



ARA US HOSPITALITY TRUST

FY2023 FINANCIAL RESULTS

22 February 2024



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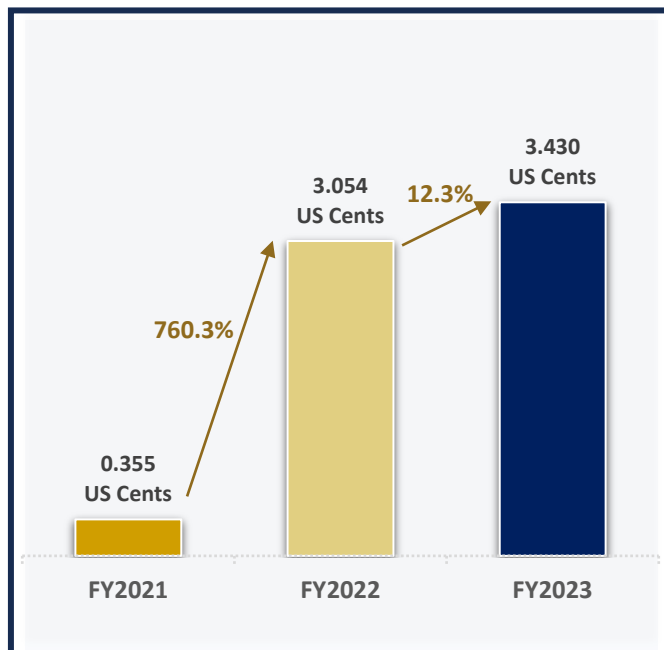
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FY2023 Key Highlights

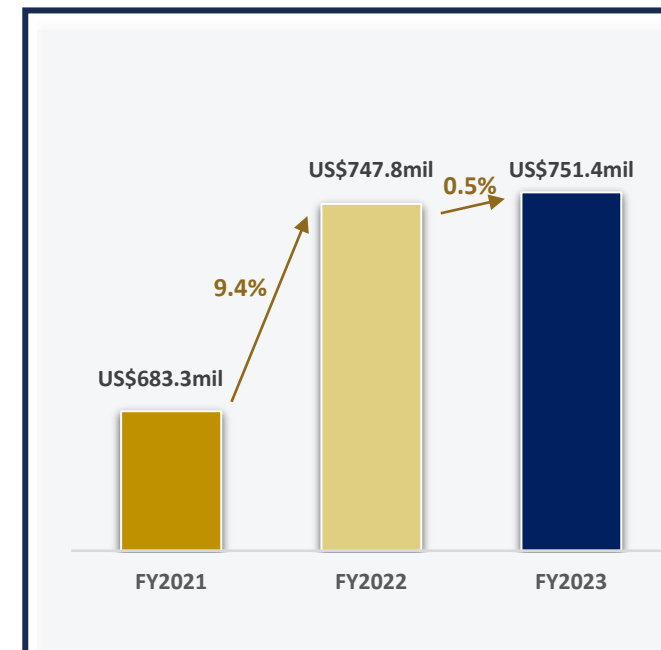
ARA US Hospitality Trust delivers continued growth in FY2023



Robust DPS growth driven by strong fundamental performance



Recovering cash flows from operations



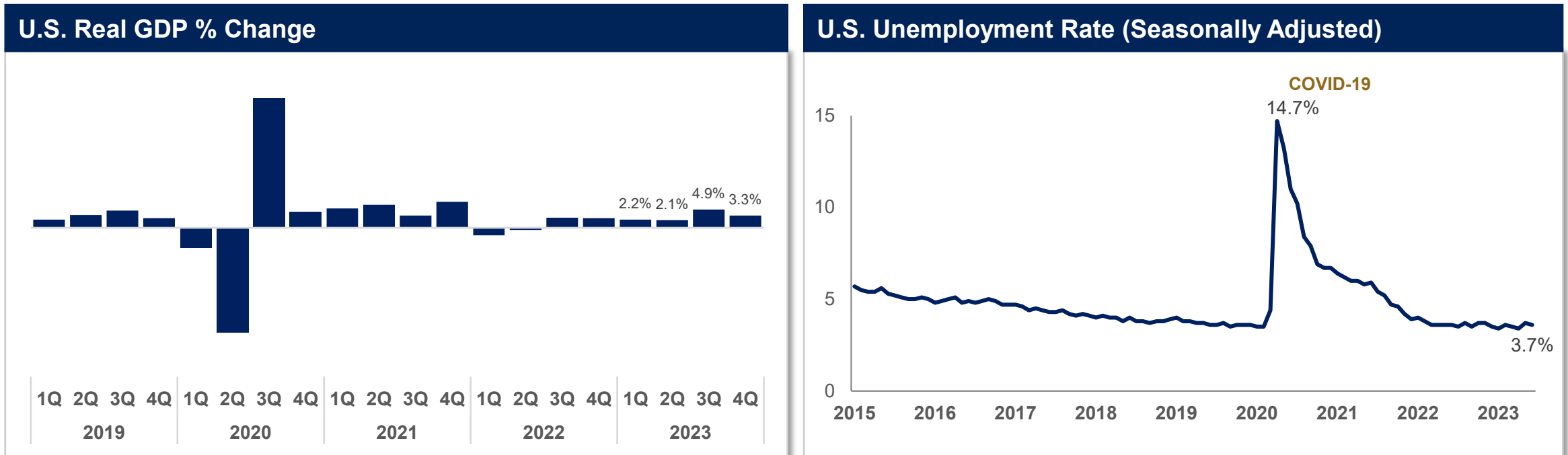
Active optimization strategy improves portfolio valuation

