



# ARA US HOSPITALITY TRUST

## 3Q 2021 BUSINESS & OPERATIONAL UPDATES

3 NOV 2021



# Important Notice

---



This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of ARA US Hospitality Trust in Singapore under the Securities and Futures Act, Chapter 289 of Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The value of stapled securities in ARA US Hospitality Trust ("**Stapled Securities**") and the income derived from them may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by the ARA Trust Management (USH) Pte. Ltd., as manager (the "**REIT Manager**") of ARA US Hospitality Property Trust and ARA Business Trust Management (USH) Pte. Ltd., as trustee-manager (the "**Trustee-Manager**") of ARA US Hospitality Management Trust, DBS Trustee Limited (as trustee of ARA US Hospitality Property Trust) or any of their respective affiliates. The past performance of ARA US Hospitality Trust is not indicative of the future performance of ARA US Hospitality Trust, the REIT Manager and the Trustee-Manager.

This presentation 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. These forward-looking statements speak only as at the date of the presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry, hospitality outlook and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of occupancy, ADR and RevPAR, changes in operating expenses, government 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 current view of management of future events. 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.

The value of the Stapled Securities and the income derived from them, if any, may fall or rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by the REIT Manager, Trustee-Manager, DBS Trustee Limited 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.

Holders of Stapled Securities ("**Stapled Securityholders**") have no right to request that the REIT Manager or Trustee-Manager redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the 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 does not guarantee a liquid market for the Stapled Securities.

Any forwarding, distribution or reproduction of this Presentation electronically or otherwise, in whole or in part, to any other person is unauthorised. Failure to comply with this paragraph may result in a violation of applicable laws of other jurisdictions. If this Presentation has been received in error, it must be deleted immediately.

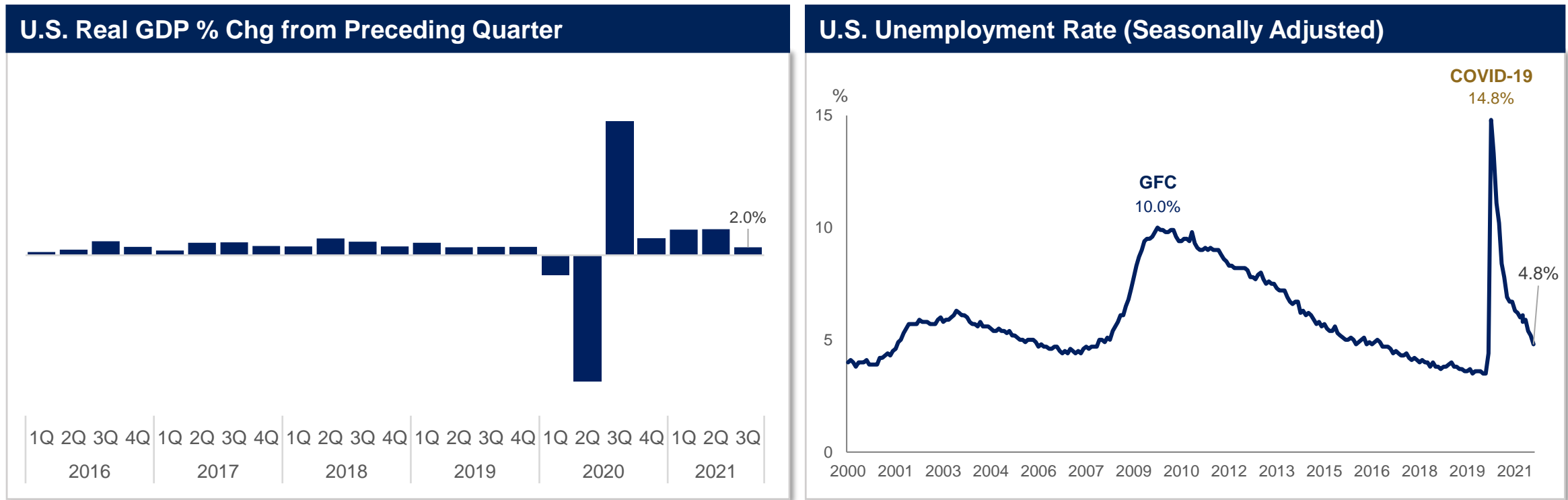


A large American flag waving on a tall pole against a blue sky with white clouds. The flag is positioned on the left side of the slide, and the background is split diagonally by a white line.

