



# ARA US HOSPITALITY TRUST

A stapled group comprising:

**ARA US HOSPITALITY PROPERTY TRUST**  
 (a real estate investment trust constituted on 24 September 2018 under the laws of the Republic of Singapore) managed by  
**ARA Trust Management (USH) Pte. Ltd.**

**ARA US HOSPITALITY MANAGEMENT TRUST**  
 (a business trust constituted on 29 October 2018 under the laws of the Republic of Singapore) managed by  
**ARA Business Trust Management (USH) Pte. Ltd.**

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

## BUSINESS AND OPERATIONAL UPDATES FOR 1Q 2020

ARA Trust Management (USH) Pte. Ltd., as manager of ARA US Hospitality Property Trust (“**ARA H-REIT**”), and ARA Business Trust Management (USH) Pte. Ltd, as trustee-manager of ARA US Hospitality Management Trust (“**ARA H-BT**”) (collectively known as the “**Managers**”), would like to provide business and operational updates of ARA US Hospitality Trust (“**ARA H-Trust**”) for the period of 1 January 2020 to 31 March 2020 (“**1Q 2020**”) as well as an update on the Managers’ action plans in response to the COVID-19 pandemic.

### 1Q 2020 Portfolio Review

#### Financial Summary

	Actual (US\$'000)	IPO Forecast <sup>1</sup> (US\$'000)	Variance (%)
Gross Revenue	31,721	42,017	(24.5)
Gross Operating Profit	8,077	15,468	(47.8)
Net Property Income	3,602	11,325	(68.2)

#### Portfolio Performance

	Occupancy	RevPAR	RPI <sup>2</sup>	GOP Margin
Hyatt Portfolio	54.1%	US\$61	100.5%	23.5%
Marriott Portfolio	65.2%	US\$97	129.4%	42.6%
<b>ARA H-Trust Portfolio</b>	<b>54.8%</b>	<b>US\$63</b>	<b>102.1%</b>	<b>25.5%</b>

<sup>1</sup> Forecast is derived from Projection Year 2020 as disclosed in the Prospectus.

<sup>2</sup> RevPAR Index

The COVID-19 pandemic in the United States of America (“**U.S.**”) has created unprecedented challenges for the travel and hospitality industry since mid-March 2020 as more drastic containment measures have been taken by government authorities to flatten the curve of the pandemic spread, thereby halting travel and diminishing hotel demand. Consequently, the U.S. hotel industry experienced an extraordinary drop in demand and occupancies, with our portfolio similarly impacted. As such, despite a healthy portfolio performance in January and February 2020, ARA H-Trust posted Gross Revenue and Net Property Income of US\$31.7 million and US\$3.6 million respectively for 1Q 2020.

In response to the COVID-19 pandemic situation, the Managers are focused on maintaining a healthy financial position through prudent and proactive capital management. Action plans were initiated by the end of March 2020 to protect and preserve ARA H-Trust’s financial position, including identification of new sales opportunities, comprehensive cost reductions, temporary suspension of certain hotel operations and liquidity preservation.

Notwithstanding the challenging operating environment, ARA H-Trust remained in compliance with all loan covenants as at 31 March 2020 and has not defaulted on any payments under its loan facilities. The Singapore-based relationship banks which provided the financing for ARA H-Trust’s IPO and acquisition of the 3 Marriott branded hotels, have granted waivers on the financial covenants under both loan facilities for the following 12 months, that is from 1 April 2020 up to 31 March 2021.

### **Update on COVID-19 Action Plans**

Even as the U.S. hotel industry awaits positive updates in the global fight against the COVID-19 pandemic, the Managers continue to actively monitor and assess market conditions and activity where each of the 41 hotels is located, to gauge available demand in order to decide when to resume or ramp up operations.

As part of its proactive cost reduction measures, the Managers previously reported that 65% or 28 of our hotels with low occupancies had their operations temporarily suspended or consolidated with other hotels. In the last week of April 2020, 12 hotels had resumed operations, in line with the gradual loosening of containment measures in certain states in the U.S.