U.S. MARKET UPDATE

U.S Economic Growth Continues Despite Elevated Interest Rates



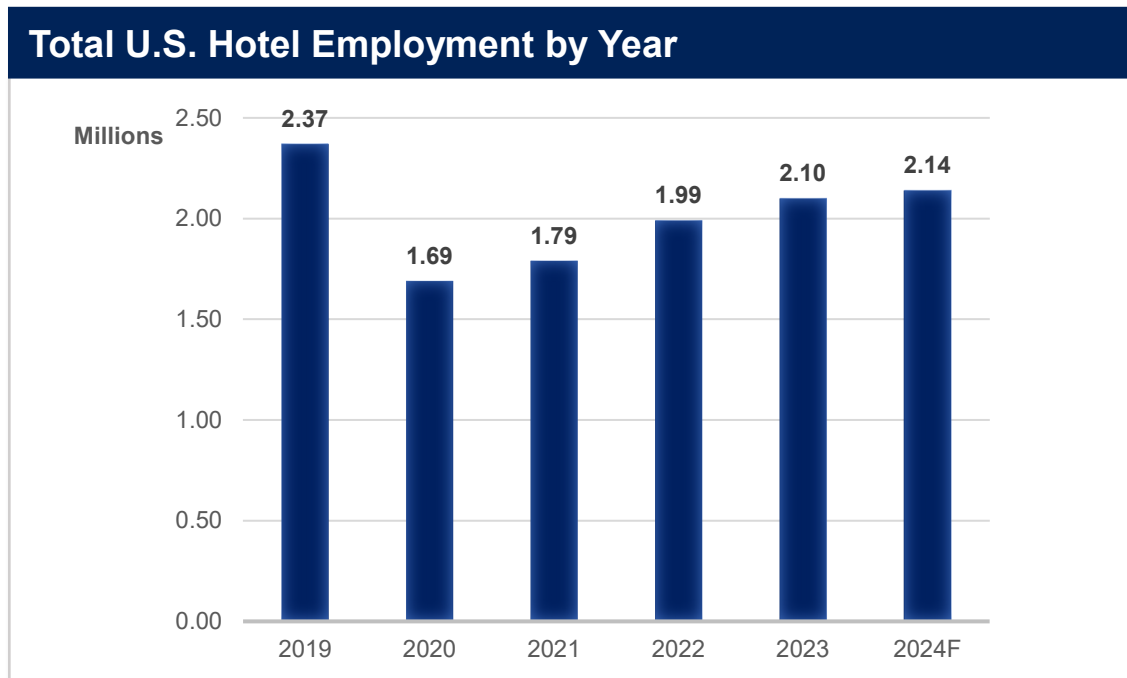
Economic soft-landing expected in 2024



- 4Q2023 GDP growth outperformed expectations to close at 3.3%, driven by consumer spending and business investment. Full year 2023 GDP growth is at 2.5%.
- Federal Reserve raised benchmark rates 11 times in 2 years, peaking at 5.25-5.5% in November 2023. As a result, inflation moderated to 3.4% as at December 2023, down significantly from a 9.1% peak in June 2022.
- A strong job market reflected by the low unemployment rate at 3.7% in December 2023, provides consumers with confidence and drives consumption.

U.S. Lodging Employment Continues to Improve

Hotel staffing levels normalizing



- The U.S. lodging market experienced significant losses during Covid-19. Due to the labor shortage, service delivery was challenged, and wage growth spiked.
- Along with the improved overall jobs market, the U.S. hotel industry recorded sustained gains in employment as the jobs market normalized.
- Job openings per hotel fell by 38% from 29 in 4Q2022 to 18 in 4Q2023.

U.S. Lodging Market Outlook Remains Positive and Stable

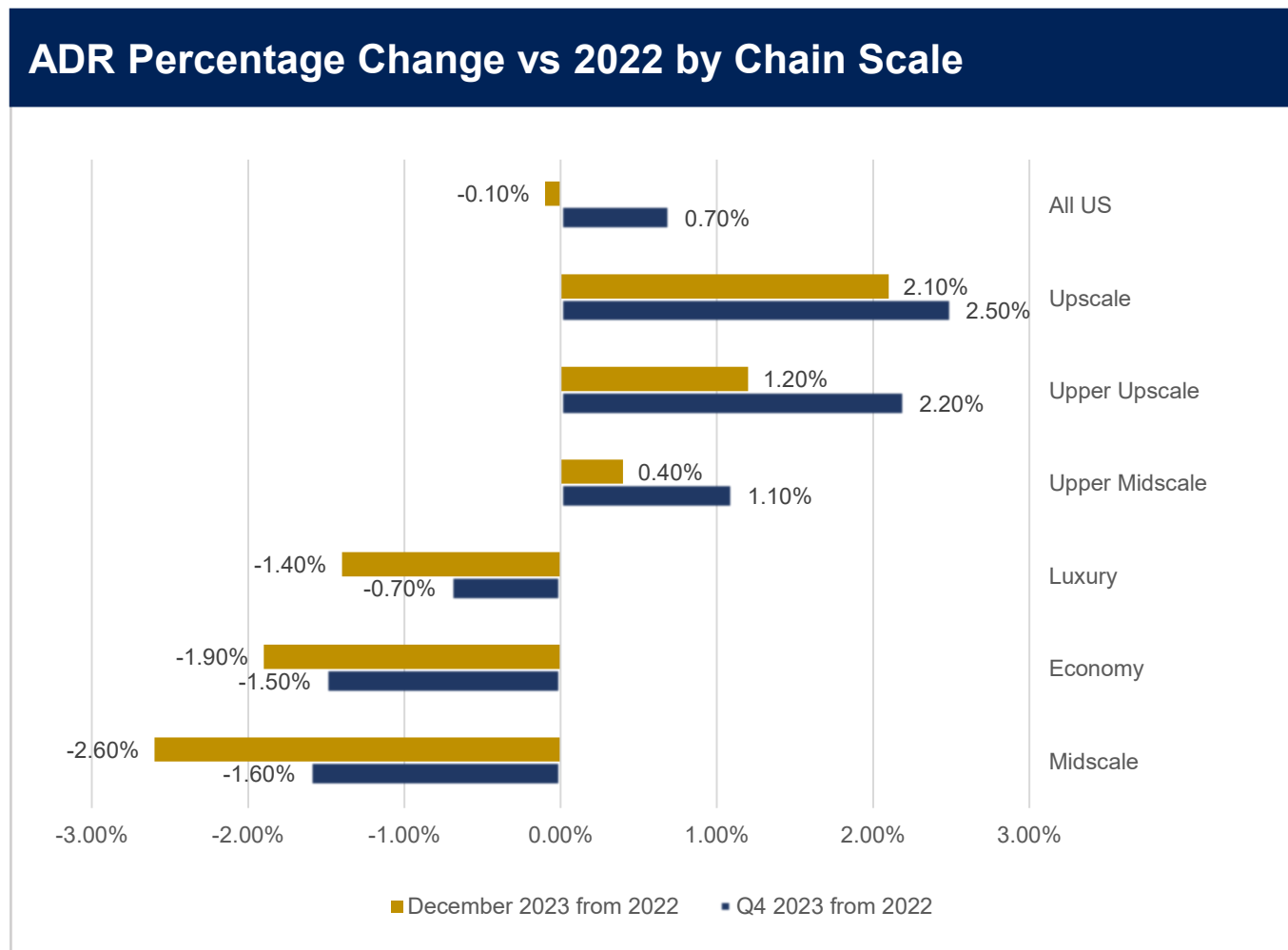
Year-on-year growth expected for next 3 years across all key metrics

