



ARA US HOSPITALITY TRUST

1H 2022 FINANCIAL RESULTS

4 AUGUST 2022



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Key Highlights for 1H 2022

DPS
+302%

- DPS for 1H 2022 increases substantially to 1.427 US cents from 0.355 US cents in 2H 2021

NPI
+131%

- NPI of US\$21.1m for 1H 2022, up 131% year-on-year

RevPAR
+54%

- RevPAR of US\$80 for 1H 2022, up 54% year-on-year

% Hedged
>80%

- Over 80% hedged on interest rates, mitigating rising interest rates

Improved
Gearing

- Gearing improvement from 44.3% as at Dec 2021 to 43.5% as at Jun 2022 after paying down debt while maintaining healthy cash balance of ~US\$20m

Redeploy

- Portfolio optimisation initiative to rebalance portfolio and redeploy capital in accretive ways

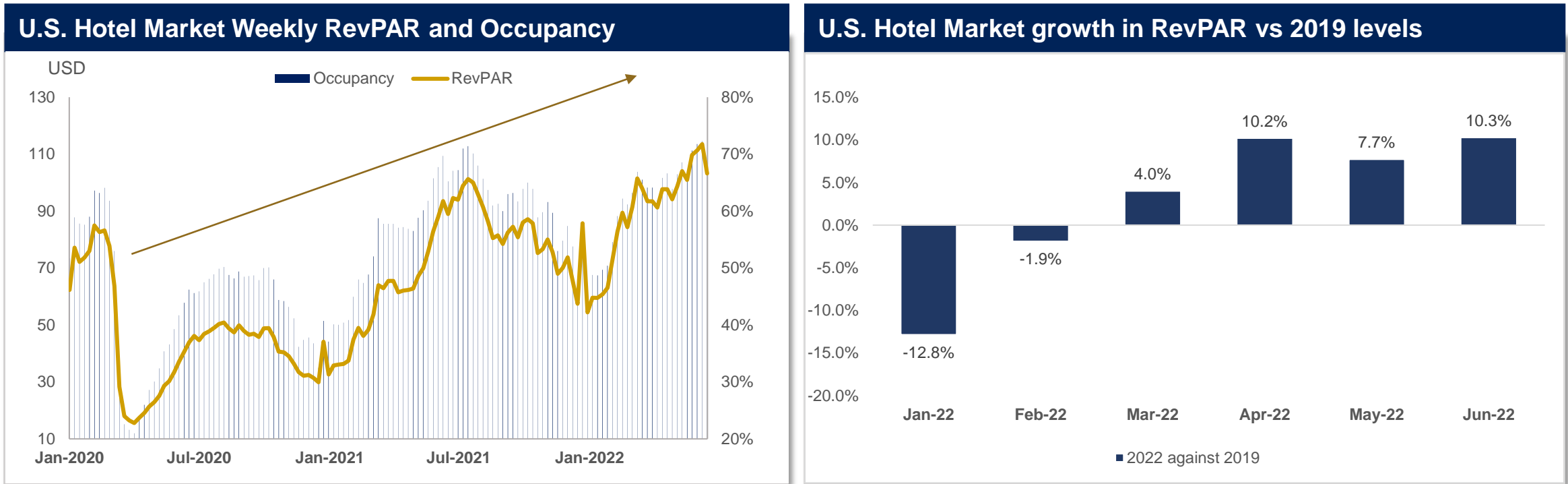
An American flag waving on a tall pole against a blue sky with white clouds. The flag is positioned on the left side of the image, and the background is split diagonally from the top right corner into a white section.

U.S. MARKET UPDATE

U.S. Hotel Market Recovery Supported by Strong Pent-up Demand



Positive trend and recovery against 2019 levels



- Recovery in key operating metrics underpin the recovery in operating earnings and cash flows
- 2022 RevPAR now above 2019 levels due to pricing strength, mitigating inflation concerns on costs

