ARA US HOSPITALITY TRUST

A stapled group comprising:

ARA US HOSPITALITY PROPERTY TRUST
(a real estate investment trust constitued on 24 September 2018 under the laws of the Republic of Singapore)
managed by
ARA Trust Management (USH) Pte. Ltd.

ARA US HOSPITALITY MANAGEMENT TRUST
(a business trust constituted on 29 October 2018 under the laws of the Republic of Singapore)
managed by
ARA Business Trust Management (USH) Pte. Ltd.

ANNUAL GENERAL MEETING HELD ON 24 JUNE 2020

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

ARA Trust Management (USH) Pte. Ltd., as manager of ARA US Hospitality Property Trust ("**ARA H-REIT**"), and ARA Business Trust Management (USH) Pte. Ltd, as trustee-manager of ARA US Hospitality Management Trust ("**ARA H-BT**") (collectively known as the "**Managers**"), would like to thank Stapled Securityholders for submitting their questions in advance of the Annual General Meeting of ARA US Hospitality Trust ("**ARA H-Trust**") to be held at 10.00 a.m. on 24 June 2020. In addition to the questions received from Stapled Securityholders, the Managers have also taken the opportunity to review and answer the questions posted by Securities Investors Association (Singapore) ("**SIAS**").

The Managers have set out the responses to the questions received from Stapled Securityholders and SIAS under the following key topics:

A. COVID-19 Impact and Update
B. Financials and Capital Management
C. Portfolio Performance
D. Business Outlook

Please refer to the responses as set out in Appendix 1.

For full details on ARA H-Trust's latest financial and business performance update for the quarter ended 31 March 2020, please refer to the Announcements section on ARA H-Trust's website at http://investor.araushotels.com/newsroom.html.

By ORDER OF THE BOARD
ARA TRUST MANAGEMENT (USH) PTE. LTD.
(As manager of ARA US Hospitality Property Trust)
(Company registration no. 201829676W)

ARA BUSINESS TRUST MANAGEMENT (USH) PTE. LTD.
(As trustee-manager of ARA US Hospitality Management Trust)
(Company registration no. 201829682G)

Lee Jin Yong
Chief Executive Officer
24 June 2020

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Appendix 1

A. COVID-19 Impact and Update

1.	Some experts have said that the effects of COVID-19 on the tourism and hospitality sector will linger for some time to come. For example, flight and train passengers may now need to wear a mask, flights may no longer serve food, hotels may require more frequent disinfection, hotel buffets may be scrapped and complimentary hotel breakfast buffets may be a thing of the past. **(i) How is ARA US HT planning ahead to address the long-term ramifications and impact of COVID-19 on the tourism and hospitality sector?** **(ii) What are the foreseeable changes that you will be implementing in your lodging business going forward? Will you still continue to serve buffets at your hotels? What operational changes do you anticipate to make going forward?**
	Responses (i) The COVID-19 pandemic created unprecedented challenges to the entire hospitality industry as occupancies declined drastically from travel restrictions, closures of non-essential businesses and states lockdown across the U.S. As such, industry participants have had to reexamine cost-benefits of services and amenities to determine what is important for guests and the key differentiators. The long-term ramifications and impact of COVID-19 for the hotel industry are expected around three main themes: a. Cleanliness and hygiene b. Contactless or minimum contact during guest stays c. App-based interactions and usage Cleanliness and hygiene – Hotel rooms have already been places considered to be clean. Additional measures advocated by the industry (AHLA) and the brands (Marriott, Hyatt) will be around the use of hospital grade disinfectants and improved cleaning protocols developed in accordance with Centers for Disease Control and Prevention (CDC) guidelines and consultation of health and cleaning experts. Thorough cleaning processes may decrease labor productivity as cleaning times per room may increase. All of our hotels and property managers are following the latest protocols and guidelines. Contactless or minimum contact stays – Guests will start seeking less human-to-human interactions when checking-in and out of hotels, using room keys, and having hotel employees enter hotel rooms. We are working with the brands to improve the user-friendliness and functionality of smartphone applications, upgrading our door lock systems to RFID key systems so guest can open their doors with their own smartphones, and getting menus and hotel information digitized. Housekeepers will not enter guestrooms daily during stayovers unless specifically requested by the guest. Minimal service for stayovers will help offset the decreased productivity in cleaning. App-based interaction and usage – We anticipate guests will not want to handle paper or laminated directories, menus, etc. and will utilize their smartphone applications more. Everything from communicating with the front desk, ordering services, or streaming content on the hotel television will require higher internet speed and capacity. In preparation for these trends, we have been investing in upgrading the internet infrastructure in our hotels and have upgraded all television sets to allow for streaming. (ii) The hotel business will become more streamlined going forward. With the harsh impact of COVID-19, both owners and operators had to re-examine the business model of operating hotels. Many full-service hotels started operating like select-service hotels after realizing how unprofitable food and beverage (F&B) and other amenities and services offered were. Hotels will focus on room rentals and begin paring back other amenities and services until they can be financially justified. As previously