	2019	2020	2021	2022	2023	2024F	2025F	2026F
Occupancy	65.9%	44.0%	57.6%	62.7%	63.0%	63.6%	64.0%	64.1%
ADR	\$131	\$103	\$125	\$149	\$155	\$160	\$164	\$169
ADR Y-o-Y Change		-21%	+21%	+19%	+4%	+3%	+3%	+3%
RevPAR	\$87	\$45	\$72	\$93	\$98	\$102	\$106	\$109
RevPAR Y-o-Y Change		-48%	+60%	+29%	+5%	+4%	+4%	+3%

- Recovery outlook for the US lodging market remains positive, albeit slower, reflecting normalizing performance.
- U.S. hotel occupancy forecast to continue growing, driven by the latent recovery of business, group and international demand.
- U.S. hotel pricing, as measured by ADR and RevPAR, remains robust, supported by muted supply growth.

US Hotel Performance by Chain Scale

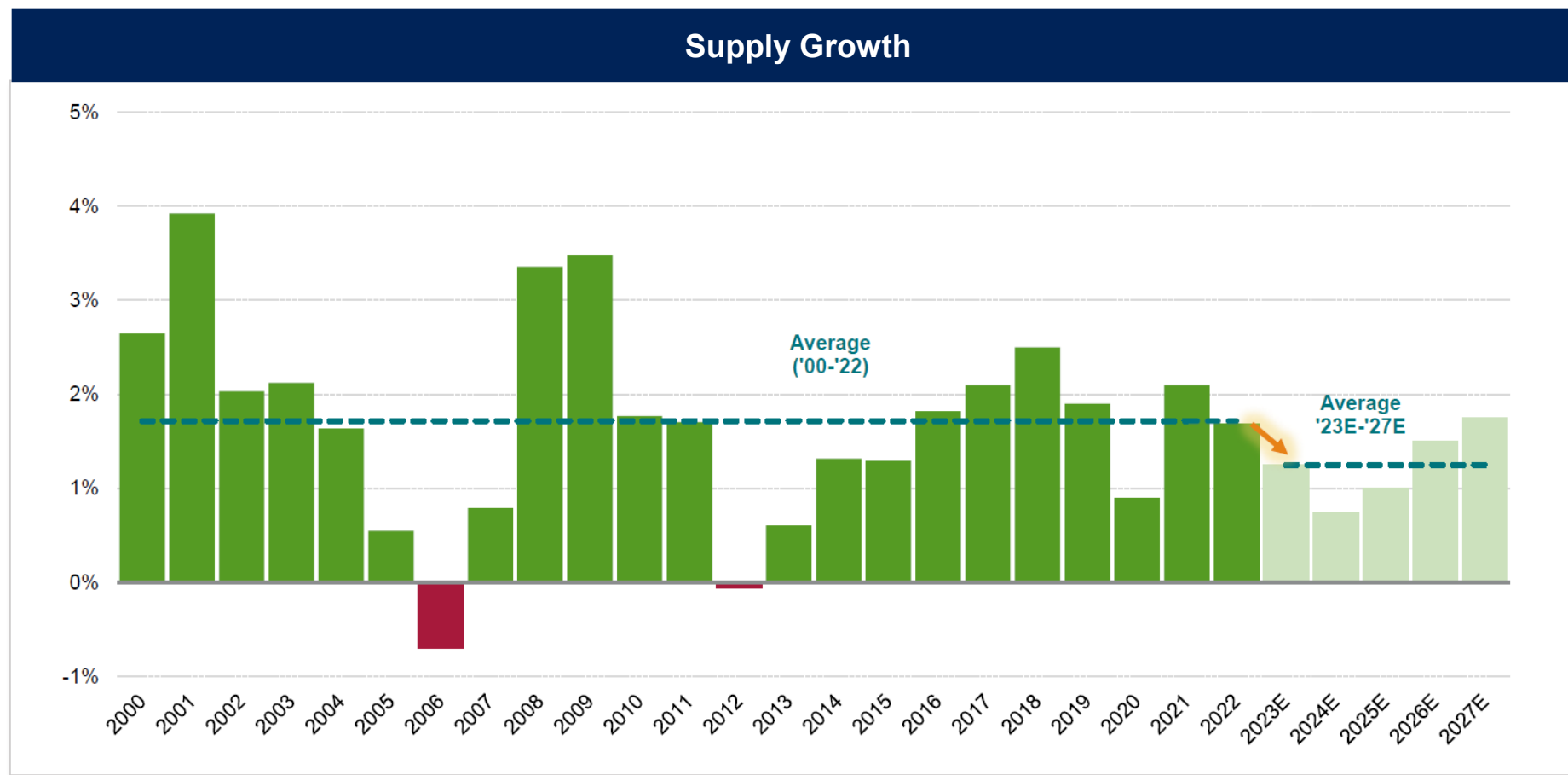
Upscale chain scale outperformed all other chain scales



- ADR for Upscale chain scale rose 2.1% in December 2023, and increased 2.5% for 4Q2023.
- Upscale chain scale provides the best value proposition for US travelers.
- ARA US Hospitality Trust’s portfolio is entirely in the Upscale chain scale.