Sustained Recovery Expected From All Demand Sources

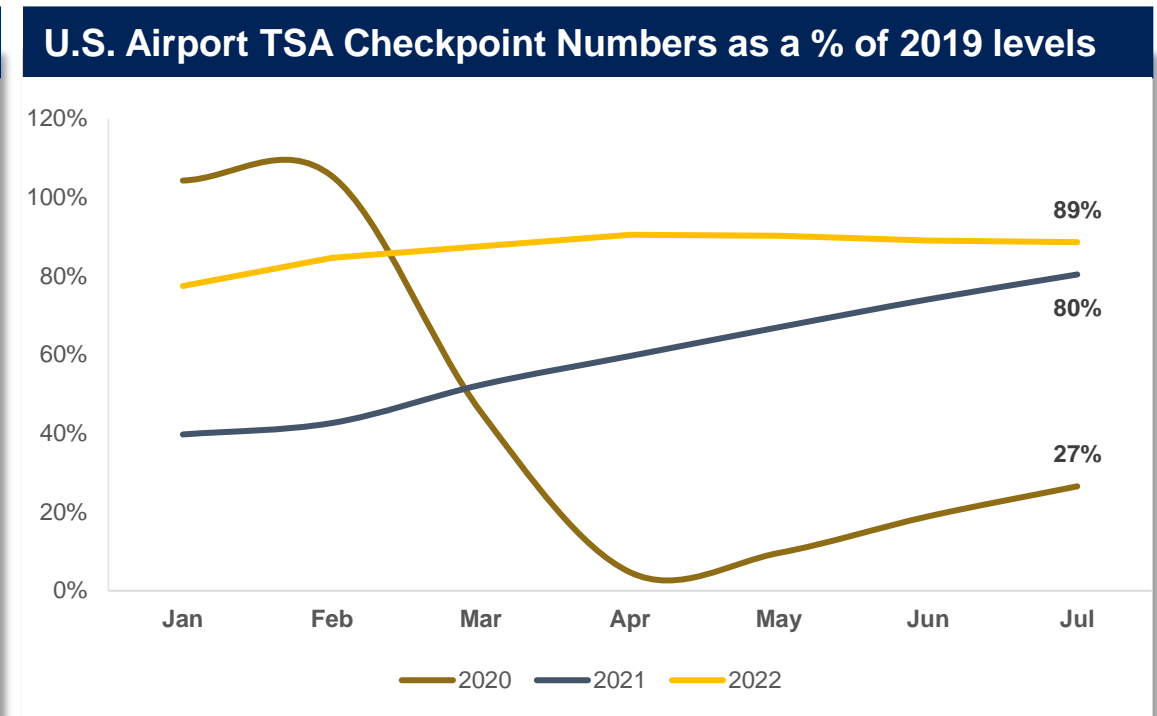
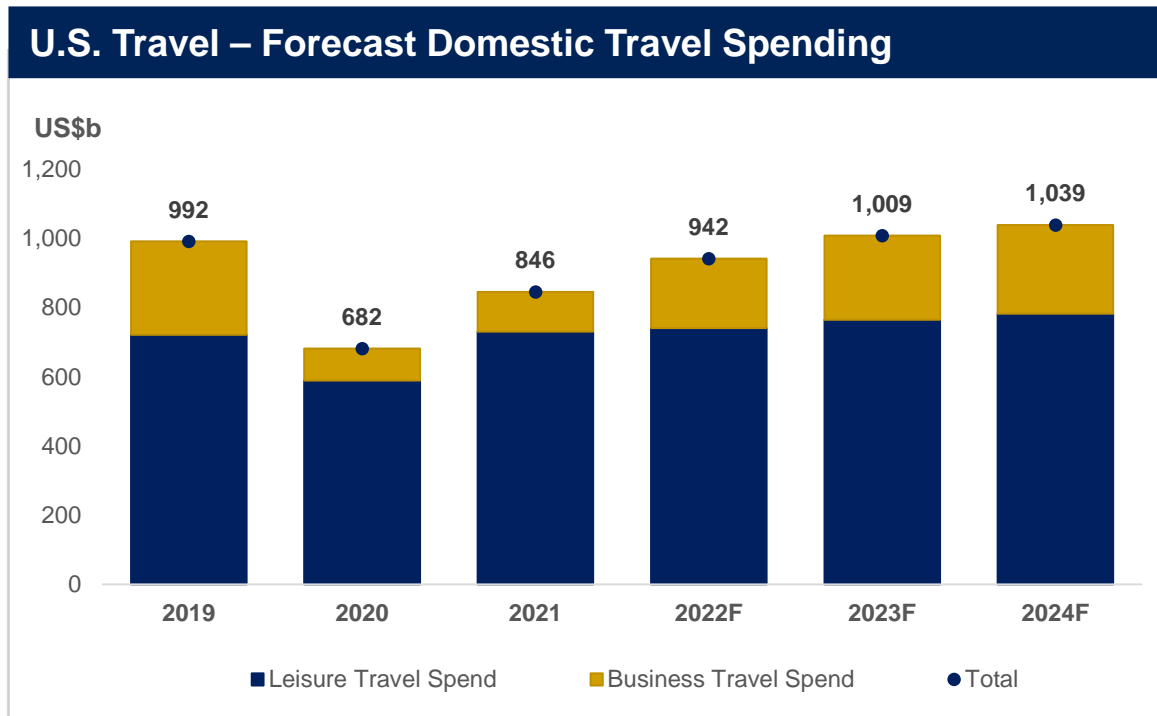
Projected RevPAR growth underpinned by strengthened ADR

Year	2019	2020	2021	2022F	2023F	2024F
Occupancy	66%	44%	58%	63%	65%	66%
ADR	\$131	\$103	\$125	\$145	\$150	\$155
RevPAR	\$87	\$45	\$72	\$92	\$98	\$103
RevPAR compared w/ 2019	-	-50%	-17%	+7%	+13%	+19%

- Outlook for U.S. hospitality sector remains positive notwithstanding economic and geopolitical headwinds
- Return of business and group travel on top of leisure sector recovery to drive future RevPAR increases

Increase In Domestic Leisure Travel And Business Travel

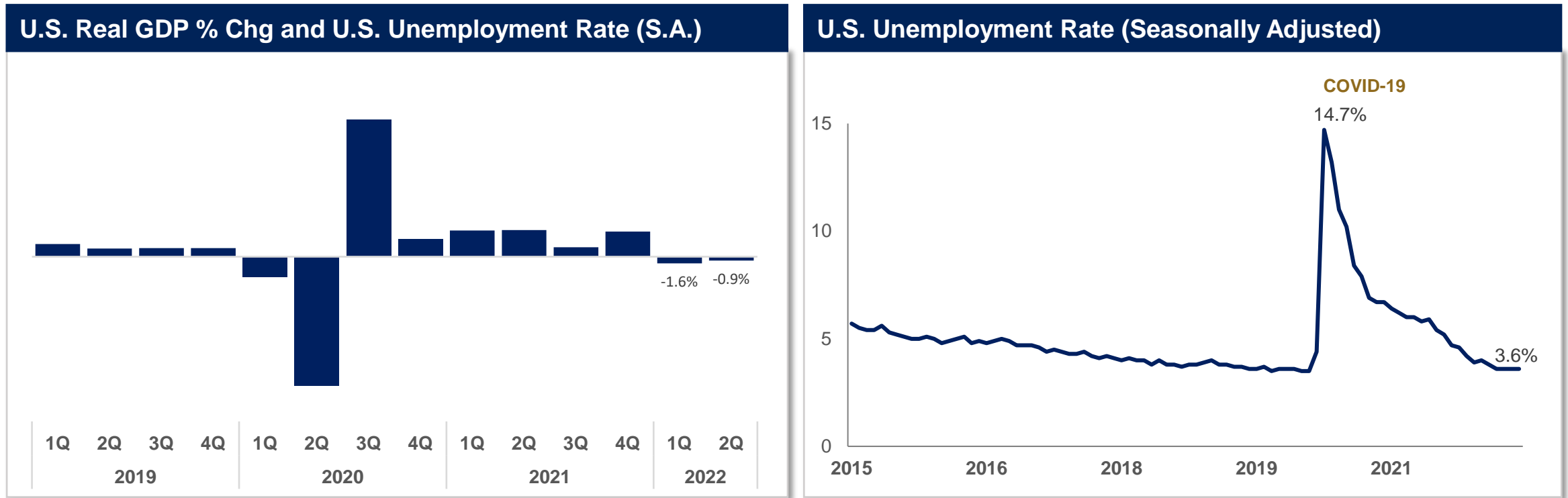
Total travel spending expected to be positive notwithstanding economic and airlift headwinds



- Domestic travel spending expected to increase in 2022-2024F; leisure travel and business travel spending to reach 108% and 90%, respectively, of 2019 levels by 2024
- Year-to-date 2022 travel volumes still below 2019 levels due to capacity constraints as airline labour cannot keep pace with increased demand
- Latest poll from the *Global Business Travel Association*¹ showed majority of companies allowing employee travel, evidenced by majority travel suppliers citing increased travel bookings from their corporate customers.

