



## ARA US HOSPITALITY TRUST

### Unaudited Financial Statements Announcement

For the fourth quarter 2019 and period from 9 May 2019 (Listing date) to 31 December 2019

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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-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 31 December 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	4Q 2019			Listing Date to 31 December 2019		
	Actual	Forecast	Change	Actual	Forecast	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue	39,292	44,772	(12.2%)	114,952	124,857	(7.9%)
Net Property Income	9,232	13,752	(32.9%)	32,598	40,899	(20.3%)
Distributable Income	6,109	7,016	(12.9%)	23,863	25,840	(7.7%)
<b>Distribution per Stapled Security ("DPS") (US cents)</b>	1.08	1.24	(12.9%)	4.21	4.56	(7.7%)

**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 31 December 2019 is derived by pro-rating the 1 May 2019 to 31 December 2019 profit forecast accordingly.
- (c) For the period from Listing date to 31 December 2019, Occupancy remained strong at 77.0% while Average Daily Rate ("ADR") was 5% lower than forecast at US\$122. As a result, gross revenue was lower by 7.9% from forecast. Property expenses were mainly in line with forecast for the period from Listing date to 31 December 2019 while management fees and borrowing costs were lower. Distributable Income and DPS were 7.7% below forecast for the period from listing date to 31 December 2019.
- (d) The annualised DPS yield based on IPO price of US\$0.88 was 7.4%.



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1(a)(i) Statements of Comprehensive Income

		ARA H-Trust	
		4Q 2019	Listing Date to 31 December 2019
		US\$'000	US\$'000
	Note		
Room revenue		37,151	109,450
Other operating revenue		2,141	5,502
<b>Total Revenue</b>		<b>39,292</b>	<b>114,952</b>
Room expenses		(11,671)	(32,145)
Other operating expenses		(1,067)	(3,168)
Administrative and general expenses	(a)	(3,828)	(10,111)
Sales and marketing expenses		(3,621)	(9,706)
Franchise fee		(1,854)	(5,462)
Property operations and maintenance expenses		(2,690)	(6,802)
Utilities		(1,604)	(4,466)
<b>Gross operating profit</b>		<b>12,957</b>	<b>43,092</b>
Hotel management fee		(1,178)	(3,448)
Property taxes		(1,806)	(4,926)
Other expenses		(741)	(2,120)
<b>Net Property Income</b>		<b>9,232</b>	<b>32,598</b>
Depreciation		(5,322)	(13,694)
REIT Manager's and Trustee-Manager's Management fees	(b)	(643)	(2,512)
Trustee-Manager's trustee fee		(30)	(77)
REIT Trustee's fee		(27)	(71)
Net finance cost	(c)	(2,272)	(5,995)
Other trust expenses		(494)	(1,341)
<b>Net income for the period before tax</b>		<b>444</b>	<b>8,908</b>
Taxation	(d)	1,789	1,795
<b>Net income for the period after tax</b>		<b>2,233</b>	<b>10,703</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment		(1,338)	(1,338)
Items that may be reclassified subsequently to profit or loss:			
Deferred tax effects relating to revaluation of property, plant and equipment		(74)	(194)
Effective portion of changes in fair value of cash flow hedges	(e)	1,791	(4,951)
<b>Total comprehensive income for the period</b>		<b>2,612</b>	<b>4,220</b>



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1(a)(i) Statements of Comprehensive Income

	Note	ARA H-REIT	
		4Q 2019	Listing Date to 31 December 2019
		US\$'000	US\$'000
Rental revenue	(f)	11,141	33,436
<b>Total Revenue</b>		<b>11,141</b>	<b>33,436</b>
Administrative and general expenses		-	(117)
Utilities		(10)	(29)
<b>Gross operating profit</b>		<b>11,131</b>	<b>33,290</b>
Property taxes		(1,573)	(4,587)
Other expenses		(350)	(1,155)
<b>Net Property Income</b>		<b>9,208</b>	<b>27,548</b>
REIT Manager's and Trustee-Manager's Management fees	(b)	(482)	(1,884)
REIT Trustee's fee		(27)	(71)
Net finance cost	(c)	(8,587)	(22,105)
Other trust expenses		(248)	(724)
<b>Net (loss)/income for the period before tax and fair value changes</b>		<b>(136)</b>	<b>2,764</b>
Net change in fair value of investment properties		(19,227)	(19,227)
<b>Net loss for the period before tax</b>		<b>(19,363)</b>	<b>(16,463)</b>
Taxation		25	(21)
<b>Net loss for the period after tax</b>		<b>(19,338)</b>	<b>(16,484)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	(e)	1,791	(4,951)
<b>Total comprehensive income for the period</b>		<b>(17,547)</b>	<b>(21,435)</b>



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1(a)(i) Statements of Comprehensive Income