mentioned, cleanliness, guest-initiated contact, and up-to-date technology are expected to be valued most by travelers in a post-COVID-19 environment.

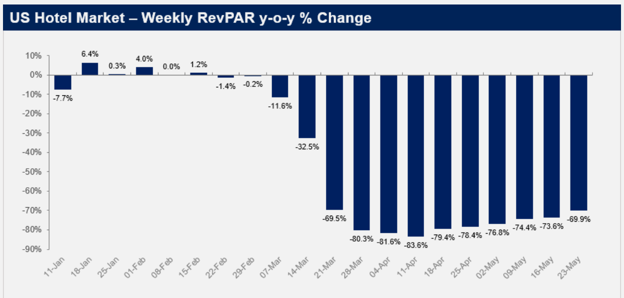
With respect to F&B, buffet service has traditionally been a labor-efficient method of providing F&B to large volumes of customers. However, buffet service's greatest challenge is the potential cross-contamination for multiple people handling common utensils. Nevertheless, complimentary breakfast is a key component to the value proposition in select-service hotels. In our hotels, we have moved to a complimentary pre-packaged breakfast box. As business volumes increase, and when group business eventually returns, we plan to offer spreads of individually wrapped or packaged items that do not require common utensils. In order to augment the food & beverage offerings, we will provide for-purchase items for guests who desire additional options.

2. The Stapled group was listed on SGX-ST on 9 May 2019, raising total gross proceeds of US$498 million. The Stapled group positions itself as a pure-play U.S. hospitality portfolio with a focus on premium, upscale select-service hotels.

Further to the publication of the annual report, the stapled group has announced a business and operational update for 1Q2020 on 8 May 2020 and an investor presentation on 3 June 2020.

In 1Q 2020, the average occupancy rate for the portfolio slipped to 54.8% as a result of the COVID-19 outbreak. Gross revenue was US$31.7 million and net property income was 68% lower than the IPO forecast, at US$3.6 million. In particular, in March 2020, the occupancy rate for the portfolio was 38%. The stapled group has cash balance of US$22.0 million as at 31 March 2020.

As shown in the investor presentation, the months of April and May were particularly affected by the pandemic. Weekly RevPAR dropped as much as 84% on a year-on-year basis.



(i) Further to the COVID-19 outbreak, there have been protests in major cities which started in the last week of May 2020. **Have the hotels and the stapled group's operations been affected?**

(ii) **Is the extended-stay segment more resilient in the current climate?**

(iii) **With a cash balance of US$22 million as at 31 March 2020, does the stapled group have sufficient working capital to tide it over this extremely challenging period?**

(iv) **What assistance (financial and non-financial) have the franchisors given to the stapled group?**

(v) **Has the stapled group reviewed the financial status of its third-party hotel managers (Aimbridge Hospitality and Concord Hospitality)? How are the stakeholders working together during this challenging period?**

