



**ARA US HOSPITALITY TRUST**  
 Unaudited Financial Statements Announcement  
 For the Six Months Ended 30 June 2020

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DBS Bank Ltd. ("DBS") was the Sole Issue Manager for initial public offering of ARA US Hospitality Trust (the "Offering"). DBS, Oversea-Chinese Banking Corporation Limited ("OCBC") and United Overseas Bank Limited ("UOB") were the Joint Financial Advisers and Joint Global Coordinators for the Offering. DBS, OCBC, UOB and Credit Suisse (Singapore) Limited were the Joint Bookrunners and Underwriters for the Offering.



## **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 throughout 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 throughout 22 states.

ARA H-Trust is presenting its financial results for the financial period from 1 January 2020 to 30 June 2020 (“**1H 2020**”). 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 100% of distributable income for the financial year ending 31 December 2020, and thereafter, 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 2020		
	Actual	Forecast	Change
	US\$'000	US\$'000	%
Revenue	39,345	94,508	(58.4%)
Gross operating profit	5,841	38,106	(84.7%)
Net property (loss) / income	(2,018)	29,482	N.M.
Distributable income	-	19,664	(100.0%)
<b>Distribution per Stapled Security ("DPS") (US cents)</b>	-	3.47	(100.0%)

N.M. - not meaningful

**Notes:**

- (a) Forecast results for 1H 2020 is derived from Projection Year 2020 as disclosed in the IPO Prospectus.
- (b) The COVID-19 pandemic started to rapidly evolve in the U.S. from mid-March 2020 and created unprecedented challenges for the travel and hospitality industry. The numerous travel restrictions and social distancing measures adopted by the government authorities and corporations resulted in significant drop in demand and occupancies. The portfolio recorded occupancy of 43.2% for 1H 2020 compared to forecast at 75.6%. Average Daily Rate ("ADR") of US\$111 was 15% lower than forecast. As a result, revenue was lower from forecast by 58.4%.

The Managers implemented swift action plans to substantially reduce operating costs, including the temporary suspension and consolidation of hotel operations, and comprehensive cost and labor reductions. As a result, property expenses were lower than forecast to record positive gross operating profit of US\$5,841,000 for 1H 2020. However, after taking into account fixed costs, ARA H-Trust recorded a net property loss of US\$2,018,000 and NIL distributable income for 1H 2020.



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1(a)(i) Statements of Comprehensive Income

	Note	ARA H-Trust		
		1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>	Change <sup>(2)</sup>
		US\$'000	US\$'000	%
Revenue		39,345	28,823	N.M.
Operating expenses	(a)	(33,504)	(16,474)	N.M.
<b>Gross operating profit</b>		<b>5,841</b>	<b>12,349</b>	N.M.
Hotel management fee		(1,181)	(865)	N.M.
Property taxes		(5,563)	(1,144)	N.M.
Other expenses		(1,115)	(478)	N.M.
<b>Net Property Income</b>		<b>(2,018)</b>	<b>9,862</b>	N.M.
Depreciation and amortisation		(12,909)	(3,059)	N.M.
REIT Manager's and Trustee-Manager's Management fees	(b)	-	(808)	N.M.
Trustee-Manager's trustee fee		(60)	(17)	N.M.
REIT Trustee's fee		(57)	(16)	N.M.
Net finance costs	(c)	(5,675)	(1,384)	N.M.
Other trust expenses		(1,433)	(359)	N.M.
<b>Net (loss)/income for the period before tax</b>		<b>(22,152)</b>	<b>4,219</b>	N.M.
Taxation		(9)	23	N.M.
<b>Net (loss)/income for the period after tax</b>		<b>(22,161)</b>	<b>4,242</b>	N.M.
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges	(d)	(12,041)	(5,173)	N.M.
<b>Total comprehensive income for the period</b>		<b>(34,202)</b>	<b>(931)</b>	N.M.



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1(a)(i) Statements of Comprehensive Income

	Note	ARA H-REIT		
		1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>	Change <sup>(2)</sup>
		US\$'000	US\$'000	%
Rental revenue	(e)	21,365	9,609	N.M.
Operating expenses		(157)	(52)	N.M.
<b>Gross operating profit</b>		<b>21,208</b>	<b>9,557</b>	N.M.
Property taxes		(5,366)	(1,092)	N.M.
Other expenses		(395)	(260)	N.M.
<b>Net Property Income</b>		<b>15,447</b>	<b>8,205</b>	N.M.
REIT Manager's Management fees	(b)	-	(606)	N.M.
REIT Trustee's fee		(57)	(16)	N.M.
Net finance costs	(c)	(18,777)	(4,962)	N.M.
Other trust expenses		(751)	(201)	N.M.
<b>Net (loss)/income for the period before tax</b>		<b>(4,138)</b>	<b>2,420</b>	N.M.
Taxation	(f)	1,016	(3)	N.M.
<b>Net (loss)/income for the period after tax</b>		<b>(3,122)</b>	<b>2,417</b>	N.M.
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges	(d)	(12,041)	(5,173)	N.M.
<b>Total comprehensive income for the period</b>		<b>(15,163)</b>	<b>(2,756)</b>	N.M.

