



ARA US Hospitality Trust

FY2019 Financial Results (9 May 2019 to 31 December 2019)

19 February 2020



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

Well Poised for Further Growth



9 May 2019

First Pure-Play U.S. Upscale
Select-Service Hospitality Trust
Listed on SGX Mainboard

23 Sept 2019

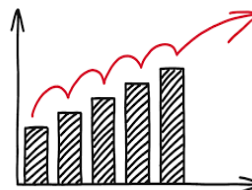
Joined GPR/APREA Composite Index
and REIT Composite Index

17 Jan 2020

Completed Maiden Acquisition
of Three Premium Marriott-
branded Select Service Hotels

23 Feb 2020

Established S\$800 mil
Multicurrency Stapled Debt
Issuance Programme



Distribution Per Stapled Security
4.21 US cents ⁽²⁾

Occupancy
77.0%

Gross Revenue
US\$115.0 mil

RevPAR Index
106.3%

RevPAR
US\$94



Gearing
32.1% ⁽³⁾

Average Cost of Debt
3.90% p.a.

Fixed Rate Debt
83%

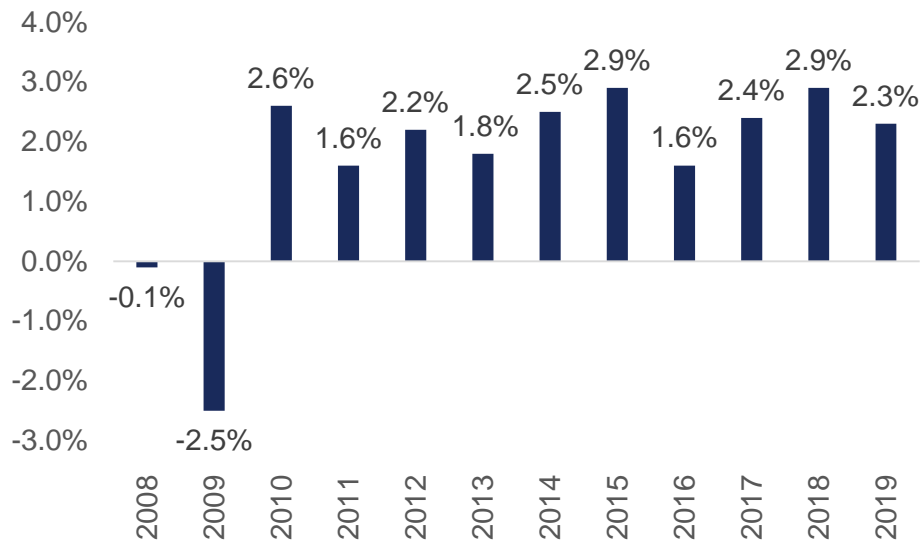
Interest Coverage Ratio
4.5 times

(1) The above financials relate to the period from 9 May 2019 (Listing Date) to 31 December 2019
(2) Annualized yield of 7.4% based on IPO price of US\$0.88 from 9 May 2019 till 31 December 2019.
(3) Proforma gearing post acquisition of three Marriott branded hotels is 38.2%