Responses

(i) There has been minimal impact from the protests following the police killing of George Floyd on the Trust's hotels and operations. The only impact to any of our hotels was some broken windows on the ground floor of our AC Hotel North Hills in Raleigh, which were rectified quickly. None of our guests or staff were impacted and the hotel operations remained as per normal. The Managers

	and the team on the ground will continue to monitor the situation closely, but the protests have returned to being peaceful. (ii) The extended-stay hotels have rooms designed and equipped with apartment-style kitchenettes, separate living rooms and spacious bedrooms that provide a comfortable and residential environment. These apartment-style rooms with kitchenettes appeal to leisure road travellers and families, as well as essential workers such as healthcare, first responders, government or logistics staff who require temporary accommodation in the course of their work. This is evidenced by the higher occupancy rates of our Hyatt House and Residence Inn hotels during the month of May; occupancy levels for the extended stay hotels were on average 5 percentage points higher than Hyatt Place hotels. (iii) Since the start of the COVID-19 pandemic in US, the Managers had proactively undertaken cost mitigation and capital preservation measures and engaging our Singapore-based relationship banks to safeguard Stapled Securityholders' interests. Some of these cash flow conservation measures include temporary closure of hotels, reduction in labour cost hours and staffing, closure of certain facilities and amenities, and postponement of non-essential capital expenditures. With the prudent approach undertaken, the Managers believe that there is sufficient working capital on hand to navigate through these extremely challenging times. (iv) The Hotel Franchisors have fee structures that are tied to a percentage of rooms revenue. Due to the low occupancy conditions during the Covid-19 pandemic, franchise fees have naturally decreased. Given the harsh economic conditions, the Franchisors have deferred property improvement plan (PIP) requirements for one year, as well as suspending brand audits, which enable the Managers to preserve capital and mitigate costs during this trying period. (v) Both Aimbridge Hospitality and Concord Hospitality are financially stable (both companies are private and have substantial backing by investors) and remain committed to the day-to-day management of our hotels. The Managers have also been working closely with both teams via weekly conference calls to plan and execute the action plans to mitigate the impact from COVID-19 as well as establish hotel deep-cleaning, cleanliness programmes and procedures for the re-opening of hotels moving forward.
3.	**Can the Trust estimate the financial impact of COVID-19 on FY2020's distributable income?**
	Response The Managers will not be able to ascertain the financial impact of COVID-19 on the distributable income for FY2020 at this juncture as it is uncertain how long this crisis will last or how fast or slow the recovery will be. However, the Managers believe that the unprecedented and detrimental impact of the COVID-19 pandemic on both the U.S. economy and hospitality industry will adversely affect the performance of ARA H-Trust in FY2020.
4.	**Please provide some information on actions taken to address the impact of COVID-19 on the hospitality business.**
	Response Since the start of the COVID-19 pandemic in U.S., our team on the ground has been actively identifying all sales opportunities to ramp up occupancies as well as planning for/working towards resumption of operations at the closed hotels. The Managers had also proactively undertaken cost mitigation and capital preservation measures and engaging our Singapore-based relationship banks to safeguard Stapled Securityholders' interests. Some of these cash flow conservation measures include temporary closure of hotels, reduction in labour cost hours and staffing, closure of certain facilities and amenities, and postponement of non-essential capital expenditures. This will be further covered and explained in the Annual General Meeting presentation dated 24 June 2020.

B. Financials and Capital Management

5. Does the Trust intend to do any equity fund raising via rights issue or private placement in 2020?

Response

ARA H-Trust has sufficient working capital and liquidity at present to meet its current requirements. Nevertheless, the Managers will continue to assess if there is a need to strengthen ARA H-Trust's capital position, in the event of unanticipated changes or challenges during these unprecedented times. The Managers will also continue to look out for acquisition opportunities which would enhance ARA H-Trust's portfolio and yield long-term benefits to Stapled Securityholders.

In the event that the Managers determine it to be in the best interests of ARA H-Trust and its Stapled Securityholders to conduct an equity fund raising exercise, the Managers will make timely announcements to keep Stapled Securityholders updated and/or seek Stapled Securityholders' approval as required.

6. In addition, the Stapled group's net asset value per stapled security has slipped from US$0.87 as at 31 December 2019 to US$0.80 as at 31 March 2020.