1(a)(i) Statements of Comprehensive Income

	Note	ARA H-BT		
		1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>	Change <sup>(2)</sup>
		US\$'000	US\$'000	%
Revenue		39,345	28,823	N.M.
Operating expenses	(a)	(33,347)	(16,423)	N.M.
<b>Gross operating profit</b>		<b>5,998</b>	<b>12,400</b>	N.M.
Hotel management fee		(1,181)	(865)	N.M.
Property taxes		(197)	(52)	N.M.
Insurance		(519)	(155)	N.M.
Rental expenses	(e)	(201)	(9,671)	N.M.
<b>Net Property Income</b>		<b>3,900</b>	<b>1,657</b>	N.M.
Depreciation and amortisation	(e)	(23,532)	(642)	N.M.
Trustee-Manager's Management fees	(b)	-	(202)	N.M.
Trustee-Manager's trustee fee		(60)	(17)	N.M.
Net finance income	(c)	10,024	3,578	N.M.
Other trust expenses		(686)	(158)	N.M.
<b>Net (loss)/income for the period before tax</b>		<b>(10,354)</b>	<b>4,216</b>	N.M.
Taxation		7	(22)	N.M.
<b>Net (loss)/income for the period after tax and total comprehensive income for the period</b>		<b>(10,347)</b>	<b>4,194</b>	N.M.



**1(a)(ii) Statement of Distributable Income**

	ARA H-Trust		
	1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>	Change <sup>(2)</sup>
	US\$'000	US\$'000	%
<b>Net (loss)/income for the period after tax</b>	(22,161)	4,242	N.M.
Add/(less): Distribution adjustments			
Depreciation and amortisation	12,909	3,059	N.M.
Amortisation of upfront debt-related costs	130	21	N.M.
Interest expenses on lease liabilities	119	-	N.M.
Manager's fees paid/payable in Stapled Securities	-	404	N.M.
Deferred tax expense/(credits)	43	(49)	N.M.
Others <sup>(3)</sup>	8,960	-	N.M.
<b>Net distribution adjustments</b>	<b>22,161</b>	<b>3,435</b>	<b>N.M.</b>
<b>Distributable income</b>	<b>-</b>	<b>7,677</b>	<b>N.M.</b>

**Footnotes:**

- (1) The comparative figures were for the period from the Listing date of 9 May 2019 to 30 June 2019, extracted from ARA H-Trust's first results announcement for the same period. There is no comparative financial information for 1 January 2019 to 8 May 2019 as ARA H-Trust underwent restructuring, repayment of the existing bank facilities and the redemption of the initial Stapled Securities held by ARA XVI prior to and on the Listing date.
- (2) The reporting periods for 1H 2020 and from Listing date to 30 June 2019 are not comparable and it is not meaningful to perform a period-on-period analysis. As a result, we have not provided any variance explanations between the reporting periods. Please refer to Section 9 for a comparison of the actual results for 1H 2020 against the forecast results derived from Projection Year 2020 as disclosed in the Prospectus.
- (3) Relates to upward adjustment to arrive at NIL distributable income for 1H 2020.

**Notes to Statement of Comprehensive Income and Distributable Income:**

(a)	<p><b>Operating expenses</b></p> <p>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. Administrative and general expenses include allowance for doubtful debts of US\$267,000 for 1H 2020 (Listing date to 30 June 2019: US\$15,000). Bad debts written off for 1H 2020 amounted to US\$13,000 (Listing date to 30 June 2019: US\$15,000).</p>
(b)	<p><b>REIT Manager's and Trustee-Manager's Management fees</b></p> <p>REIT Manager's and Trustee-Manager's management base fees are based on 10% of the distributable income of ARA H-Trust. There are no management fees paid/payable to the Managers for 1H 2020.</p>

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(c)	<b>Net finance (costs)/income</b>		
	<b>ARA H-Trust</b>		
		<b>1H 2020</b>	<b>Listing Date to 30 June 2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Finance income</b>		
	Interest income from fixed deposits	104	77
	Others	5	-
		<b>109</b>	<b>77</b>
	<b>Finance costs</b>		
	Amortisation of debt related transaction costs	(130)	(21)
	Interest expenses on lease liabilities	(119)	-
	Interest paid/payable to banks	(5,549)	(1,440)
	Foreign exchange difference	14	-
		<b>(5,784)</b>	<b>(1,461)</b>
	<b>Net finance costs</b>	<b>(5,675)</b>	<b>(1,384)</b>
	<b>ARA H-REIT</b>		
		<b>1H 2020</b>	<b>Listing Date to 30 June 2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Finance income</b>		
	Interest income from fixed deposits	99	33
	Interest income from loan to related corporation	94	21
		<b>193</b>	<b>54</b>
	<b>Finance costs</b>		
	Amortisation of debt related transaction costs	(130)	(21)
	Interest expenses on lease liabilities	(111)	-
	Interest paid/payable to banks	(5,463)	(1,440)
	Interest paid/payable to related corporation	(13,249)	(3,555)
	Foreign exchange difference	(17)	-
		<b>(18,970)</b>	<b>(5,016)</b>
	<b>Net finance costs</b>	<b>(18,777)</b>	<b>(4,962)</b>
	<b>ARA H-BT</b>		
		<b>1H 2020</b>	<b>Listing Date to 30 June 2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Finance income</b>		
	Interest income from fixed deposits	5	44
	Interest income from loan to related corporation	13,249	3,555
Others	5	-	
	<b>13,259</b>	<b>3,599</b>	
<b>Finance costs</b>			
Interest expenses on lease liabilities	(3,086)	-	
Interest paid/payable to banks	(86)	-	
Interest paid/payable to related corporation	(94)	(21)	
Foreign exchange difference	31	-	
	<b>(3,235)</b>	<b>(21)</b>	
<b>Net finance income</b>	<b>10,024</b>	<b>3,578</b>	