U.S. Hotel Construction Pipeline

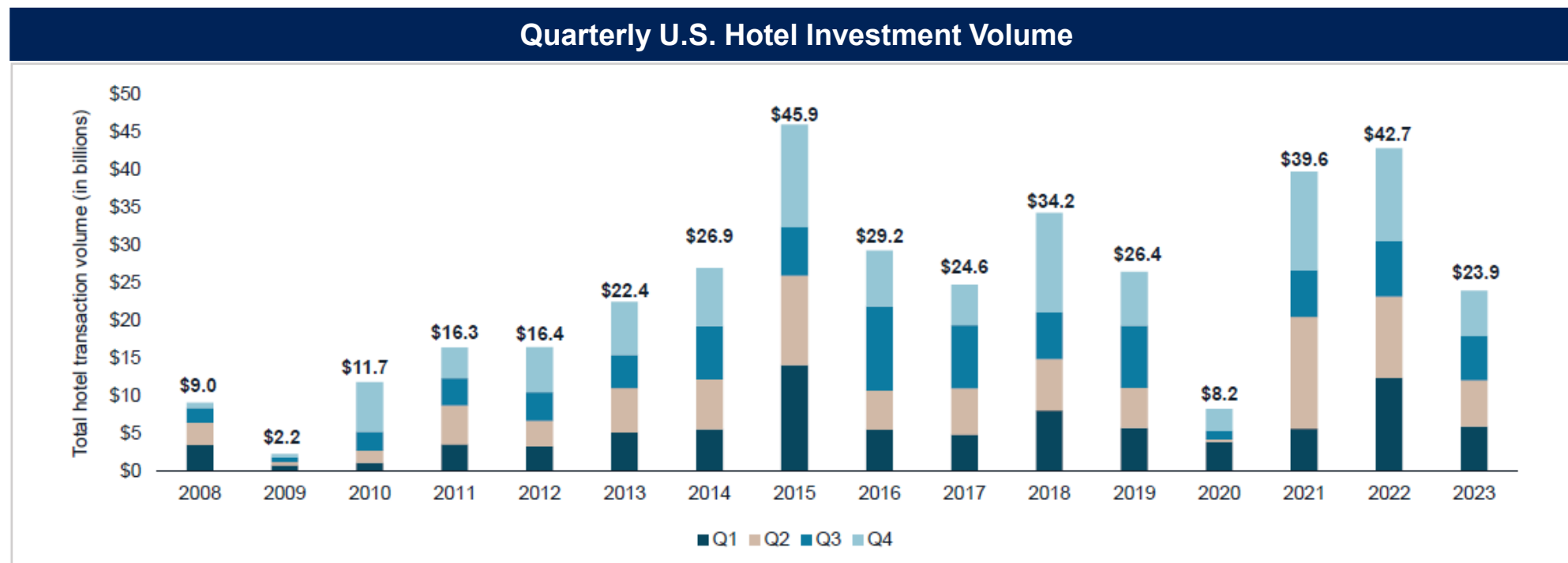
Slower Hotel Supply Growth Positively Supports Fundamentals



- High construction costs and elevated interest rates should limit hotel development activity over the next 3 years.
- Low supply growth will benefit pricing power for hotels and also support underlying valuations.

U.S. Hotel Investment Volume

Investment volume in 2023 sinks to 10-year low



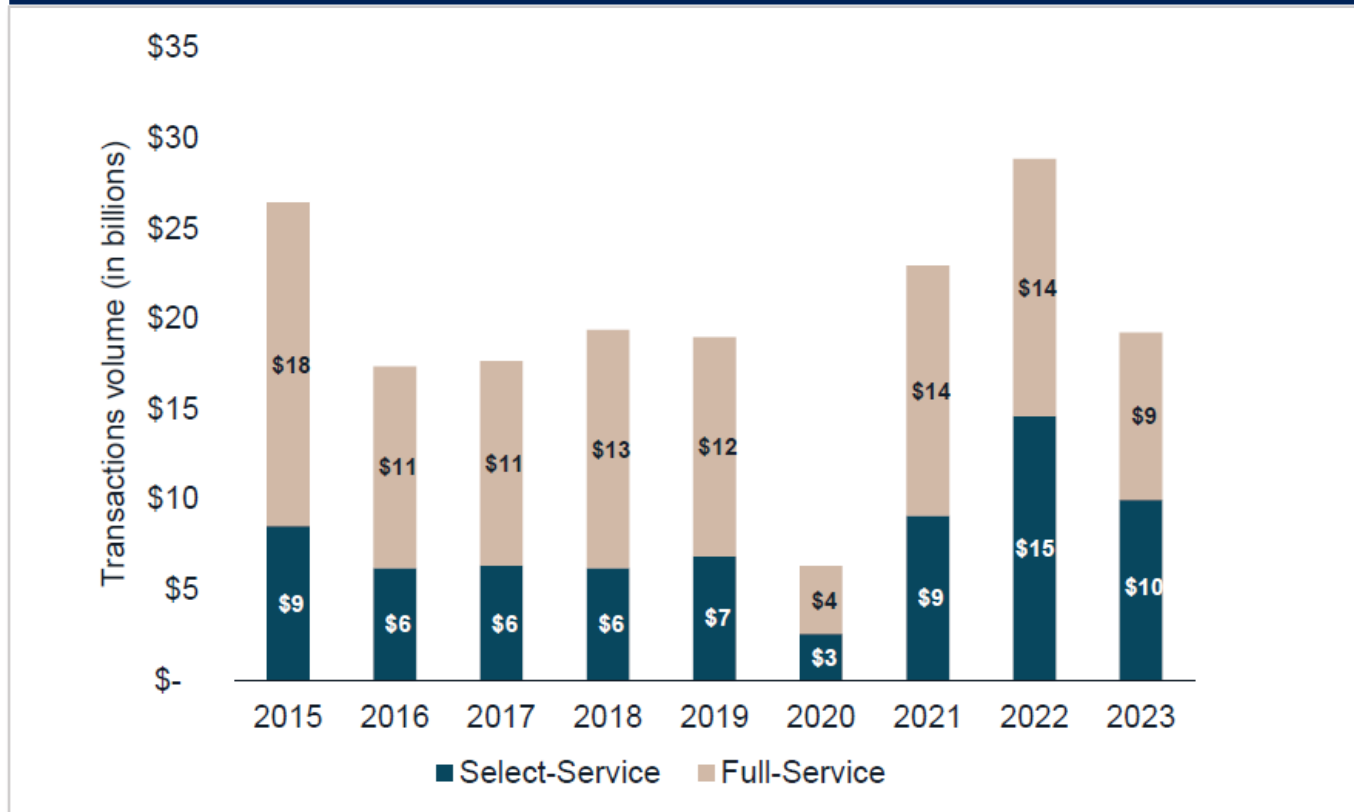
- Transaction volume in 2023 fell substantially due to elevated interest rates and tight credit markets.
- U.S. hotel deals typically involve 60-75% leverage/gearing.
- Easing of lenders standards and interest rates in 2H2024 are expected to stimulate transaction activity.

