecured US\$'000	Lease liabilities US\$'000	Secured US\$'000	Unsecured US\$'000	Lease liabilities US\$'000
ARA H-Trust						
Amount repayable						
- within one year	-	10,343	303	-	-	298
- after one year	252,825	86,142	7,944	251,795	95,343	8,094
	252,825	96,485	8,247	251,795	95,343	8,392
Less: Unamortised upfront debt-related costs	(375)	(272)	-	(445)	(360)	-
	252,450	96,213	8,247	251,350	94,983	8,392
ARA H-REIT						
Amount repayable						
- within one year	-	10,019	175	-	-	172
- after one year	244,325	67,142	7,768	244,325	76,019	7,856
	244,325	77,161	7,943	244,325	76,019	8,028
Less: Unamortised upfront debt-related costs	(375)	(190)	-	(445)	(251)	-
	243,950	76,971	7,943	243,880	75,768	8,028
ARA H-BT						
Amount repayable						
- within one year	-	324	39,702	-	-	38,583
- after one year	8,500	19,000	105,139	7,470	19,324	123,627
	8,500	19,324	144,841	7,470	19,324	162,210
Less: Unamortised upfront debt-related costs	-	(83)	-	-	(109)	-
	8,500	19,241	144,841	7,470	19,215	162,210

13. Stapled Securities in Issue and to be issued

	ARA H-Trust	
	30 June 2021 '000	31 December 2020 '000
Stapled securities in issue		
Balance at beginning of period	567,342	566,971
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities ⁽¹⁾	-	371
Total Issued Stapled Securities as at end of period/year	567,342	567,342
Stapled Securities to be issued		
REIT Manager's and Trustee-Manager's base fee payable in Stapled Securities	-	-
Total Stapled Securities issued and to be issued as at end of period/year	567,342	567,342

(1) 371,000 Stapled Securities were issued as payment of 50% of the Managers' base fees for the period from 1 October 2019 to 31 December 2019

ARA H-Trust does not hold any treasury Stapled Securities as at 30 June 2021 and 31 December 2020. The total number of issued Stapled Securities in ARA H-Trust as at 30 June 2021 and 31 December 2020 was 567,342,000.

14. Subsequent events

- a) There are no known subsequent events which have led to adjustments to this set of interim financial statements.
- b) During 1H 2021, the Stapled Group received an unsolicited offer for a portion of an unused land of approximately 105,000 sq ft of Hyatt House Morristown (the "**Excess Land**") from an adjacent property owner (the "**independent purchaser**"). The Excess Land is not improved and not used by hotel operations due to the steep slope, wetlands and lack of roadway access. The independent purchaser intends to construct a multifamily development on the adjacent parcel and requires access to municipal utilities that can be achieved by purchasing the Excess Land. The Excess Land does not contribute any economic value to the property and its sale will not affect existing hotel operations. In addition, the Managers have obtained a letter from the most recent independent appraiser (HVS) of the Hyatt House Morristown hotel, opining that the sale of the Excess Land will not have any impact on the market value of the hotel as at 31 December 2020. The Stapled Group has also commissioned Newmark Knight Frank to conduct a valuation of the Excess land, with the land appraised at US\$325,000, and negotiated the sale of the Excess Land at valuation. The sale transaction is not expected to have any material impact to the net assets and net profits of the Stapled Group and is targeted to be subsequently completed in 3Q 2021.

Other Information Required Under Appendix 7.2 of the Listing Manual

(A) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed interim financial statements, which comprise the Statements of Financial Position as at 30 June 2021, Statements of Comprehensive Income, Statement of Distributable Income, Statements of Movements in Stapled Securityholders' Funds and Statements of Cash Flows for the six-month period ended and certain explanatory notes have not been audited or reviewed by the independent auditors.

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter

Not applicable.