# U.S. MARKET UPDATE

# U.S. Economy Remains Resilient Amidst Delta Surge in 3Q 2021

Near-term health and economic fundamentals continue to be robust



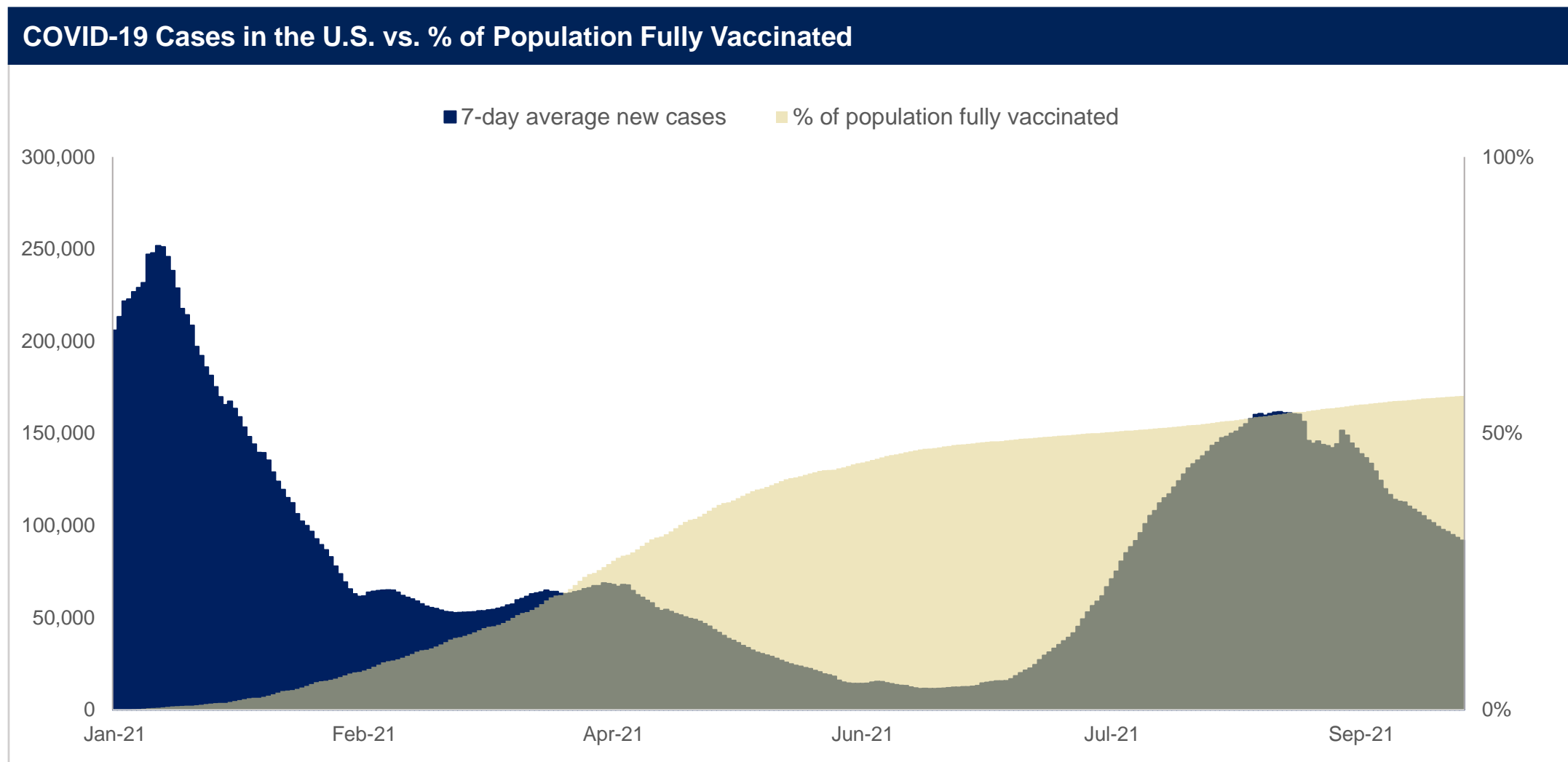
- U.S. economy recorded fifth consecutive quarter of real GDP growth with 3Q 2021 at 2%
- U.S. CPI-U\* increased 0.4% in Sep 2021, mainly due to increase in food and energy prices
- Unemployment rate improved to 4.8% in Sep 2021 with modest job growth
- Federal fund rates continue to anchor near 0% in the near term

