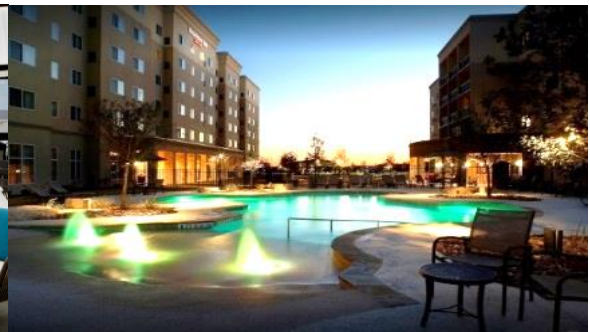
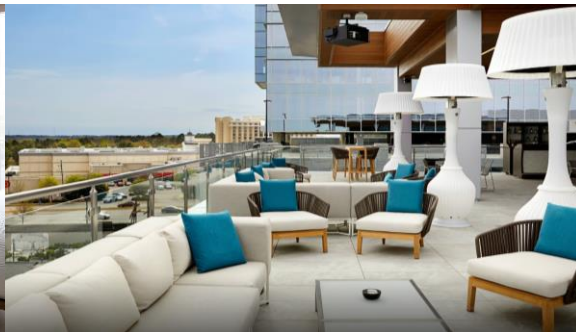