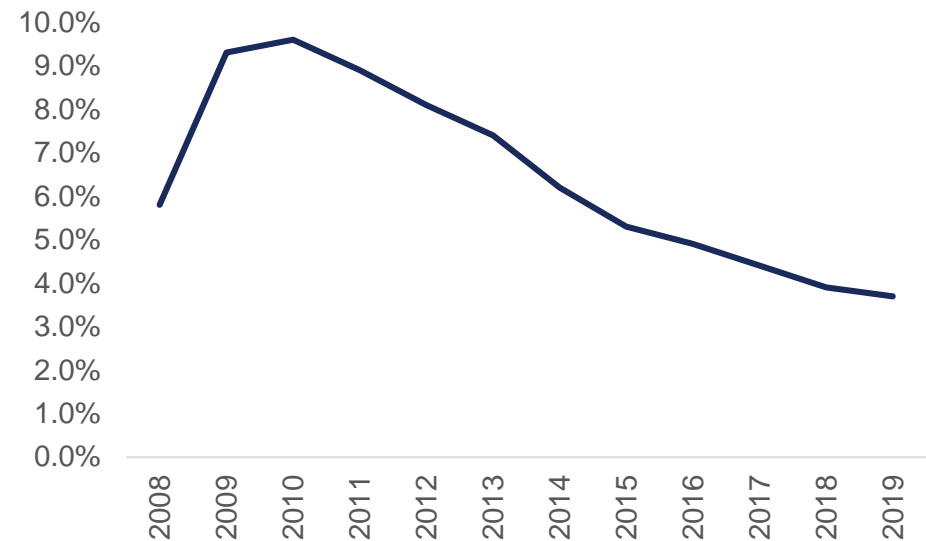
US Economic Performance

- GDP grew 2.3% in 2019 ⁽¹⁾, extending the US's longest economic expansion on record
- CPI inflation rate of 2.3% for 2019 ⁽²⁾
- Unemployment rate remained at 3.5% in December 2019 ⁽²⁾
- FOMC ⁽³⁾ lowered target federal funds rate thrice in 2019 with federal fund rates at 1.5%-1.75%

US Real GDP Growth ⁽¹⁾



US Unemployment Rate ⁽²⁾



(1) 2019 based on advance estimates from US Bureau of Economic Analysis (January 2020).

(2) US Bureau of Labor Statistics (January 2020).

(3) Federal Reserve (December 2019).

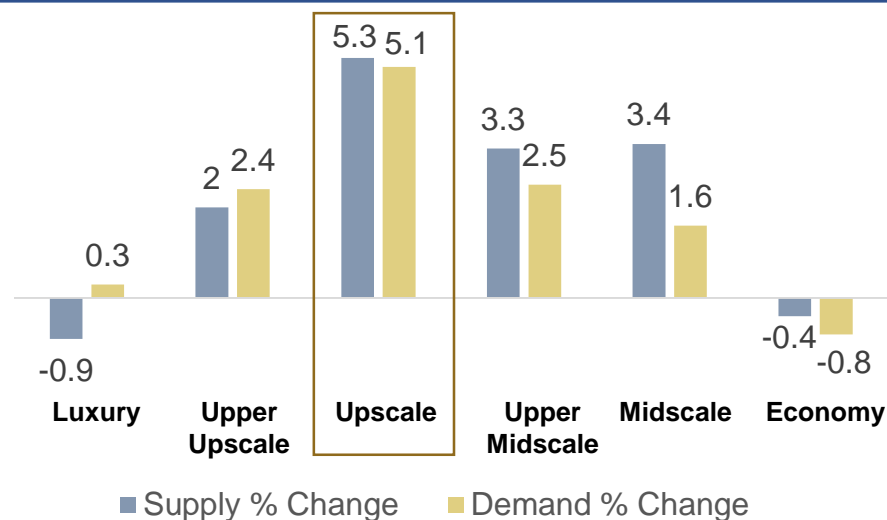
Industry Performance

- RevPAR for 2020 stable, with positive growth in 2021
- Supply headwinds across all segments are impacting RevPAR growth, due to introductory rates of new supply entrants
- Supply for the upscale sector grew 5.3% in 4Q 2019 due to attractiveness of the segment
- However the upscale sector's demand growth of 5.1% was more than twofold the overall US hotel industry's demand growth of 2.0%

**US Hotel Performance/Forecast
% Change vs Prior Year**

	Actual 2019	Forecast 2020	Forecast 2021
Supply	2.0%	1.9%	1.9%
Demand	2.0%	1.6%	1.7%
Occupancy	0.0%	-0.3%	-0.1%
ADR	1.0%	0.3%	0.6%
RevPAR	0.9%	0.0%	0.5%

**U.S Supply and Demand % Change by Segment
4Q 2019**



COVID-19 Risk Factors to Monitor

- Global and US infection rates and spread
- US travel restrictions
- Economic impact

Potential Portfolio Impact / Assessment

- Primarily US domestic customer base; no location in gateway city
- Highly diversified Portfolio; no concentration > 5%

Property Manager Initiatives

- Cleaning frequency, cleaning chemicals, hand sanitizer
- Staff wellness monitoring, safety policies and procedures
- Contingency plans and communication protocols