\* Consumer Price Index for all Urban Consumers

Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, IMF

# COVID-19 Cases Tapered off Since Delta Peak in Aug/Sep 2021

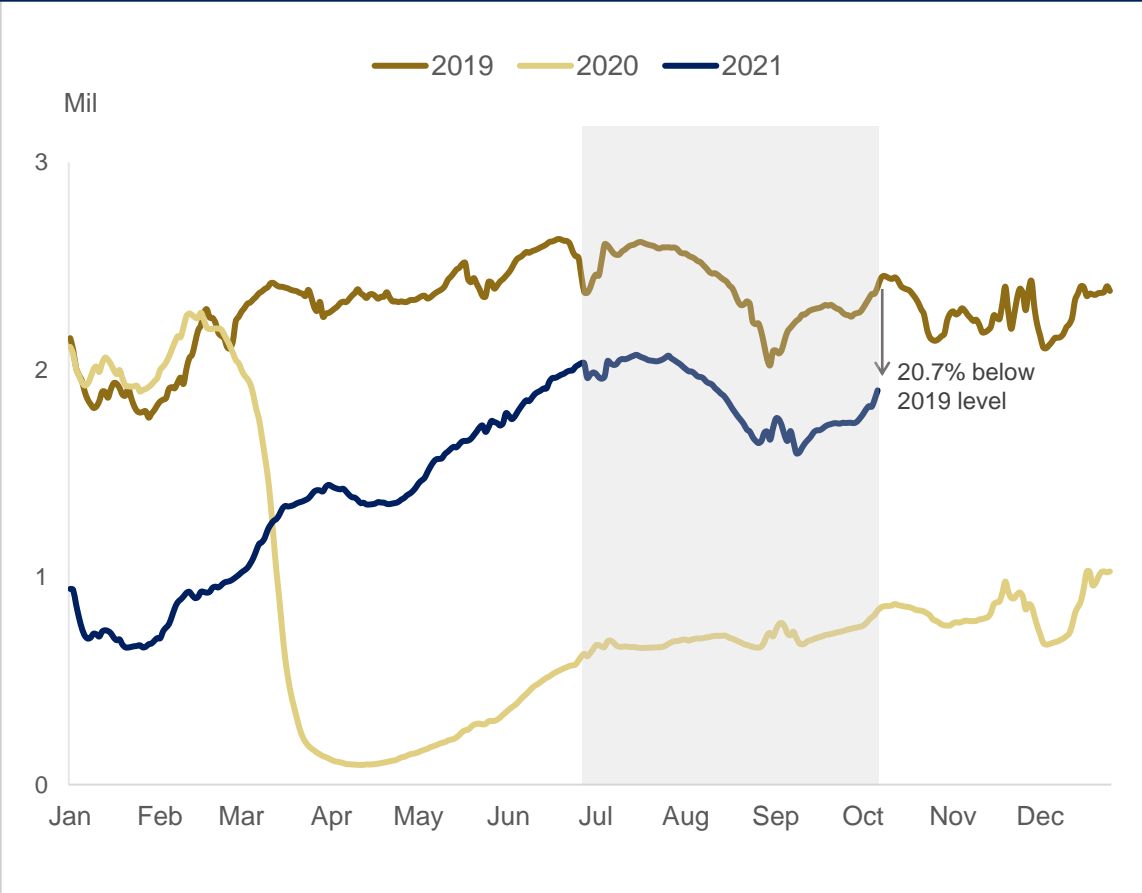
Worst may be over but uncertainties remain from vaccination holdouts and potential new variants



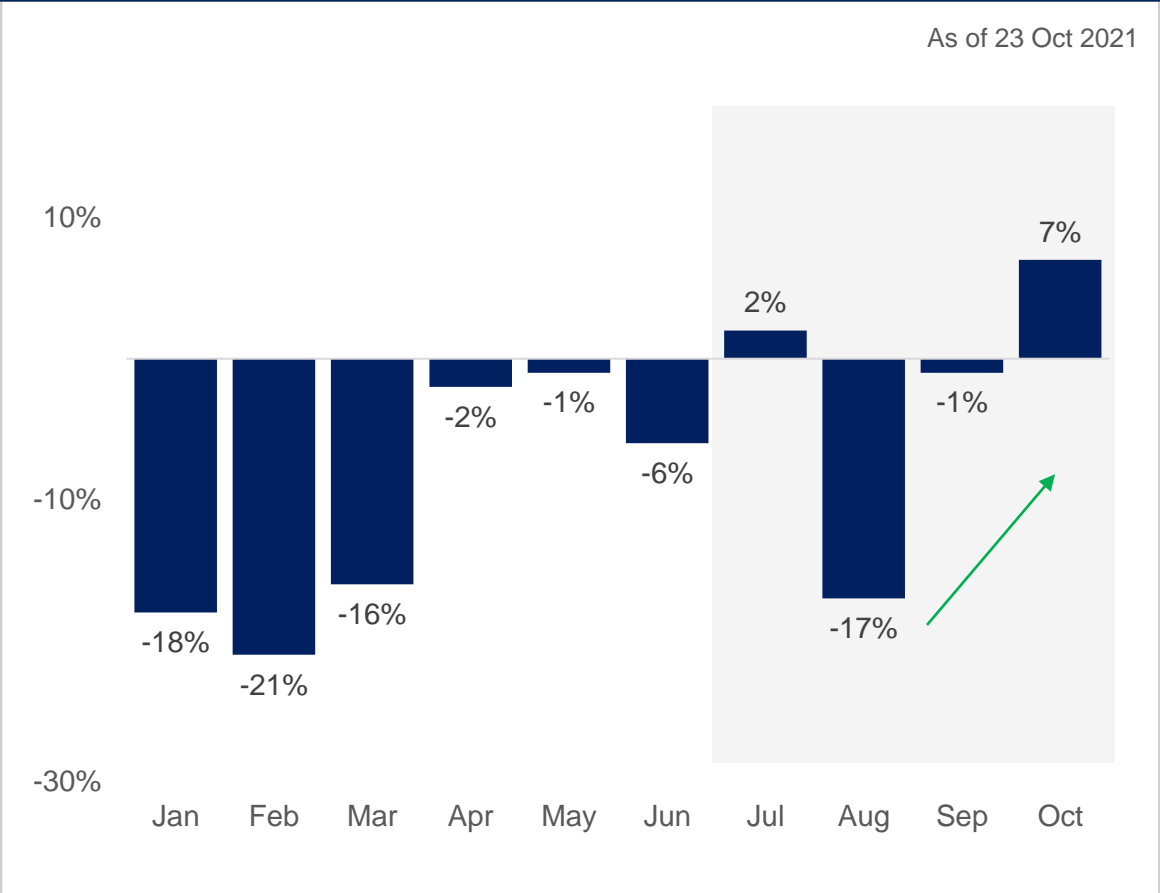
# 3Q 2021 Travel Patterns Tracked Closely to 2019 Levels