Composition of Single-Asset Transactions in U.S. Hotel Market



More investors are focusing on select-service hotels in the U.S.

Single-Asset Transaction Volume by Asset Type



- Select-service hotel sales have become a larger portion of single-asset transaction volume due to robust operating performance and smaller cheque sizes.
- Select-service hotels have broad appeal to investors due to their high cash flows and resilience.

PORTFOLIO PERFORMANCE



AC Hotel Marriott Raleigh North Hills

Key Highlights for FY2023

ADR
+5%

Occupancy
+4.0 pp

RevPAR
+13%

GOP
+8%

NPI
+15%

% Debt
Hedged
~75%

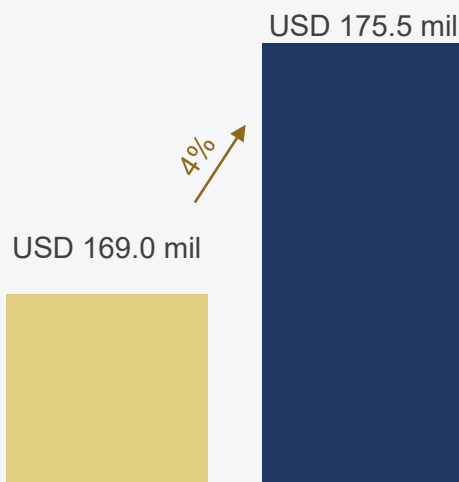
- Total Revenue of US\$175.5mil, up 4% year-on-year
 - Driven by continued ADR and occupancy growth
 - RevPAR up 13% year-on-year
- Portfolio GOP of US\$62.0 mil, up 8% year-on-year
 - GOP margin of 35.3%, up 1.4pp year-on-year
- Portfolio NPI of US\$47.7 mil, up 15% year-on-year
- ALR within leverage limit at 41.5%, ICR at 2.7x
- ~75% of debt hedged to fixed interest rates
 - Average cost of debt at 4.8%

FY2023 Key Performance Indicators

Portfolio demonstrate resilience and continues to outperform Y-o-Y

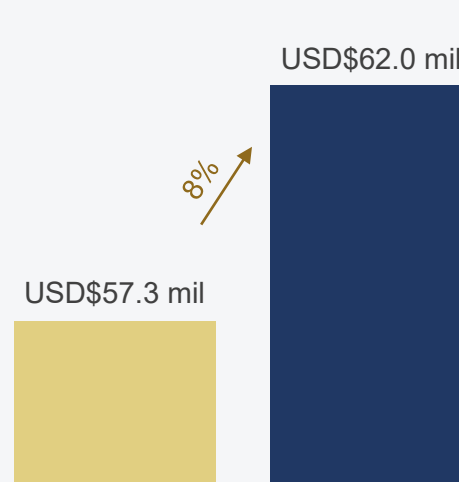


Gross Revenue
US\$175.5 mil



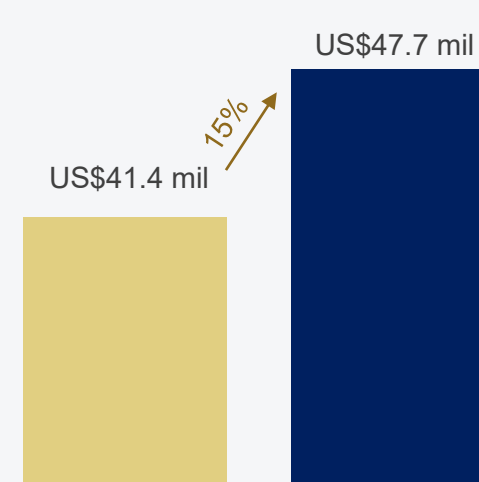
■ FY2022 ■ FY2023

Gross Operating Profit
US\$62.0 mil



■ FY2022 ■ FY2023

Net Property Income
US\$47.7 mil



■ FY2022 ■ FY2023

FY 2023 Financial Performance Reflects Improved Fundamentals



Distribution per Stapled Security increased 12.3% despite higher interest rates

	FY 2022	FY 2023	Change
Portfolio Indicators			
Occupancy	65.3%	69.3%	4.0 pp
ADR (US\$)	131	138	5.3%
RevPAR (US\$)	85	96	12.9%
Financial Indicators (US\$m)			
Revenue	169.0	175.5	3.8%
Gross Operating Profit (GOP)	57.3	62.0	8.1%
<i>GOP Margin</i>	33.9%	35.3%	1.4 pp
Net Property Income	41.4	47.7	15.1%
<i>NPI Margin</i>	24.5%	27.2%	2.7 pp
Distributable Income	17.5	19.8	13.3%
Distribution per Stapled Security (US cents)	3.054	3.430	12.3%