# ARA US HOSPITALITY TRUST

## 1H 2020 FINANCIAL RESULTS

05 AUG 2020



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# CONTENT

- U.S. HOTEL MARKET UPDATE
- 1H 2020 PERFORMANCE
- FORGING AHEAD



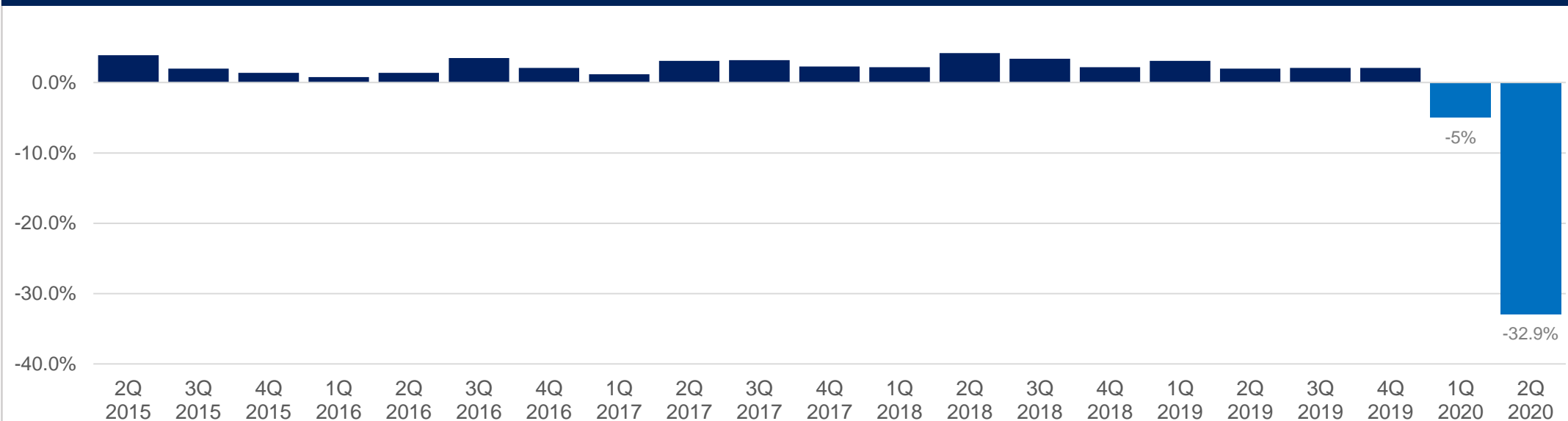


# **U.S. HOTEL MARKET UPDATE**

# U.S. Economy Hit By Pandemic-induced Lockdown

Unemployment and CPI displayed signs of improvement towards Jun 2020

**U.S. Real GDP Growth (% change from preceding quarter)**



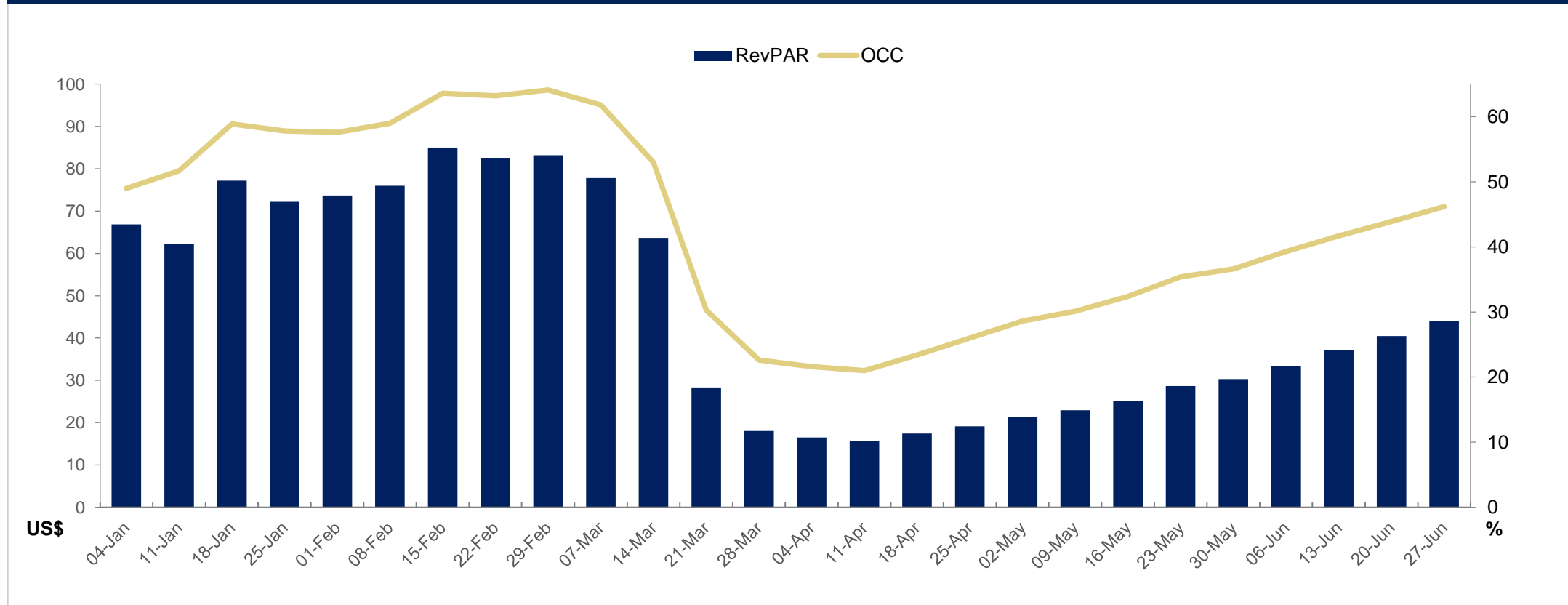
- In 2Q 2020, the U.S. economy contracted by 32.9% - the steepest quarterly decline since 1940s
- Unemployment rate improved to 11.1% in Jun 2020 after spiking in Apr 2020
- CPI increased marginally by 0.6% in June with a recovery in oil and food prices
- Fed funds rate kept at targeted 0-0.25% to stimulate economy

# Uptick in U.S. Hotel Demand Reveals Green Shoots in Recovery



Occupancy and RevPAR on gradual recovery trend with phased re-opening of states

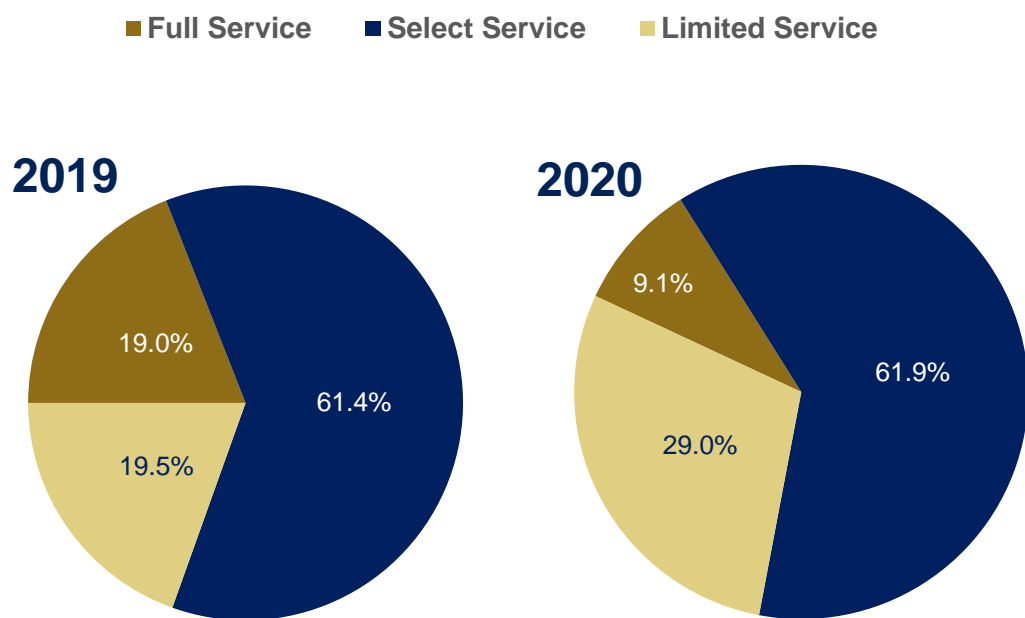
**U.S. Market Weekly RevPAR and Occupancy (Jan – Jun 2020)**