Recovery in air and road trips resumed in mid Sep 2021, extending growth into Oct 2021

## U.S. TSA Checkpoint Passenger Volumes



## Arrivalist U.S. Travel Index<sup>1</sup> y-o-y Change (2021 vs. 2019)

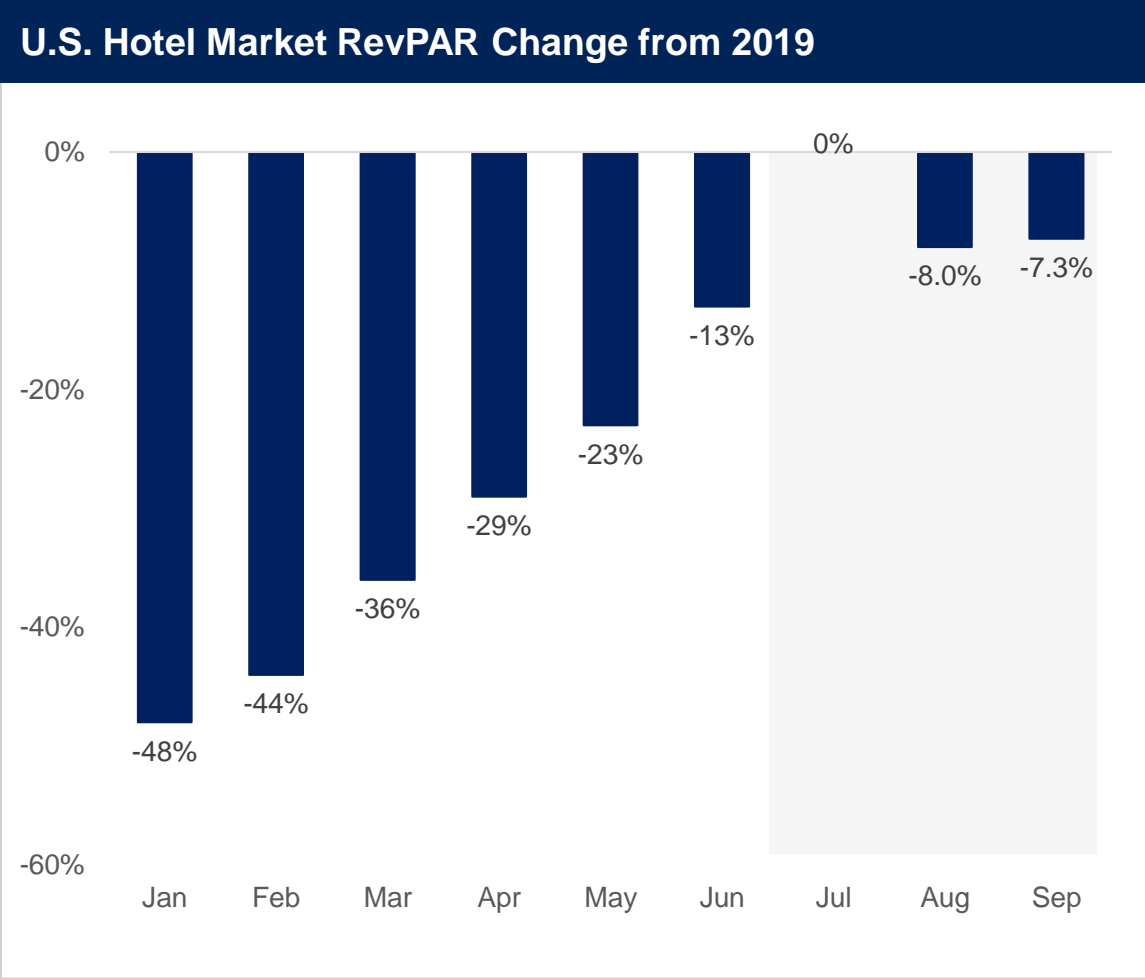
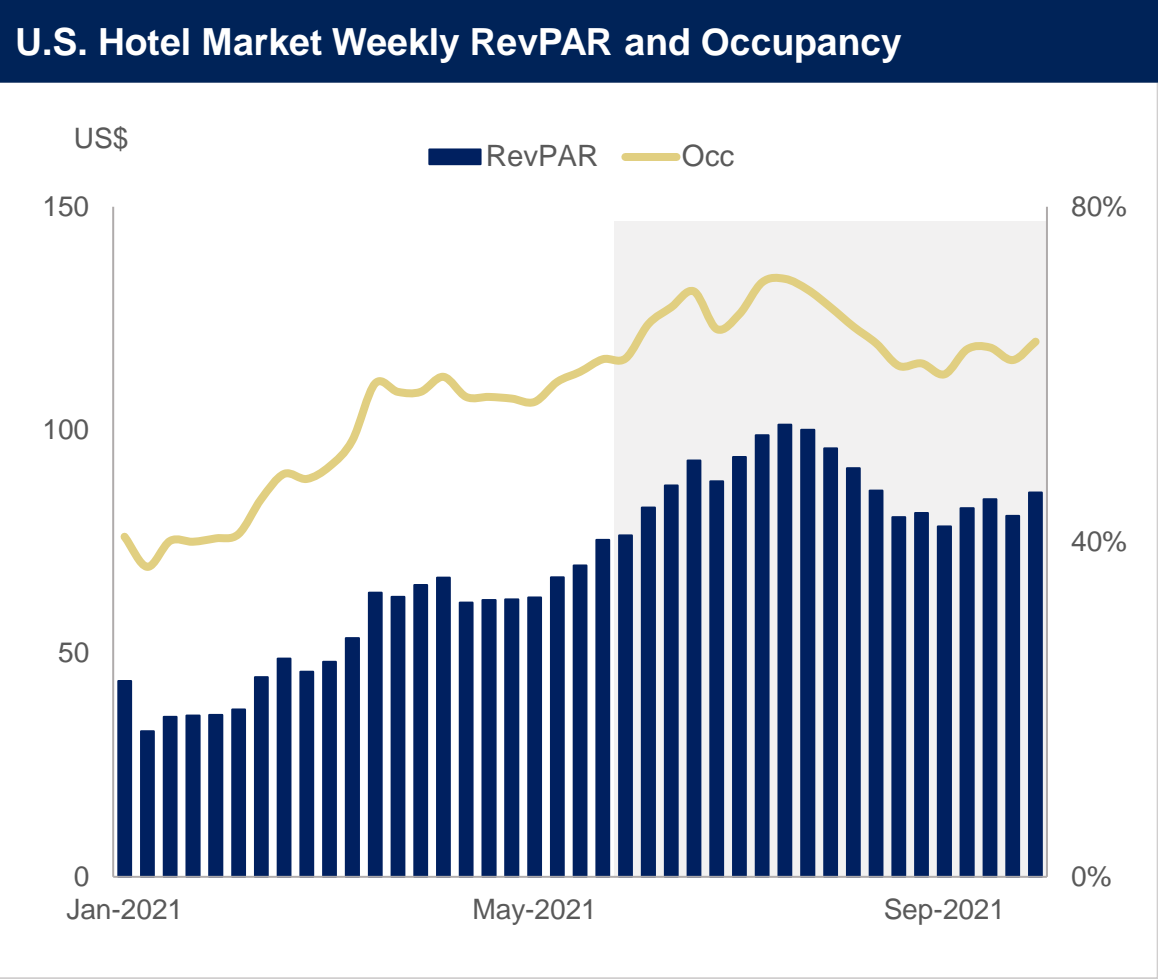


<sup>1</sup> A measure of consumer road trips of 50 miles or more in the U.S.  
Source: TSA, Arrivalist