REIT Manager Initiatives

- Business Continuity Plan (BCP)
- Office sanitation and health/safety policies



Performance Across Brands



	Occupancy	RevPAR	RevPAR Index	GOP margin
 11 Hotels	82.3%	US\$113	116.0%	41.2%
 27 Hotels	74.6%	US\$85	102.3%	35.7%
 38 Hotels	77.0%	US\$94	106.3%	37.5%

- Performance by Hyatt House hotels

- Strong Occupancy at 82.3%
- Outperform RevPAR of comps by 16.0%
- GOP margin remains strong at 41.2%

- Performance by Hyatt Place hotels

- High Occupancy at 74.6%
- Supply headwinds impacted occupancy and ADR
- Reduced RevPAR impacted GOP margin of 35.7%

Financial Highlights

- Achieved DPS of 4.21 US cents which translates to an annualized yield of 7.4%⁽¹⁾
- Portfolio occupancy remained strong at 77%
- Portfolio RevPAR outperformed its comparable hotel sets by an average of 6.3%
- Property Expenses were slightly lower than forecast, with lower management fees, property taxes and borrowing costs

	9 May to 30 Sep 2019			4Q2019			9 May to 31 Dec 2019		
	Actual US\$'000	Forecast US\$'000	Var (%)	Actual US\$'000	Forecast US\$'000	Var (%)	Actual US\$'000	Forecast US\$'000	Var (%)
Gross Revenue	75,660	80,085	(5.5)	39,292	44,772	(12.2)	114,952	124,857	(7.9)
Property Expenses	(45,525)	(46,171)	1.4	(26,334)	(26,913)	2.2	(71,859)	(73,084)	(1.7)
GOP	30,135	33,914	(11.1)	12,958	17,859	(27.4)	43,093	51,773	(16.8)
GOP Margin (%)	39.8	42.3	(2.5)	33.0	39.9	(6.9)	37.5	41.5	(4.0)
NPI	23,366	27,147	(13.9)	9,232	13,752	(32.9)	32,598	40,899	(20.3)
NPI Margin (%)	30.9	33.9	(3.0)	23.5	30.7	(7.2)	28.4	32.9	(4.4)
Distributable Income	17,754	18,824	(5.7)	6,109	7,016	(12.9)	23,863	25,840	(7.7)
Distribution per Stapled Security (US cents)	3.13	3.32	(5.7)	1.08	1.24	(12.9)	4.21	4.56	(7.7)

(1) Annualized yield of 7.4% based on IPO price of US\$0.88 from 9 May 2019 till 31 December 2019.

(2) The Prospectus disclosed an 8-month profit forecast for the period from 1 May 2019 to 31 December 2019. Forecast results for the financial period from 9 May 2019 (Listing Date) to 31 December 2019 (FY2019) were derived by pro-rating the forecast figures for the period from 1 May 2019 to 31 December 2019 as disclosed in the Prospectus.

Prudent Capital Management



Stable Financial Indicators

	31 December 2019	Pro forma ⁽¹⁾
Total assets	US\$759 mil	US\$834 mil
Total debt	US\$244 mil	US\$319 mil
Aggregate leverage	32.1%	38.2%
Average cost of debt (p.a.)	3.90%	3.79%
Interest coverage ratio	4.5 times	4.1 times
Long debt maturity	4.4 years	4.0 years
Fixed / Variable debt	83% / 17%	65% / 35%
Debt headroom ⁽²⁾	US\$175 mil	US\$105 mil
NAV per Stapled Security	US\$0.87	US\$0.87

(1) Assuming the Acquisition of 3 Marriott branded Hotels ("Acquisition Portfolio") was completed on 31 December 2019 and/or ARA USHT owned and operated the Acquisition Portfolio since beginning of the year.

(2) Based on 45% Aggregate Leverage Limit for S-REITs.