**Notes to Statement of Comprehensive Income and Distributable Income:**

(d)	<p><b>Effective portion of changes in fair value of cash flow hedges</b></p> <p>Relates to fair value changes of the interest rate swaps entered into for hedging purposes. This has no impact on distributable income.</p>
(e)	<p><b>Rental revenue (ARA H-REIT) and Rental expenses and Depreciation (ARA H-BT)</b></p> <p>Relates to rental income earned by ARA H-REIT under the master lease agreements, and recorded as rental expenses by ARA H-BT in 2019.</p> <p>With effect from 1 January 2020, the Group adopted SFRS(I)16 which introduces a single, on-balance sheet lease accounting model for lessees. As a result, ARA H-BT recorded depreciation from the right-of-use (“ROU”) asset recognised and interest expenses on lease liability in place of rental expenses. Please refer to Section 5 for further details.</p>
(f)	<p><b>Taxation</b></p> <p>Relates primarily to reversal of temporary differences on deferred tax liabilities recognized in relation to ARA H-REIT’s Hotels.</p>

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1(b)(i) Statements of Financial Position

	Note	As at 30 June 2020			As at 31 December 2019		
		ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000	ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000
<b>Non-current assets</b>							
Investment properties	(a)	-	759,208	-	-	673,603	-
Deferred tax assets		1,680	-	1,680	1,680	-	1,680
Property, plant and equipment	(a)	790,574	-	219,775	704,808	-	31,205
Intangible assets		537	-	537	-	-	-
Loans to related corporation	(b)	-	-	294,000	-	-	294,000
		792,791	759,208	515,992	706,488	673,603	326,885
<b>Current assets</b>							
Inventories		370	-	370	432	-	432
Trade and other receivables		3,053	39,489	16,187	6,451	6,369	4,074
Cash and cash equivalents		21,527	6,207	15,319	45,240	33,128	12,112
		24,950	45,696	31,876	52,123	39,497	16,618
<b>Total assets</b>		<b>817,741</b>	<b>804,904</b>	<b>547,868</b>	<b>758,611</b>	<b>713,100</b>	<b>343,503</b>
<b>Non-current liabilities</b>							
Loans from related corporation	(b)	-	294,000	-	-	294,000	-
Loans and borrowings	(c)	347,513	326,876	163,554	243,739	243,739	-
Derivative financial liabilities	(d)	19,323	19,323	-	7,282	7,282	-
Deferred tax liabilities		1,580	1,580	-	2,568	2,568	-
Other payables		125	125	-	125	125	-
		368,541	641,904	163,554	253,714	547,714	-

1(b)(i) Statements of Financial Position

	Note	As at 30 June 2020			As at 31 December 2019		
		ARA H-Trust	ARA H-REIT	ARA H-BT	ARA H-Trust	ARA H-REIT	ARA H-BT
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Current liabilities</b>							
Trade and other payables		12,290	18,089	46,830	11,605	2,209	13,393
Loans and borrowings	(c)	337	214	37,953	-	-	-
Tax payable		69	3	66	76	3	72
		12,696	18,306	84,849	11,681	2,212	13,465
<b>Total liabilities</b>		<b>381,237</b>	<b>660,210</b>	<b>248,403</b>	<b>265,395</b>	<b>549,926</b>	<b>13,465</b>
<b>Represented by:</b>							
<b>Stapled Securityholders' funds</b>		<b>436,504</b>	<b>144,694</b>	<b>299,465</b>	<b>493,216</b>	<b>163,174</b>	<b>330,038</b>

**Notes to Statement of Financial Position:**

(a)	<p><b>Investment properties and Property, plant and equipment</b></p> <p>Land and buildings comprise the portfolio hotels which are presented as investment properties in the books of ARA H-REIT and as property, plant and equipment in the books of ARA H-Trust and ARA H-BT. The portfolio hotels comprise 38 Hyatt hotels held by ARA H-Trust at IPO and 3 new Marriott hotels acquired in January 2020.</p> <p>The increases in investment properties held by ARA H-REIT and property, plant and equipment held by ARA H-Trust and ARA H-BT as at 30 June 2020 were due to the acquisition of 3 new Marriott hotels in January 2020, as well as the recognition of ROU assets arising from the adoption of SFRS(I) 16 with effect from 1 January 2020. Please refer to section 5 for further details.</p> <p>Property, plant and equipment are reported at fair value less accumulated depreciation. ARA H-Trust currently performs annual property valuations and assesses at each reporting date if the properties have any indicators of impairment. For 1H 2020 reporting period, the Managers are of the view that conducting any valuation on the hotel properties would not be meaningful as the immediate operating environment remains fluid and uncertain. In particular, there is insufficient reliability in current market benchmarks and relevant data underpinning industry-standard valuation assumptions due to the uncertainty of the duration of the COVID-19 pandemic crisis and its ultimate impact on the U.S. economy and hospitality industry. The Managers will continue to closely monitor the evolving situation and perform property valuation updates by the end of the financial year.</p>
(b)	<p><b>Loans to/(from) related corporation</b></p> <p>Relates to interest bearing loans extended by ARA H-BT to ARA H-REIT.</p>
(c)	<p><b>Loans and borrowings</b></p> <p>Please refer to section 1(b)(ii) for more information. New loans were drawn in 1H 2020, primarily for the acquisition of the 3 new Marriott hotels.</p>
(d)	<p><b>Derivative financial liabilities</b></p> <p>Relates to fair value of the interest rate swaps entered into by ARA H-REIT for hedging purposes.</p>

**1(b)(ii) Aggregate Amount of Borrowings and Debt Securities**

**Details of loans and borrowings, and collaterals**

The Group has in place the following USD loan facilities:

- (a) A secured term loan and letter of credit facilities of up to US\$260.8 million. As at 30 June 2020, the Group had drawn down US\$247.3 million (31 December 2019: US\$ 244.3 million) of secured facilities. The facilities are secured on the following:
- mortgages, assignment of leases and rents, security agreement and fixture filings 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 Group.
- (b) Unsecured loan and revolving credit facilities amounting to US\$94.2 million. As at 30 June 2020, the unsecured loan and credit facilities were fully drawn.