U.S. Economic Recovery Post Covid-19 Continues in 2022

GDP growth declined in 2Q 2022, albeit mildly



- 2Q 2022 GDP growth (advance estimate) at -0.9% as private inventory investment, fixed investment and government spending decreases offset increases in exports and personal consumption expenditures. International Monetary Fund (IMF) forecasts 2.3% GDP growth for FY 2022.
- However, labour conditions still tight as unemployment rate remains at 3.6% for the fourth month in a row.
- U.S. CPI* rose 9.1% in last 12 months ended June 2022. Broad-base increases, with gasoline, shelter and food being the largest contributors.
- Federal funds rate up to 2.25-2.50% in July 2022. The Fed's monetary tightening is showing effects which includes cooling the economy

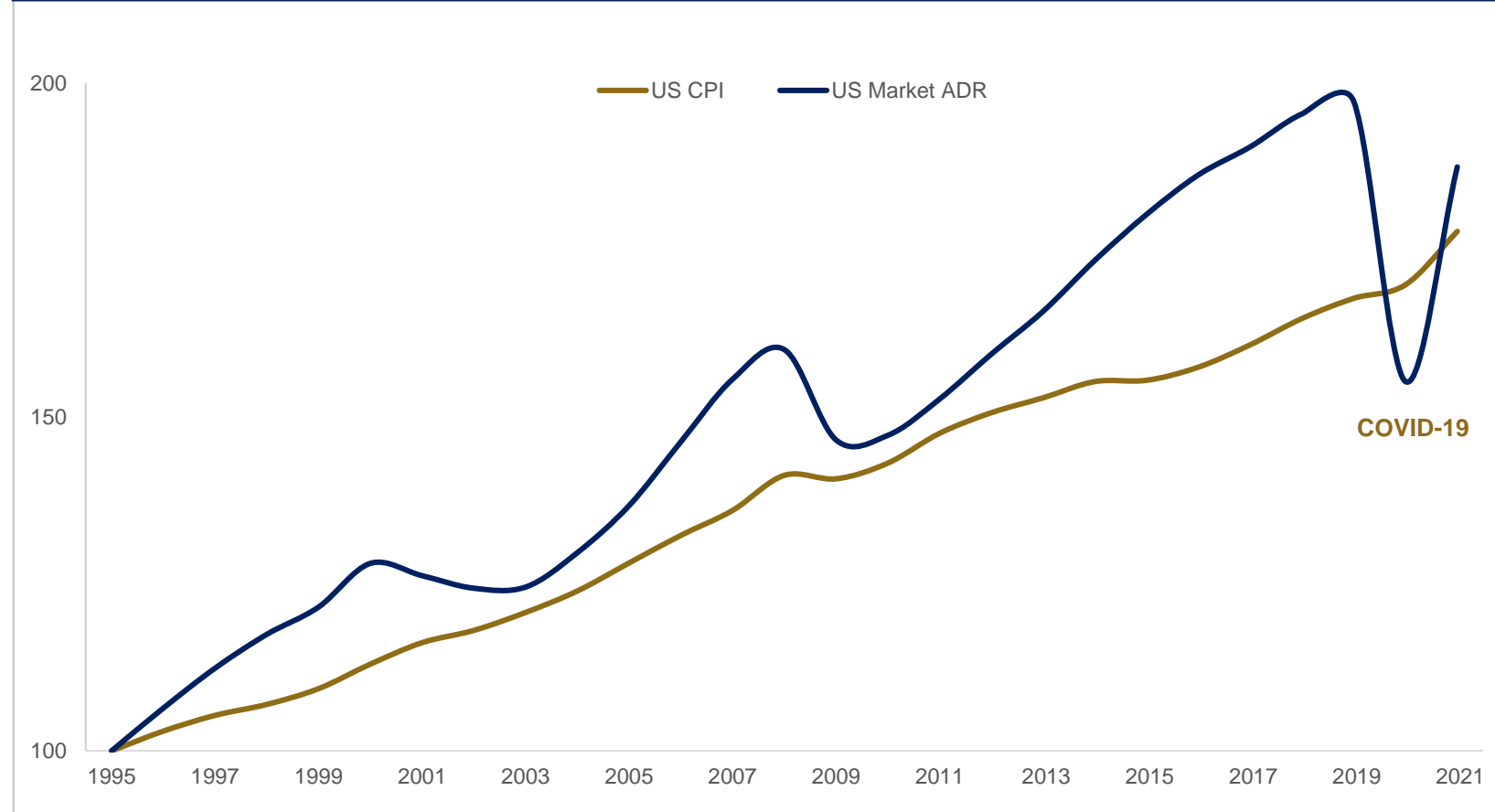
* Consumer Price Index for all Urban Consumers; seasonally unadjusted.

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Federal Open Market Committee, IMF World Economic Outlook Update, July 2022

Hotel Industry – A Hedge Against Inflation

Hotels are well-preserved from effects of inflation due to daily rents

U.S. Consumer Price Index for All Urban Consumers vs. U.S. Hotel ADR (1995 = 100)



- Hotels are optimal inflation-hedge as rents are priced on a daily basis
- U.S. hotel ADR growth generally outpaces inflationary expense increases

PORTFOLIO PERFORMANCE



AC Hotel Marriott Raleigh North Hills

Strong Performance For 1H 2022

Robust top line improvements translate to outsized profit increases due to operating leverage in hotels