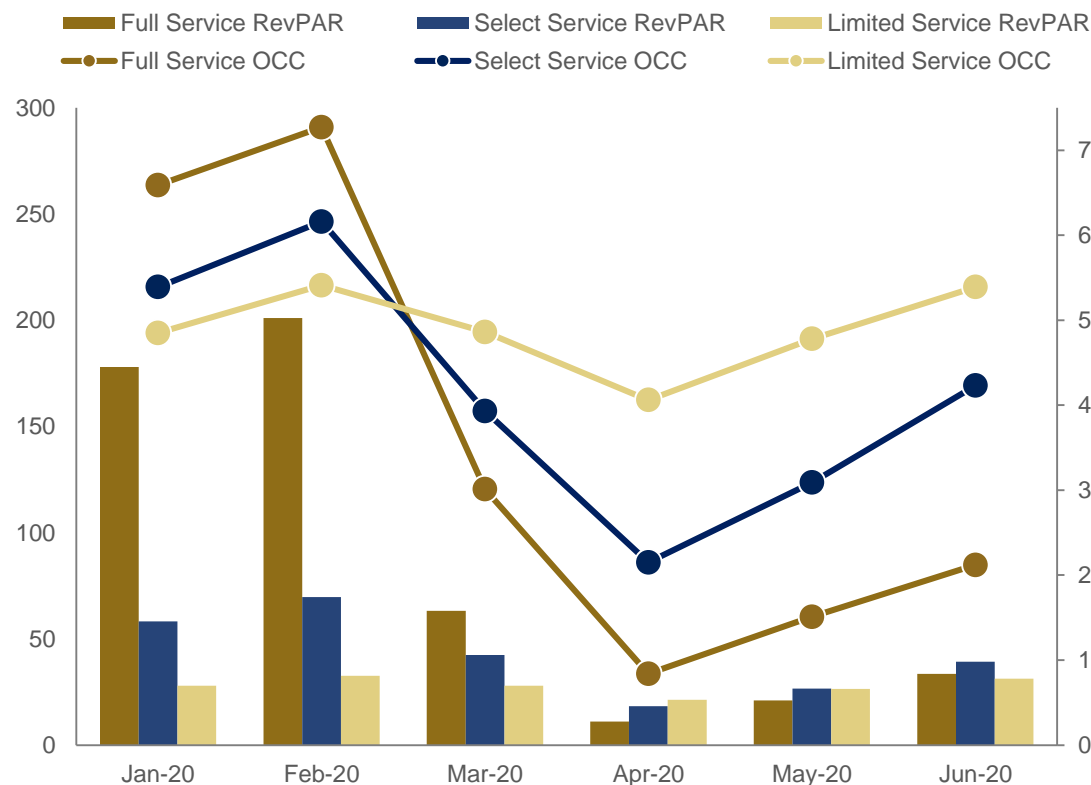
# Slight Shift in Demand from Full to Limited Service Hotels

Limited service and select service hotels lead recovery trajectory post COVID-19 pandemic

**U.S. Demand by Segment Comparison (Month of Jun)**



**U.S. Occ and RevPAR by Segment (Jan – Jun 2020)**





# 1H 2020 PERFORMANCE



# Key Performance Indicators



Jan - Jun 2020

	1Q 2020	2Q 2020	1H 2020
<b>Portfolio Performance</b>			
Occupancy <sup>1</sup>	54.8%	24.6%	<b>43.2%</b>
RevPAR	US\$63	US\$24	<b>US\$48</b>
RPI <sup>2</sup>	102.1%	N.A	<b>N.A</b>
<b>Financial Summary</b>			
Gross Revenue	US\$31.7 mil	US\$7.6 mil	<b>US\$39.3 mil</b>
Gross Operating Profit	US\$8.1 mil	(US\$2.3 mil)	<b>US\$5.8 mil</b>
GOP Margin	25.5%	N.M	<b>14.8%</b>
Net Property Income	US\$3.6 mil	(US\$5.6 mil)	<b>(US\$2.0 mil)</b>

<sup>1</sup> Occupancy is based on available rooms of opened hotels

<sup>2</sup> RevPAR Index; Not applicable in 2Q 2020 and 1H 2020 as data may not be accurate (due to temporary closure of competitor set hotels following the COVID-19 pandemic)

