



ARA US HOSPITALITY TRUST

1H 2024 BUSINESS & OPERATIONAL UPDATE

7 August 2024



Important Notice



This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of ARA US Hospitality Trust in Singapore under the Securities and Futures Act, Chapter 289 of Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The value of stapled securities in ARA US Hospitality Trust (“**Stapled Securities**”) and the income derived from them may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by the ARA Trust Management (USH) Pte. Ltd., as manager (the “**REIT Manager**”) of ARA US Hospitality Property Trust and ARA Business Trust Management (USH) Pte. Ltd., as trustee-manager (the “**Trustee-Manager**”) of ARA US Hospitality Management Trust, DBS Trustee Limited (as trustee of ARA US Hospitality Property Trust) or any of their respective affiliates. The past performance of ARA US Hospitality Trust is not indicative of the future performance of ARA US Hospitality Trust, the REIT Manager and the Trustee-Manager.

This presentation 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. These forward-looking statements speak only as at the date of the presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry, hospitality outlook and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy, ADR and RevPAR, changes in operating expenses, government 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 current view of management of future events. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of ARA US Hospitality Trust. The forecast financial performance of ARA US Hospitality Trust is not guaranteed.

The value of the Stapled Securities and the income derived from them, if any, may fall or rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by the REIT Manager, Trustee-Manager, DBS Trustee Limited or any of their respective affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

