



ARA US HOSPITALITY TRUST
 Unaudited Financial Statements Announcement
 For the period from 9 May 2019 (Listing date) to 30 June 2019

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DBS Bank Ltd. is the Sole Issue Manager for the initial public offering of the Stapled Securities in ARA US Hospitality Trust (the "Offering"). DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited are the Joint Financial Advisers and Joint Global Coordinators for the Offering. DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited and Credit Suisse (Singapore) Limited are 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-REIT 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.

ARA H-Trust is presenting its financial results for the period from 9 May 2019, being the Listing date, to 30 June 2019. The financial information presented has not been audited but has been reviewed by the independent auditors in accordance with Singapore Standard on Review Engagements.

Distribution Policy

ARA H-REIT’s and ARA H-BT’s distribution policies are to distribute 100% of distributable income for the period from the Listing date to 31 December 2019, and the financial year ending 31 December 2020, and thereafter, to distribute at least 90% of its distributable income. The distributions will be made on a semi-annual basis, with the first distribution, which will be in respect of the period from the Listing date to 31 December 2019, to be paid on or before 31 March 2020. 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	9 May 2019 to 30 June 2019		
	Actual	Forecast	Change
	US\$'000	US\$'000	%
Gross Revenue	28,823	29,195	(1.3%)
Net Property Income	9,862	9,821	0.4%
Distributable Income	7,677	7,439	3.2%
Distribution per Stapled Security ("DPS") (US cents)	1.36	1.31	3.8%

Notes:

- (a) No comparative financial information is presented as ARA H-Trust underwent restructuring, repayment of the existing bank facilities and the redemption of the initial Stapled Securities held by ARA Real Estate Investors XVI Limited ("ARA XVI") prior to and on the Listing date. However, where appropriate, comparisons to the profit forecast disclosed in the Prospectus dated 2 May 2019 ("forecast") will be made.
- (b) The Prospectus presented the 8-month profit forecast for the period from 1 May 2019 to 31 December 2019. Forecast results for the period from the Listing date to 30 June 2019 is derived by pro-rating the 1 May 2019 to 30 June 2019 profit forecast accordingly.
- (c) Distributable Income and DPS were 3.2% and 3.8% higher than forecast respectively. With gross revenue slightly lower than forecast by 1.3%, the portfolio occupancy remained strong at 83% with the average daily rate ("ADR") of US\$126. In addition to lower borrowing costs, the various expense management initiatives have also resulted in energy and other property expenses savings. As such, Net Property Income was slightly higher than forecast.
- (d) For illustration purposes, the annualised DPS derived by annualising the sum of the actual DPS of 1.36 US cents for the period from Listing date to 30 June 2019, and the forecast DPS for the period from 1 July 2019 to 31 December 2019, is 7.07 US cents (Forecast: 7.00 US cents), with the distribution yield remaining at 8.0% based on IPO price of US\$0.88.



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1(a)(i) Statements of Comprehensive Income

		9 May 2019 to 30 June 2019		
		ARA H-REIT	ARA H-BT	ARA H-Trust
		US\$'000	US\$'000	US\$'000
	Note			
Rental revenue	(a)	9,609	-	-
Room revenue		-	27,563	27,563
Other operating revenue		-	1,260	1,260
Total Revenue		9,609	28,823	28,823
Room expenses		-	(7,485)	(7,485)
Other operating expenses		(20)	(753)	(773)
Administrative and general expenses	(e)	(25)	(2,214)	(2,238)
Sales and marketing expenses		-	(2,215)	(2,215)
Franchise fee		-	(1,371)	(1,371)
Property operations and maintenance expenses		-	(1,471)	(1,471)
Utilities		(7)	(914)	(921)
Gross operating profit		9,557	12,400	12,349
Hotel management fee		-	(865)	(865)
Property taxes		(1,092)	(52)	(1,144)
Other expenses	(a)	(260)	(9,826)	(478)
Net Property Income		8,205	1,657	9,862
Depreciation		-	(642)	(3,059)
REIT Manager's and Trustee-Manager's Management fees	(b)	(606)	(202)	(808)
Trustee-Manager's trustee fee		-	(17)	(17)
REIT Trustee's fee		(16)	-	(16)
Net finance (cost)/income	(c)	(4,962)	3,578	(1,384)
Other trust expenses		(201)	(158)	(359)
Net income for the period before tax		2,420	4,216	4,219
Taxation		(3)	(22)	23
Net income for the period after tax		2,417	4,194	4,242
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Effective portion of changes in fair value of cash flow hedges	(d)	(5,173)	-	(5,173)
Total comprehensive income for the period		(2,756)	4,194	(931)