Mr. Lee Jin Yong, CEO of the Managers said, “We appreciate the continued support from our Singapore-based relationship banks in such challenging times. The temporary waiver of the loan covenants demonstrates the confidence in the strength of our platform and structure of our business model to navigate through these unprecedented times. We have an experienced and hands-on executive team of hospitality specialists based in the U.S. and believe that we have adequate liquidity to tide us over the current difficult period. While we have no certainty on how the COVID-19 pandemic will evolve, the gradual re-opening of our hotels is encouraging, and we hope that the recovery can be sustained. We will continue to closely monitor the evolving situation so that we can adjust our action plans and adapt to the local market conditions accordingly.”

Mr John Lim, Group CEO of ARA Asset Management Limited added, “ARA Group is committed as a Sponsor to ARA H-Trust and the Managers can leverage ARA Group’s global network, solid banking relationships and experienced teams on the ground to meet the objective of delivering long term value to stakeholders. With our strong track record and a quality portfolio in ARA H-Trust, we firmly believe that we will be able to overcome this crisis and emerge stronger than before.”

By ORDER OF THE BOARD  
ARA TRUST MANAGEMENT (USH) PTE. LTD.  
(As manager of ARA US Hospitality Property Trust)  
(Company registration no. 201829676W)

ARA BUSINESS TRUST MANAGEMENT (USH) PTE. LTD.  
(As trustee-manager of ARA US Hospitality Management Trust)  
(Company registration no. 201829682G)

Lee Jin Yong  
Chief Executive Officer  
08 May 2020

**For enquiries, please contact:**

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## About ARA US Hospitality Trust

Listed on the Singapore Exchange on 9 May 2019, ARA US Hospitality Trust is a hospitality stapled group comprising ARA US Hospitality Property Trust (“**ARA H-REIT**”) and ARA US Hospitality Management Trust (“**ARA H-BT**”). ARA US Hospitality Trust invests in income-producing real estate assets used primarily for hospitality purposes located in the United States. ARA US Hospitality Trust’s portfolio currently comprises 41 select-service hotels with a total of 5,340 rooms across 22 states in the United States.

ARA US Hospitality Trust is managed by ARA Trust Management (USH) Pte. Ltd. and ARA Business Trust Management (USH) Pte. Ltd., (collectively known as the “**Managers**”). The Managers are indirect wholly-owned subsidiaries of ARA Asset Management Limited.

For more information, please visit [www.araushotels.com](http://www.araushotels.com).

## About the Sponsor

The Sponsor, ARA Real Estate Investors 23 Pte. Ltd., is an indirect wholly-owned subsidiary of ARA Asset Management Limited.

ARA Asset Management Limited (ARA or the Group) is a leading APAC real assets fund manager with a global reach. With S\$88 billion<sup>3</sup> in gross assets under management as at 31 December 2019, ARA manages listed and unlisted real estate investment trusts (REITs), private real estate credit and equity funds, and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

ARA’s multi-platform, multi-product global fund management strategy, combined with its dedicated teams with in-depth local knowledge and expertise, enables the Group to offer enduring value to investors. Built on a foundation of strong corporate governance and business integrity, ARA counts some of the world’s largest pension funds, sovereign wealth funds, financial institutions, endowments and family offices as its investors.

For more information, please visit [www.ara-group.com](http://www.ara-group.com).

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<sup>3</sup> Includes assets under management by ARA Asset Management Limited and the Group of companies (“ARA Group”) and its Associates as at 31 December 2019

## IMPORTANT NOTICE

The value of the stapled securities in ARA US Hospitality Trust ("**Stapled Securities**") (where each Stapled Security comprises 1 unit in ARA H-REIT stapled to 1 unit in ARA H-BT), and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, DBS Trustee Limited, in its capacity as trustee of ARA H-REIT, or any of their respective affiliates.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This announcement may contain forward-looking statements that involve assumptions, 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of ARA US Hospitality Trust. The forecast financial performance of ARA US Hospitality Trust is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.