**1(b)(ii) Aggregate Amount of Borrowings and Debt Securities (cont'd)**

<b>ARA H-Trust</b>	<b>As at 30 June 2020 US\$'000</b>	<b>As at 31 December 2019 US\$'000</b>
Secured loans	247,325	244,325
Unsecured loans	94,151	-
Lease liabilities <sup>(1)</sup>	7,202	-
	348,678	244,325
Less: Unamortised upfront debt-related costs	(828)	(586)
	347,850	243,739

<b>ARA H-REIT</b>	<b>As at 30 June 2020 US\$'000</b>	<b>As at 31 December 2019 US\$'000</b>
Secured loans	244,325	244,325
Unsecured loans	76,816	-
Lease liabilities <sup>(1)</sup>	6,777	-
	327,918	244,325
Less: Unamortised upfront debt-related costs	(828)	(586)
	327,090	243,739

<b>ARA H-BT</b>	<b>As at 30 June 2020 US\$'000</b>	<b>As at 31 December 2019 US\$'000</b>
Secured loans	3,000	-
Unsecured loans	17,335	-
Lease liabilities <sup>(1)</sup>	181,172	-
	201,507	-

- (1) The 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.

**1(b)(ii) Aggregate Amount of Borrowings and Debt Securities (cont'd)**

Loans and borrowings are repayable as follows:

ARA H-Trust	As at 30 June 2020			As at 31 December 2019		
	Secured	Unsecured	Lease liabilities	Secured	Unsecured	Lease liabilities
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable						
- within one year	-	-	337	-	-	-
- after one year	247,325	94,151	6,865	244,325	-	-
	247,325	94,151	7,202	244,325	-	-
Less: Unamortised upfront debt- related costs	(516)	(312)	-	(586)	-	-
	<b>246,809</b>	<b>93,839</b>	<b>7,202</b>	<b>243,739</b>	-	-

ARA H-REIT	As at 30 June 2020			As at 31 December 2019		
	Secured	Unsecured	Lease liabilities	Secured	Unsecured	Lease liabilities
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable						
- within one year	-	-	214	-	-	-
- after one year	244,325	76,816	6,563	244,325	-	-
	244,325	76,816	6,777	244,325	-	-
Less: Unamortised upfront debt- related costs	(516)	(312)	-	(586)	-	-
	<b>243,809</b>	<b>76,504</b>	<b>6,777</b>	<b>243,739</b>	-	-

ARA H-BT	As at 30 June 2020			As at 31 December 2019		
	Secured	Unsecured	Lease liabilities	Secured	Unsecured	Lease liabilities
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable						
- within one year	-	-	37,953	-	-	-
- after one year	3,000	17,335	143,219	-	-	-
	<b>3,000</b>	<b>17,335</b>	<b>181,172</b>	-	-	-

**ARA US Hospitality Trust**  
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**1(c) Statements of Cash Flows**

	Note	ARA H-Trust	
		1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
Net (loss) / income before tax		(22,152)	4,219
Adjustments for:			
Allowance for doubtful debts and bad debts written off		280	30
Depreciation of property, plant and equipment		12,897	3,059
Amortisation of intangible assets		12	-
Net finance costs		5,675	1,384
Manager's base fee paid/payable in Stapled Securities		-	404
<b>Operating (loss) / income before working capital changes</b>		<b>(3,288)</b>	<b>9,096</b>
Changes in working capital:			
Inventories		62	(13)
Trade and other receivables		2,885	(4,706)
Trade and other payables		1,219	6,230
<b>Cash generated from operations</b>		<b>878</b>	<b>10,607</b>
Tax refund		28	-
<b>Net cash from operating activities</b>		<b>906</b>	<b>10,607</b>
<b>Cash flows from investing activities</b>			
Interest received		118	69
Acquisition of intangible assets		(549)	-
Acquisition of property, plant and equipment	(a)	(91,293)	(929)
<b>Net cash used in investing activities</b>		<b>(91,724)</b>	<b>(860)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Stapled Securities	(b)	-	498,000
Redemption of existing units	(c)	-	(174,565)
Payment of transaction costs relating to the issuance of Stapled Securities	(c)	-	(17,024)
Repayment of existing loan facilities	(c)	-	(540,000)
Repayment of loans and borrowings		-	(7,500)
Proceeds from loans and borrowings	(a)	97,151	251,825
Payment of transaction costs relating to new loan facilities	(c)	(372)	(677)
Payment of lease liabilities		(284)	-
Distribution to Stapled Securityholders		(23,862)	-
Interest paid		(5,528)	(1,360)
<b>Net cash from financing activities</b>		<b>67,105</b>	<b>8,699</b>
Net (decrease) / increase in cash and cash equivalents		(23,713)	18,446
Cash and cash equivalents at beginning of the period		45,240	22,053
<b>Cash and cash equivalents at end of the period</b>		<b>21,527</b>	<b>40,499</b>