# Portfolio Performance At a Glance

Jan – Jun 2020

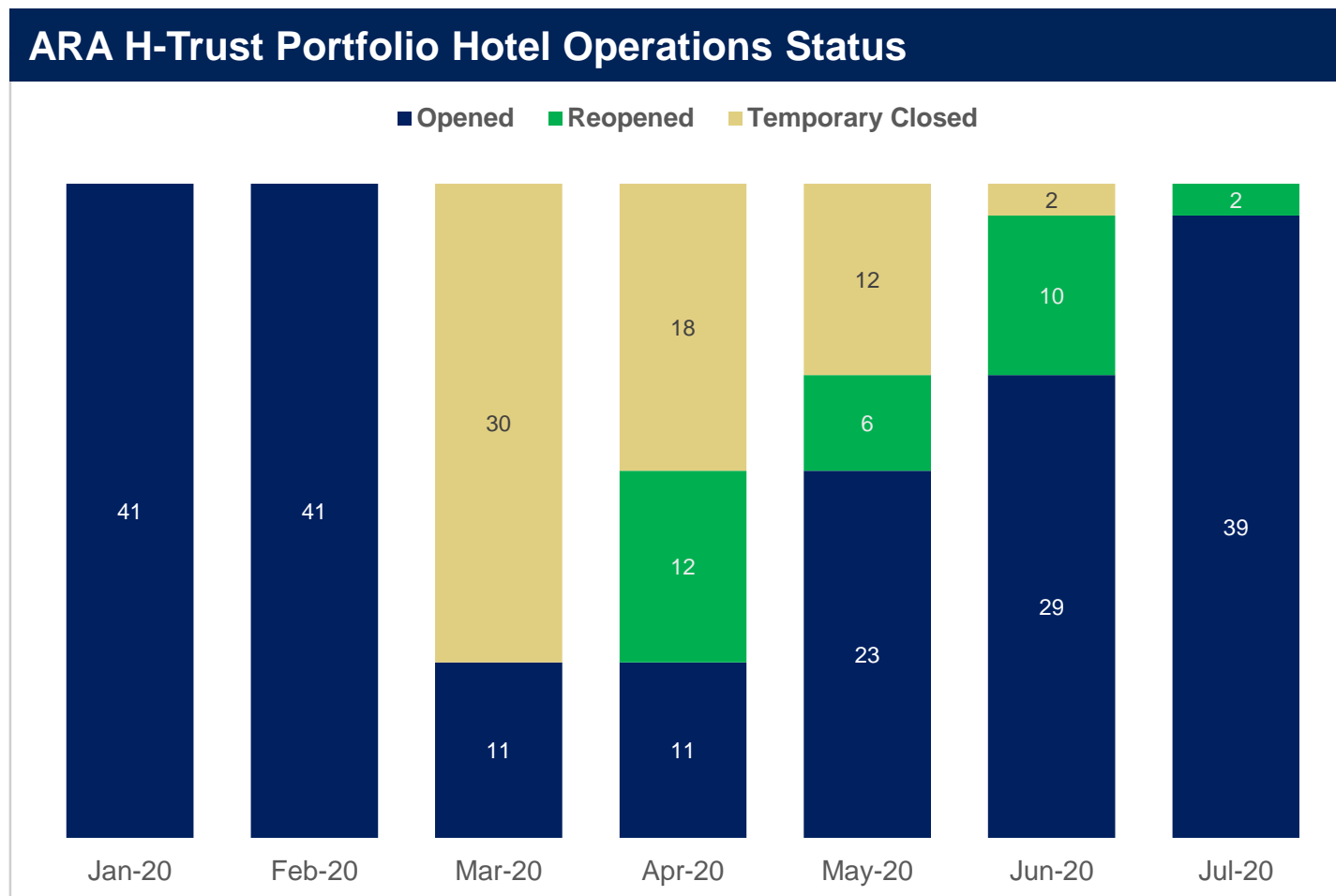
Hotel Brand	1Q 2020		2Q 2020		1H 2020	
	Occ	RevPAR	Occ <sup>1</sup>	RevPAR	Occ <sup>1</sup>	RevPAR
<b>Hyatt Portfolio</b>	54.1%	US\$61	23.7%	US\$23	<b>42.6%</b>	<b>US\$47</b>
Hyatt Place	52.8%	US\$56	22.2%	US\$20	42.3%	US\$44
Hyatt House	57.2%	US\$71	25.8%	US\$28	43.2%	US\$52
<b>Marriott Portfolio</b>	65.2%	US\$97	35.7%	US\$37	<b>52.5%</b>	<b>US\$71</b>
AC Hotels	64.0%	US\$119	34.4%	US\$43	55.1%	US\$96
Courtyard by Marriott	66.3%	US\$87	25.4%	US\$24	51.2%	US\$64
Residence Inn	65.3%	US\$83	40.5%	US\$41	51.7%	US\$60
<b>ARA H-TRUST</b>	<b>54.8%</b>	<b>US\$61</b>	<b>24.6%</b>	<b>US\$24</b>	<b>43.2%</b>	<b>US\$48</b>

- Newly-acquired Marriott portfolio outperformed the US upscale hotel segment consistently throughout 1H 2020
- Overall performance of the Trust was significantly impacted by COVID-19 pandemic and skewed by temporary closure of hotels in Mar – Jun 2020