		ARA H-BT	
		4Q 2019	Listing Date to 31 December 2019
		US\$'000	US\$'000
	Note		
Room revenue		37,151	109,450
Other operating revenue		2,141	5,502
<b>Total Revenue</b>		<b>39,292</b>	<b>114,952</b>
Room expenses		(11,671)	(32,145)
Other operating expenses		(1,067)	(3,168)
Administrative and general expenses	(a)	(3,828)	(9,994)
Sales and marketing expenses		(3,621)	(9,706)
Franchise fee		(1,854)	(5,462)
Property operations and maintenance expenses		(2,690)	(6,802)
Utilities		(1,594)	(4,437)
<b>Gross operating profit</b>		<b>12,967</b>	<b>43,238</b>
Hotel management fee		(1,178)	(3,448)
Property taxes		(233)	(339)
Other expenses	(f)	(11,531)	(34,402)
<b>Net Property Income</b>		<b>25</b>	<b>5,049</b>
Depreciation		(1,243)	(3,030)
REIT Manager's and Trustee-Manager's Management fees	(b)	(161)	(628)
Trustee-Manager's trustee fee		(30)	(77)
Net finance income	(c)	6,315	16,110
Other trust expenses		(251)	(621)
<b>Net income for the period before tax</b>		<b>4,655</b>	<b>16,803</b>
Taxation	(d)	1,674	1,605
<b>Net income for the period after tax and total comprehensive income for the period</b>		<b>6,329</b>	<b>18,408</b>

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

	ARA H-Trust	
	4Q 2019	Listing Date to 31 December 2019
	US\$'000	US\$'000
<b>Net income for the period after tax</b>	2,233	10,703
Add/(less): Distribution adjustments		
Depreciation	5,322	13,694
Amortisation of upfront debt-related costs	28	84
Manager's fees paid/payable in Stapled Securities	322	1,256
Deferred tax credits	(1,796)	(1,874)
<b>Net distribution adjustments</b>	<b>3,876</b>	<b>13,160</b>
<b>Distributable income</b>	<b>6,109</b>	<b>23,863</b>

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

(a)	<b>Administrative and general expenses</b>  Administrative and general expenses include allowance for doubtful debts of US\$121,000 and US\$241,000 for 4Q 2019 and period from Listing date to 31 December 2019 respectively. Bad debts written off for 4Q 2019 and period from Listing date to 31 December 2019 amounted to US\$16,000 and US\$45,000 respectively.																																
(b)	<b>REIT Manager's and Trustee-Manager's Management fees</b>  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)	<p><b>Net finance (cost)/income</b></p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">ARA H-Trust</th> </tr> <tr> <th>4Q 2019</th> <th>Listing Date to 31 December 2019</th> </tr> <tr> <th></th> <th>US\$'000</th> <th>US\$'000</th> </tr> </thead> <tbody> <tr> <td><b>Interest income</b></td> <td></td> <td></td> </tr> <tr> <td>Interest income from fixed deposits</td> <td>148</td> <td>382</td> </tr> <tr> <td></td> <td>148</td> <td>382</td> </tr> <tr> <td><b>Finance expenses</b></td> <td></td> <td></td> </tr> <tr> <td>Amortisation of debt related transaction costs</td> <td>(28)</td> <td>(84)</td> </tr> <tr> <td>Interest paid/payable to banks</td> <td>(2,392)</td> <td>(6,293)</td> </tr> <tr> <td></td> <td>(2,420)</td> <td>(6,377)</td> </tr> <tr> <td><b>Net finance cost</b></td> <td><b>(2,272)</b></td> <td><b>(5,995)</b></td> </tr> </tbody> </table>		ARA H-Trust		4Q 2019	Listing Date to 31 December 2019		US\$'000	US\$'000	<b>Interest income</b>			Interest income from fixed deposits	148	382		148	382	<b>Finance expenses</b>			Amortisation of debt related transaction costs	(28)	(84)	Interest paid/payable to banks	(2,392)	(6,293)		(2,420)	(6,377)	<b>Net finance cost</b>	<b>(2,272)</b>	<b>(5,995)</b>
	ARA H-Trust																																
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	(2,420)	(6,377)																															
<b>Net finance cost</b>	<b>(2,272)</b>	<b>(5,995)</b>																															

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

(c)	<b>Net finance (cost)/income</b>	<b>ARA H-REIT</b>	
		<b>4Q 2019</b>	<b>Listing Date to 31 December 2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Interest income</b>		
	Interest income from fixed deposits	31	64
	Interest income from loan to related corporation	92	223
		123	287
	<b>Finance expenses</b>		
	Amortisation of debt related transaction costs	(28)	(84)
	Interest paid/payable to banks	(2,392)	(6,293)
	Interest paid/payable to related corporation	(6,290)	(16,015)
		(8,710)	(22,392)
	<b>Net finance cost</b>	<b>(8,587)</b>	<b>(22,105)</b>
		<b>ARA H-BT</b>	
		<b>4Q 2019</b>	<b>Listing Date to 31 December 2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Interest income</b>		
	Interest income from fixed deposits	117	318
	Interest income from loan to related corporation	6,290	16,015
		6,407	16,333
	<b>Finance expenses</b>		
	Interest paid/payable to related corporation	(92)	(223)
	(92)	(223)	
<b>Net finance income</b>	<b>6,315</b>	<b>16,110</b>	
(d)	<b>Taxation</b>		
	Relates primarily to deferred tax assets recognized on tax loss carryforward of ARA H-BT's subsidiary company.		
(e)	<b>Effective portion of changes in fair value of cash flow hedges</b>		
	Relates to fair value changes of the interest rate swaps entered into for hedging purposes. This has no impact on distributable income.		
(f)	<b>Rental revenue and Other expenses</b>		
	Relates to rental income earned by ARA H-REIT under the master lease agreements, and recorded within other expenses by ARA H-BT.		