**1(c) Statements of Cash Flows**

	Note	ARA H-REIT	
		1H 2020 US\$'000	Listing Date to 30 June 2019 <sup>(1)</sup> US\$'000
<b>Cash flows from operating activities</b>			
Net (loss)/income before tax		(4,138)	2,420
Adjustments for:			
Net finance costs		18,777	4,962
Manager's base fee paid/payable in Stapled Securities		-	202
<b>Operating income before working capital changes</b>		<b>14,639</b>	<b>7,584</b>
Changes in working capital:			
Trade and other receivables		(12,081)	(7,125)
Trade and other payables		2,653	1,158
<b>Cash generated from operations</b>		<b>5,211</b>	<b>1,617</b>
Tax refund		28	-
<b>Net cash from operating activities</b>		<b>5,239</b>	<b>1,617</b>
<b>Cash flows from investing activities</b>			
Interest received		108	33
Acquisition of property, plant and equipment		(78,723)	(117)
Issuance of loan to related corporation		(20,803)	-
<b>Net cash used in investing activities</b>		<b>(99,418)</b>	<b>(84)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Stapled Securities		-	179,280
Redemption of existing units		-	(140,845)
Payment of transaction costs relating to the issuance of Stapled Securities		-	(10,212)
Repayment of existing loan facilities		-	(540,000)
Repayment of loans and borrowings		-	(7,500)
Proceeds from loans and borrowings	(a)	76,816	251,825
Payment of transaction costs relating to new loan facilities		(372)	(677)
Payment of lease liabilities		(216)	-
Proceeds from loan from related corporation		-	272,000
Distribution to Stapled Securityholders		(3,477)	-
Interest paid		(5,493)	(4,915)
<b>Net cash from / (used in) financing activities</b>		<b>67,258</b>	<b>(1,044)</b>
Net (decrease)/increase in cash and cash equivalents		(26,921)	489
Cash and cash equivalents at beginning of the period		33,128	7,377
<b>Cash and cash equivalents at end of the period</b>		<b>6,207</b>	<b>7,866</b>



**1(c) Statements of Cash Flows**

	Note	ARA H-BT	
		1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
Net (loss)/income before tax		(10,354)	4,216
Adjustments for:			
Allowance for doubtful debts and bad debts written off		280	30
Depreciation of property, plant and equipment		23,520	642
Amortisation of intangible assets		12	-
Net finance income		(10,024)	(3,578)
Manager's base fee paid/payable in Stapled Securities		-	202
<b>Operating income before working capital changes</b>		<b>3,434</b>	<b>1,512</b>
Changes in working capital:			
Inventories		62	(13)
Trade and other receivables		14,780	3,239
Trade and other payables		(1,244)	4,253
<b>Net cash from operating activities</b>		<b>17,032</b>	<b>8,991</b>
<b>Cash flows from investing activities</b>			
Interest received		10	3,590
Acquisition of intangible assets		(549)	-
Acquisition of property, plant and equipment		(12,570)	(812)
Issuance of loan to related corporation		-	(272,000)
<b>Net cash used in investing activities</b>		<b>(13,109)</b>	<b>(269,222)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Stapled Securities		-	318,720
Redemption of existing units		-	(33,720)
Payment of transaction costs relating to the issuance of Stapled Securities		-	(6,812)
Proceeds from loans and borrowings		20,335	-
Payment of lease liabilities		(21,433)	-
Proceeds from loan from related corporation		20,803	-
Distribution to Stapled Securityholders		(20,386)	-
Interest paid		(35)	-
<b>Net cash (used in) / from financing activities</b>		<b>(716)</b>	<b>278,188</b>
Net increase in cash and cash equivalents		3,207	17,957
Cash and cash equivalents at beginning of the period		12,112	14,676
<b>Cash and cash equivalents at end of the period</b>		<b>15,319</b>	<b>32,633</b>

**Footnote:**

- (1) The comparative figures were for the period from the Listing date of 9 May 2019 to 30 June 2019, extracted from ARA H-Trust's first results announcement for the same period. There is no comparative financial information for 1 January 2019 to 8 May 2019 as ARA H-Trust underwent restructuring, repayment of the existing bank facilities and the redemption of the initial Stapled Securities held by ARA XVI prior to and on the Listing date.

**Notes to Statements of Cash Flows**

- (a) Acquisition of property, plant and equipment in 1H 2020 relates mainly to the Group's acquisition of the portfolio of three premium Marriott-branded upscale select-service hotels on 17 January 2020 (the "Acquisition"). The new loans drawn in 1H 2020 were primarily relating to the Acquisition.
- (b) An aggregate of 565,909,000 Stapled Securities at US\$0.88 per Stapled Security amounting to US\$498 million were issued on the Listing Date.
- (c) As disclosed in the announcement of ARA H-Trust dated 20 January 2020, the Managers had fully utilised the net proceeds raised from the initial public offering ("IPO") as follows: -

	<b>Per Prospectus</b>	<b>Actual</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Redemption of existing units and repayment of existing loan facilities	715,242	715,242
Transaction costs	28,063	17,051
Working capital	6,520	-
Proceeds for the Acquisition <sup>(2)</sup>	-	17,532
	<b>749,825</b>	<b>749,825</b>

- (1) IPO transaction costs were lower due to savings in IPO related fees and GST refund on transaction costs. Unutilised net proceeds for transaction costs of US\$10,362,000 and working capital of US\$6,520,000 were redeployed for Acquisition purposes.
- (2) IPO Proceeds were applied to partially fund the Acquisition. Please refer to the announcements of ARA H-Trust dated 6 November 2019 and 20 January 2020 for further information on the Acquisition.

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**1(d)(i) Statements of Movements in Stapled Securityholders' Funds**

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
<b>At 1 January 2020</b>		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)
<b>Increase in net assets from operations</b>		<b>498,934</b>	<b>(16,374)</b>	<b>(63,936)</b>	<b>(7,282)</b>	<b>59,713</b>	<b>471,055</b>
<b>Other comprehensive income</b>							
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
<b>Total comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,041)</b>	<b>1,031</b>	<b>(11,010)</b>
<b>Contribution by and distribution to Stapled Securityholders</b>							
Distribution to Stapled Securityholders		-	-	(23,862)	-	-	(23,862)
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities	(a)	321	-	-	-	-	321
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>321</b>	<b>-</b>	<b>(23,862)</b>	<b>-</b>	<b>-</b>	<b>(23,541)</b>
<b>At 30 June 2020</b>		<b>499,255</b>	<b>(16,374)</b>	<b>(87,798)</b>	<b>(19,323)</b>	<b>60,744</b>	<b>436,504</b>