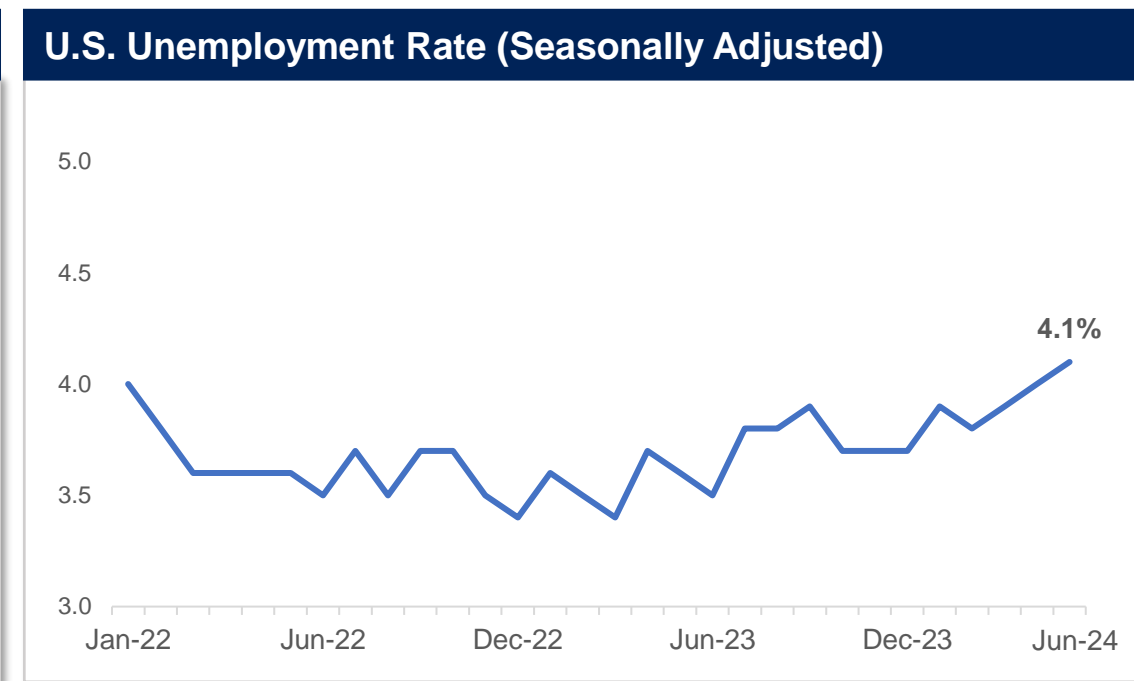
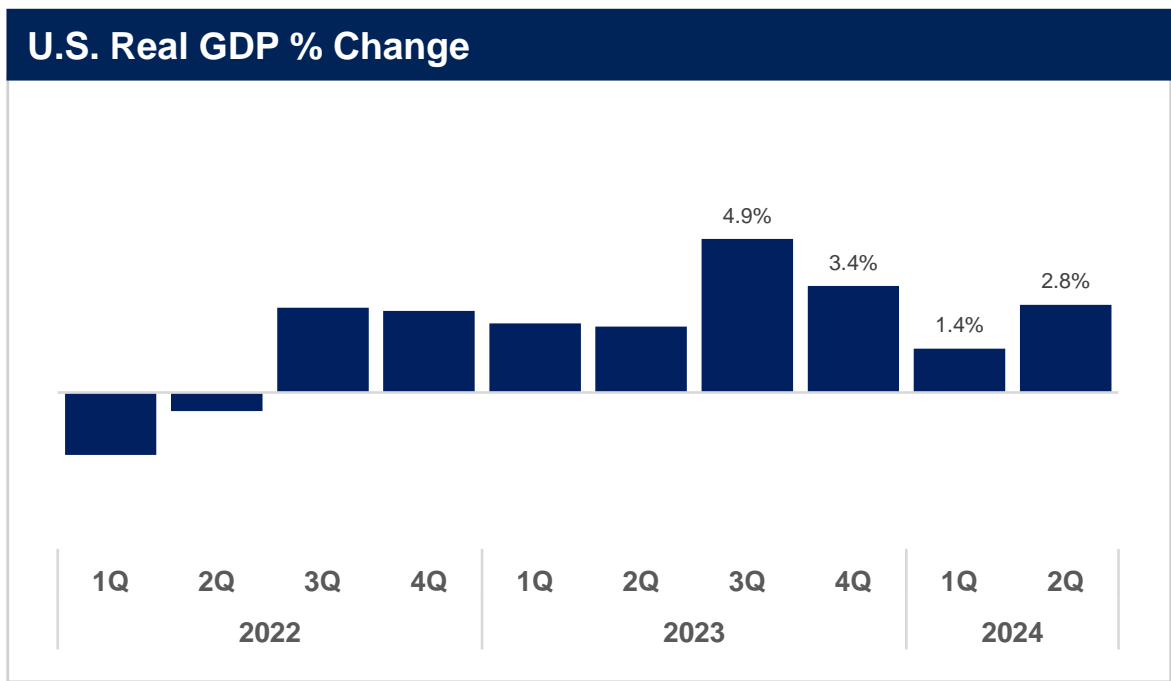
Holder of Stapled Securities (“**Stapled Securityholders**”) have no right to request that the REIT Manager or Trustee-Manager redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Stapled Securities does not guarantee a liquid market for the Stapled Securities.

Any forwarding, distribution or reproduction of this Presentation electronically or otherwise, in whole or in part, to any other person is unauthorised. Failure to comply with this paragraph may result in a violation of applicable laws of other jurisdictions. If this Presentation has been received in error, it must be deleted immediately.