1(a)(ii) Statement of Distributable Income

	9 May 2019 to 30 June 2019
	ARA H-Trust
	US\$'000
Net income for the period after tax	4,242
Add/(less): Distribution adjustments	
Depreciation	3,059
Amortisation of upfront debt-related costs	21
Manager's fees paid/payable in Stapled Securities	404
Deferred tax credits	(49)
Net distribution adjustments	3,435
Distributable income	7,677

Notes to Statement of Comprehensive Income and Distributable Income:

(a)	Rental revenue and Other expenses	Relates to rental income earned by ARA H-REIT under the master lease agreement, and recorded in other expenses by ARA H-BT.																																															
(b)	REIT Manager's and Trustee-Manager's Management fees	The Managers have elected to receive 50% of its base fees in the form of Stapled securities for the period from Listing date to end of 2020.																																															
(c)	Net finance (cost)/income	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3" style="text-align: center;">9 May 2019 to 30 June 2019</th> </tr> <tr> <th style="text-align: center;">ARA H-REIT US\$'000</th> <th style="text-align: center;">ARA H-BT US\$'000</th> <th style="text-align: center;">ARA H-Trust US\$'000</th> </tr> </thead> <tbody> <tr> <td>Interest income</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Interest income from fixed deposits</td> <td style="text-align: right;">33</td> <td style="text-align: right;">44</td> <td style="text-align: right;">77</td> </tr> <tr> <td>Interest income from loan to related corporation</td> <td style="text-align: right;">21</td> <td style="text-align: right;">3,555</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">54</td> <td style="text-align: right;">3,599</td> <td style="text-align: right;">77</td> </tr> <tr> <td>Finance expenses</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amortisation of debt related transaction costs</td> <td style="text-align: right;">(21)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(21)</td> </tr> <tr> <td>Interest paid/payable to banks</td> <td style="text-align: right;">(1,440)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(1,440)</td> </tr> <tr> <td>Interest paid/payable to related corporation</td> <td style="text-align: right;">(3,555)</td> <td style="text-align: right;">(21)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;">(5,016)</td> <td style="text-align: right;">(21)</td> <td style="text-align: right;">(1,461)</td> </tr> <tr> <td>Net finance (cost)/income</td> <td style="text-align: right;">(4,962)</td> <td style="text-align: right;">3,578</td> <td style="text-align: right;">(1,384)</td> </tr> </tbody> </table>		9 May 2019 to 30 June 2019			ARA H-REIT US\$'000	ARA H-BT US\$'000	ARA H-Trust US\$'000	Interest income				Interest income from fixed deposits	33	44	77	Interest income from loan to related corporation	21	3,555	-		54	3,599	77	Finance expenses				Amortisation of debt related transaction costs	(21)	-	(21)	Interest paid/payable to banks	(1,440)	-	(1,440)	Interest paid/payable to related corporation	(3,555)	(21)	-		(5,016)	(21)	(1,461)	Net finance (cost)/income	(4,962)	3,578	(1,384)
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(d)	Effective portion of changes in fair value of cash flow hedges	Relates to fair value changes of the interest rate swaps entered into for hedging purposes. This has no impact on distributable income.																																															
(e)	Allowance for doubtful debts and bad debts written off	Allowance for doubtful debts and bad debts written off for the period amounted to US\$30,000 for ARA H-BT and ARA H-Trust.																																															



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1(b)(i) Statements of Financial Position