Portfolio Valuation As At 31 December 2023

Overall valuation stayed resilient despite increase in capitalization rates

	As at 31 Dec 2022	As at 31 Dec 2023
Hyatt Portfolio	US\$ 643.1 mil	US\$614.3 mil
Marriott Portfolio	US\$104.7 mil	US\$105.6 mil
Acquired Hilton Hotel	-	US\$31.5mil
Portfolio Value	US\$747.8 mil	US\$751.4 mil



0.5%
y-o-y

- Marginal increase in portfolio valuation despite increase in capitalization rates resulting from higher interest rates.
- Continued cash flow growth across the portfolio mitigated the effects of higher discount rates and capitalization rates.

Proactive Capital Management

Maintain healthy balance sheet cash balance

	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2023
NAV per Stapled Security	US\$0.80	US\$0.78	US\$0.74
Cash Balance	US\$50.6 mil	US\$21.1 mil	US\$20.1 mil
Total Debt Outstanding	US\$325.9 mil	US\$325.8 mil	US\$325.0 mil
Aggregate Leverage Ratio	39.4%	39.7%	41.5%
Net Gearing	35.4%	38.1%	40.0%
Interest Coverage Ratio*	2.6x	2.5x	2.7x
Weighted Average Debt Maturity	1.5 years	1.0 years	2.5 years
Average Cost of Debt (p.a.)	3.8%	4.6%	4.8%
% of Debt Hedged to Fixed Rates	82.0%	75.2%	74.5%

- All debts maturing in FY2024 had been refinanced and the weighted average debt maturity is 2.5 years.
- Proactively seeking to refinance the upcoming USD\$77 million loan due February 2025.

* Computation excluded interest expense on lease liabilities. It is regarded as a component of finance cost under SFRS(I)16 which is an accounting classification and does not have a bearing on debt servicing ability.

Distribution Schedule (Semi-annual)

Amount per Stapled Security	1.929 US cents
Ex-Distribution Date	Monday, 29 February 2024 at 9.00 a.m.
Record Date	Thursday, 1 March 2024 at 5.00 p.m.
Distribution Currency Election Notice to CDP	By Monday, 18 March 2024 at 5.30 p.m.
Payment of Distribution	Thursday, 28 March 2024

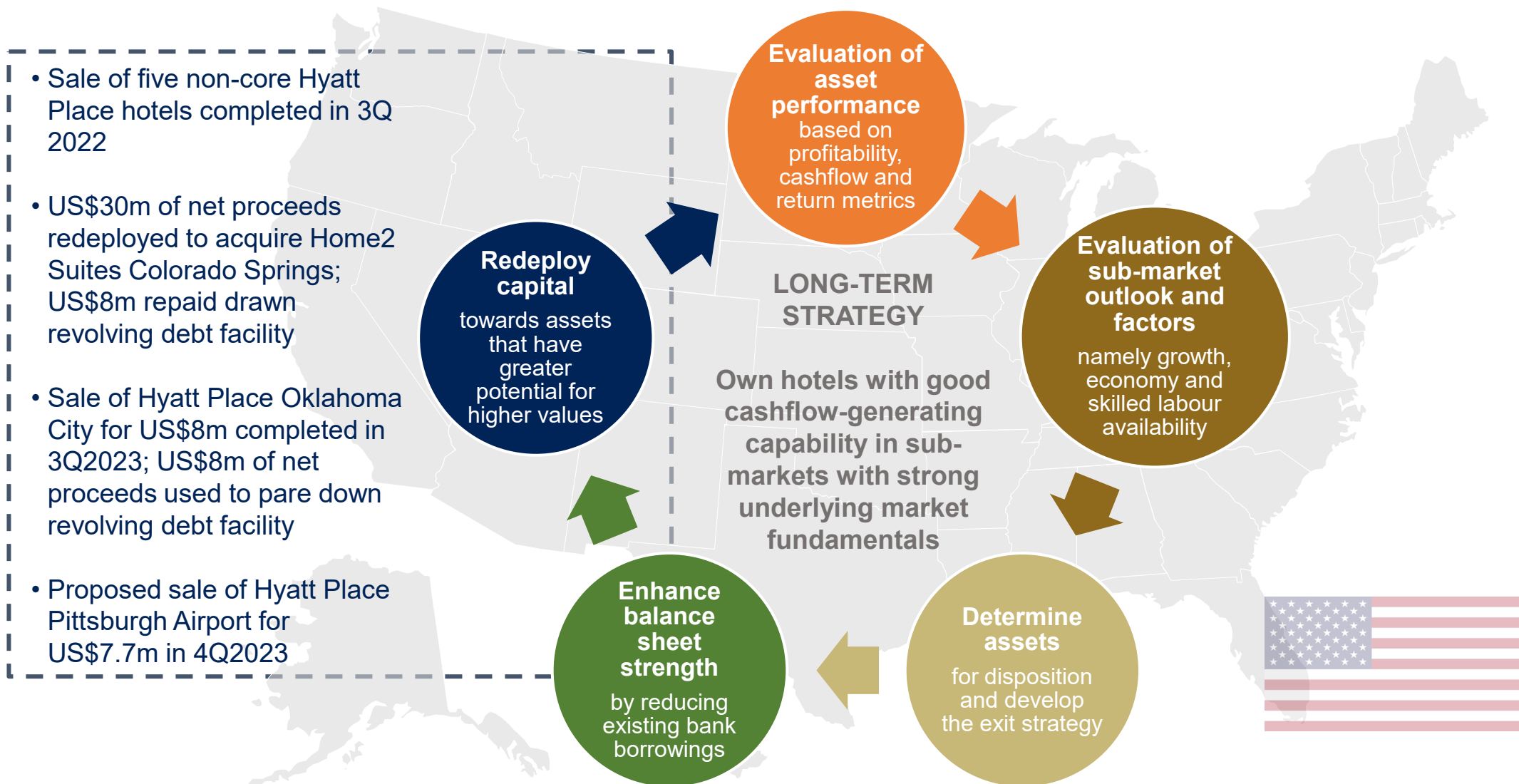
- Distribution of **1.929 US cents** per Stapled Security to be paid on **28 March 2024**.
- Stapled Securityholders NOT required to submit W-8Ben or W-9 Forms.