U.S. MARKET UPDATE

U.S. Economy Remains Healthy And Resilient

Economic soft landing expected in 2024

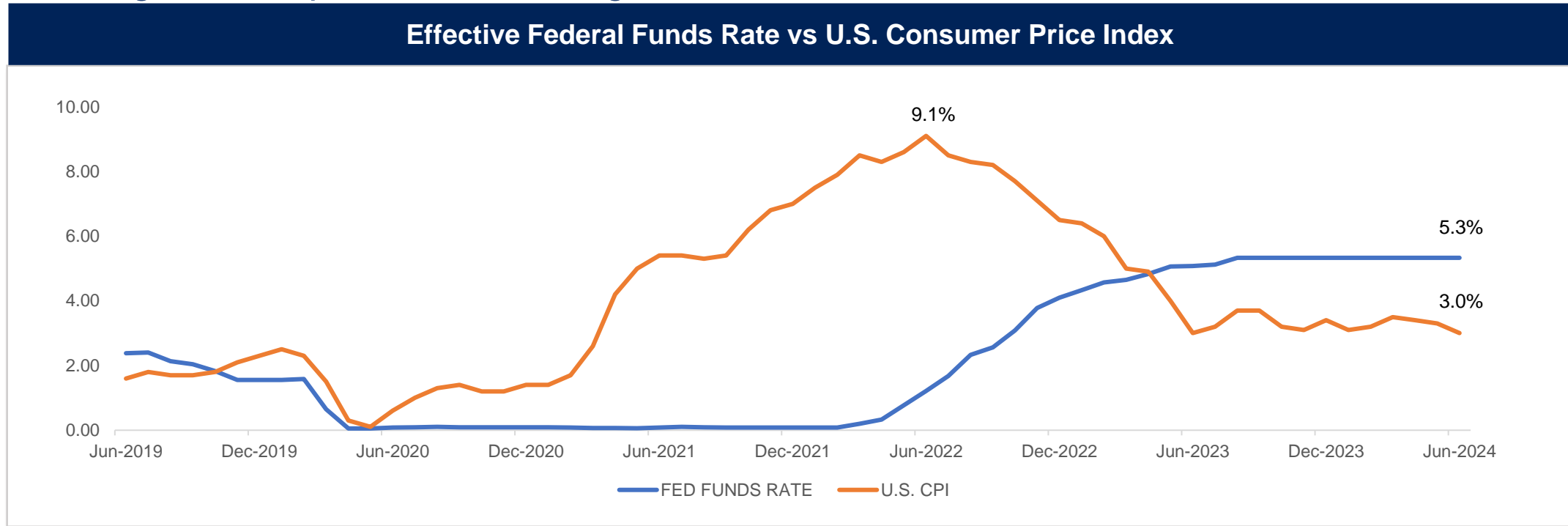


- 2Q 2024 GDP growth of 2.8% driven by increases in consumer spending, inventory investment, and business investment.
- Unemployment rate increased slightly to 4.1% in June 2024; the labour market remains balanced.

U.S. Federal Reserve Raised Interest Rates To Cool The Economy



Declining inflation portends declining interest rates



- During the Covid-19 pandemic extraordinary stimulus packages and supply chain disruptions caused inflation to spike at 9.1% in June 2022.
- In response to the rapid rise in inflation, the Fed increased interest rates by 500 basis points to 5.25-5.5% from March 2022 to July 2023.
- With the decline in inflation growth over the past 2 years and a slight uptick in the unemployment rate, the Fed is expected to start decreasing rates in the latter half of 2024.

U.S. Lodging Market Outlook Remains Positive and Stable

Year-on-year growth expected for 2024-2026, albeit at a slower pace

	2019	2020	2021	2022	2023	2024F	2025F	2026F	2Q23	2Q24
Occupancy	65.9%	44.0%	57.6%	62.7%	63.0%	62.8%	64.0%	64.1%	66.3%	66.8%
ADR	\$131	\$103	\$125	\$149	\$155	\$158	\$164	\$169	\$157	\$160
ADR Y-o-Y Change		-21%	+21%	+19%	+4%	+2%	+2%	+3%		+2%
RevPAR	\$87	\$45	\$72	\$93	\$98	\$100	\$103	\$109	\$104	\$107
RevPAR Y-o-Y Change		-48%	+60%	+29%	+5%	+2%	+3%	+3%		+3%

- The U.S. lodging market continues to normalize, and outlook remains positive, albeit at a slower pace as elevated interest rates and inflation weigh on consumers, slowing leisure demand.
- U.S. hotel occupancy forecasted to stabilize, with business transient, group travel, and inbound international travel continue to improve.

