



INVESTOR UPDATE

Update on COVID-19 Pandemic

16 Apr 2020



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Update on COVID-19 Pandemic

Unprecedented challenges with uncertainty of its magnitude and duration

COVID-19 situation in the U.S. as of 31 March 2020

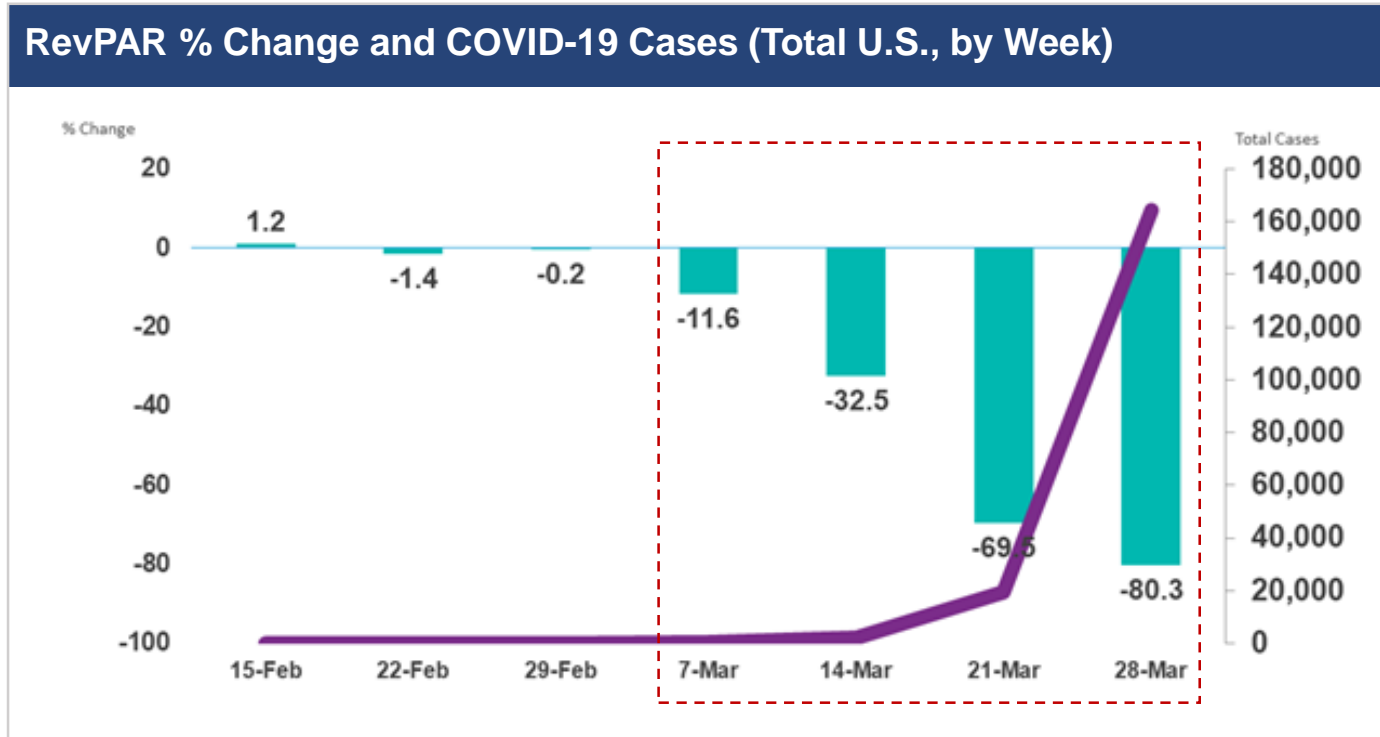
- Total confirmed COVID-19 cases increased from 98 to 188,200 from 1 March to 31 March (confirmed cases have continued to escalate and reached 637,400 as of 15 April)
- U.S. government authorities, health officials and corporations issued travel restrictions and ordered closures of non-essential businesses
- We do not know how long this situation will last. We are uncertain of the extent and depth of the demand shock from the virus containment measures being taken

Impact on U.S. hotel industry

- As COVID-19 cases accelerated in the U.S. during March 2020, the authorities took more drastic measures to flatten the case curve by issuing social distancing and other lockdown measures, halting travel and diminishing hotel demand

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Inverse relationship between U.S. COVID-19 cases and hotel RevPAR



- Decline in U.S. hotel industry's revenues is unprecedented and far exceeds the declines experienced during GFC in 2008/9 and 9/11 terrorist events in 2001