**New Supply
Absorption**

**Property-Level
Management
Turnover**

**Exogenous
Factors**

Temporary Disruptions

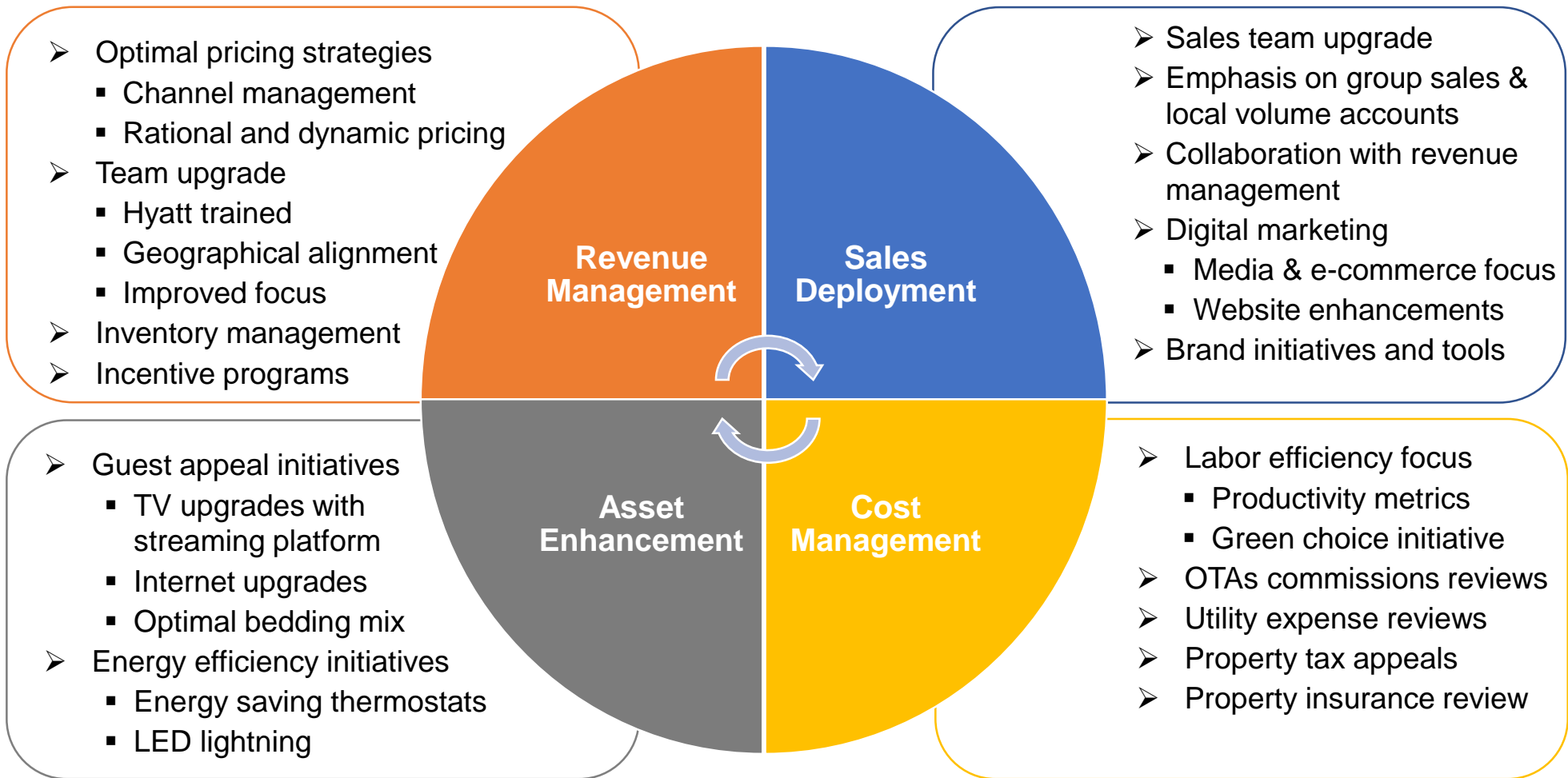


Introductory discount rates offered until absorption; RevPAR growth resumes once new supply absorbed

Nearly all open positions filled, with staffing substantially upgraded

Hurricane Dorian
General Motors Strike

Proactive Initiatives



- Continued active Asset management of Property Managers (“Managing the Managers”)
- Ownership advocacy on Aimbridge Owners Advisory Board and Hyatt’s Owners Advisory Council