PORTFOLIO PERFORMANCE



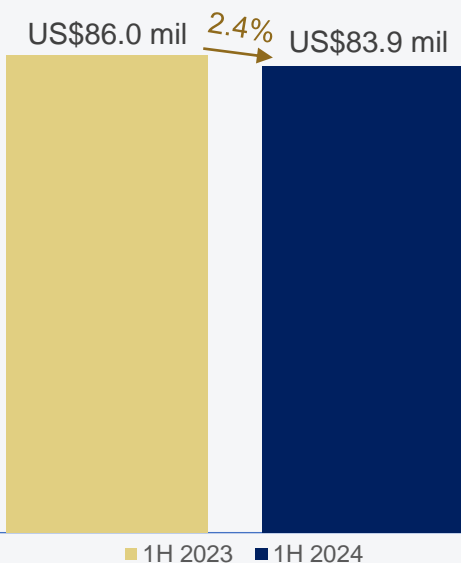
AC Hotel Marriott Raleigh North Hills

1H 2024 Key Performance Indicators

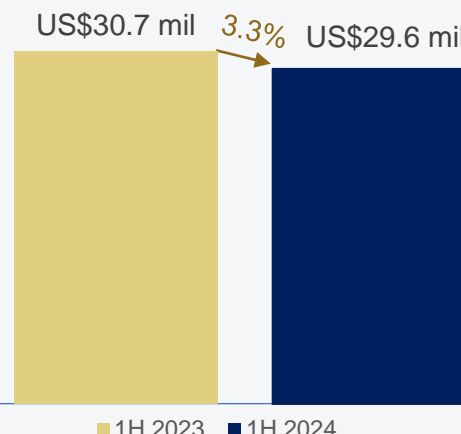
Dislocation from AEI projects at key hotels and the disposition of 2 hotels clouds Y-O-Y comparison



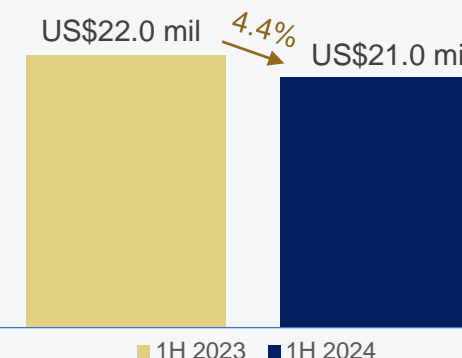
Gross Revenue
US\$83.9 mil



Gross Operating Profit
US\$29.6 mil



Net Property Income
US\$21.0 mil



Portfolio Changes in 1H 2024

AEI projects in four assets in 1H 2024 and disposition of two assets

Asset Enhancement Initiatives



Hyatt Place Mystic



Hyatt Place Secaucus



Hyatt Place Omaha



Hyatt Place Rancho Cordova

Disposed Hotels



Hyatt Place Oklahoma City Airport

Divested on 27 September 2023 for US\$8.0 million



Hyatt Place Pittsburgh Airport

Divested on 26 March 2024 for US\$7.7 million

1H 2024 Key Performance Indicators (Adjusted - Same Store Basis)