	As at 31 Mar 2020	As at 31 Dec 2019
NAV per Stapled Security	US$0.80[1]	US$0.87
Cash Balance	US$22.0 mil	US$45.2 mil
Total Debt Outstanding	US$337.2 mil[2]	US$243.7 mil
Aggregate Leverage Ratio	41.0%	32.1%
Weighted Average Debt Maturity	3.8 years	4.4 years
Average Cost of Debt (p.a.)	3.8%	3.9%
Interest Coverage Ratio	3.4X	4.5X

(i) **Can the stapled group help the stapled securityholders understand the reasons for the drop in NAV? Please quantify the impact from the payment of distribution and the impact from the mark-to-market of interest rate swaps.** At the IPO, the net asset value per stapled security was US$0.86.

(ii) **With the aggregate leverage ratio at 41%, how much headroom is there to support any further growth?**

(iii) **How does the increase in aggregate leverage limit for REITs to 50% affect the stapled group? Has the board set any internal limits for ARA H-REIT and/or ARA H-BT?**

Responses

(i) The decrease in NAV per stapled security to US$0.80 as at 31 March 2020 was mainly attributable to:

a. the payment in March 2020 of the stapled group's first distribution of US$0.04206 per stapled security in respect of the period from listing date to 31 December 2019. The cash distribution included income distribution of US$0.01529 per stapled security and capital distribution of US$0.02677 per stapled security; and
b. an increase in derivative financial liabilities as a result of the mark-to-market of interest rate swaps, which contributed to a US$0.028 decrease in NAV per stapled security.

(ii) Based on an aggregate leverage ratio of 41% as at 31 March 2020 and the regulatory aggregate leverage limit of 50%, the debt headroom to support further growth is approximately US$145 million.

(iii) The Managers view the increase in aggregate leverage limit from 45% to 50% positively as it provides greater flexibility to manage capital structure and obtain more debt if necessary, amid

	the challenging operating environment due to the COVID-19 pandemic. The increase in the leverage limit also allows the Managers to be more competitive in the U.S. real estate market where market participants typically utilize higher leverage levels. Notwithstanding the above, the Board is comfortable with the aggregate leverage of the stapled group remaining below 45% and intends to continue its prudent approach towards capital management.
7.	**Is it still viable for the trust to pay out its distribution in future, especially now its hotels are hardly making any profits? Does it have to pay out from its capital?** **Will the trust be cutting dividends for the rest of 2020? What about 2021?**
	Response ARA H-Trust adopts a distribution policy which aims to distribute 100% of the Trust's distributable income for FY2020 and at least 90% of distributable income thereafter, with the actual level of distribution to be determined at the Managers' discretion, on a semi-annual basis. The Managers will need to review the financial results of the respective financial periods to determine the actual level of distribution.

C. Portfolio's Performance

8.	ARA US Hospitality Trust distribution has not met IPO forecast figures (except for the quarter after it was listed) since it was listed in 2019. Its unit price has also declined more than 50% to current level of USD 40 cents. Its NAV has dropped from USD 88 cents to current USD 80 cents. If this trend continues, its NAV will keep decreasing every year and there is no visibility how long it will get. If its NAV keeps dropping, this may affect its unit price which will get lower and lower, and this is detrimental to shareholders/units holders interests. **What and how can the management do to ensure that shareholders/units holders interests are safeguarded?**
	Response The portfolio's performance in FY2019 was mainly affected by natural and market disruption forces ranging from Hurricane Dorian, the General Motors strike and increased new supply in the various markets. The Managers had rolled out various proactive initiatives and active asset management strategies to counterbalance these impacts and improve hotel competitiveness and performance. (These are further outlined and detailed in our presentation.) The dip in the stapled security price since March 2020 coincided with the start of the COVID-19 pandemic in the U.S. which has affected nearly all industries, and in particular, the travel and hospitality sectors. Since the occurrence of the COVID-19 pandemic, the Managers have regularly updated our Stapled Securityholders on the situation and initiatives undertaken which include comprehensive cost reduction measures, temporary suspension of certain hotel operations to preserve cash, and actively engaging our Singapore-based relationship banks. Our team on the ground has also been actively identifying all sales opportunities as well as planning for/working towards resumption of operations at the closed hotels. The Managers remain committed and focused to safeguard the Stapled Securityholders' interest by protecting and preserving the portfolio's performance and maintaining a prudent capital structure. The Managers are confident that post COVID-19 pandemic, our active asset management initiatives will improve the returns from the properties and deliver stable distributions to our Stapled Securityholders and long-term growth in NAV. Therefore, NAV and stapled security price will recover from current pandemic-impacted conditions. Real estate is a cyclical business and valuations and share prices eventually recover following economic dislocations.