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1(b)(i) Statements of Financial Position

As at 31 December 2019				
		ARA H-Trust	ARA H-REIT	ARA H-BT
	Note	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>				
Investment properties	(a)	-	673,603	-
Deferred tax assets		1,680	-	1,680
Property, plant and equipment	(a)	704,808	-	31,205
Loans to related corporation	(b)	-	-	294,000
		706,488	673,603	326,885
<b>Current assets</b>				
Inventories		432	-	432
Trade and other receivables		6,451	9,370	4,074
Cash and cash equivalents		45,240	33,128	12,112
		52,123	42,498	16,618
<b>Total assets</b>		<b>758,611</b>	<b>716,101</b>	<b>343,503</b>
<b>Non-current liabilities</b>				
Loans from related corporation	(b)	-	294,000	-
Loans and borrowings	(c)	243,739	243,739	-
Derivative financial liabilities	(d)	7,282	7,282	-
Deferred tax liabilities		2,568	2,568	-
Other payables		125	125	-
		253,714	547,714	-
<b>Current liabilities</b>				
Trade and other payables		11,605	2,209	16,394
Tax payable		76	3	72
		11,681	2,212	16,466
<b>Total liabilities</b>		<b>265,395</b>	<b>549,926</b>	<b>16,466</b>
<b>Represented by:</b>				
<b>Stapled Securityholders' funds</b>		<b>493,216</b>	<b>166,175</b>	<b>327,037</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 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><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.</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**

ARA H-Trust and ARA H-REIT	As at 31 December 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	(586)	-
	<b>243,739</b>	-

**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 term loan facility of up to US\$66.0 million
- Unsecured revolving facility of up to US\$19.0 million

As at 31 December 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**

		<b>ARA H-Trust</b>	
		<b>4Q 2019</b>	<b>Listing Date to 31 December 2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Net income before tax		444	8,908
Adjustments for:			
Allowance for doubtful debts and bad debts written off		138	287
Depreciation of property, plant and equipment		5,322	13,694
Net finance costs		2,272	5,995
Manager's base fee paid/payable in Stapled securities		322	1,256
<b>Operating income before working capital changes</b>		<b>8,498</b>	<b>30,140</b>
Changes in working capital:			
Inventories		(8)	(42)
Trade and other receivables		(1,199)	(1,673)
Trade and other payables		(2,477)	(2,855)
<b>Net cash from operating activities</b>		<b>4,814</b>	<b>25,570</b>
<b>Cash flows from investing activities</b>			
Interest received		138	363
Payment for capital expenditure		(4,478)	(7,098)
<b>Net cash used in investing activities</b>		<b>(4,340)</b>	<b>(6,735)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Stapled securities	(a)	-	498,000
Redemption of existing units	(b)	-	(174,565)
Payment of transaction costs relating to the issuance of Stapled securities	(b)	-	(16,374)
Repayment of existing loan facilities	(b)	-	(540,000)
Repayment of loans and borrowings		-	(7,500)
Proceeds from loans and borrowings		-	251,825
Payment of transaction costs relating to new loan facilities	(b)	-	(677)
Preference dividend distributions		(8)	(8)
Interest paid		(2,467)	(6,349)
<b>Net cash (used in) / from financing activities</b>		<b>(2,475)</b>	<b>4,352</b>
Net (decrease) / increase in cash and cash equivalents		(2,001)	23,187
Cash and cash equivalents at beginning of the period		47,241	22,053
<b>Cash and cash equivalents at end of the period</b>		<b>45,240</b>	<b>45,240</b>



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1(c) Statements of Cash Flows

		ARA H-REIT	
		4Q 2019	Listing Date to 31 December 2019
		US\$'000	US\$'000
	Note		
<b>Cash flows from operating activities</b>			
Net income before tax		(19,363)	(16,463)
Adjustments for:			
Net finance costs		8,587	22,105
Net change in fair value of investment properties		19,227	19,227
Manager's base fee paid/payable in Stapled securities		161	628
<b>Operating income before working capital changes</b>		<b>8,612</b>	<b>25,497</b>
Changes in working capital:			
Trade and other receivables		21,135	348
Trade and other payables		(4,069)	(2,613)
<b>Net cash from operating activities</b>		<b>25,678</b>	<b>23,232</b>
<b>Cash flows from investing activities</b>			
Interest received		13	46
Payment for capital expenditure		(1,198)	(1,636)
<b>Net cash used in investing activities</b>		<b>(1,185)</b>	<b>(1,590)</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		-	(9,722)
Repayment of existing loan facilities		-	(540,000)
Repayment of loans and borrowings		-	(7,500)
Proceeds from loans and borrowings		-	251,825
Payment of transaction costs relating to new loan facilities		-	(677)
Proceeds from loan from related corporation		22,000	294,000
Preference dividend distributions		(8)	(8)
Interest paid		(14,807)	(22,244)
<b>Net cash from financing activities</b>		<b>7,185</b>	<b>4,109</b>
Net increase in cash and cash equivalents		31,678	25,751
Cash and cash equivalents at beginning of the period		1,450	7,377
<b>Cash and cash equivalents at end of the period</b>		<b>33,128</b>	<b>33,128</b>