Resilient operational performance with improvements year-on-year



69.1%
Occupancy ↑ 0.3 pp y-o-y



US\$147
ADR 0.0% y-o-y



US\$101
RevPAR ↑ 0.4% y-o-y

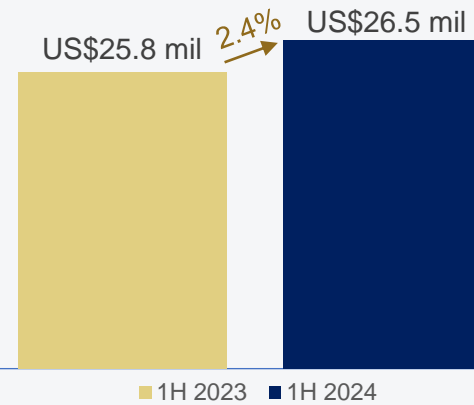


35.5%
GOP Margin ↓ 0.1 pp y-o-y

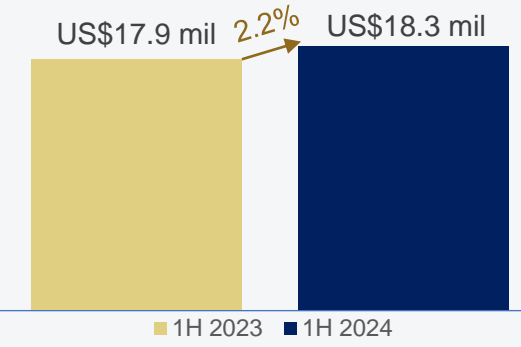
Gross Revenue
US\$74.6 mil



Gross Operating Profit
US\$26.5 mil

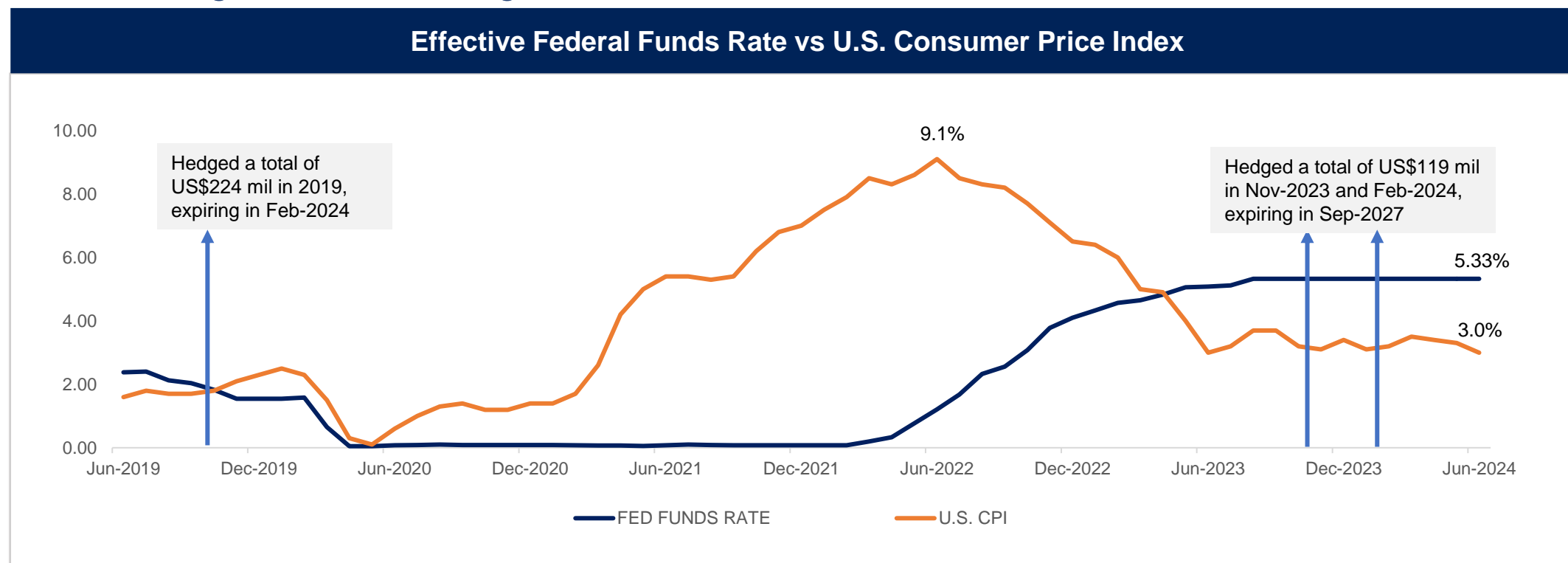


Net Property Income
US\$18.3 mil



Interest Rate Management

Recent hedges made in a higher interest rate environment



- Interest rate hedges totaling US\$224 million entered during 2019 matured in February 2024.
- A total of US\$119 million was hedged in November 2023 and February 2024 when interest rates were elevated.