COVID-19 Impact on Portfolio



Performance swiftly declined with acceleration of the COVID-19 pandemic

Monthly Performance of ARA H-Trust Portfolio vs. U.S. Hotel Industry						
2020	US			ARA Portfolio		
Month	OCC	ADR	RevPAR	OCC	ADR	RevPAR
Jan	55.1%	\$126	\$69	60.1%	\$112	\$68
Feb	62.2%	\$131	\$81	66.5%	\$117	\$78
Mar*	41.9%	\$112	\$47	39.6%	\$116	\$46

- Our portfolio's performance is consistent with the overall U.S. hotel market trend in the first quarter and in particular, the significant decline in March's performance
- We expect market conditions and performance to worsen before getting better in the coming months

*The U.S. Hotel industry figures are based on running 28 days (Mar 1 – Mar 28) as month end numbers for March are not available from STR. The ARA Portfolio figures are calculated based on available rooms in the same period (Mar 1 - Mar 28) which is consistent with STR's methodology

Action Plans

Protecting and preserving the portfolio's performance



Identification of all sales opportunities

Review and analysis of all sales leads and alternative demand sources

- Coordination with all national and regional sales executives for both property management companies and both franchise companies
- Active targeting of U.S. federal agencies (e.g. Federal Emergency Management Agency, National Guard, Health and Human Services), traveling doctors, nurses and other healthcare professionals as potential demand sources
- Continuous dialogue with local corporate accounts in anticipation of their future travel needs
- Streamlined room categories and opened all internet discount channels
- Monitoring of the market for hotel closures and guest relocations opportunities
- Rebooking of Q2 group cancellations into Q3 & Q4

Action Plans

Comprehensive cost reductions – no stone unturned

Property management cost reductions

- 70% reduction of workforce and drastic reduction in working hours
- Elimination of all contract labor
- Managers required to cover 4 shifts per week within 50 hours per week over 6 days
- 20% salary reduction for all senior managers
- Minimal housekeeping services to reduce risks to both guests and employees
- Discontinuation of breakfast buffets and limited packaged F&B offerings for purchase
- Shutdown of courtesy shuttles, fitness centers and pools
- Extension of accounts payable to 90 days

Asset management cost reductions

- Review of all service contracts and reduction in services / schedules
- Fee concessions and waivers from Property Managers and Franchisors
- Ground rent, CAM, and tax payment deferrals and waiver requests
- Deferral of all PIP, AEI, and other non-essential capital expenditures for a year
- Rebid property insurance program to garner savings
- Review all vehicle leases and insurance coverages

Temporary suspension of operations – a calculated approach

Applying in-depth analysis and practical experience as hotel managers

- Temporary suspension and consolidation of hotel operations at over 65% of our hotels with low occupancies:
 - 15 hotels closed temporarily during the last week in March
 - 13 additional hotels scheduled to close temporarily during the first week in April
- Consolidated operations at 3 hotels to other owned assets in market
- Developed comprehensive hotel facilities, equipment and safety closure checklist
- Developed recovery analysis tool to monitor key market indicators for establishing re-opening date
- 3-manager operating model in place to provide daily coverage to protect each asset
- Created action plan to streamline procedures for a 3-day turnkey re-opening

Preserving liquidity

Weathering the storm

- Preservation and augmentation of our liquidity and cash position with a recent drawdown of our revolving credit facility as a precautionary measure
- FF&E reserve funding holiday from Franchisors received until the end of FY2020
- Applications for Paycheck Protection Program loans authorized under the recent congressionally approved CARES Act
- Constant and active engagement with our Singapore-based relationship banks

Unchartered Waters

Cautious optimism for the months ahead

The Managers believe that the unprecedented and detrimental impact of the COVID-19 pandemic on both the U.S. economy and hospitality industry will adversely affect the performance of ARA H-Trust in the coming quarters.

- It is uncertain how long this crisis will last or how fast or slow the recovery will be, but we are certain there will be a recovery
- We believe we have sufficient liquidity and resources to sustain and weather this challenging period
- We remain confident in the strength of our platform and business model as well as our experienced and hands-on executive team based in the U.S.
- We are highly committed to safeguard the interests of Stapled Securityholders, well-being and safety of our guests and employees
- We believe that once travel resumes, trends will favor value-priced, transient guest-oriented, compact hotels located in drive-to markets such as our portfolio
- We will continue to closely monitor the evolving situation and will provide timely updates



Thank You

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