**ARA US Hospitality Trust**  
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**For the fourth quarter 2019 and period from 9 May 2019 (Listing date) to 31 December 2019**

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

	Note	ARA H-BT	
		4Q 2019	Listing Date to 31 December 2019
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
Net income before tax		4,655	16,803
Adjustments for:			
Allowance for doubtful debts and bad debts written off		138	287
Depreciation of property, plant and equipment		1,243	3,030
Net finance income		(6,315)	(16,110)
Manager's base fee paid/payable in Stapled securities		161	628
<b>Operating income before working capital changes</b>		<b>(118)</b>	<b>4,638</b>
Changes in working capital:			
Inventories		(8)	(42)
Trade and other receivables		(2,736)	440
Trade and other payables		(18,004)	(2,698)
<b>Net cash (used in) / from operating activities</b>		<b>(20,866)</b>	<b>2,338</b>
<b>Cash flows from investing activities</b>			
Interest received		12,466	16,212
Payment for capital expenditure		(3,279)	(5,462)
Issuance of loan to related corporation		(22,000)	(294,000)
<b>Net cash used in investing activities</b>		<b>(12,813)</b>	<b>(283,250)</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		-	(6,652)
<b>Net cash from financing activities</b>		<b>-</b>	<b>278,348</b>
Net decrease in cash and cash equivalents		(33,679)	(2,564)
Cash and cash equivalents at beginning of the period		45,791	14,676
<b>Cash and cash equivalents at end of the period</b>		<b>12,112</b>	<b>12,112</b>

**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) As disclosed in the announcement of ARA H-Trust dated 20 January 2020, the Managers have fully utilised the net proceeds raised from the initial public offering (“IPO”) as follows: -

	<b>Per Prospectus</b>	<b>Previously announced<sup>(1)</sup></b>	<b>Actual</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Redemption of existing units and repayment of existing loan facilities	715,242	715,242	715,242
Transaction costs	28,063	17,701	17,051
Working capital	6,520	-	-
Proceeds for Acquisition <sup>(2)</sup>	-	16,882	17,532
	<b>749,825</b>	<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 \$6,520,000 were redeployed for Acquisition purposes.
- (2) Proceeds for Acquisition were applied towards partially funding the acquisition of a portfolio of three premium Marriott-branded upscale select-service hotels in the U.S. (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 the listing date (9 May 2019)</b>	(a)	-	-	(52,478)	(2,331)	61,245	6,436
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	8,470	-	-	8,470
<b>Increase in net assets from operations</b>		-	-	<b>(44,008)</b>	<b>(2,331)</b>	<b>61,245</b>	<b>14,906</b>
<b>Other comprehensive income</b>							
Effective portion of changes in fair value of cash flow hedges		-	-	-	(6,742)	-	(6,742)
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	(120)	(120)
<b>Total comprehensive income for the period, net of tax</b>		-	-	-	<b>(6,742)</b>	<b>(120)</b>	<b>(6,862)</b>
<b>Contribution by and distribution to Stapled Securityholders</b>							
Issue of new units on Initial Public Offering		498,000	-	-	-	-	498,000
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities	(b)	404	-	-	-	-	404
Issue costs		-	(17,024)	-	-	-	(17,024)
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>498,404</b>	<b>(17,024)</b>	-	-	-	<b>481,380</b>
<b>At 30 September 2019</b>		<b>498,404</b>	<b>(17,024)</b>	<b>(44,008)</b>	<b>(9,073)</b>	<b>61,125</b>	<b>489,424</b>
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	2,233	-	-	2,233
<b>Increase in net assets from operations</b>		<b>498,404</b>	<b>(17,024)</b>	<b>(41,775)</b>	<b>(9,073)</b>	<b>61,125</b>	<b>491,657</b>
<b>Other comprehensive income</b>							
Effective portion of changes in fair value of cash flow hedges		-	-	-	1,791	-	1,791
Revaluation of property, plant and equipment		-	-	-	-	(1,338)	(1,338)
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	(74)	(74)
<b>Total comprehensive income for the period, net of tax</b>		-	-	-	<b>1,791</b>	<b>(1,412)</b>	<b>379</b>
<b>Contribution by and distribution to Stapled Securityholders</b>							
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities	(b)	530	-	-	-	-	530
Issue costs		-	650	-	-	-	650
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>530</b>	<b>650</b>	-	-	-	<b>1,180</b>
<b>At 31 December 2019</b>		<b>498,934</b>	<b>(16,374)</b>	<b>(41,775)</b>	<b>(7,282)</b>	<b>59,713</b>	<b>493,216</b>

- (a) 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.  
 (b) Represents 1,062,000 Stapled Securities issued as payment of 50% of Managers' base fees for the period from Listing date to 30 September 2019.