<sup>1</sup> Occupancy is based on available rooms of opened hotels

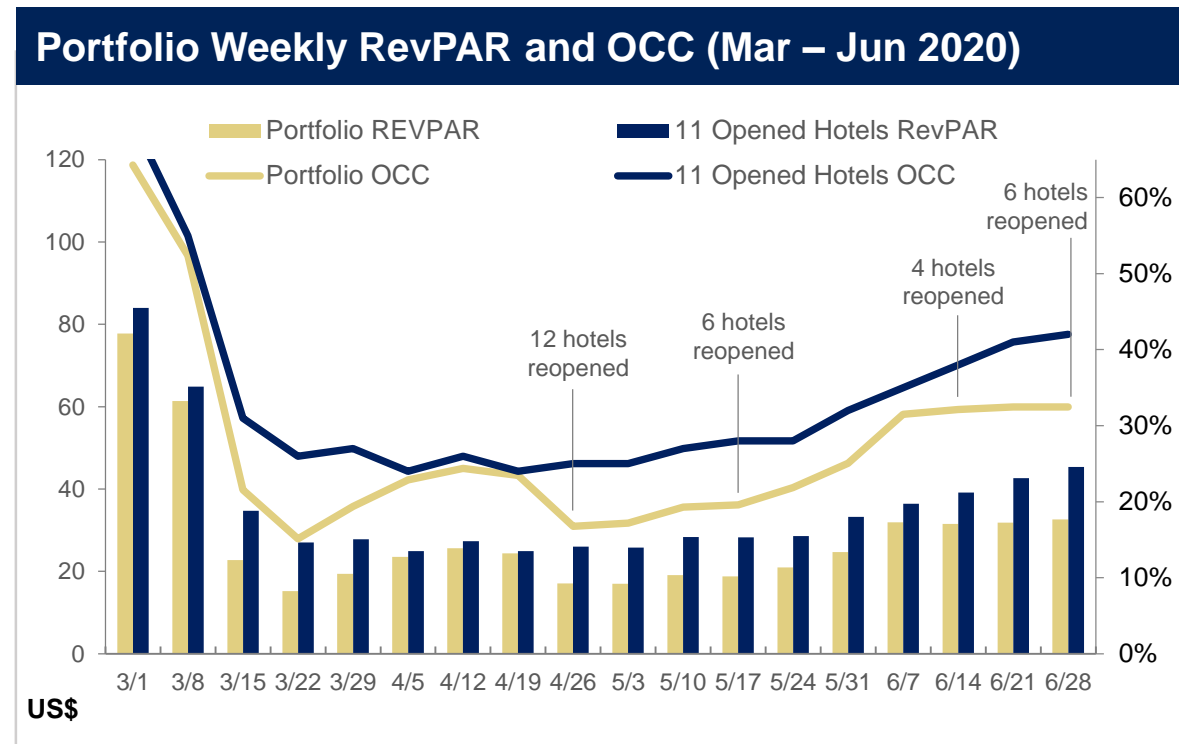
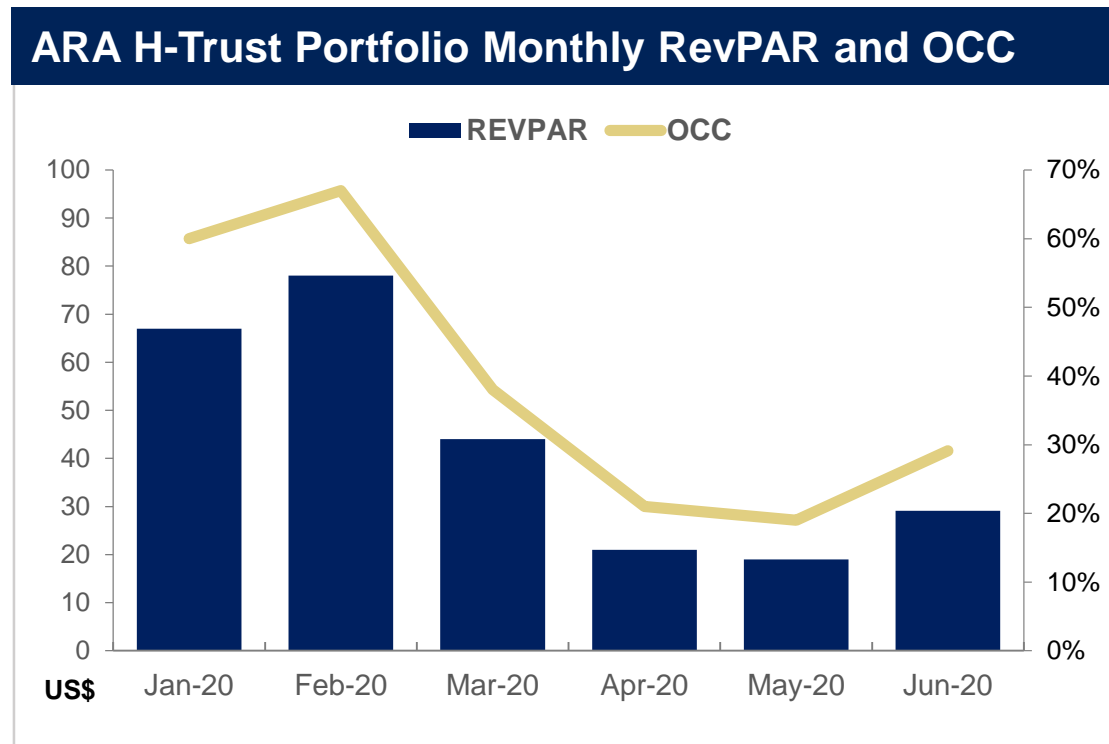
# All Temporarily Closed Hotels Reopened as of 1 Jul 2020

Gradual reopening in view of states' easing of lockdown and rising leisure demand