62.7%
Occupancy ↑ 11.5pp y-o-y



US\$127
ADR ↑ 25.4% y-o-y

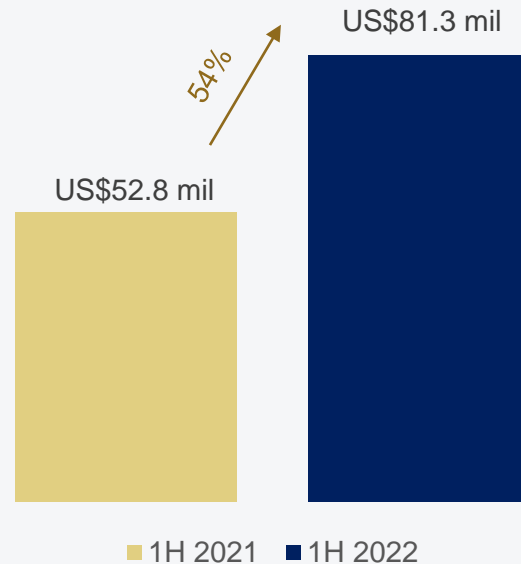


US\$80
RevPAR ↑ 53.5% y-o-y

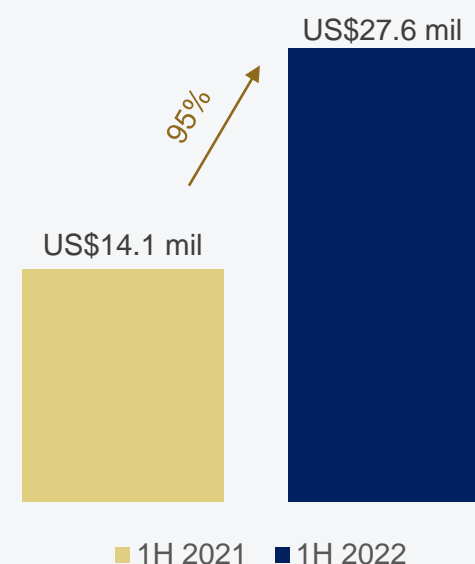


33.9%
GOP Margin ↑ 7.2pp y-o-y

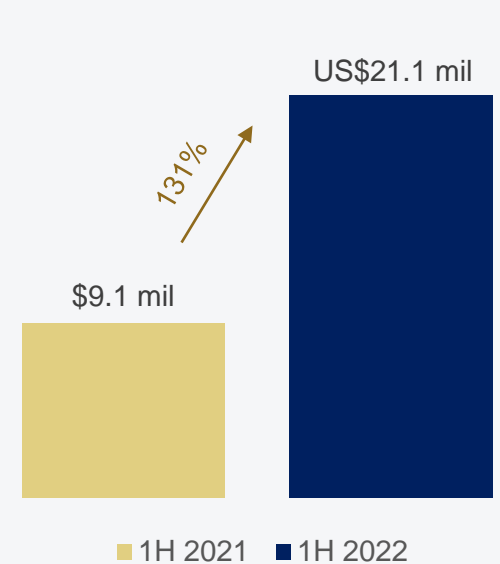
Gross Revenue US\$81.3 mil



Gross Operating Profit US\$27.6 mil



Net Property Income US\$21.1 mil

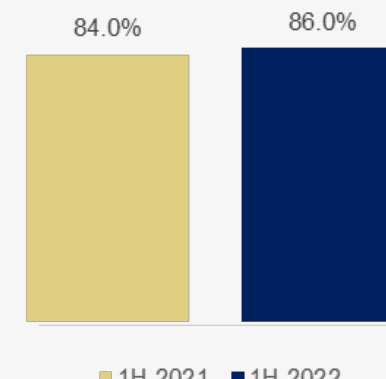
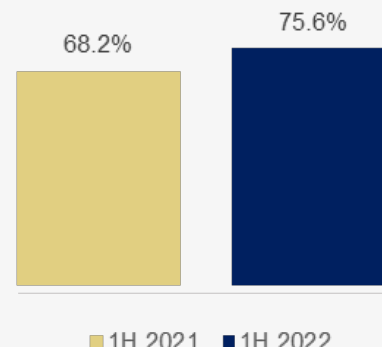
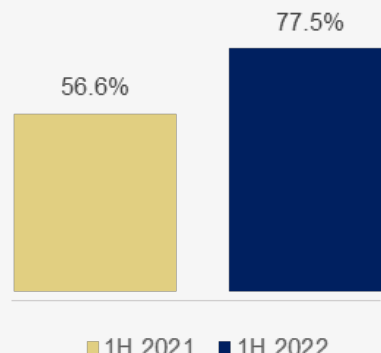
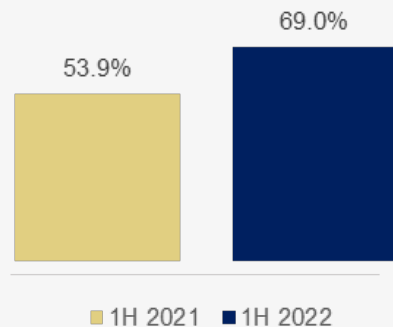
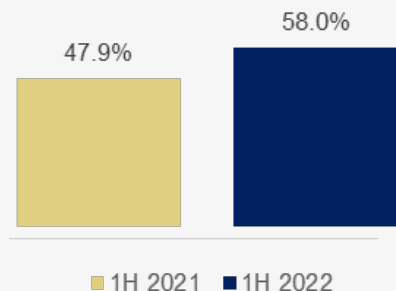


Portfolio Performance by Brands

Sustained recovery across the portfolio

Occupancy

RevPAR



1H 2022 Financial Performance

Strong year-on-year performance for all metrics

	1H 2021	1H 2022	Change
Portfolio Indicators			
Occupancy	51.2%	62.7%	22.4 pp
RevPAR (US\$)	52	80	53.5%
Financial Indicators (US\$m)			
Revenue	52.8	81.3	53.8%
Gross Operating Profit (GOP)	14.1	27.6	95.0%
<i>GOP Margin</i>	26.7%	33.9%	7.2 pp
Net Property Income	9.1	21.1	131.2%
Distributable Income ¹	-	8.1	-
Distribution per Stapled Security (US cents)	-	1.427	-

¹ After setting aside reserves for capital expenditures for capital asset improvements and refurbishments for the hotel properties

1H 2022 Financial Performance

DPS of 1.427 US cents up >300% compared to last distribution

	2H 2021	1H 2022	Change
Portfolio Indicators			
Occupancy	62.9%	62.7%	-0.2 pp
RevPAR (US\$)	75	80	6.2%
Financial Indicators (US\$m)			
Revenue	77.8	81.3	4.5%
Gross Operating Profit (GOP)	26.3	27.6	4.9%
<i>GOP Margin</i>	33.8%	33.9%	0.1 pp
Net Property Income	15.8	21.1	33.5%
Distributable Income ¹	2.0	8.1	305%
Distribution per Stapled Security (US cents)	0.355	1.427	302%

¹ After setting aside reserves for capital expenditures for capital asset improvements and refurbishments for the hotel properties