(B) Review of the performance of the Stapled Group

		ARA H-Trust		
		1H 2021	1H 2020	Change
	Note	US\$'000	US\$'000	%
Revenue	(i)	52,847	39,345	34.3%
Operating expenses	(ii)	(38,715)	(33,504)	(15.6%)
Gross operating profit	(iii)	14,132	5,841	>100.0%
Hotel management fee	(iv)	(1,586)	(1,181)	(34.3%)
Property taxes	(v)	(2,329)	(5,563)	58.1%
Other expenses		(1,093)	(1,115)	2.0%
Net Property Income/(Loss)		9,124	(2,018)	N.M.
Other income		25	-	N.M.
Depreciation and amortisation		(11,991)	(12,909)	7.1%
REIT Manager's and Trustee-Manager's Management fees		-	-	N.M.
Trustee-Manager's trustee fee		(60)	(60)	0.0%
REIT Trustee's fee		(54)	(57)	5.3%
Net finance costs		(6,078)	(5,675)	(7.1%)
Other trust expenses	(vi)	(1,152)	(1,433)	19.6%
Net loss for the period before tax		(10,186)	(22,152)	54.0%
Taxation	(vii)	685	(9)	N.M.
Net loss for the period after tax		(9,501)	(22,161)	57.1%
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges	(viii)	4,086	(12,041)	N.M.
Total comprehensive income for the period		(5,415)	(34,202)	84.2%

Notes:

(i)	<p>Revenue</p> <p>The Stapled Group recorded higher revenue in 1H 2021 vs 1H 2020 as the portfolio's occupancy improved to 51.2% from 43.2%³, while RevPAR improved to US\$52 from US\$48 year on year.</p> <p>The portfolio experienced recovery in occupancies since the beginning of 2021 with the widespread distribution of vaccines, reduction in COVID-19 case counts, and lifting of travel restrictions in the U.S. This is in comparison with 1H 2020, where demand was significantly impacted by the COVID-19 pandemic since mid-March 2020, and selected hotel were temporarily closed between April to June 2020 to reduce operating costs and preserve cash.</p>
(ii)	<p>Operating expenses</p> <p>Operating expenses increased in line with higher occupancy in 1H 2021. Operating expenses include room expenses, other operating expenses, administrative and general expenses, sales and marketing expenses, franchise fees, property operations and maintenance expenses and utilities.</p>
(iii)	<p>Gross operating profit ("GOP")</p> <p>GOP margin improved from 14.8% in 1H 2020 to 26.7% in 1H 2021, in line with higher RevPAR and effective cost mitigation measures implemented by the Managers.</p>
(iv)	<p>Hotel management fee</p> <p>Hotel management fee based on 3% of total revenue, increased in line with the higher revenue in 1H 2021.</p>
(v)	<p>Property taxes</p> <p>Property taxes decreased by US\$3.3 million in 1H 2021, based on receipt of property tax bill notices in accordance with IFRS. In addition, the Stapled Group received property tax refunds for 4 hotel properties amounting to approximately US\$163,000 in 1H 2021 from successful tax appeals initiated by the Managers.</p>
(vi)	<p>Other trust expenses</p> <p>Other trust expenses decreased by US\$0.3 million to US\$1.1 million in 1H 2021, mainly due to acquisition related project costs incurred in the prior year.</p>
(vii)	<p>Taxation</p> <p>The Stapled Group recorded a tax credit of US\$0.7 million in 1H 2021, relating to federal tax refund received in respect of prior years.</p>
(viii)	<p>Effective portion of changes in fair value of cash flow hedges</p> <p>Effective portion of changes in fair value of cash flow hedges relates to fair value changes of the interest rate swaps entered into for hedging purposes. This has no impact on distributable income.</p>

³ Based on available rooms of opened hotels in 1H 2020. All temporarily closed hotels were re-opened as of 1 July 2020.

(C) Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable

(D) Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The United States (U.S.) economy has been on an uptrend so far in 2021, as massive fiscal and monetary stimulus and economic reopening across states have combined to lift the economy from pandemic lows. Based on the data released by the U.S. Bureau of Economic Analysis, the U.S. economy expanded by 6.5% in 2Q 2021, following a 6.4% expansion in 1Q 2021⁴. The International Monetary Fund (IMF) is bullish on the U.S. economic recovery and raised its 2021 U.S. economic growth projection to 7.0%⁵ on the back of a strong recovery from the COVID-19 pandemic and continued effects of the U.S. government's stimulus and spending plans. As consumer consumption accounts for 70% of U.S. Gross Domestic Product (GDP), rising wages, combined with government transfers and accumulated household savings, are expected to continue to propel consumption and drive economic growth⁶.