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

ARA H-REIT	Note	Stapled Security US\$'000	Issue Costs US\$'000	Revenue Reserve US\$'000	Hedging Reserve US\$'000	Total US\$'000
<b>At the listing date (9 May 2019)</b>	(a)	-	-	19,916	(2,331)	17,585
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	2,854	-	2,854
<b>Increase in net assets from operations</b>		-	-	22,770	(2,331)	20,439
<b>Other comprehensive income</b>						
Effective portion of changes in fair value of cash flow hedges		-	-	-	(6,742)	(6,742)
<b>Total comprehensive income for the period, net of tax</b>		-	-	-	(6,742)	(6,742)
<b>Contribution by and distribution to Stapled Securityholders</b>						
Issue of new units on Initial Public Offering		179,280	-	-	-	179,280
REIT Manager's base fee paid/payable in Stapled Securities	(b)	202	-	-	-	202
Issue costs		-	(10,212)	-	-	(10,212)
<b>Total contribution by and distribution to Stapled Securityholders</b>		179,482	(10,212)	-	-	169,270
<b>At 30 September 2019</b>		179,482	(10,212)	22,770	(9,073)	182,967
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	(19,338)	-	(19,338)
<b>Increase in net assets from operations</b>		179,482	(10,212)	3,432	(9,073)	163,629
<b>Other comprehensive income</b>						
Effective portion of changes in fair value of cash flow hedges		-	-	-	1,791	1,791
<b>Total comprehensive income for the period, net of tax</b>		-	-	-	1,791	1,791
<b>Contribution by and distribution to Stapled Securityholders</b>						
REIT Manager's base fee paid/payable in Stapled Securities	(b)	265	-	-	-	265
Issue costs		-	490	-	-	490
<b>Total contribution by and distribution to Stapled Securityholders</b>		265	490	-	-	755
<b>At 31 December 2019</b>		179,747	(9,722)	3,432	(7,282)	166,175

- (a) 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.
- (b) Represents 531,000 Stapled Securities issued as payment of REIT Manager's share of the base fees for the period from Listing date to 30 September 2019.





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

ARA H-BT	Note	Stapled Security US\$'000	Issue Costs US\$'000	Revenue Reserve US\$'000	Revaluation Reserve US\$'000	Total US\$'000
<b>At the listing date (9 May 2019)</b>	(a)	-	-	(6,684)	2,778	(3,906)
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	12,079	-	12,079
<b>Increase in net assets from operations</b>		-	-	<b>5,395</b>	<b>2,778</b>	<b>8,173</b>
<b>Contribution by and distribution to Stapled Securityholders</b>						
Issue of new units on Initial Public Offering		318,720	-	-	-	318,720
Trustee-Manager's base fee paid/payable in Stapled Securities	(b)	202	-	-	-	202
Issue costs		-	(6,812)	-	-	(6,812)
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>318,922</b>	<b>(6,812)</b>	<b>-</b>	<b>-</b>	<b>312,110</b>
<b>At 30 September 2019</b>		<b>318,922</b>	<b>(6,812)</b>	<b>5,395</b>	<b>2,778</b>	<b>320,283</b>
Total income for the period attributable to Stapled Securityholders, net of tax		-	-	6,329	-	6,329
<b>Increase in net assets from operations</b>		<b>318,922</b>	<b>(6,812)</b>	<b>11,724</b>	<b>2,778</b>	<b>326,612</b>
<b>Contribution by and distribution to Stapled Securityholders</b>						
Trustee-Manager's base fee paid/payable in Stapled Securities	(b)	265	-	-	-	265
Issue costs		-	160	-	-	160
<b>Total contribution by and distribution to Stapled Securityholders</b>		<b>265</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>425</b>
<b>At 31 December 2019</b>		<b>319,187</b>	<b>(6,652)</b>	<b>11,724</b>	<b>2,778</b>	<b>327,037</b>

(a) 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.

(b) Represents 531,000 Stapled Securities issued as payment of Trustee-Manager's share of the base fees for the period from Listing date to 30 September 2019.



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

		<b>ARA H-Trust</b>
		<b>Units</b>
	<b>Note</b>	<b>'000</b>
<b>Balance at Listing Date</b>	(a)	-
New Stapled Securities issued at Initial Public Offering		565,909
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities		456
<b>Total Issued Stapled Securities as at 30 September 2019</b>		<b>566,365</b>
<b>New Stapled Securities issued:</b>		
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities		606
<b>Total Issued Stapled Securities as at 31 December 2019</b>		<b>566,971</b>
<b>Stapled Securities to be issued:</b>		
REIT Manager's and Trustee-Manager's base fee payable in Stapled Securities	(b)	371
<b>Total Stapled Securities issued and to be issued as at 31 December 2019</b>		<b>567,342</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) 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 1 October 2019 to 31 December 2019. The number of Stapled Securities is determined based on volume weighted average price for the last 10 business days immediately preceding 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**

ARA H-Trust does not hold any treasury Stapled Securities as at 31 December 2019. The total number of issued Stapled Securities in ARA H-Trust was 566,971,000 as at 31 December 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 31 December 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:

ARA H-Trust	4Q 2019	Listing Date to 31 December 2019
Weighted average number of Stapled Securities in issue ('000)	566,687	566,332
Weighted average number of Stapled Securities in issue ('000) <sup>(1)</sup>	567,342	566,979
Basic EPS (US cents)	0.39	1.89
Diluted EPS (US cents)	0.39	1.89

Distribution per Stapled Security:

ARA H-Trust	4Q 2019	Listing Date to 31 December 2019
Number of Stapled Securities on issue at the end of period ('000)	566,971	566,971
Number of Stapled Securities on issue at the end of period ('000) <sup>(1)</sup>	567,342	567,342
Basic and Diluted DPS (US cents)	1.08	4.21

<sup>(1)</sup> Included 371,000 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 1 October 2019 to 31 December 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**

ARA H-Trust	As at 31 December 2019
NAV and NTA per Stapled Security (US\$)	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.