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
<b>At the listing date (9 May 2019)</b>	(b)			(52,478)	(2,331)	61,245	6,436
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	4,242	-	-	4,242
<b>Increase in net assets from operations</b>		<b>-</b>	<b>-</b>	<b>(48,236)</b>	<b>(2,331)</b>	<b>61,245</b>	<b>10,678</b>
<b>Other comprehensive income</b>							
Effective portion of changes in fair value of cash flow hedges		-	-	-	(5,173)	-	(5,173)
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	(49)	(49)
<b>Total comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,173)</b>	<b>(49)</b>	<b>(5,222)</b>
<b>Contribution by and distribution to Stapled Securityholders</b>							
Issue of new units on Initial Public Offering		498,000	-	-	-	-	498,000
Issue costs		-	(17,024)	-	-	-	(17,024)
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>498,000</b>	<b>(17,024)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>480,976</b>
<b>At 30 June 2019</b>		<b>498,000</b>	<b>(17,024)</b>	<b>(48,236)</b>	<b>(7,504)</b>	<b>61,196</b>	<b>486,432</b>

(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.

(b) For purpose of presenting the statement of movements in Stapled Securityholders' Funds from Listing date to 30 June 2019, the redemption of the ARA XVI Initial Stapled Securities on 9 May 2019 was included in the balance at Listing date.

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**1(d)(i) Statements of Movements in Stapled Securityholders' Funds**

ARA H-REIT		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At 1 January 2020</b>		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)
<b>Increase in net assets from operations</b>		<b>179,747</b>	<b>(9,722)</b>	<b>(2,691)</b>	<b>(7,282)</b>	<b>160,052</b>
<b>Other comprehensive income</b>						
Effective portion of changes in fair value of cash flow hedges		-	-	-	(12,041)	(12,041)
<b>Total comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,041)</b>	<b>(12,041)</b>
<b>Contribution by and distribution to Stapled Securityholders</b>						
Distribution to Stapled Securityholders		-	-	(3,477)	-	(3,477)
REIT Manager's base fee paid in Stapled Securities	(a)	160	-	-	-	160
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>160</b>	<b>-</b>	<b>(3,477)</b>	<b>-</b>	<b>(3,317)</b>
<b>At 30 June 2020</b>		<b>179,907</b>	<b>(9,722)</b>	<b>(6,168)</b>	<b>(19,323)</b>	<b>144,694</b>

ARA H-REIT		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At the listing date (9 May 2019)</b>	(b)			19,916	(2,331)	17,585
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	2,417	-	2,417
<b>Increase in net assets from operations</b>		<b>-</b>	<b>-</b>	<b>22,333</b>	<b>(2,331)</b>	<b>20,002</b>
<b>Other comprehensive income</b>						
Effective portion of changes in fair value of cash flow hedges		-	-	-	(5,173)	(5,173)
<b>Total comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,173)</b>	<b>(5,173)</b>
<b>Contribution by and distribution to Stapled Securityholders</b>						
Issue of new units on Initial Public Offering		179,280	-	-	-	179,280
Issue costs		-	(10,212)	-	-	(10,212)
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>179,280</b>	<b>(10,212)</b>	<b>-</b>	<b>-</b>	<b>169,068</b>
<b>At 30 June 2019</b>		<b>179,280</b>	<b>(10,212)</b>	<b>22,333</b>	<b>(7,504)</b>	<b>183,897</b>

(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.

(b) For purpose of presenting the statement of movements in Stapled Securityholders' Funds from Listing date to 30 June 2019, the redemption of the ARA XVI Initial Stapled Securities on 9 May 2019 was included in the balance at Listing date.

**1(d)(i) Statements of Movements in Stapled Securityholders' Funds**

ARA H-BT		Stapled Security	Issue Costs	Revenue Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000
<b>At 1 January 2020</b>		319,187	(6,652)	17,503	330,038
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(10,347)	(10,347)
<b>Increase in net assets from operations</b>		<b>319,187</b>	<b>(6,652)</b>	<b>7,156</b>	<b>319,691</b>
<b>Contribution by and distribution to Stapled Securityholders</b>					
Distribution to Stapled Securityholders		-	-	(20,386)	(20,386)
Trustee-Manager's base fee paid in Stapled Securities	(a)	160	-	-	160
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>160</b>	<b>-</b>	<b>(20,386)</b>	<b>(20,226)</b>
<b>At 30 June 2020</b>		<b>319,347</b>	<b>(6,652)</b>	<b>(13,230)</b>	<b>299,465</b>

ARA H-BT		Stapled Security	Issue Costs	Revenue Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000
<b>At the listing date (9 May 2019)</b>	(b)			<b>(3,906)</b>	<b>(3,906)</b>
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	4,194	4,194
<b>Increase in net assets from operations</b>		<b>-</b>	<b>-</b>	<b>288</b>	<b>288</b>
<b>Contribution by and distribution to Stapled Securityholders</b>					
Issue of new units on Initial Public Offering		318,720	-	-	318,720
Issue costs		-	(6,812)	-	(6,812)
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>318,720</b>	<b>(6,812)</b>	<b>-</b>	<b>311,908</b>
<b>At 30 June 2019</b>		<b>318,720</b>	<b>(6,812)</b>	<b>288</b>	<b>312,196</b>

(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.

(b) For purpose of presenting the statement of movements in Stapled Securityholders' Funds from Listing date to 31 December 2019, the redemption of the ARA XVI Initial Stapled Securities on 9 May 2019 was included in the balance at Listing date.