Premium Marriott-Branded Hotels Acquired in Jan 2020

Accretive Acquisition enhances Stapled Securityholders' returns

Total Valuation of US\$88.9 million






AC Hotel Raleigh North Hills



Courtyard San Antonio at The Rim



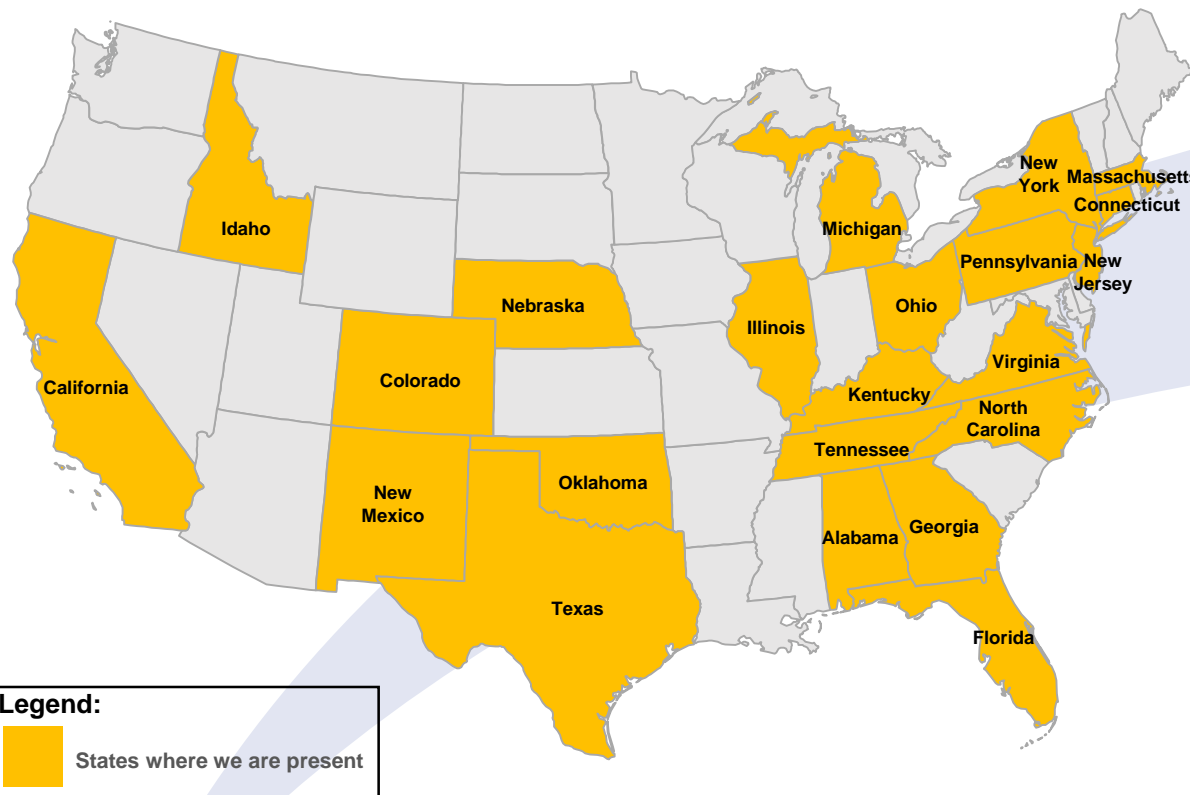
Residence Inn San Antonio at The Rim

	Occupancy	RevPAR	RevPAR Index	GOP margin
 AC Hotel Raleigh North Hills	78.3%	US\$140	122%	47.8%
 Courtyard San Antonio at The Rim	79.9%	US\$104	145%	47.1%
 Residence Inn San Antonio at The Rim	79.4%	US\$100	123%	44.5%

The above metrics are based on year-end 2019 results

Continued Growth

U.S. is the largest lodging market with 5.3 million rooms.