As at 30 June 2019				
		ARA H-REIT	ARA H-BT	ARA H-Trust
	Note	US\$'000	US\$'000	US\$'000
Non-current assets				
Investment properties	(a)	696,868	-	-
Property, plant and equipment	(a)	-	28,941	716,101
Loan to related corporation	(b)	-	272,000	-
		696,868	300,941	716,101
Current assets				
Inventories		-	403	403
Trade and other receivables		14,529	5,766	5,980
Cash and cash equivalents		7,866	32,633	40,499
		22,395	38,802	46,882
Total assets		719,263	339,743	762,983
Non-current liabilities				
Loan from related corporation	(b)	272,000	-	-
Loans and borrowings	(c)	243,668	-	243,668
Derivative financial liabilities	(d)	7,504	-	7,504
Deferred tax liabilities		2,551	-	2,551
Other payables		125	-	125
		525,848	-	253,848
Current liabilities				
Trade and other payables		3,566	27,557	16,807
Tax payable		3	22	26
		3,569	27,579	16,833
Total liabilities		529,417	27,579	270,681
Represented by:				
Stapled Securityholders' funds		189,846	312,164	492,302

Notes to Statement of Financial Position:

(a)	<p>Investment properties and Property, plant and equipment</p> <p>Land and buildings comprise the 38 Hyatt 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. Property, plant and equipment are reported at fair value less accumulated depreciation.</p>
(b)	<p>Loan to/(from) related corporation</p> <p>Relates to interest bearing loan extended by ARA H-BT to ARA H-REIT.</p>
(c)	<p>Loans and borrowings</p> <p>Please refer to section 1(b)(ii) for more information.</p>
(d)	<p>Derivative financial liabilities</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

ARA H-Trust	As at 30 June 2019	
	Secured	Unsecured
	US\$'000	US\$'000
Amount repayable within one year	-	-
Amount repayable after one year	244,325	-
	244,325	-
Less: unamortised upfront debt-related costs	(657)	-
	243,668	-

Details of loans and borrowings, and collaterals

The Group has in place committed USD loan facilities as follows:

- Secured term loan and letter of credit facilities of up to US\$260.8 million
- Unsecured revolving facility of up to US\$10.0 million

As at 30 June 2019, the Group has drawn down 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.



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1(c) Statements of Cash Flows

		9 May 2019 to 30 June 2019		
		ARA H-REIT	ARA H-BT	ARA H-Trust
		US\$'000	US\$'000	US\$'000
	Note			
Cash flows from operating activities				
Net income before tax		2,420	4,216	4,219
Adjustments for:				
Allowance for doubtful debts and bad debts written off		-	30	30
Depreciation of property, plant and equipment		-	642	3,059
Net finance costs / (income)		4,962	(3,578)	1,384
Manager's base fee paid/payable in Stapled securities		202	202	404
Operating income before working capital changes		7,584	1,512	9,096
Changes in working capital:				
Inventories		-	(13)	(13)
Trade and other receivables		(7,125)	3,239	(4,706)
Trade and other payables		1,158	4,253	6,230
Net cash from operating activities		1,617	8,991	10,607
Cash flows from investing activities				
Interest received		33	3,590	69
Payment for capital expenditure		(117)	(812)	(929)
Issuance of loan to related corporation		-	(272,000)	-
Net cash used in investing activities		(84)	(269,222)	(860)

1(c) Statement of Cash Flows

	Note	9 May 2019 to 30 June 2019		
		ARA H-REIT	ARA H-BT	ARA H-Trust
		US\$'000	US\$'000	US\$'000
Cash flows from financing activities				
Proceeds from issuance of Stapled securities	(a)	179,280	318,720	498,000
Redemption of existing units	(b)	(140,845)	(33,720)	(174,565)
Payment of transaction costs relating to the issuance of Stapled securities	(b)	(10,212)	(6,812)	(17,024)
Repayment of existing loan facilities	(b)	(540,000)	-	(540,000)
Repayment of loans and borrowings		(7,500)	-	(7,500)
Proceeds from loans and borrowings		251,825	-	251,825
Payment of transaction costs relating to new loan facilities	(b)	(677)	-	(677)
Proceeds from loan from related corporation		272,000	-	-
Interest paid		(4,915)	-	(1,360)
Net cash (used in) / from financing activities		(1,044)	278,188	8,699
Net increase in cash and cash equivalents		489	17,957	18,446
Cash and cash equivalents at beginning of the year		7,377	14,676	22,053
Cash and cash equivalents at end of the year		7,866	32,633	40,499