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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	4Q 2019			Listing Date to 31 December 2019		
		Actual US\$'000	Forecast US\$'000	Variance %	Actual US\$'000	Forecast US\$'000	Variance %
Room revenue	(a)	37,151	42,492	(12.6%)	109,450	118,884	(7.9%)
Other operating revenue		2,141	2,280	(6.1%)	5,502	5,973	(7.9%)
<b>Total Revenue</b>		<b>39,292</b>	<b>44,772</b>	<b>(12.2%)</b>	<b>114,952</b>	<b>124,857</b>	<b>(7.9%)</b>
Room expenses		(11,671)	(11,537)	(1.2%)	(32,145)	(32,203)	0.2%
Other operating expenses	(b)	(1,067)	(1,368)	22.0%	(3,168)	(3,576)	11.4%
Administrative and general expenses		(3,828)	(3,865)	1.0%	(10,111)	(10,254)	1.4%
Sales and marketing expenses		(3,621)	(3,798)	4.7%	(9,706)	(9,801)	1.0%
Franchise fees	(c)	(1,854)	(2,145)	13.6%	(5,462)	(5,982)	8.7%
Property operations and maintenance expenses	(d)	(2,690)	(2,399)	(12.1%)	(6,802)	(6,539)	(4.0%)
Utilities	(e)	(1,604)	(1,801)	10.9%	(4,466)	(4,729)	5.6%
<b>Gross operating profit</b>	(f)	<b>12,957</b>	<b>17,859</b>	<b>(27.4%)</b>	<b>43,092</b>	<b>51,773</b>	<b>(16.8%)</b>
Hotel management fee	(g)	(1,178)	(1,343)	12.3%	(3,448)	(3,746)	8.0%
Property taxes	(e)	(1,806)	(2,171)	16.8%	(4,926)	(5,602)	12.1%
Other expenses	(h)	(741)	(593)	(25.0%)	(2,120)	(1,526)	(38.9%)
<b>Net Property Income</b>		<b>9,232</b>	<b>13,752</b>	<b>(32.9%)</b>	<b>32,598</b>	<b>40,899</b>	<b>(20.3%)</b>
Depreciation	(i)	(5,322)	(6,068)	12.3%	(13,694)	(15,633)	12.4%
REIT Manager's and Trustee-Manager's Management fees	(j)	(643)	(448)	(43.5%)	(2,512)	(2,705)	7.1%
Trustee-Manager's trustee fee		(30)	(30)	0.0%	(77)	(78)	1.3%
REIT Trustee's fee		(27)	(27)	0.0%	(71)	(69)	(2.9%)
Net finance costs	(k)	(2,272)	(2,744)	17.2%	(5,995)	(7,068)	15.2%
Other trust expenses	(l)	(494)	(630)	21.6%	(1,341)	(1,623)	17.4%
<b>Net income for the period before tax</b>		<b>444</b>	<b>3,805</b>	<b>(88.3%)</b>	<b>8,908</b>	<b>13,723</b>	<b>(35.1%)</b>
Taxation	(m)	1,789	(1,281)	N.M.	1,795	(1,289)	N.M.
<b>Net income for the period after tax</b>		<b>2,233</b>	<b>2,524</b>	<b>(11.5%)</b>	<b>10,703</b>	<b>12,434</b>	<b>(13.9%)</b>
Add:							
Distribution adjustments	(n)	3,876	4,492	(13.7%)	13,160	13,406	(1.8%)
<b>Distributable Income</b>		<b>6,109</b>	<b>7,016</b>	<b>(12.9%)</b>	<b>23,863</b>	<b>25,840</b>	<b>(7.7%)</b>

N.M. - not meaningful

**Notes:**

(a)	<p><b>Room revenue</b></p> <p>Room revenue was lower than forecast primarily due to lower ADR while occupancy was slightly lower at 69.8% for 4Q 2019. For the period from Listing date to 31 December 2019, occupancy remained strong at 77.0%, while ADR at US\$122 was 5.5% lower than forecast as a result of new supply pressures.</p>
(b)	<p><b>Other operating expenses</b></p> <p>Other operating expenses include food &amp; beverage costs, operating supplies and cleaning supplies and was lower than forecast due to lower food &amp; beverage sales.</p>
(c)	<p><b>Franchise fees</b></p> <p>Franchise fees payable to Hyatt based on 5% of room revenue was lower than forecast due to lower room revenue.</p>
(d)	<p><b>Property operations and maintenance expenses</b></p> <p>Property operations and maintenance expenses were higher than forecast as upkeep maintenance work and property enhancement initiatives to improve curb appeal and guest room working order were made due to new competitive supply.</p>
(e)	<p><b>Utilities and Property Taxes</b></p> <p>Utilities and Property Taxes were lower than forecast as a result of various initiatives to review and manage costs.</p>
(f)	<p><b>Gross operating profit</b></p> <p>Gross operating profit was lower than forecast primarily due to lower gross revenue.</p>
(g)	<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>
(h)	<p><b>Other expenses</b></p> <p>Other expenses primarily comprise insurance and rental expenses, which were higher than forecast. The portfolio is currently insured under Aimbridge's master insurance program and premiums increased in 2019 based on the claims history of the other hotels managed by Aimbridge that were affected by natural disasters. Lease expenses relating to Richmond West Hyatt House ground lease continued to be incurred prior to the completion of the purchase of the leasehold interest to be converted to freehold interest.</p>
(i)	<p><b>Depreciation</b></p> <p>Relates to non-cash accounting depreciation expense of land &amp; building, and furniture, fixtures and equipment.</p>