1H 2024 Financial Performance

Distribution per Stapled Security down primarily due to higher interest rates

Portfolio Overview	As at 30 June 2023	As at 30 June 2024	Change
No. of hotels	37	35	-5.4%
No. of rooms	4,826	4,573	-5.2%
	1H 2023	1H 2024	Change
Portfolio Indicators			
ADR (US\$)	137	139	+1.4%
RevPAR (US\$)	94	93	-1.3%
Financial Indicators (US\$m)			
Gross Revenue	86.0	83.9	-2.4%
Gross Operating Profit (GOP)	30.7	29.6	-3.3%
Net Property Income	22.0	21.0	-4.4%
Distributable Income	8.7	4.3	-50.1%
Distribution per Stapled Security (US cents)	1.501	0.747	-50.2%

- 1H 2024 Distributable Income was lower y-o-y mainly due to higher finance costs of US\$3.85M as favorable interest rate swaps expired during 1H 2024 and higher floating interest rates set-in.

Capital Management



Stable net gearing position and a healthy cash balance

	As at 31 Dec 2023	As at 30 June 2024
NAV per Stapled Security	US\$0.74	US\$0.70
Cash Balance	US\$20.1 mil	US\$27.0 mil
Total Debt Outstanding	US\$325.0 mil	US\$339.5 mil
Aggregate Leverage Ratio	41.5%	43.5%
Net Gearing	40.0%	41.5%
Interest Coverage Ratio*	2.7x	2.2x
Weighted Average Debt Maturity	2.5 years	2.0 years
Average Cost of Debt (p.a.)	4.8%	6.4%
% of Debt Hedged to Fixed Rates	74.5%	35.0%

- Proceeds of \$11.3 mil from the sale of Hyatt House Philadelphia Plymouth Meeting was received on 16 July 2024
- The sale proceeds will be used to repay debt on 8 August 2024
- The Aggregate Leverage Ratio will then decrease from 43.5% to 42.9% once the repayment is made

* 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)

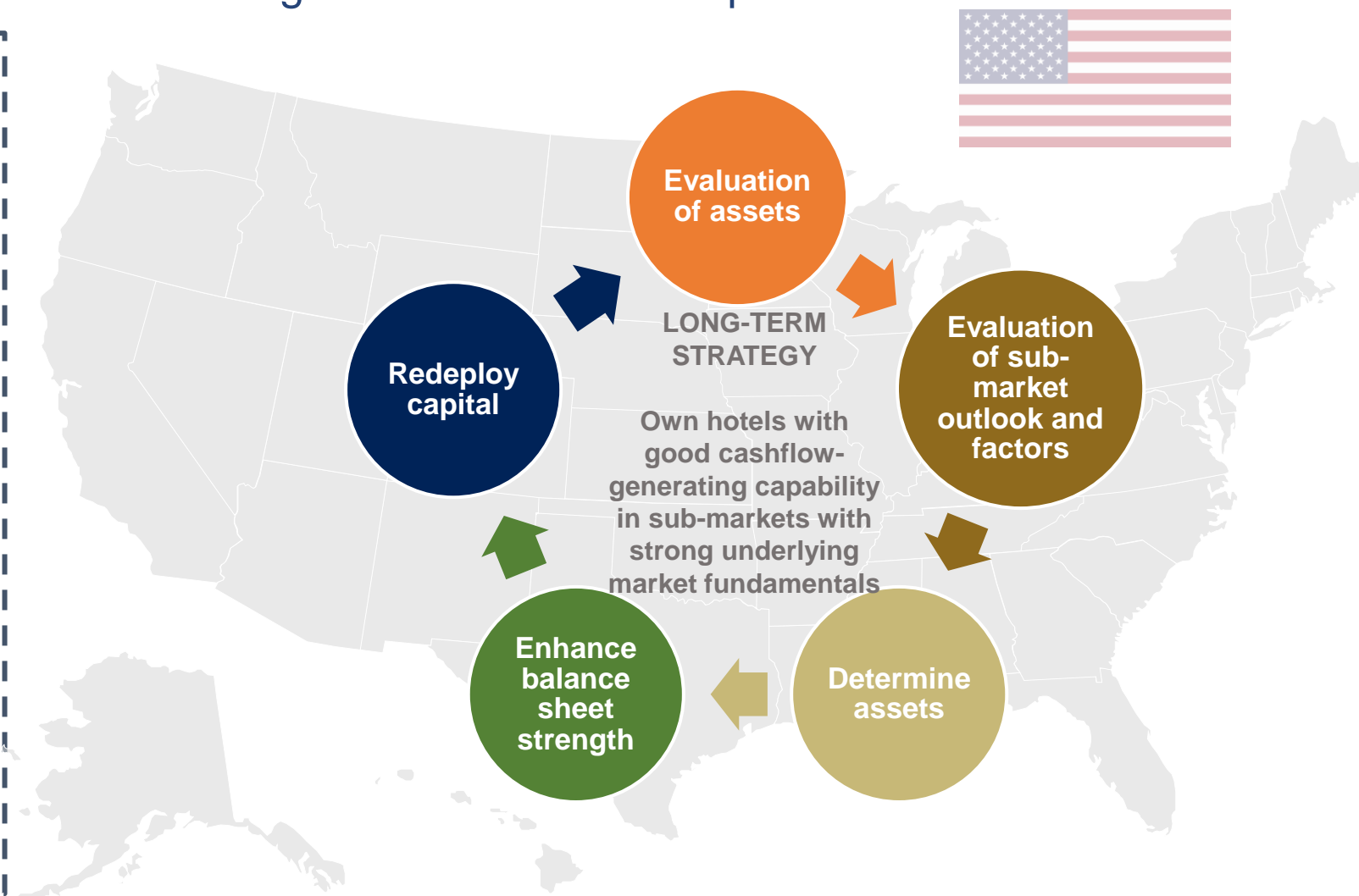
Amount per Stapled Security	0.747 US cents
Ex-Distribution Date	Monday, 16 August 2024 at 9.00 a.m.
Record Date	Thursday, 19 August 2024 at 5.00 p.m.
Distribution Currency Election Notice to CDP	By Monday, 9 September 2024 at 5.30 p.m.
Payment of Distribution	Friday, 27 September 2024