Notes to Statements of Cash Flows

- (a) 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.
- (b) The use of proceeds raised from the initial public offering is in accordance with the stated uses as disclosed in the Prospectus, and is set out below: -

	Actual	Per Prospectus	Variance
	US\$'000	US\$'000	US\$'000
Redemption of existing units and repayment of existing loan facilities	715,242	715,242	-
Transaction costs	17,701	28,063	10,362
Working capital	6,520	6,520	-
	739,463	749,825	10,362

The favorable variance is largely due to savings in IPO related fees and GST refund on the transaction costs. These savings will be used for working capital purposes. The Managers will make the appropriate announcements regarding any material development on the use of proceeds in compliance with the listing requirements of the SGX-ST, as and when required.



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

		ARA H-REIT	ARA H-BT	ARA H-Trust
	Note	US\$'000	US\$'000	US\$'000
Balance at Listing date (9 May 2019)	(a)	23,534	(3,938)	12,306
Operations				
Total income for the period attributable to unitholders		2,417	4,194	4,242
Increase in net assets from operations		25,951	256	16,548
Hedging Reserve				
Effective portion of changes in fair value of cash flow hedges		(5,173)	-	(5,173)
Revaluation Reserve				
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	(49)
Unitholders' transactions				
Issue of new units on Initial Public Offering		179,280	318,720	498,000
Issue costs		(10,212)	(6,812)	(17,024)
Increase in net assets from unitholders' transactions		169,068	311,908	480,976
Balance as at 30 June 2019		189,846	312,164	492,302

(a) 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)(ii) Details of any changes in the Stapled Securities

		9 May 2019 to 30 June 2019
ARA H-Trust	Note	'000
Balance at Listing date	(b)	-
New Stapled Securities issued at Initial Public Offering		565,909
Total Issued Stapled Securities as at end of period		565,909
Stapled Securities to be issued:		
REIT Manager's and Trustee-Manager's base fee payable in Stapled Securities	(c)	456
Total Stapled Securities issued and to be issued as at end of period		566,365

(b) 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.

(c) The Stapled Securities to be issued to the REIT Manager and Trustee-Manager in satisfaction of 50% of their management base fees for the period from 9 May 2019 to 30 June 2019. The number of Stapled Securities is determined based on volume weighted average price for the last 10 business days immediately preceding 30 June 2019.

1(d)(iii) Total number of issued Stapled Securities excluding treasury Stapled Securities at the end of the current financial period reported on

ARA H-Trust does not hold any treasury Stapled Securities as at 30 June 2019. The total number of issued Stapled Securities in ARA H-Trust was 565,909,000 as at 30 June 2019.

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 9 May 2019 to 30 June 2019 have not been audited but have been reviewed by the independent auditors in accordance with Singapore Standard on Review Engagements 2410 *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*.

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

Please see attached review report.

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

There is no change in the accounting policies and methods of computation adopted as disclosed in the Prospectus.

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

There is no change in the accounting policies and methods of computation adopted.

6 Group Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period

Earnings per Stapled Security:

	9 May 2019 to 30 June 2019
	ARA H-Trust
Weighted average number of Stapled Securities in issue ('000)	565,909
Weighted average number of Stapled Securities in issue ('000) ⁽¹⁾	566,365
Basic and Diluted EPS (US cents)	<u>0.75</u>

Distribution per Stapled Security:

	9 May 2019 to 30 June 2019
	ARA H-Trust
Weighted average number of Stapled Securities in issue ('000)	565,909
Weighted average number of Stapled Securities in issue ('000) ⁽¹⁾	566,365
Basic and Diluted DPS (US cents)	<u>1.36</u>

⁽¹⁾ Included 456,000 Stapled Securities to be issued as satisfaction of 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

	9 May 2019 to 30 June 2019
	ARA H-Trust
NAV and NTA per Stapled Security (US\$)	<u>0.87</u>

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.