1H 2022 Financial Performance

Greater recovery momentum in second quarter

	1Q 2022	2Q 2022	1H 2022
Portfolio Indicators			
Occupancy	54.6%	70.7%	62.7%
RevPAR (US\$)	65	95	80
Financial Indicators (US\$m)			
Revenue	32.8	48.5	81.3
Gross Operating Profit (GOP)	8.7	18.9	27.6
<i>GOP Margin</i>	26.6%	38.9%	33.9%
Net Property Income	5.3	15.8	21.1
Distributable Income ¹	-	-	8.1
Distribution per Stapled Security (US cents)	-	-	1.427

¹ After setting aside reserves for capital expenditures for capital asset improvements and refurbishments for the hotel properties

Distribution Schedule (Semi-annual)

Amount per Stapled Security	1.427 US cents
Ex-Distribution Date	Wednesday, 17 August 2022 at 9.00 a.m.
Record Date	Thursday, 18 August 2022 at 5.00 p.m.
Distribution Currency Election Notice to CDP	By Tuesday, 6 September 2022 at 5.30 p.m.
Payment of Distribution	Monday, 26 September 2022

- Distribution of **1.427 US cents** per Stapled Security to be paid on 26 September 2022
- Stapled Securityholders NOT required to submit W-8Ben or W-9 Forms

Sound Financial and Liquidity Position



ICR recovered to 2.8x and gearing limit now at 50%

	As at 31 Dec 2021	As at 30 Jun 2022
NAV per Stapled Security	US\$0.70	US\$0.72
Cash Balance	US\$19.2 mil	US\$19.8 mil
Total Debt Outstanding	US\$338.1 mil	US\$330.9 mil
Aggregate Leverage Ratio	44.3%	43.5%
Interest Cover Ratio	2.0x	2.8x
Weighted Average Debt Maturity	2.0 years	2.1 years
Average Cost of Debt (p.a.)	3.4%	3.6%
% of Debt Hedged to Fixed Rates	79.1%	80.8%

- No refinancing requirement for the remainder of FY 2022 and FY 2023

BUILDING A RESILIENT PORTFOLIO



Hyatt House Raleigh Durham

Portfolio Optimisation and Rebalancing

To build a stronger and more resilient portfolio



Execute capital improvement plans

Preserve value of the assets in its portfolio and allocate capital improvement and efforts towards assets with greater profitability and valuation growth potential



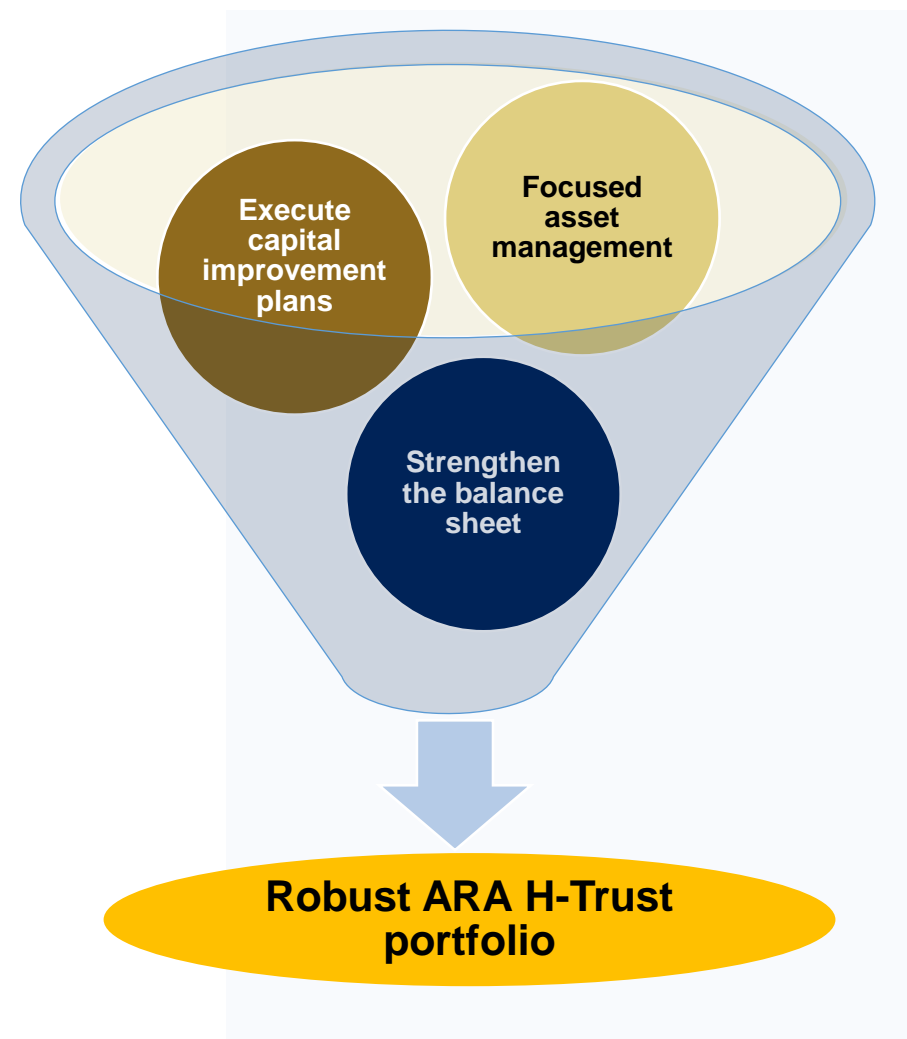
Focused asset management

Drive more revenue and cashflow from core assets to increase returns, profits and distributions for ARA H-Trust and the Stapled Securityholders