9.	The Stapled group achieved an occupancy rate of 77.0% for the period from 9 May 2019 to 31 December 2019 (before the pandemic).

Portfolio VS U.S. Lodging Industry Performance in 2019

	Occupancy	RevPAR	RevPAR Index
ARA H-Trust Portfolio[1]	77.0%	US$94	106.3%
U.S. Lodging Industry	66.1%	US$86	-

[1] For the period from 9 May 2019 (Listing Date) to 31 December 2019.

(Source: Annual Report)

(i) **Given that the managers have positioned the stapled group as a portfolio with a focus on premium, upscale select-service hotels, should the group's occupancy rate be compared to a premium hotel/select-service benchmark to make it more meaningful?**

(ii) **In addition, given that the stapled group has a diversified network of 41 hotels across 22 states, would it be more meaningful to compare the occupancy rates of each hotel to the catchment area, e.g. each localised area such as Pittsburgh, Atlanta?**

(iii) The occupancy rates of several hotels were in the mid 60s. For example, Hyatt Place Cincinnati Northeast in Ohio had an occupancy rate of 65.4%. **What are the pro-active plans by the managers to improve the occupancy rates of these hotels?**

Responses

(i) The table highlights the attractiveness of the Trust's portfolio of upscale, select-service hotels as an asset class within the overall US hospitality market. The RevPAR Index shown in the table is not calculated against the U.S. Lodging Industry (if it were, the calculated index would be 109.3%), but is a weighted average across the Trust's portfolio against each hotel's unique competitive set.

(ii) The RevPAR Index is a measure of each hotel's RevPAR relative to the aggregate RevPAR for a selected group of competitive set hotels within the same trade area. The RevPAR indices reported for our hotels provide a meaningful comparison to the hotels in each's respective catchment area.

(iii) The occupancy rates of each market are dependent upon supply and demand dynamics and seasonality of demand. These conditions vary by market and, therefore, natural market occupancy levels differ. In the case of the Hyatt Place Cincinnati Northeast hotel, it achieved an occupancy rate of 65.4% in the period between May to December 2019. In comparison, it's competitive set in the local catchment area achieved a 60% occupancy rate for the same period. Therefore, the Hyatt Place Cincinnati Northeast achieved 104% occupancy index, better than its fair share. The Hyatt Place Cincinnati Northeast's RevPAR index was even better at 104.9%. Nevertheless, the Managers continue to be focused on optimizing each hotel's occupancy rate by rolling out targeted initiatives and strategies, considering each specific market's conditions and seasonality. An overview of the various initiatives and asset management strategies rolled out by the Managers to improve hotel competitiveness and performance were disclosed in slide 10 of the 4Q 2019 Results presentation deck (announced on 19 Feb 2020).

D. Business Outlook

10.	**Are you optimistic or pessimistic regarding the outlook for the tourism and hospitality sector going forward post COVID-19?**