(j)	<p><b>REIT Manager's and Trustee-Manager's management fees</b></p> <p>REIT Manager's and Trustee-Manager's management fees for the period from Listing date to 31 December 2019 were lower than forecast due to lower distributable income.</p>
(k)	<p><b>Net finance costs</b></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>
(l)	<p><b>Other trust expenses</b></p> <p>Other trust expenses for the period of Listing date to 31 December 2019 were lower than forecast primarily due to lower professional fees and miscellaneous expenses.</p>
(m)	<p><b>Taxation</b></p> <p>Relates to deferred tax assets on tax loss carryforwards recognized.</p>
(n)	<p><b>Distribution adjustments</b></p> <p>Relates to adjustments for non-cash 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 US reported an annualized real GDP growth rate of 2.1% for the fourth quarter of 2019, holding steady with the third quarter of 2019<sup>1</sup>. The US labor market remains tight with unemployment rate at 3.5% in December 2019<sup>2</sup>. With full employment, the US consumer has been the primary driver behind continued economic growth, as consumer consumption accounts for nearly 70% of GDP growth. As lodging demand is highly correlated with GDP growth, the continued health of the US economy bodes well for the US lodging industry, particularly for a domestic-travel oriented hotel portfolio such as ours.

The overall U.S. lodging industry recorded supply growth of 2.1% versus demand growth of 2.0% in the fourth quarter of 2019<sup>3</sup>. As such, national occupancy declined -0.1% and ADR increased by only 0.7% in the fourth quarter<sup>3</sup>. The supply and demand imbalance, as well as the greater pricing transparency afforded by the Internet, resulted in 0.7% increase in national RevPAR for the fourth quarter<sup>3</sup>. It is noted that the fourth quarter is one of the weakest quarters as the U.S. lodging industry is subject to seasonality and inclement winter conditions and holidays, resulting in reduced travel.

Compared to the U.S. national figures, the upscale select-service segment experienced supply growth of 5.3%<sup>3</sup> for the fourth quarter as hotel brands and developers continue to favor select-service hotels because of the superior demand and return profile. Meanwhile, demand growth for the segment during the quarter slightly lagged at 5.1%<sup>3</sup>, outpacing total U.S. demand growth by 2.5x for the quarter. The temporary supply and demand imbalance resulted in a 0.2%<sup>1</sup> decline in occupancy and 0.4%<sup>1</sup> decrease in ADR due to new hotels offering discounted introductory pricing. As a result, RevPAR for this segment decreased by 0.6%<sup>1</sup>. While supply headwinds have impacted RevPAR growth, it is considered to be a temporary condition and RevPAR performance is expected to gradually improve as new supply is absorbed.

<sup>1</sup> Bureau of Economic Analysis, United States Department of Commerce

<sup>2</sup> Bureau of Labor Statistics, United States Department of Labor

<sup>3</sup> STR report for December 2019

**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 (cont'd)**

The novel coronavirus (COVID-19) outbreak is currently being closely monitored by the authorities in the U.S., with stringent travel restrictions put in place to deny entry to foreign nationals who visited China in the 14 days prior to their arrival to the U.S. Given the limited number of cases in the U.S., the Managers believe there is lower risk of impact to our portfolio as compared to hotels in gateway cities, as the majority of the portfolio's demand is predominantly oriented towards domestic business and leisure travelers. Nevertheless, the Managers are actively monitoring the situation in the U.S. and our hotels are actively taking precautions and putting in place measures to minimize the risk of virus exposure to our guests and employees.

For the period 9 May (listing date) till 31 December 2019, the portfolio generated a GOP margin of 37.5% and NPI margin of 28.4%, underscoring the profitable nature of upscale select-service hotels. The cash flow from operations, coupled with additional savings from our financing, resulted in DPS of 4.21 US cents for the cumulative period since listing.

For the same period, the portfolio recorded a RevPAR of US\$94, or 7.7% lower than forecast. The variance in performance is primarily attributable to new supply impact in various markets, resulting in temporary ADR dislocation due to introductory pricing from new supply entrants. Supply headwinds were exacerbated with demand dislocations (e.g., Hurricane Dorian in September and the General Motor strike from September to October) and property management turnover in some instances. Nevertheless, the portfolio achieved an occupancy of 77.0%, a testament to the appeal of our Hyatt-branded portfolio and affirmation of our upscale select-service segment investment strategy. Furthermore, the portfolio's RevPAR index of 106.3% demonstrates the strength of the portfolio in outperforming its competition.