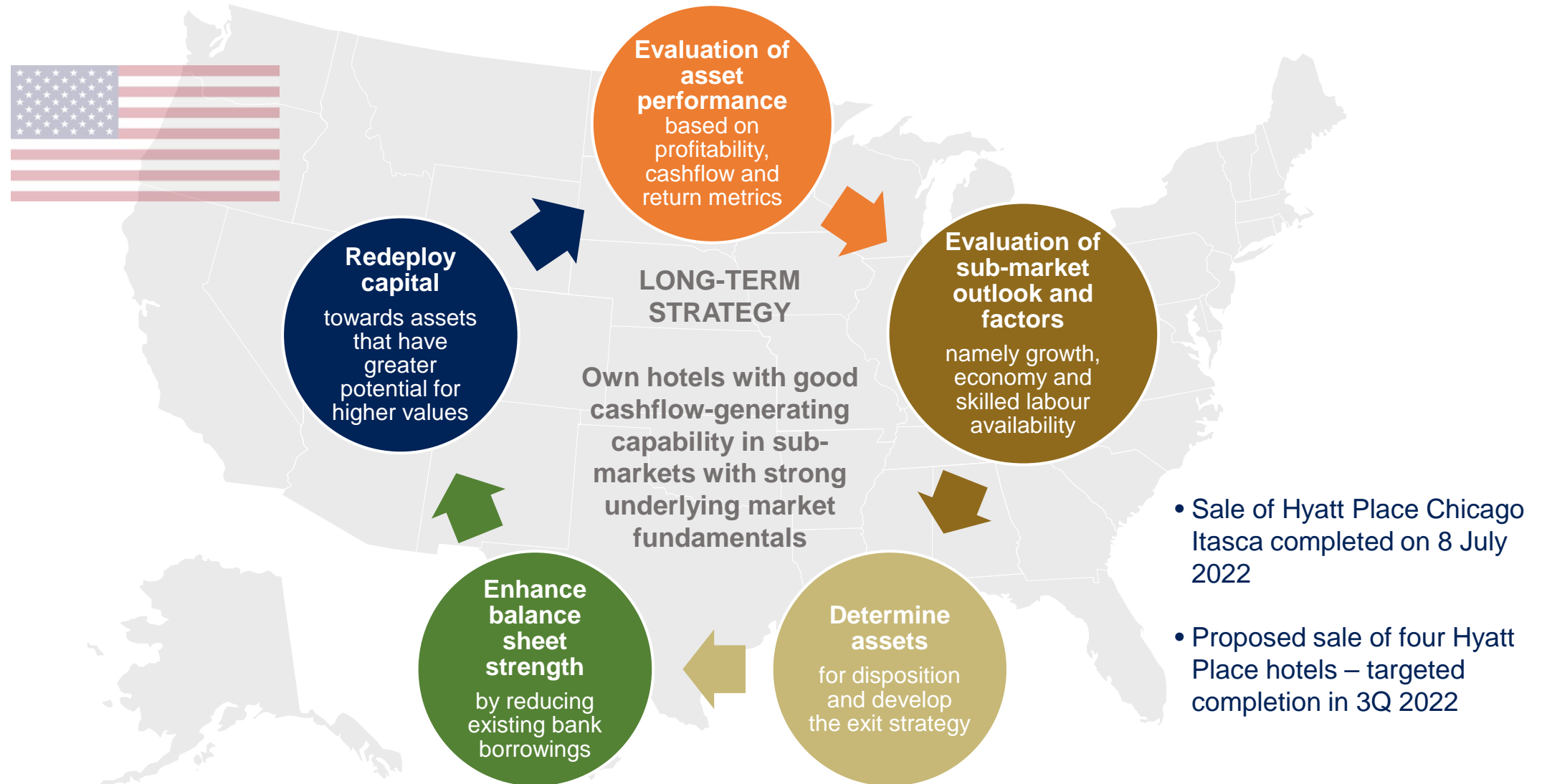
Strengthen the balance sheet

Reduce existing bank borrowings and/or redeploy capital towards acquiring new accretive assets to drive higher yields for the portfolio of ARA H-Trust as a whole



Portfolio Optimisation and Rebalancing

To build a stronger and more resilient portfolio



Hands-on Asset Management In Enhancing Portfolio Value

Committed to proactively managing the hotels to achieve income growth



Value In Upscale Select-service Hotels

Higher returns and value to owners through revenue and cost optimisation

Pricing Strength



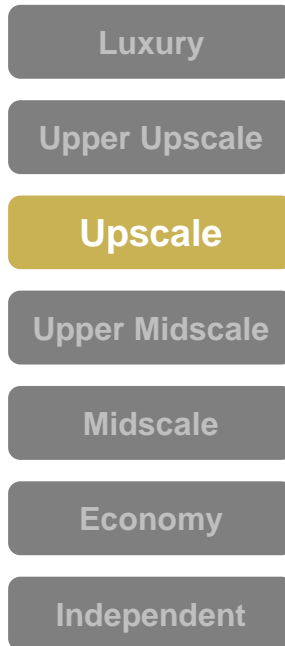
Minimised costs



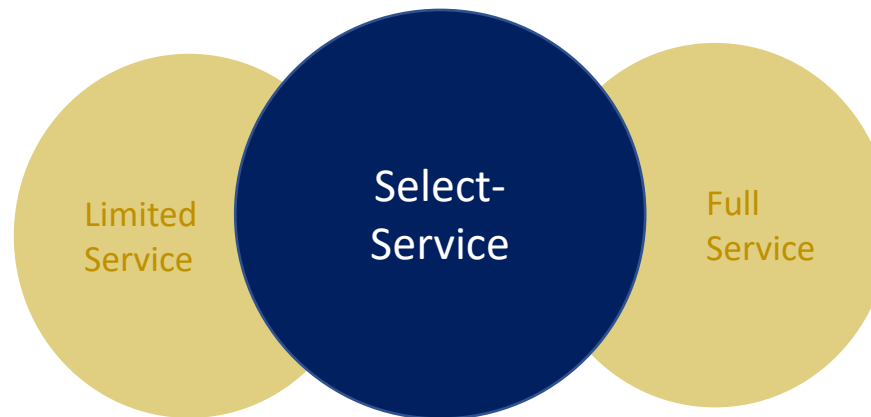
Maximise returns and value

Growth in Demand for Upscale

Strong value proposition for middle-class customers



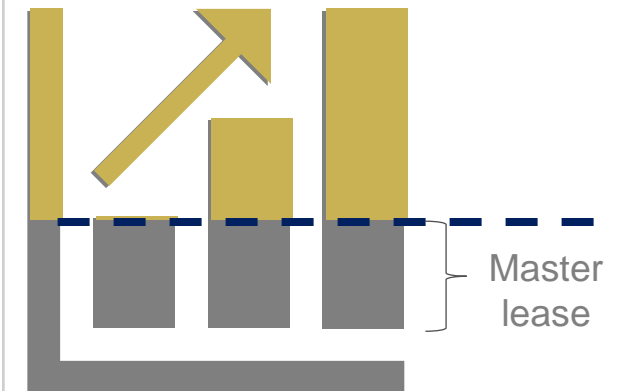
Highly efficient cost model



Focus on the most profitable aspects of hotel business while streamlining costs, particularly labour

HMA vs Leasing Structure

Active business trust and management structure allows full benefit of recovery and upside in cash flows to stapled securityholders