# U.S. Hotel Market Recovery Supported by Strong Leisure Demand



Full recovery of corporate demand delayed by Delta-surge







# PORTFOLIO PERFORMANCE

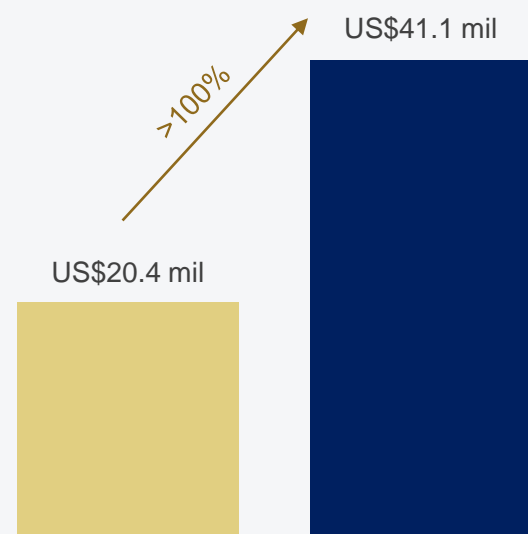


# 3Q 2021 Key Performance Indicators (Y-o-Y)

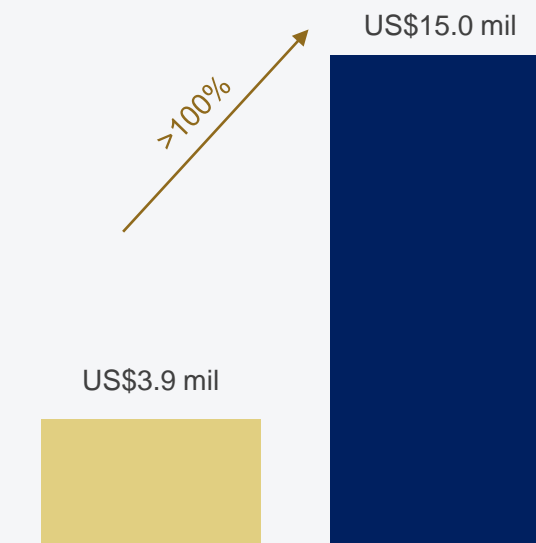
Performance boosted by stronger-than-expected summer travel surge



**Gross Revenue**  
**US\$41.1 mil**



**Gross Operating Profit**  
**US\$15.0 mil**



**Net Property Income**  
**US\$9.2 mil**



■ 3Q 2020 ■ 3Q 2021

# Continuous Improvement in Portfolio Performance

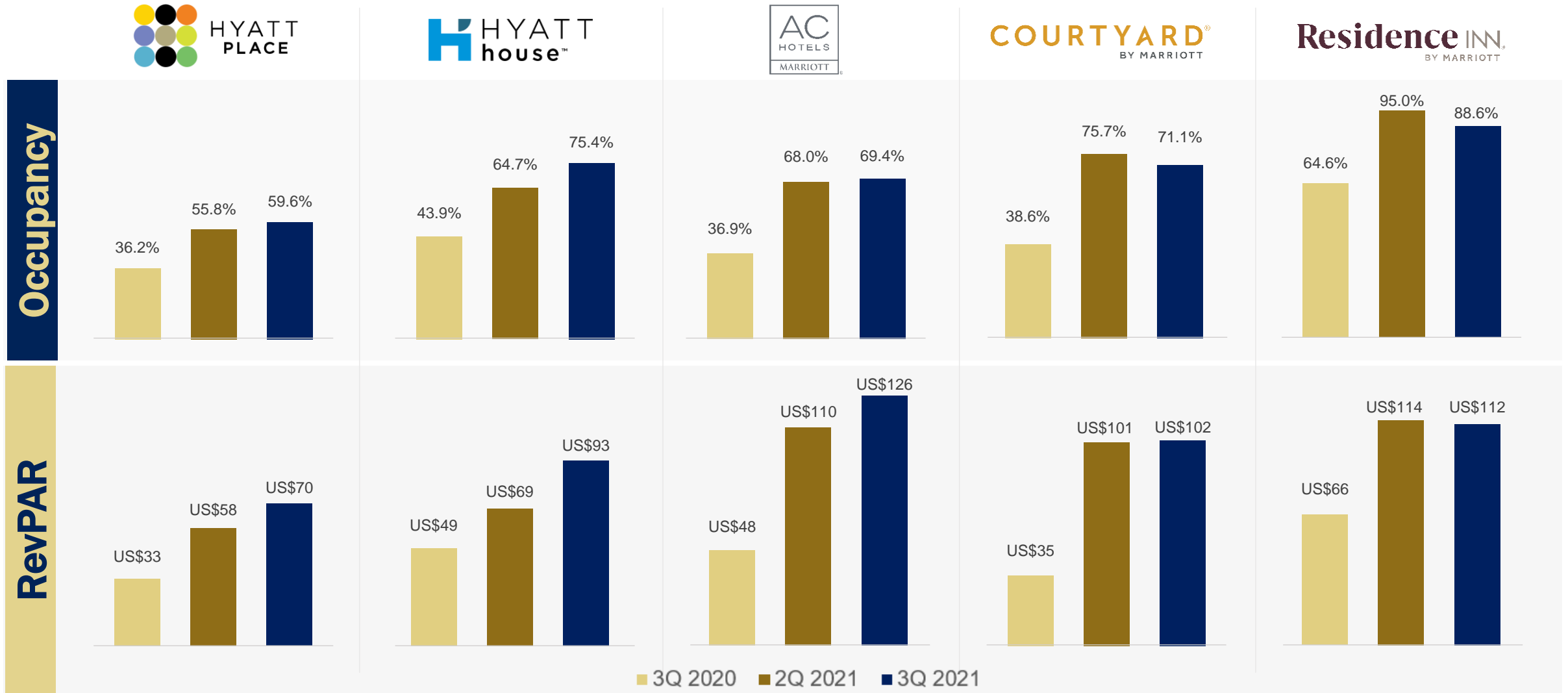
Positive performance in 3Q 2021 led by strong summer leisure demand