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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	9 May 2019 to 30 June 2019		
		Actual US\$'000	Forecast US\$'000	Variance %
Room revenue		27,563	27,931	(1.3%)
Other operating revenue		1,260	1,264	(0.3%)
Total Revenue		28,823	29,195	(1.3%)
Room expenses		(7,485)	(7,609)	1.6%
Other operating expenses		(773)	(757)	(2.1%)
Administrative and general expenses		(2,238)	(2,340)	4.4%
Sales and marketing expenses		(2,215)	(2,205)	(0.5%)
Franchise fee		(1,371)	(1,399)	2.0%
Property operations and maintenance expenses		(1,471)	(1,512)	2.7%
Utilities	(a)	(921)	(1,072)	14.1%
Gross operating profit	(a)	12,349	12,301	0.4%
Hotel management fee		(865)	(876)	1.3%
Property taxes		(1,144)	(1,261)	9.3%
Other expenses	(b)	(478)	(343)	(39.4%)
Net Property Income		9,862	9,821	0.4%
Depreciation	(c)	(3,059)	(3,496)	12.5%
REIT Manager's and Trustee-Manager's Management fees		(808)	(801)	(0.9%)
Trustee-Manager's trustee fee		(17)	(17)	-
REIT Trustee's fee		(16)	(15)	(6.7%)
Net finance costs	(d)	(1,384)	(1,581)	12.5%
Other trust expenses		(359)	(363)	1.1%
Net income for the period before tax		4,219	3,548	18.9%
Taxation		23	(28)	182.1%
Net income for the period after tax		4,242	3,520	20.5%
Add:				
Distribution adjustments	(e)	3,435	3,919	(12.3%)
Distributable Income		7,677	7,439	3.2%

N.M. - not meaningful

Notes:

(a)	<p>Gross operating profit</p> <p>Gross operating profit remained in line with forecast as a result of various expense management initiatives, which includes achieving lower utilities, improving labor productivity/reducing labor costs and other administrative and general expenses as compared to forecast.</p>
(b)	<p>Other expenses</p> <p>Other expenses primarily comprise insurance and rental expenses, which are higher than forecast. Lease expenses relating to Richmond West Hyatt House hotel continued to be incurred prior to the completion of the purchase of the ground lease.</p>
(c)	<p>Depreciation</p> <p>Relates to non-cash accounting depreciation expense of land & building, and furniture, fixtures and equipment.</p>
(d)	<p>Net finance costs</p> <p>Net finance costs were lower than forecast mainly due to lower interest rates, interest income from fixed deposits and the repayment of US\$7.5m revolving credit facility in May 2019.</p>
(e)	<p>Distribution adjustments</p> <p>Relates to depreciation, amortisation of upfront debt-related costs, manager's fees paid/payable in Stapled Securities and deferred tax credits.</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

The U.S. reported an annualized real GDP growth rate of 3.1% for the first quarter of 2019 compared to 2.2% for the fourth quarter of 2018¹. GDP growth in the second quarter is expected to taper due to U.S.-China trade tensions. Nevertheless, consumer confidence was high as the unemployment rate remained low at 3.7% in June 2019². Despite the trade war, robust consumer spending has spurred upside revisions to forecasts for second quarter GDP growth from about 1.5% to over 2%. In anticipation of the interest rate cut by the Federal Reserve, the 10-year Treasury yield decreased to 2.0% by the end of June 2019³. The expected cut in interest rates is helping to prolong the economic expansion by providing a lift to small businesses and boosting the housing market.

¹ Bureau of Economic Analysis, United States Department of Commerce
² Bureau of Labor Statistics, United States Department of Labor
³ United States Department of the Treasury

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 (continued)

U.S. lodging demand growth is highly correlated with real GDP growth. According to STR⁴, lodging demand grew 1.9% in the second quarter of 2019 for the entire U.S. hotel industry, while supply grew 2.0%. As a result, occupancy decreased 0.1% to 70.0% for the quarter compared to second quarter of 2018. Meanwhile, ADR increased 1.2% to US\$133.01 as compared to US\$131.47 in the second quarter of 2018. The combined effect was an increase of 1.1% in RevPAR for the second quarter of 2019 compared to the second quarter of 2018.