- Demonstrated ability to execute 3rd party transactions at attractive yields with recent portfolio acquisition
- Pipeline opportunities continue to be robust
- Continue to enhance portfolio through accretive acquisitions by brand and by location
- New source of funding – S\$800M Multicurrency Stapled Debt Issuance Programme
- Maintain a prudent capital structure with view to grow distributions for Stapled Securityholders
- Capital recycling through selective dispositions

Distribution Schedule

- First Distribution of 4.21 US cents per Stapled Security to be paid on 27 March 2020
- Stapled Securityholders NOT required to submit W-8Ben or W-9 Forms
- Distributions will be made on a semi-annual basis

Distribution Schedule

Ex-Distribution Date	27 February 2020
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Books Closure Date	28 February 2020
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Payment Date	27 March 2020
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Appendix



Courtyard and Residence Inn Six Flags at The Rim

Overview of the Sponsor



Overview of ARA Asset Management Limited (“ARA”)



A leading APAC real assets fund manager with a global reach



28 COUNTRIES AROUND THE GLOBE



Global reach

Headquartered in Singapore with **9 offices** across the globe and a presence in **more than 100 cities** in **28 countries**



~\$87 billion¹

in Gross Assets Managed by ARA Group and its Associates



>1,200 employees

On the ground offices in key markets

REITs	Private Funds	
<p>PUBLIC REITs</p>	<p>APAC REAL ESTATE</p> <p><i>ADF I ADF II AREP I AREP II AAHF AIFEREF</i></p> <p><i>CIP PIP SDF I</i></p> <p><i>ARA Harmony II ARA Harmony III ARA Harmony V ARA Harmony VI</i></p> <p><i>Xiamen ARA Qihang Equity Investment Fund</i></p> <p><i>ARA Korea (Domestic) REF 1 ARA Korea (Europe) REF 1</i></p>	<p><i>ARA Infrastructure</i></p> <p><i>Established in 2018 to cater to the rising demand among investors in the asset class and tremendous opportunities in the rapidly developing economies in Europe and Asia.</i></p>
<p>PRIVATE REITs</p> <p><i>ARA-NPS REIT No. 1</i> <i>ARA-ShinYoung REIT No. 1</i> <i>ARA-Alphaarium REIT</i></p> <p><i>ARA-NPS REIT No. 2</i> <i>ARA-ShinYoung REIT No. 2</i> <i>ARA Korea Global REIT I</i></p>	<p>LOGISTICS REAL ESTATE</p>	
<p>REITs FROM OUR ASSOCIATE COMPANIES⁽²⁾</p>	<p>REAL ESTATE CREDIT</p>	
REAL ESTATE		INFRASTRUCTURE

(1) Includes assets under management by ARA Asset Management Limited and the Group of companies (“ARA Group”) and its Associates and Joint Ventures as at 31 December 2019
 (2) Select REIT products from ARA’s Associate Companies

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PRIVATE REITs ARA-NPS REIT No. 1 ARA-ShinYoung REIT No. 1 ARA-Alphaarium REIT ARA-NPS REIT No. 2 ARA-ShinYoung REIT No. 2 ARA Korea Global REIT I	LOGISTICS REAL ESTATE 	
REITs FROM OUR ASSOCIATE COMPANIES⁽²⁾ 	REAL ESTATE CREDIT 	
REAL ESTATE		INFRASTRUCTURE