- Distribution of **0.747 US cents** per Stapled Security to be paid on **27 September 2024**.
- Stapled Securityholders NOT required to submit W-8Ben or W-9 Forms.

Portfolio Optimization And Rebalancing

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

- Sale of five non-core Hyatt Place hotels completed in 3Q 2022 with net proceeds of US\$38M
- US\$30M of net proceeds redeployed to acquire Home2 Suites at Colorado Springs 2Q 2023; US\$8M used to pare down debt
- Sale of Hyatt Place Oklahoma City for US\$8M completed in 3Q 2023 with net proceeds used to pare down debt
- Sale of Hyatt Place Pittsburgh Airport for US\$7.7M completed in 1Q 2024 with the net proceeds used to pare down debt
- Sale of Hyatt House Philadelphia Plymouth Meeting for US\$11.3M completed in 3Q 2024; net proceeds will be used to pare down debt



OTHER HIGHLIGHTS



AC Hotel Marriott Raleigh North Hills

Asset Enhancement Initiatives – Completed And Ongoing Projects



Uplifting the value and profitability of our higher-performing hotels

Hyatt Place Secaucus



- Asset enhancement initiatives (“AEI”) for four of our higher-performing hotels namely, Hyatt Place Mystic, Hyatt Place Rancho Cordova, Hyatt Place Omaha and Hyatt Place Secaucus, were recently conducted in 1H 2024.
- Renovation work at these four hotels interrupted revenues and partially contributed to the slight decline in gross revenue for the portfolio.
- Two additional hotels, Hyatt Place Lakeland Center and Hyatt Place Tampa Busch Gardens, recently started AEI projects.