Selected-service hotel demand grew at a robust 3.7%⁵ in second quarter of 2019, reflective of customer preference for select-service hotels. Meanwhile, supply increased by 4.8% as hotel brands and developers also continue to favor select-service hotels. As a result, occupancy decreased by 1.0% in second quarter of 2019 to 76.9% compared against the same period last year. With new supply pressures, ADR for the upscale segment increased by only 0.6% in second quarter of 2019 compared to second quarter of 2018. RevPAR for the upscale segment decreased by 0.4% for the second quarter of 2019 versus the second quarter of 2018.

While increasing supply has impacted ADR growth in the select-service segment, pricing is expected to gradually improve as the new supply's introductory rates burn off and absorption occurs. Occupancy for upscale hotels remains 690 bps higher than the national average. The current portfolio achieved a RevPAR index of 106.8% compared to its competitive set for the reporting period. The Managers have also achieved productivity improvements in labor management initiatives and energy expense savings through procurement and operating initiatives, as reflected in the lower property expenses for the reporting period. Given the superior performance of the portfolio against benchmark indices, the Managers remain positive about their asset management initiatives to optimize revenue management and improve sales production.

The Managers are actively sourcing accretive acquisitions to enhance stapled securityholders value. The acquisition pipeline remains robust and the Managers are investigating several potential off-market and marketed transactions.

Barring unforeseen circumstances, the Managers expect the Distributable Income for the period from Listing date to 31 December 2019 to be in line with its IPO forecast.

⁴ STR report for 2Q 2019

⁵ Performance for upscale chain is used as proxy for upscale select service branded hotels, STR report for 2Q 2019

11 Distributions

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

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.

The first distribution after Listing date will be for the period from Listing date to 31 December 2019 and will be paid on or before 31 March 2020 as stated in the Prospectus dated 2 May 2019.

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

The Board of Directors of the ARA Trust Management (USH) Pte. Ltd. (as manager of ARA US Hospitality Property Trust) and ARA Business Trust Management (USH) Pte. Ltd. (as trustee-manager of ARA US Hospitality Management Trust), 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 US Hospitality Trust for the period ended 30 June 2019 to be false or misleading in any material respect.



ARA US Hospitality Trust
Unaudited Financial Statements Announcement
For the period from 9 May 2019 (Listing date) to 30 June 2019

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
30 July 2019

Seow Bee Lian
Director
30 July 2019

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.



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Report on review of Interim Financial Information

The Board of Directors
ARA Trust Management (USH) Pte. Ltd.
(in its capacity as Manager of
ARA US Hospitality Property Trust) (“Manager”)
5 Temasek Boulevard
#12-01 Suntec Tower Five
Singapore 038985

The Board of Directors
ARA Business Trust Management (USH) Pte. Ltd.
(in its capacity as Trustee-Manager of
ARA US Hospitality Management Trust) (“Trustee-Manager”)
5 Temasek Boulevard
#12-01 Suntec Tower Five
Singapore 038985

29 July 2019

Dear Sirs

ARA US Hospitality Trust

Introduction

We have reviewed the accompanying interim financial information (the “Interim Financial Information”) of ARA US Hospitality Trust (“ARA H-Trust”) for the period from 9 May 2019 (Listing date) to 30 June 2019. ARA H-Trust comprises ARA US Hospitality Property Trust (“ARA H-REIT”) and its subsidiaries and ARA US Hospitality Management Trust (“ARA H-BT”) and its subsidiaries. The Interim Financial Information consists of the following:

- Statement of financial position of ARA H-Trust as at 30 June 2019;
- Statement of comprehensive income of ARA H-Trust for the period from 9 May 2019 to 30 June 2019;
- Statement of movements in unitholders’ funds of ARA H-Trust for the period from 9 May 2019 to 30 June 2019;
- Statement of cash flows of ARA H-Trust for the period from 9 May 2019 to 30 June 2019; and
- Certain explanatory notes to the above Interim Financial Information.



The management of ARA Trust Management (USH) Pte. Ltd. (the “Manager” of ARA H-REIT) and ARA Business Trust Management (USH) Pte. Ltd. (the “Trustee-Manager” of ARA H-BT) (collectively, the “Managers”) are responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting ARA H-Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in ARA H-Trust’s announcement of its Interim Financial Information for the information of the holders of its stapled securities. We do not assume responsibility to anyone other than ARA H-Trust for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 July 2019