Response

We are optimistic on the tourism and hospitality sector. The U.S. economy, U.S. hotel industry, and ARA H-Trust's portfolio started FY2020 on stable footing. Fundamentals were still positive and balanced. Similar to efforts worldwide, the COVID-19 pandemic has caused an unprecedented impact on the economy and the hotel business due to the strict mitigation restrictions put in place by various authorities in the U.S. in

	order to flatten the curve of positive cases. In essence, the economy was put into a self-induced coma in order to slow the spread of the virus. Granted that this current dislocation has been unprecedented in its magnitude and scope; however, we are seeing signs of recovery as restrictions are being lifted. For example, the US Bureau of Labor Statistics reported employment increased by 2.5 million in May vs. an economic consensus forecast of decreasing by 7.5 million, a 10 million variance! Retail sales increased by 17.7% in the month of May, following a decline of 14.7% in April, as stores and restaurants have started to reopen. For hotels, following the nadir in mid-April, week-over-week demand has gradually increased. Weekend occupancies at our hotels are further increasing as evidence of pent-up demand following 3 months of lockdown. We remain confident that as travel gradually resumes, guests will favor value-priced, transient guest-oriented, compact hotels located in drive-to markets such as our portfolio. Leisure transient travel has been the first segment to show initial signs of recovery as people start venturing out to visit sites and family following a 3-month period of stay at home restrictions. We anticipate business transient demand to return progressively late summer/fall, adding an important demand segment. Group demand is expected to lag the most due to social-distancing measures. In the near term, the velocity of recovery is difficult to determine as it is dependent upon numerous factors. However, in the long term, the desire and necessity of travel will support a recovery of the hospitality sector in the U.S.
11.	**The Trust has been marketing itself as pure play US hospitality trust, but the hospitality industry is going to take years to recover. How can the management ensure that the trust will still be viable in future?**
	Response The U.S. hospitality industry is comprised of multiple segments and types of hotels. Similar to what we witnessed following the terrorism events of 9/11 in 2001, fly-to, gateway markets will take longer to recover. Our portfolio is situated in smaller, regional economic centers that are drive-to locations. Our hotels are oriented towards the domestic traveler—corporate road warriors during the week and leisure travelers on weekends. Consistent with our thesis that select-service hotels are more resilient than full-service hotels, we are experiencing the benefits of the early green shoots of travel rebound across our portfolio. The Managers believe in the long-term viability of the US hospitality market and expect domestic hotel demand from leisure travelers to return gradually with the easing of the restrictions in many of the states in the U.S. The Managers remain confident in the strength of our platform and structure of our business model and will continue to adopt a proactive approach in asset management whilst maintaining a prudent capital structure to ensure long term growth in NAV and deliver stable and growing distributions.
12.	**Do recent changes to ARA Asset Management affect ARA US hospitality trust in terms of direction and strategy?**
	Response There are no changes to the overall direction and strategy of ARA H-Trust with the recent change in ownership of ARA Asset Management (“ARA Group”) and the ARA Group continues to remain committed as the Sponsor and Managers. The Managers will continue to focus on delivering sustainable and stable returns to Stapled Securityholders through distributions and long-term capital appreciation.

About ARA US Hospitality Trust

Listed on the Singapore Exchange on 9 May 2019, ARA US Hospitality Trust is a hospitality stapled group comprising ARA US Hospitality Property Trust ("**ARA H-REIT**") and ARA US Hospitality Management Trust ("**ARA H-BT**"). ARA US Hospitality Trust invests in income-producing real estate assets used primarily for hospitality purposes located in the United States. ARA US Hospitality Trust's portfolio currently comprises 41 select-service hotels with a total of 5,340 rooms across 22 states in the United States.

ARA US Hospitality Trust is managed by ARA Trust Management (USH) Pte. Ltd. and ARA Business Trust Management (USH) Pte. Ltd., (collectively known as the "**Managers**"). The Managers are indirect wholly-owned subsidiaries of ARA Asset Management Limited.

For more information, please visit www.araushotels.com.

About the Sponsor

The Sponsor, ARA Real Estate Investors 23 Pte. Ltd., is an indirect wholly-owned subsidiary of ARA Asset Management Limited.

ARA Asset Management Limited (ARA or the Group) is a leading APAC real assets fund manager with a global reach. With S$88 billion[1] in gross assets under management as at 31 December 2019, ARA manages listed and unlisted real estate investment trusts (REITs), private real estate credit and equity funds, and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA's multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge and expertise, enables the Group to offer enduring value to investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world's largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information, please visit www.ara-group.com.

[1] Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 31 December 2019

IMPORTANT NOTICE