# Signs of Gradual Recovery After Performance Trough

Slight uptick trend following significant decline since Mar 2020

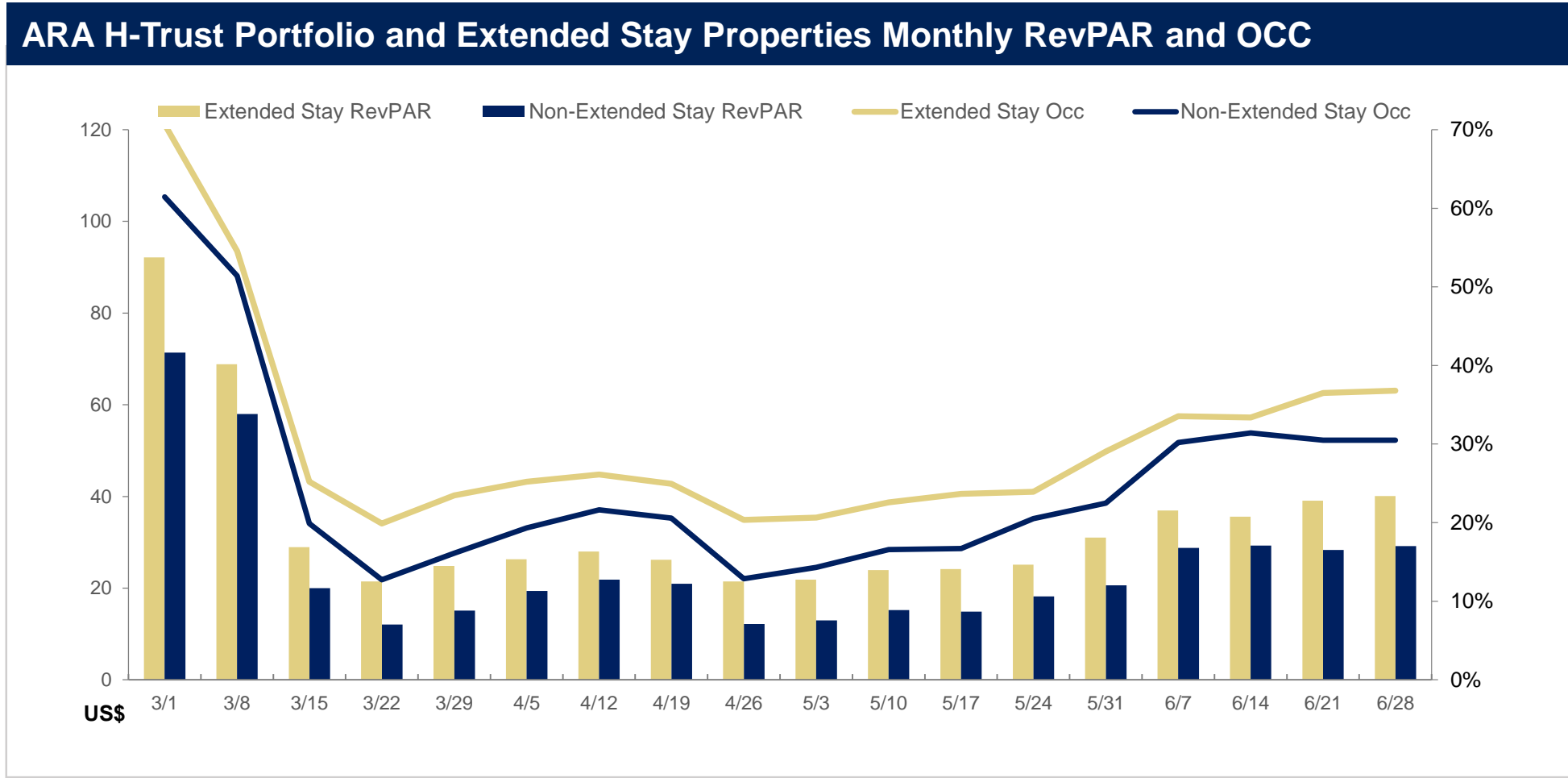


- Initial growth trend in Jan and Feb 2020 disrupted significantly by COVID-19 from mid-Mar 2020
- Slight dips in performance in the week of 26 Apr, 17 May, 14 Jun and 28 Jun due to cluster hotel reopening which require additional time to ramp up
- Uptick in monthly performance in Jun 2020 with gradual phased reopening plans in several states

# Extended Stay Hotels More Resilient Amidst COVID-19 Pandemic



Slight premium in occupancy and RevPAR sustained for Hyatt House and Residence Inn hotels



# Prudent Capital Management



1H 2020

	As at 31 Mar 2020	As at 30 Jun 2020
<b>NAV per Stapled Security</b>	US\$0.80	<b>US\$0.77</b>
<b>Cash Balance</b>	US\$22.0 mil	<b>US\$21.5 mil</b>
<b>Total Debt Outstanding</b>	US\$337.2 mil	<b>US\$347.9 mil</b>
<b>Aggregate Leverage Ratio</b>	41.0%	<b>42.5%</b>
<b>Weighted Average Debt Maturity</b>	3.8 years	<b>3.6 years</b>
<b>Average Cost of Debt (p.a.)</b>	3.8%	<b>3.5%</b>
<b>Interest Coverage Ratio</b>	3.4X	<b>1.5X</b>