In order to improve the financial performance in 2020, the Managers have initiated a comprehensive action plan for the portfolio: 1.) Revenue management initiatives to optimize pricing (ADR); 2.) Sales initiatives to enhance group capture and improve digital marketing; 3.) Cost management strategies focused on productivity improvements and detailed expense reviews; and 4.) Asset enhancement initiatives (AEI) concentrated on enhancing guest appeal, such as television platform upgrades and improved internet access. These comprehensive initiatives will help defend occupancy in the short term and accelerate ADR growth as the supply-demand conditions return to equilibrium. This action plan combined with the activist asset management approach of the Managers will help drive revenues, resulting in improved profits and yields.

Adding to our premium select-service portfolio, on 17 January 2020, ARA H-Trust completed the acquisition of a portfolio of three premium Marriott-branded upscale select-service hotels for a consideration of US\$84.0 million, representing a 5.5% discount to independent market valuation of US\$88.9 million. The three properties, which are located in prime locations with robust key demand drivers, will further enhance our geographical and brand diversification and increase our earnings base. The acquisition was funded by bank loans and internal cash resources and will be DPS accretive to the Stapled Securityholders. The acquisition demonstrates the Managers' ability to originate deals in the world's largest lodging market and execute third-party transactions at attractive yields.

The acquisition pipeline remains robust, and the Managers are continuing to source for potential yield accretive acquisitions to enhance Stapled Securityholder value. On 24 January 2020, the Managers announced the establishment of a S\$800,000,000 multicurrency stapled debt issuance programme ("MTN Programme"). The MTN Programme will provide ARA H-Trust with greater flexibility in funding its future debt requirements, and to capitalize on potential acquisition opportunities.

In view of the above action plans and active asset management by the Managers, and barring unforeseen circumstances, the Managers expect the Distributable Income for FY2020 to be in line with its IPO forecast.



**11 Distributions**

<b>(a) Current financial period</b>	
Any distribution declared for the current period?	Yes
Distribution period	Distribution for the period from 9 May 2019 to 31 December 2019
Distribution type	Distribution of 4.206 US cents per Stapled Security comprising two components: 1. Tax-exempt income: 2.677 US cents 2. Capital: 1.529 US cents
Distribution per stapled security	4.206 US cents
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Stapled Securityholders.  Capital distribution represents a return of capital to Stapled Securityholders for Singapore income tax purpose and is therefore not subject to income tax. For Stapled Securityholders who are liable to Singapore income tax on profits from sale of ARA H-Trust Stapled Securities, the amount of capital distribution will be applied to reduce the cost base of their ARA H-Trust Stapled Securities for Singapore income tax purpose.
<b>(b) Corresponding period of the immediately preceding financial year</b>	
Any distribution declared for the corresponding period of the immediately preceding financial year?	Not applicable
<b>(c) Date payable</b>	
	27 March 2020
<b>(d) Books Closure date</b>	
	28 February 2020

**12 If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision**

Not applicable.

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 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.

**15 Segmented revenue and results for business or geographical segments in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

For the period of the Listing date to 31 December 2019, ARA H-Trust's operating business segments are hotels franchised under the brand names Hyatt Place and Hyatt House in the U.S. Total revenue and net property income ("NPI") information based on brand name are as follows:

<b>ARA H-Trust</b>	<b>Total Revenue</b>	<b>NPI</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Hyatt Place	72,000	18,899
Hyatt House	42,952	13,699
<b>Total</b>	<b>114,952</b>	<b>32,598</b>

**16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to section 9.

**17 Breakdown of revenue**

ARA H-Trust	Actual	Forecast	Variance
	US\$'000	US\$'000	%
Total revenue for the period from 9 May 2019 to 30 June 2019	28,823	29,195	(1.3%)
Net income for the period from 9 May 2019 to 30 June 2019	4,242	3,520	20.5%
Total revenue for the period from 1 July 2019 to 31 December 2019	86,129	95,662	(10.0%)
Net income for the period from 1 July 2019 to 31 December 2019	6,461	8,914	(27.5%)

**18 Breakdown of total annual distribution**

ARA H-Trust	Listing Date to 31 December 2019
	US\$'000
Listing Date to 31 December 2019 (to be paid)	23,863



**19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)**

Pursuant to Rule 704(13) of the Listing Manual, the REIT Manager and Trustee-Manager confirm that there is no person occupying a managerial position in the Managers or in any of the principal subsidiaries of ARA H-Trust who is a relative of a director, chief executive officer, substantial shareholder of the Managers or substantial Stapled Securityholder of ARA H-Trust.

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  
19 February 2020

Seow Bee Lian  
Director  
19 February 2020

**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.



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet kpmg.com.sg

## **Report on review of 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

18 February 2020

Dear Sirs

### **ARA US Hospitality Trust**

#### ***Introduction***

We have reviewed the accompanying financial information (the “Financial Information”) of ARA US Hospitality Trust (“ARA H-Trust”) for the period from 9 May 2019 (Listing date) to 31 December 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 Financial Information consists of the following:

- Statement of financial position of ARA H-Trust as at 31 December 2019;
- Statement of comprehensive income of ARA H-Trust for the period from 9 May 2019 (Listing date) to 31 December 2019;
- Statement of movements in stapled securityholders’ funds of ARA H-Trust for the period from 9 May 2019 (Listing date) to 31 December 2019;
- Statement of cash flows of ARA H-Trust for the period from 9 May 2019 (Listing date) to 31 December 2019; and
- Certain explanatory notes to the above 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 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 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 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 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 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 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**

18 February 2020