Tourism Economics and STR have also upgraded their U.S. hotel forecast with higher 2021 projections after hotel demand in 1Q 2021 have exceeded expectations. The U.S. hotel market occupancy and RevPAR are forecasted to grow 28.1% and 36.2% in 2021⁷, respectively, with complete recovery in demand and RevPAR projected for 2023 and 2024, respectively. The effective vaccine rollout, generous fiscal stimulus and lifted restrictions have significantly boosted leisure travel demand in the U.S. in 1H 2021. STR anticipates that the U.S. hospitality market will further strengthen and rebound closer to pre-pandemic levels in the months ahead as the seasonal summer travel surge continues. According to STR, leisure continues to be the primary source of current hotel demand. Steadily improving weekday occupancies indicate that business travel is gradually returning, with expectations that business travel will accelerate in 3Q 2021 as companies bring employees back to the office and approve corporate travel.

Despite rising concerns of the fast-spreading Delta variant of COVID-19 across a few hot spots in the U.S., particularly in states with low vaccination rates, the current number of new COVID-19 cases, hospitalizations and deaths remain a small fraction of the peak back in January 2021 and has not triggered widespread closures, layoffs and restrictions on business activity which occurred in the spring of 2020. The U.S. government is closely monitoring the risks and impact of the Delta variant while focusing on boosting the vaccination rate among the U.S. population to curb the spread of the virus.

ARA H-Trust had US\$26.5 million cash balances as at 30 June 2021 and will adopt a prudent approach in its capital and cashflow management. Moving forward, the Managers will continue to be vigilant of the ongoing pandemic situation and will stay nimble in improving our portfolio's performance, preserving liquidity, and protecting the assets as the U.S. hospitality industry continues to recover.

⁴ U.S. Bureau of Economic Analysis, July 2021

⁵ World Economic Outlook Update, July 2021

⁶ OECD Economic Outlook, May 2021

⁷ STR and Tourism Economics, May 2021

(E) Distributions

(a) Current financial period	
Any distribution declared for the current period?	No
(b) Corresponding period of the immediately preceding financial year	
Any distribution declared for the corresponding period of the immediately preceding financial year?	No
(c) Date payable	
	Not applicable
(d) Books Closure date	
	Not applicable

If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision

No distribution has been declared/recommended for the current financial period. Due to the impact of the COVID-19 pandemic, ARA H-Trust reported no distributable income for 1H 2021.

(F) Aggregate value of Interested Person Transactions under Rule 920(1)(a)(ii) of the Listing Manual

The Stapled Group has not obtained a general mandate from Stapled Securityholders for Interested Person Transactions.

(G) Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the REIT Manager and the Trustee Manager hereby confirm that, to the best of our knowledge, nothing has come to our attention which may render the unaudited interim financial statements of ARA H-Trust for the period ended 30 June 2021 to be false or misleading in any material respect.

(H) Confirmation pursuant to Rule 720(1) of the Listing Manual

The REIT Manager and Trustee-Manager confirm that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors
ARA Trust Management (USH) Pte. Ltd.
ARA Business Trust Management (USH) Pte. Ltd.

Stephen Ray Finch
Independent Chairman and Director
5 August 2021

Seow Bee Lian
Director
5 August 2021

Important Notice

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

The value of the Stapled Securities in ARA H-Trust ("Stapled Securities") and the income derived by them, if any, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, REIT Manager, Trustee-Manager or any of its affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the REIT Manager or the Trustee-Manager to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on Singapore Exchange Securities Trading Limited ("SGX-ST"). It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST. The listing of the Stapled Securities on SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of ARA H-Trust is not necessarily indicative of the future performance of ARA H-Trust.