**1(d)(ii) Details of any changes in the Stapled Securities**

		1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>
		Units	Units
	Note	'000	'000
<b>Balance at beginning of period</b>	(a)	<b>566,971</b>	-
New Stapled Securities issued at Initial Public Offering		-	565,909
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities	(b)	371	-
<b>Total Issued Stapled Securities as at end of period</b>		<b>567,342</b>	<b>565,909</b>
<b>Stapled Securities to be issued:</b>			
REIT Manager's and Trustee-Manager's base fee payable in Stapled Securities		-	456
<b>Total Stapled Securities issued and to be issued as at end of period</b>		<b>567,342</b>	<b>566,365</b>

(a) For purposes of presentation, the redemption of 198,392,000 ARA XVI Initial Stapled Securities held by ARA XVI on 9 May 2019 was included in the balance at Listing date.

(b) 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

**1(d)(iii) Total number of issued Stapled Securities excluding treasury Stapled Securities at the end of the current financial period reported on, and as at the end of the immediately preceding year**

ARA H-Trust does not hold any treasury Stapled Securities as at 30 June 2020 and 31 December 2019. The total number of issued Stapled Securities in ARA H-Trust as at 30 June 2020 and 31 December 2019 were 567,342,000 and 566,971,000 respectively.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury Stapled Securities as at the end of the current financial period reporting on**

Not applicable.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures for the financial period from 1 January 2020 to 30 June 2020 have not been audited or reviewed by the independent auditors.

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

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the financial period from Listing date to 31 December 2019.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted SFRS(I) 16 Leases with effect from 1 January 2020. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As at 1 January 2020, the Group recorded ROU assets and corresponding lease liabilities of approximately US\$7.4 million. Such adjustments have no significant impact on net assets, total return and distributable income.

**6 Group Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the current financial period and the corresponding period of the immediately preceding financial year**

Earnings per Stapled Security:

ARA H-Trust	1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>
Weighted average number of Stapled Securities in issue ('000)	567,230	565,909
Weighted average number of Stapled Securities in issue ('000) <sup>(2)</sup>	567,230	566,365
Basic and Diluted EPS (US cents)	(3.91)	0.75

Distribution per Stapled Security:

ARA H-Trust	1H 2020	Listing Date to 30 June 2019 <sup>(1)</sup>
Number of Stapled Securities on issue at the end of period ('000)	567,342	565,909
Number of Stapled Securities on issue at the end of period ('000)	567,342	566,365 <sup>(2)</sup>
Basic and Diluted DPS (US cents)	-	1.36

<sup>(1)</sup> The comparative figures were for the period from the Listing date of 9 May 2019 to 30 June 2019, extracted from ARA H-Trust's first results announcement for the same period. There is no comparative financial information for 1 January 2019 to 8 May 2019 as ARA H-Trust underwent restructuring, repayment of the existing bank facilities and the redemption of the initial Stapled Securities held by ARA XVI prior to and on the Listing date.

<sup>(2)</sup> Weighted average number of Stapled Securities in issue for the period from the Listing date to 30 June 2019 included 456,000 Stapled Securities to be issued as satisfaction of 50% of the REIT Manager's and Trustee-Manager's base management fee for the period from 9 May 2019 to 30 June 2019.

**7 Group Net Asset Value (“NAV”) per Stapled Security and Net Tangible Asset (“NTA”) per Stapled Security at the end of current financial period and immediately preceding financial year**

ARA H-Trust	As at 30 June 2020	As at 31 December 2019
NAV and NTA per Stapled Security (US\$)	0.77	0.87

**8 Review of the performance of the Group**

Please refer to section 9 on the review of the performance against the forecast as disclosed in the Prospectus.



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

ARA H-Trust	Note	1H 2020		
		Actual	Forecast	Variance
		US\$'000	US\$'000	%
Revenue	(a)	39,345	94,508	(58.4%)
Operating expenses	(b)	(33,504)	(56,402)	40.6%
<b>Gross operating profit</b>	(c)	<b>5,841</b>	<b>38,106</b>	<b>(84.7%)</b>
Hotel management fee	(d)	(1,181)	(2,835)	58.3%
Property taxes	(e)	(5,563)	(4,602)	(20.9%)
Other expenses		(1,115)	(1,187)	6.1%
<b>Net Property Income</b>		<b>(2,018)</b>	<b>29,482</b>	<b>N.M.</b>
Depreciation and amortisation		(12,909)	(12,495)	(3.3%)
REIT Manager's and Trustee-Manager's Management fees	(f)	-	(2,070)	100.0%
Trustee-Manager's trustee fee		(60)	(60)	0.0%
REIT Trustee's fee		(57)	(53)	(7.5%)
Net finance costs		(5,675)	(5,427)	(4.6%)
Other trust expenses	(g)	(1,433)	(1,243)	(15.3%)
<b>Net (loss)/income for the period before tax</b>		<b>(22,152)</b>	<b>8,134</b>	<b>N.M.</b>
Taxation	(h)	(9)	(860)	99.0%
<b>Net (loss)/income for the period after tax</b>		<b>(22,161)</b>	<b>7,274</b>	<b>N.M.</b>
Add:				
Distribution adjustments	(i)	22,161	12,390	78.9%
<b>Distributable Income</b>		<b>-</b>	<b>19,664</b>	<b>(100.0%)</b>