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Portfolio Overview



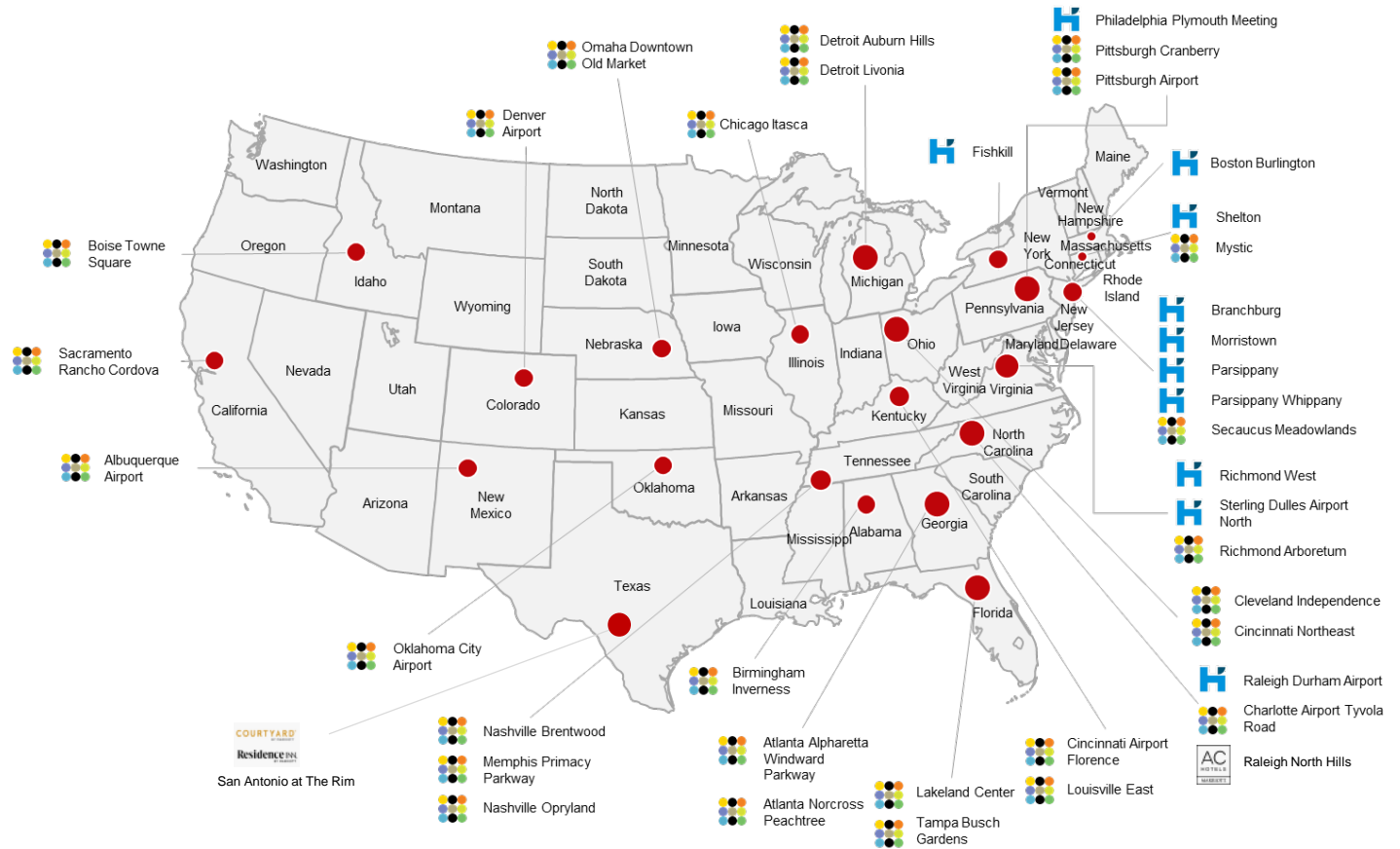
41 Hotels	22 States	5,340 Rooms	US\$0.5b Market Cap	39 Freehold ¹
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Premier Hotel Branding