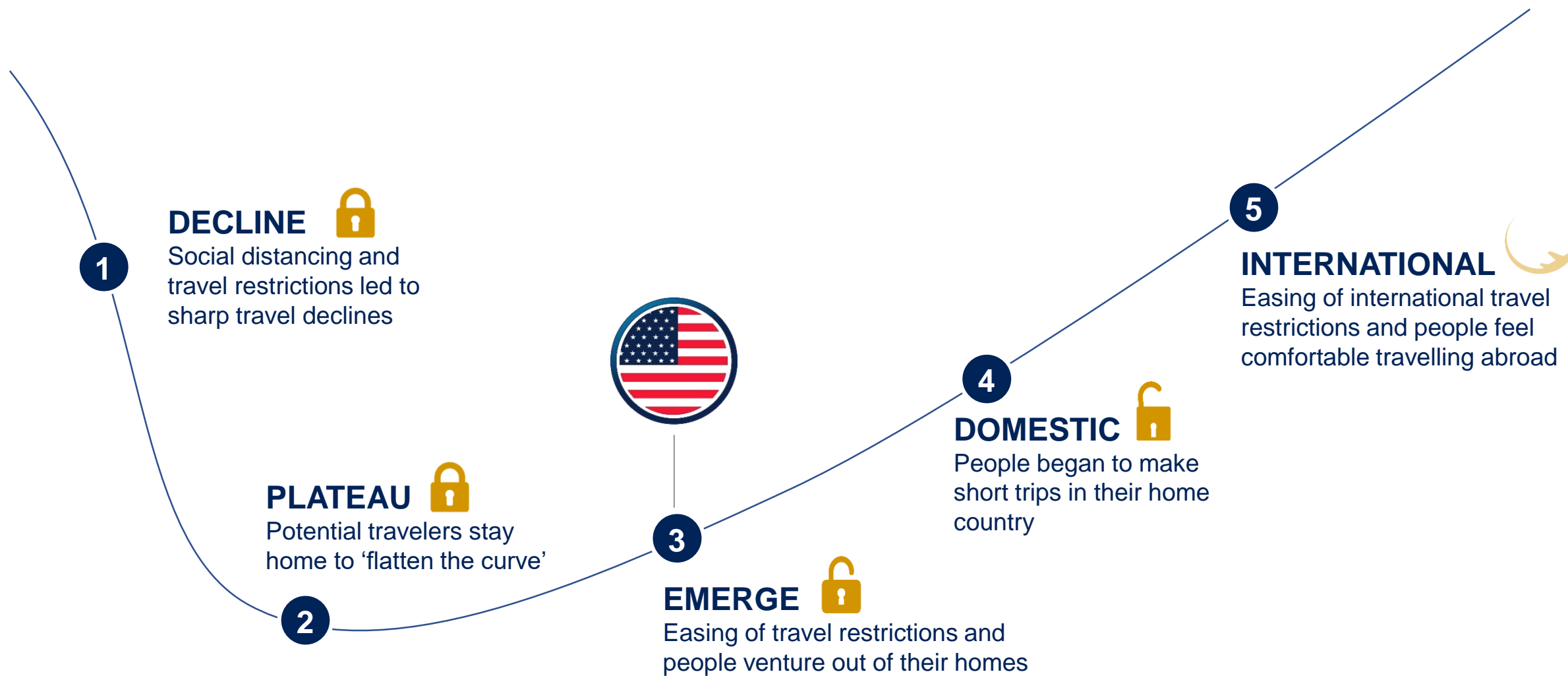
- Preservation and augmentation of liquidity and cash position with drawdown of revolving credit facility as precautionary measure
- 12-month loan covenant waiver obtained from Singapore-based relationship banks