Key Takeaways

1 Recovery for U.S. lodging industry continues despite mixed economic indicators

2 ARA H-Trust portfolio performance for 1H 2022 was robust across all metrics and resulted in DPS of 1.427 US cents

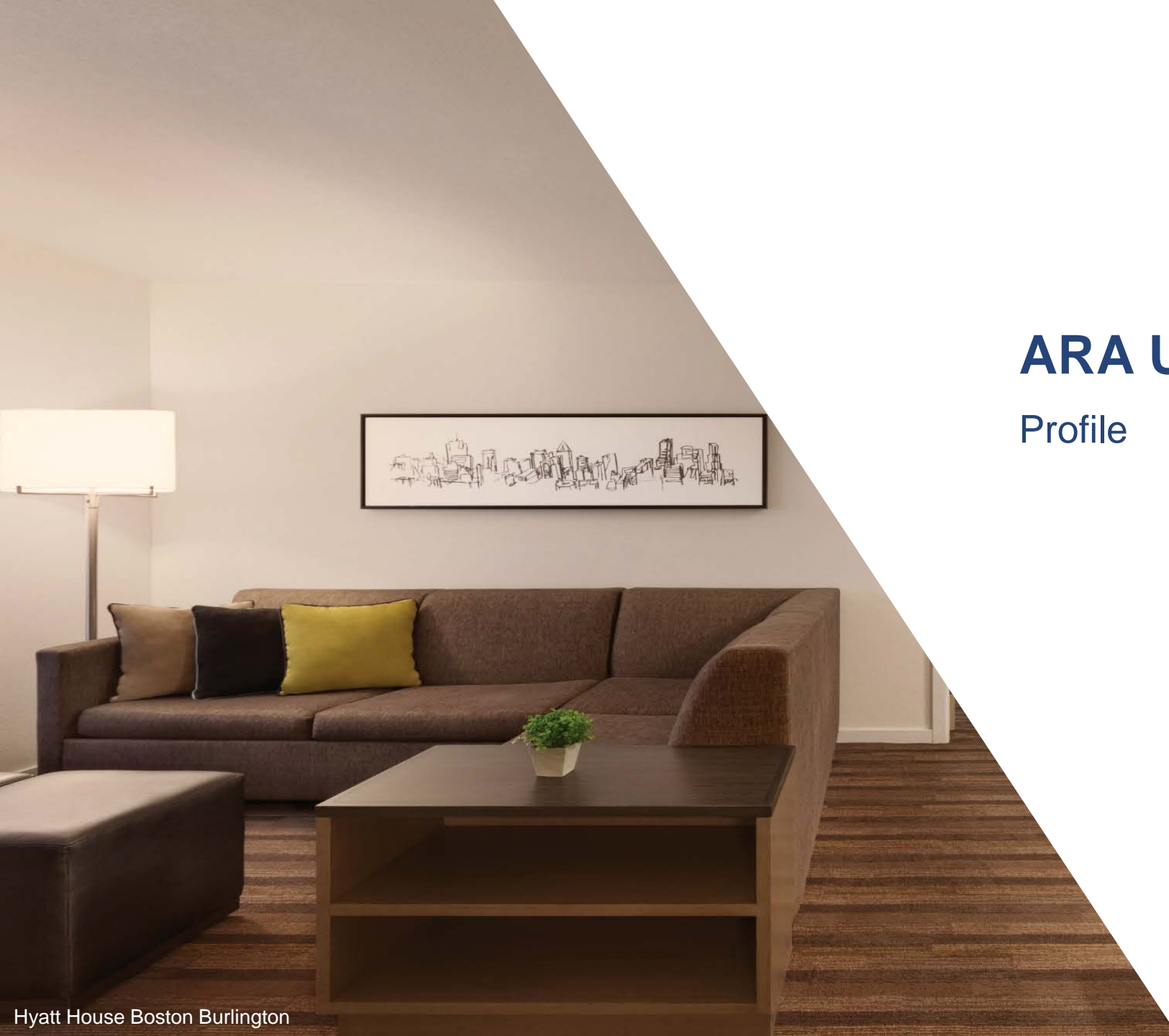
3 Proactive capital management enhanced balance sheet while mitigating interest rate risk

4 Portfolio optimisation initiative is aimed towards building a more resilient portfolio

5 ARA H-Trust's high quality, premium-branded, diversified upscale select-service portfolio provides our stapled securityholders with an optimal long-term U.S. lodging strategy