11	
27	
3	

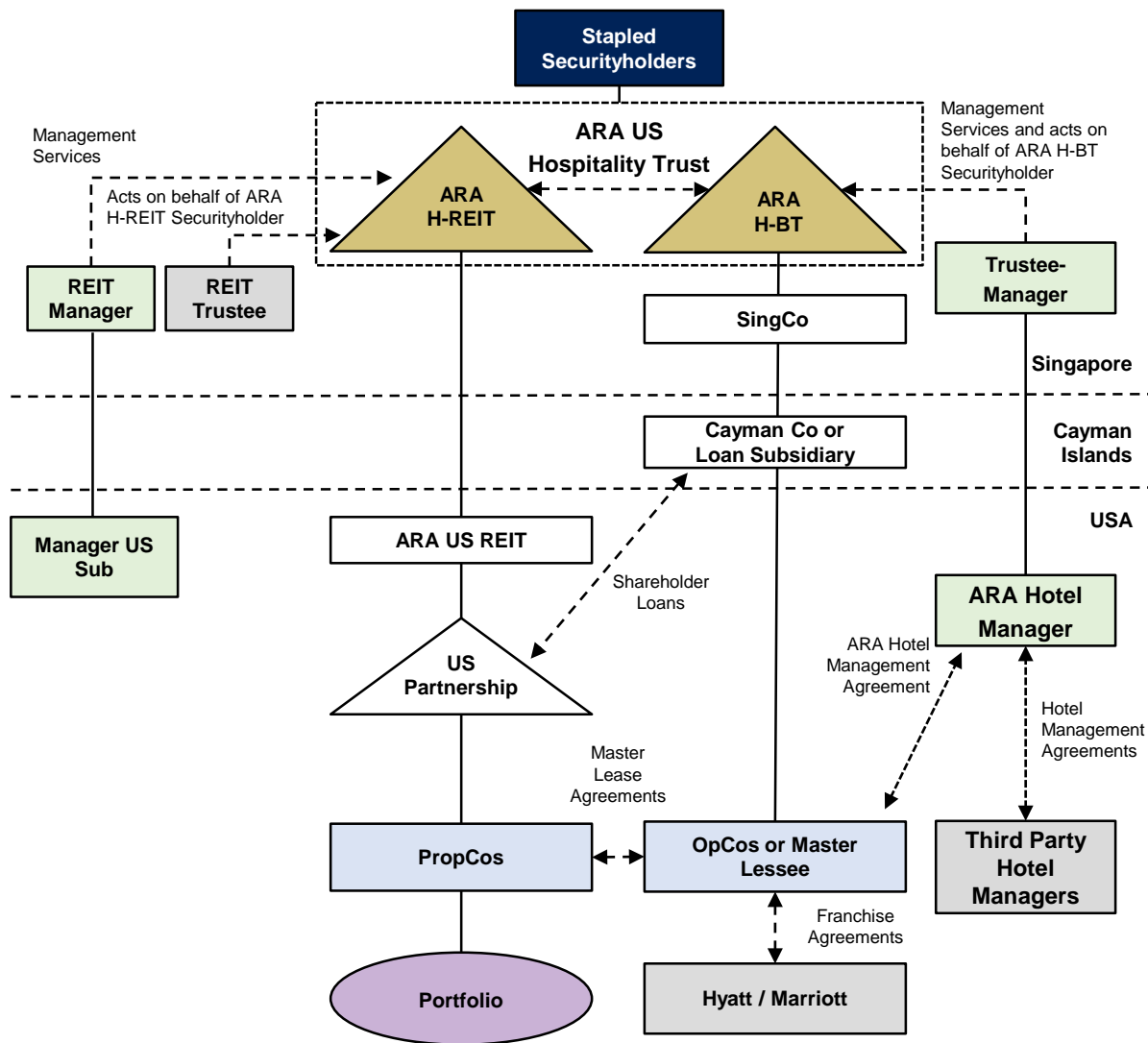
Managed by:

- **Aimbridge Hospitality**
- **Concord Hospitality**



(1) Hyatt House Richmond West, which is held under a ground leasehold (expiring in July 2072) and ARA H-REIT (through its wholly-owned subsidiary, PropCo) has the right to purchase the fee simple interest over the property at a price of US\$3.3 million. PropCo has exercised such right and the conversion is being processed.

Structure of ARA US Hospitality Trust



Tax Efficient Structure

- Bulk of the distributions are tax exempt, as it is repatriated to Singapore via the shareholder's loan extended by the ARA H-BT (via CaymanCo) due to portfolio interest exemption
- A small residual amount is subject to US withholding tax on repatriation to Singapore, and applicable US corporate taxes
- No tax payable in Cayman Islands and Singapore by ARA H-REIT, ARA H-BT, SingCo and Cayman Co
- Forfeiture mechanism is adopted to ensure no single investor holds more than 9.8% (under attribution rules) for the purposes of the US REIT status

Documentation-light Structure for Investors

- Unlike previous trusts with US assets listed in Singapore, certain administrative tax filings would not be required of investors (e.g. Form W-8 BEN-E) as this is satisfied by the CaymanCo



Thank You

For enquiries, please contact:

Investor Relations
irusht@ara-group.com

Tel: +65 6601 9362

www.araushotels.com