BUILDING A RESILIENT PORTFOLIO



Portfolio Optimization And Rebalancing

Ongoing commitment and focus to build a stronger and more resilient portfolio



Key Takeaways

1 U.S. economy remains strong and resilient despite elevated interest rates.

2 U.S. hotel market has recovered from Covid-19 and the outlook is positive and stable; U.S. upscale select-service hotels outperform other hotel types and attract investor interest.

3 Our portfolio continues to perform well, and our distributions continue to grow.

4 Our portfolio valuation remains resilient due to recovery in cash flows despite higher capitalization rates.

5 Our prudent capital management includes hedging strategies that reduce interest rate volatility and proactively refinancing debt ahead of maturities.

6 Our hands-on asset management and portfolio optimization strategy aims towards building a resilient U.S. hotel portfolio over the long term.



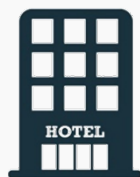
ARA US Hospitality Trust

Profile



ARA US Hospitality Trust – An Overview

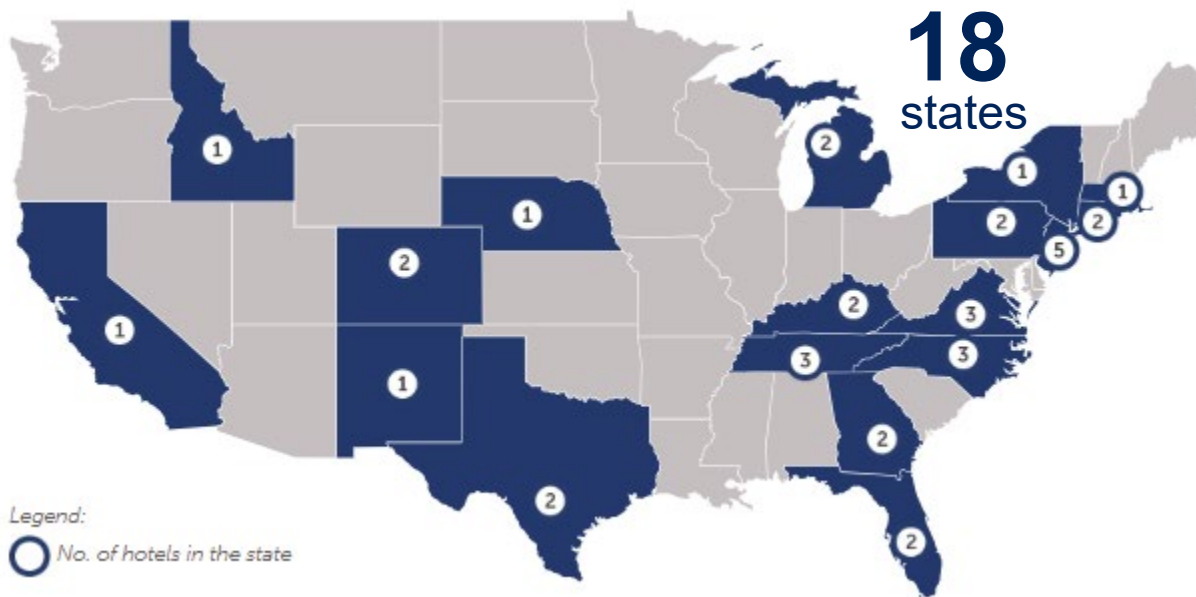
First pure-play U.S. upscale select-service hospitality portfolio listed on the SGX-ST