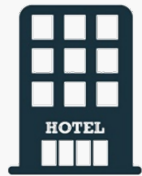
ARA US Hospitality Trust

Profile



ARA US Hospitality Trust – An Overview

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



41
upscale
hotels



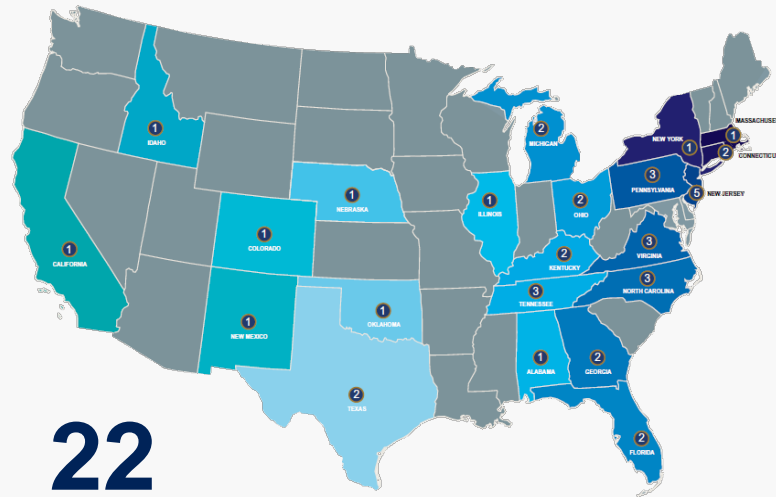
5,340
rooms



>95%
Freehold
Title



>90%
rooms-
focused
revenue



22
states



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



5
hotel
brands



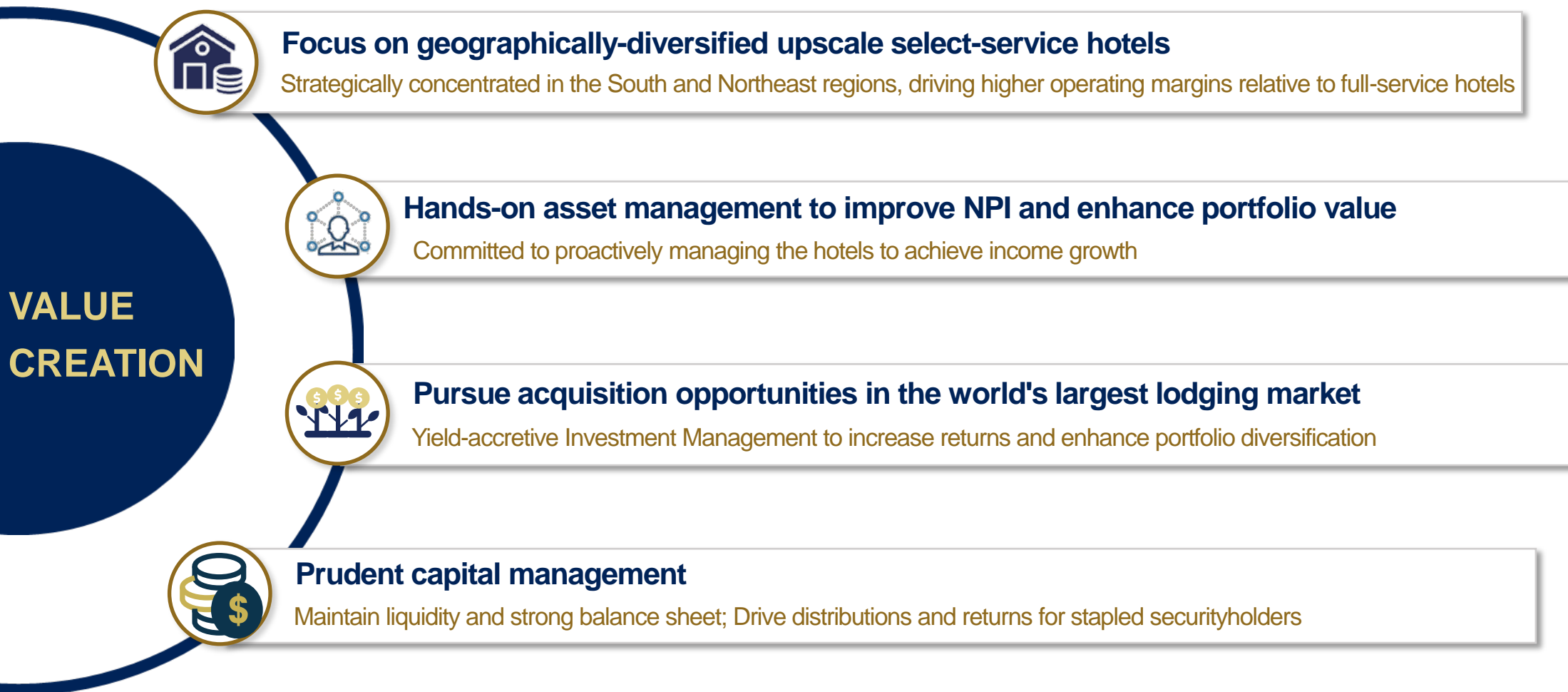
2
hotel
operators

Tax efficient Structure

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

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 are denominated in USD

U.S. Withholding Tax-exempt

Distributions repatriated from U.S. to Singapore via interest on shareholder's loans and qualifies for Portfolio Interest Exemption

SG Tax Exempt

Distributions to Stapled Securityholders are tax-exempted

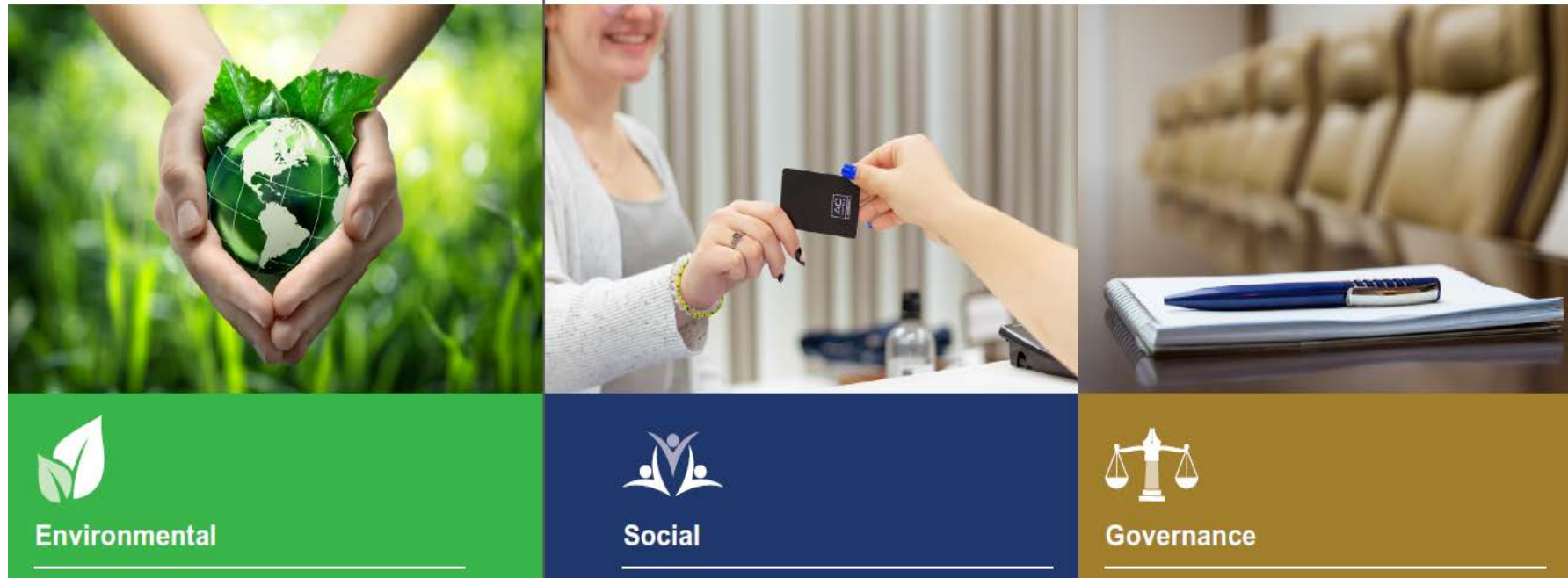
Alignment of Interest





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

For enquiries, please contact:
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AC Hotel Marriott Raleigh North Hills