Asset Enhancement Initiatives – Completed And Ongoing Projects

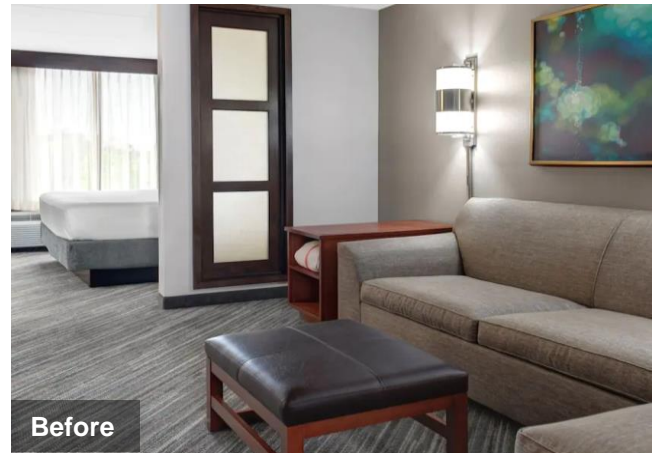


Uplifting the value and profitability of our higher performing hotels

Hyatt Place Secaucus



Hyatt Place Rancho Cordova



Hyatt Place Mystic



Key Takeaways

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

2 U.S. hotel market growth has reached a more normalized pace

3 Excluding contributions from the four AEI hotels and two disposed hotels, our operational performance continues to show resilience improving year-on-year

4 Proactive capital management to manage interest rate risks to maintain stable gearing ratio and a healthy cash balance

5 Our ongoing asset enhancement initiatives keep our hotels relevant and competitive, thus enhancing the profitability and valuation

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



35
upscale
hotels



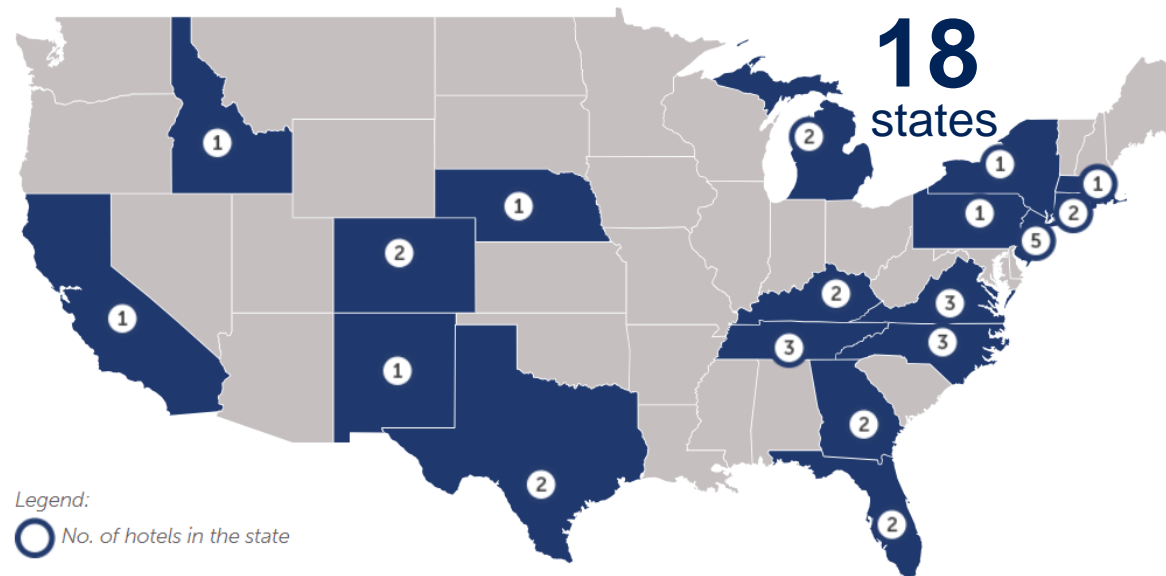
4,573
rooms



>90%
Freehold
Title



>90%
rooms-
focused
revenue



6
hotel
brands

4
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

AII-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

For enquiries, please contact:
Investor Relations

ir-enquiry@acrophyte.com

www.araushotels.com