# FORGING AHEAD

# Surge in New COVID-19 Cases may Hamper Recovery Path

Vaccine for COVID-19 remains as key catalyst for travel recovery

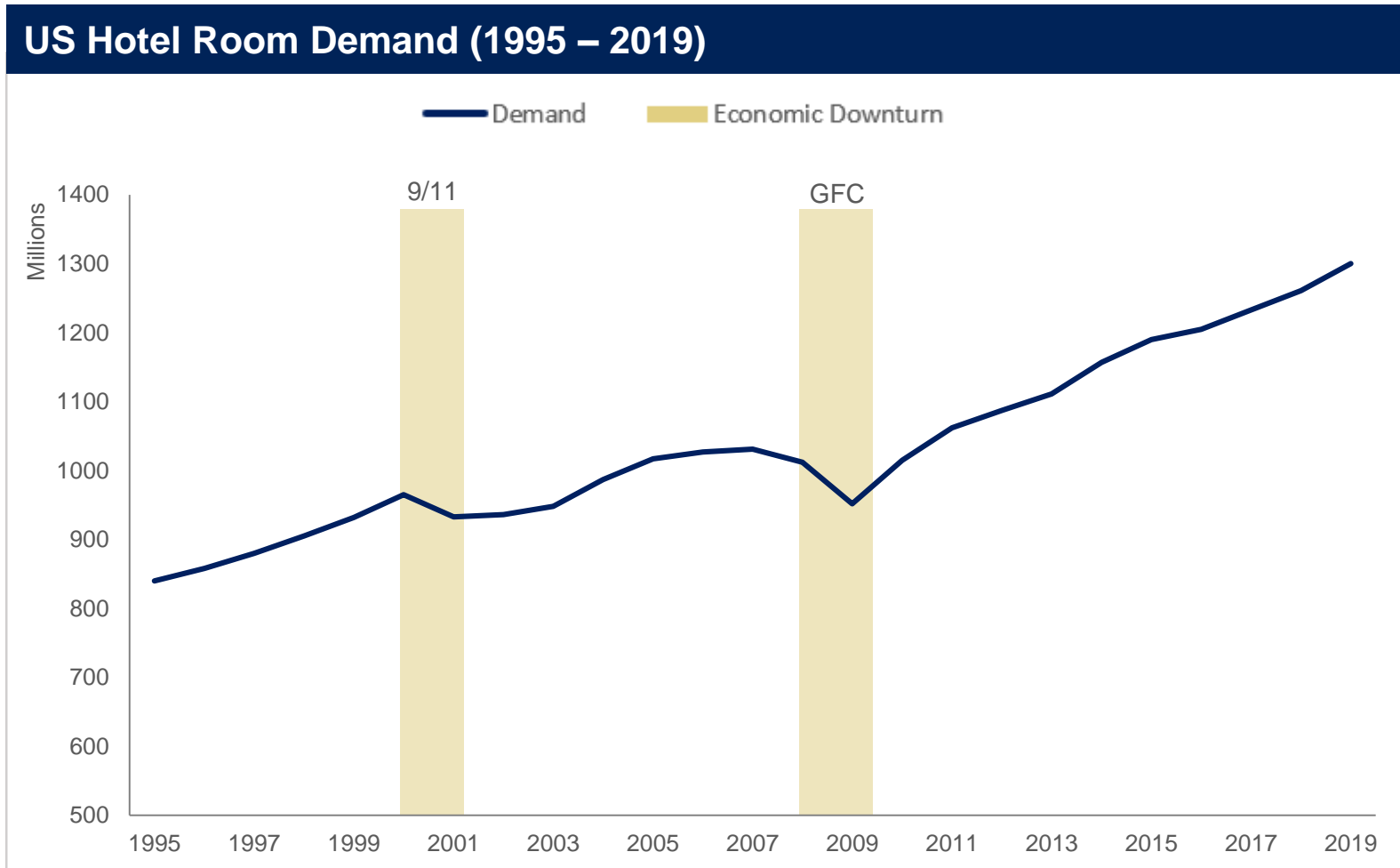




# US Hotel Demand Have Trended Higher After Recent Downturns



Long term CAGR of 1.8% with new peak formed after each economic downturn



# Identifying Opportunities Amidst the Crisis

Accentuating portfolio advantages in the near term



## Rational Hotel Supply

US hotel supply is expected to contract 1.1% in 2021<sup>1</sup> with some temporary hotel closures becoming permanent and a slowdown in new hotel supply



## Redefined Operating Model

Third-party operators now offer greater flexibility with brand requirements, deferred required FF&E<sup>2</sup> funding and reduced costs in central services



## Popular Suburban Locations

Suburban drive-to leisure locations will lead the recovery of leisure hotel demand as road trips are highly favored



## Trusted Hotel Brands

Preferences are expected to shift towards major hotel brands for greater assurance due to stringent cleanliness and hygiene precautions taken

<sup>1</sup> CBRE forecast, June 2020

<sup>2</sup> Furniture, fixtures and equipment

# ARA H-Trust's Select-Service Hotel Portfolio

Strong platform and business model managed by experienced specialist team in the U.S.



Courtyard by Marriott San Antonio Six Flags at the Rim



## Broad geographic diversification

Hotels are located across 22 states in the U.S. which reduces both dependency on certain markets and portfolio volatility



## Rooms-focused strategy

Efficient operating model of rooms-focused select-service hotels lowers operating costs and mitigates volatility in cashflows



## Higher profit margins

Upscale, select-service premium branded-hotels provide higher yield margins with simpler operating models at lower operating costs



## Strong growth potential

Upscale select-service hotels remain as one of the fastest growing segment which is highly favored by investors to target shifting preferences of travelers

# Three-pronged Strategy for Long-Term Value Creation

Focused on delivering sustainable and stable returns to Stapled Securityholders



## Proactive Asset Management

Active, hands-on portfolio management to improve NPI and enhance portfolio value



## Prudent Capital Management

Optimizing capital structure to provide financial flexibility and maintain strong balance sheet



## Yield-accretive Investment Management

Pursue acquisition opportunities to increase returns and enhance portfolio diversification

# Thank You

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