N.M. - not meaningful

**Notes:**

(a)	<p><b>Revenue</b></p> <p>The portfolio's performance in 1H 2020 was adversely impacted by the COVID-19 pandemic, with significant drop in hotel occupancies and temporary hotel closures resulting in significant declines in revenue. The portfolio recorded occupancy of 43.2% compared to forecast at 75.6%. Average Daily Rate ("ADR") was 15% lower than forecast at US\$111. As a result, gross revenue was lower by 58.4% from forecast.</p>
(b)	<p><b>Operating expenses</b></p> <p>Room expenses was lower than forecast in line with the decrease in room revenue. The Managers implemented swift action plans since March 2020 to substantially reduce operating costs, including the temporary suspension and consolidation of hotel operations, and comprehensive cost and labor reductions.</p>
(c)	<p><b>Gross operating profit</b></p> <p>Gross operating profit was lower than forecast primarily due to lower gross revenue as a result of the impact of the COVID-19 pandemic.</p>
(d)	<p><b>Hotel management fee</b></p> <p>Hotel management fee is based on 3% of the total revenue. Hotel management fee was lower than forecast due to lower total revenue.</p>
(e)	<p><b>Property Taxes</b></p> <p>Property taxes recognized based on receipt of notices during 1H 2020 is higher than forecast.</p>
(f)	<p><b>REIT Manager's and Trustee-Manager's management fees</b></p> <p>REIT Manager's and Trustee-Manager's management fees are calculated based on 10.0% of ARA H-Trust's distributable income. No management fees are payable for 1H 2020.</p>
(g)	<p><b>Other trust expenses</b></p> <p>Other trust expenses for 1H 2020 were higher than forecast primarily due to professional fees accrued as a result of the larger portfolio.</p>
(h)	<p><b>Taxation</b></p> <p>Taxation was lower than forecast primarily due to operating losses incurred for 1H 2020.</p>
(i)	<p><b>Distribution adjustments</b></p> <p>Relates to adjustments for non-cash depreciation and amortisation, amortisation of upfront debt-related costs, interest expenses on lease liabilities, deferred tax expense and upward adjustment to arrive at NIL distributable income for 1H 2020.</p>

**10 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**

Prior to the COVID-19 outbreak in the U.S., the U.S. hotel RevPAR growth in the first two months of this year was on an uptick trend with RevPAR increasing by 2.2% and 1.7% in January and February<sup>1</sup> from the same period last year respectively.

The COVID-19 outbreak upended the growth trajectory of the U.S. economy and hospitality industry in mid-March 2020. In 2Q 2020, the U.S. economy contracted by 33%<sup>2</sup> as a result of the drastic containment and lockdown measures undertaken by government authorities to flatten the curve of the pandemic spread. These have caused unprecedented impact on the U.S. hotel market as hotels grappled with the extraordinary drop in hotel demand and occupancies due to travel halt. As a result, a significant decline in top-line performance occurred with U.S. hotel RevPAR in 1H 2020 dropping close to 46% from the corresponding period last year<sup>3</sup>.

In response to the COVID-19 pandemic, the Managers have taken swift cost mitigation and capital preservation measures in an effort to stabilize the performance of the portfolio and safeguard the interests of Stapled Securityholders. The Managers intend to maintain a durable financial position through prudent and proactive capital management. A 12-month loan covenants waiver has been secured in relation to the existing loan facilities for the period from 1 April 2020 up to 31 March 2021.

The unpredictable duration and magnitude of the COVID-19 pandemic continue to present significant challenges to the U.S. hotel market. Consequently, the full impact of the on-going disruption on near term operating performance remains difficult to assess. Accordingly, the Managers will continue to focus on mitigating operating risks, preserving liquidity and the value of the assets in anticipation of market recovery and stabilization in due course.

**11 Distributions**

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

<sup>1</sup> STR Report for the months of January and February 2020  
<sup>2</sup> U.S. Bureau of Economic Analysis, July 2020  
<sup>3</sup> STR Report for the month of June 2020

**12 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 2020. Please refer to Sections 9 and 10 for further details.

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

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

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

We would like to highlight that there is uncertainty relating to the carrying amounts of the Group's land and buildings 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 as at 30 June 2020, due to the impact of COVID-19.

The COVID-19 pandemic has caused unprecedented impact on both the U.S. economy and hospitality industry and the situation remains fluid and evolving, resulting in significant market uncertainty, particularly in the short term. There is a lack of visibility regarding future cash flows and market transactions available for benchmarking, as well as insufficient reliability in relevant data underpinning industry-standard valuation assumptions. This has led to challenges in obtaining appropriate and reliable property valuations.

The Managers are of the view that under these uncertain circumstances, with the lack of reliable input data at this time, it may be difficult to reasonably and reliably quantify any impact on the carrying amounts of the Group's properties as some of the key assumptions and estimates used to derive valuations require significant judgment and would be arbitrary. The carrying amount of the Group's properties as at 30 June 2020 is based on the independent valuations as at 31 December 2019 and has not taken into account any potential impact of COVID-19.

For illustrative purposes, the impact arising from a decline of every 1% in the value of the Group's portfolio of properties is as follows:

	As at 30 June 2020	Illustrative Impact	Pro Forma
Properties' Carrying Value (US\$million)	783.4	(7.8)	775.6
NAV per Stapled Security (US\$)	0.77	(0.01)	0.76
Aggregate Leverage (%)	42.5	0.4	42.9

The above illustration (i) assumes that all other variables are constant and (ii) is a sensitivity analysis for illustrative purposes on the impact of a decline in valuation of the Properties and does not represent the Managers' views on where the valuations might end up. In line with the requirements of the Property Funds Appendix, ARA H-Trust will commission an independent valuation of its Properties once a year in December. Given the volatile nature of the current situation caused by the COVID-19 pandemic, the Managers believe that such a valuation would provide a more meaningful and reliable update to Stapled Securityholders. The Managers will continue to closely monitor the evolving situation and perform property valuation by the end of the financial year.

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 2020 to be false or misleading in any material respect.

## **15 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 2020

Seow Bee Lian  
 Director  
 5 August 2020



**ARA US Hospitality Trust**  
**Unaudited Financial Statements Announcement**  
**For the Six Months Ended 30 June 2020**

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**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.