36
upscale
hotels



4,700
rooms



18
states



>90%
Freehold
Title



>90%
rooms-
focused
revenue

Legend:
○ No. of hotels in the state



6
hotel
brands



4
hotel
operators

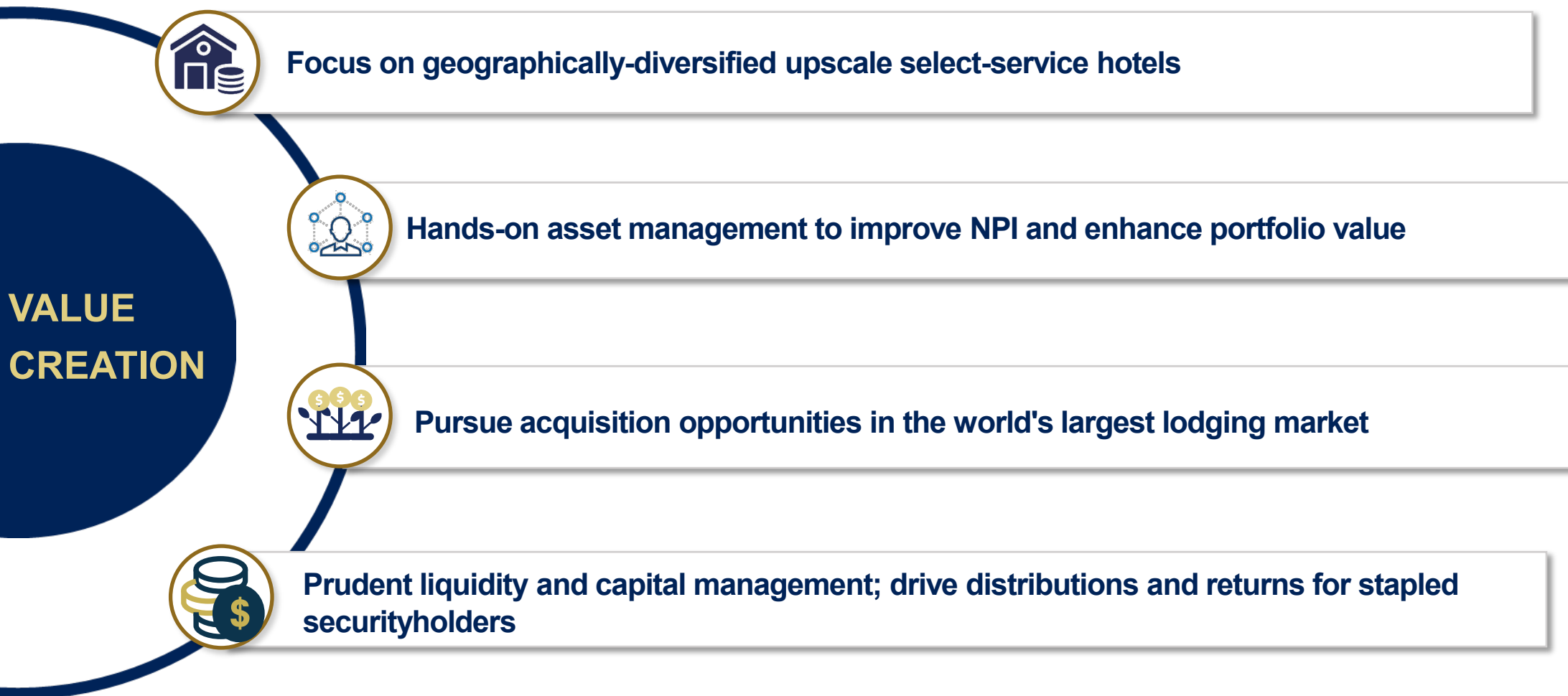
Tax Efficient Structure
Attractive REIT platform to invest in U.S.
hotels for non-U.S. investors



**Backed by APAC's
Largest Real Asset
Manager**

Key Investment Strategies of ARA US Hospitality Trust

In pursuit of long-term income growth in U.S. real estate



Efficient Investment Structure

Attractive platform to invest for non-U.S. investors

All-USD FX

Cashflows, Assets and Liabilities denominated in USD

U.S. Withholding Tax-exempt

Profits repatriated from U.S. to Singapore are exempted from 30% Withholding Tax under applicable US laws

SG Tax Exempt

Distributions to Staped Securityholders are SG tax-exempted

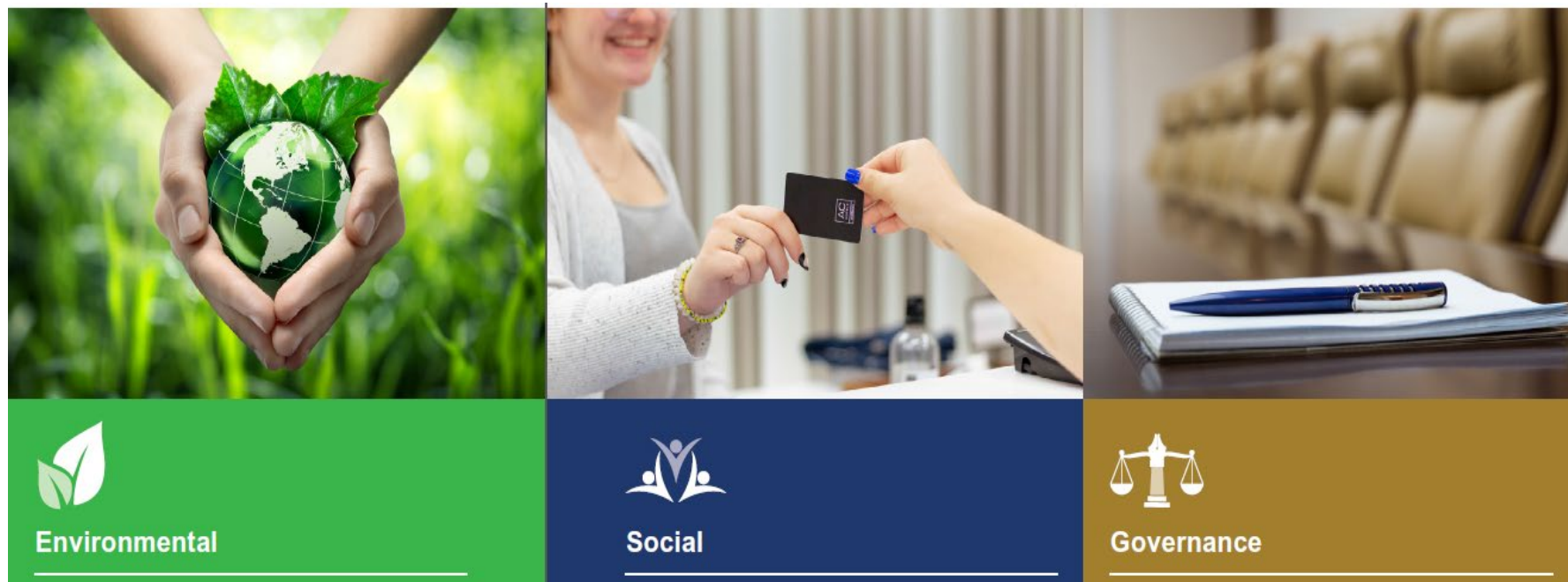
Alignment of Interest

Management fee structure pegged to Distributable Income and growth in DPS

Semi-annual distribution; at least 90% of distributable income

ESG Initiatives for ARA US Hospitality Trust

Move towards sustainable hospitality



Sustainability practices incorporated into asset management



Contribute to the social and environmental well-being of stakeholders over the long term



Developed strong framework to engage, report and review ESG-driven policies



Close collaboration with Brand Partners and Hotel Managers to drive sustainability programs and initiatives

Thank You

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