	2Q 2021	3Q 2021	q-o-q chg	3Q 2021 YTD
<b>Portfolio Performance</b>				
<b>Occupancy</b>	60.1%	65.3%	5.2 pp	<b>56.0%</b>
<b>RevPAR</b>	US\$65	US\$80	23.1%	<b>US\$61</b>
<b>RPI<sup>1</sup></b>	106.7%	103.9%	-2.8 pp	<b>105.2%</b>
<b>Financial Performance</b>				
<b>Gross Revenue</b>	US\$33.3 mil	US\$41.1 mil	23.4%	<b>US\$93.9 mil</b>
<b>Gross Operating Profit</b>	US\$11.4 mil	US\$15.0 mil	31.6%	<b>US\$29.1 mil</b>
<b>GOP Margin</b>	34.2%	36.5%	2.3 pp	<b>31.0%</b>
<b>Net Property Income</b>	US\$8.7 mil	US\$9.2 mil	5.7%	<b>US\$18.3 mil</b>

<sup>1</sup> RevPAR Index

# 3Q 2021 Portfolio Performance by Brands

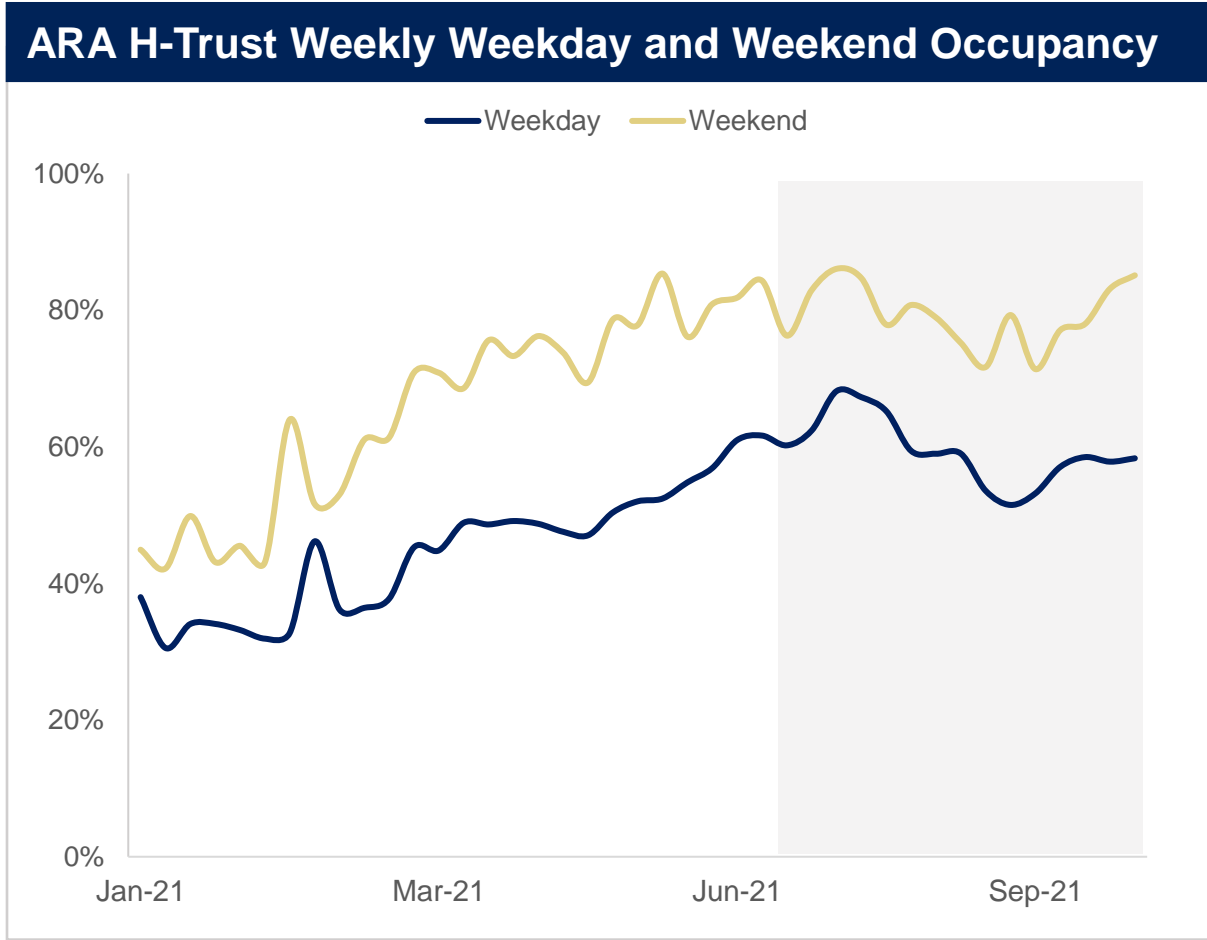
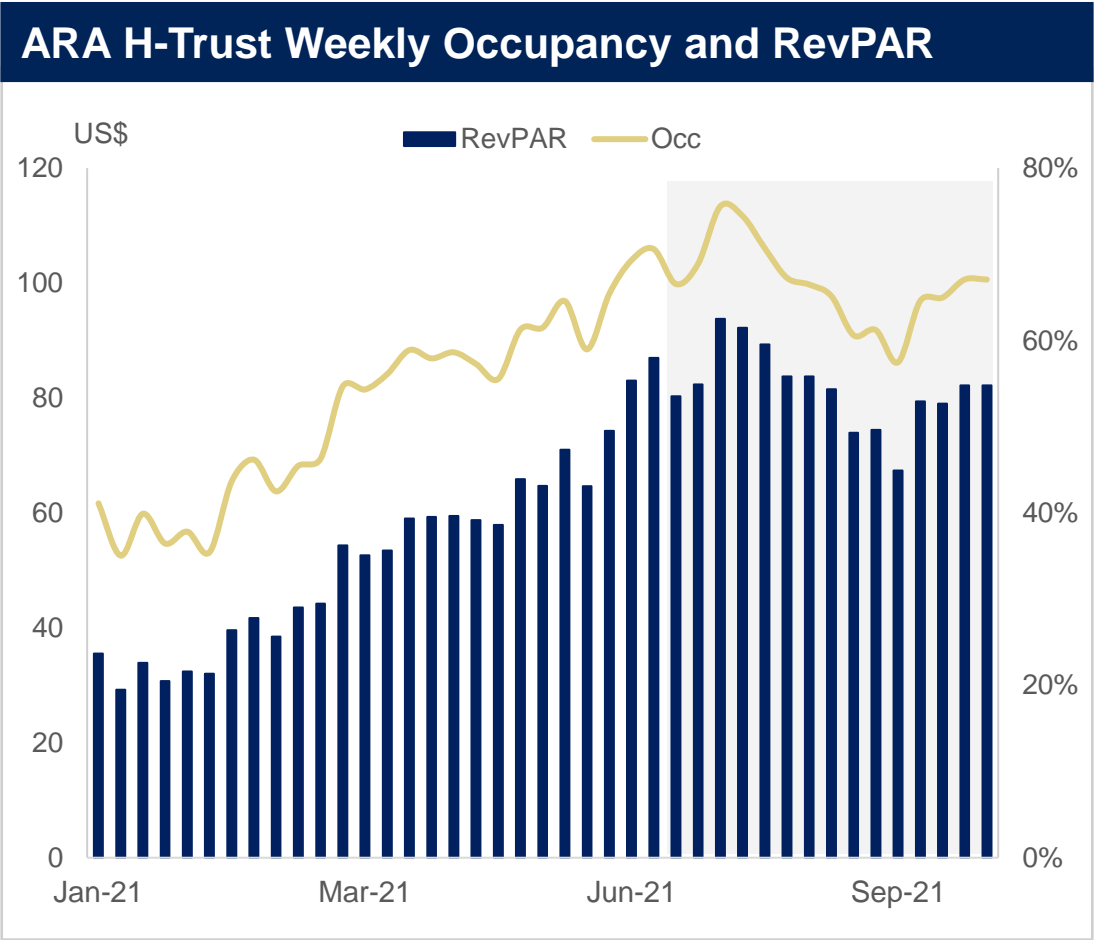
Further recovery in occupancy and RevPAR across majority of the portfolio





# Occupancy and RevPAR In Line with U.S. Hotel Industry

Recovery supported by robust leisure demand with gradual return of some corporate travel



# Sound Financial and Liquidity Position



As at 30 Sep 2021

	As at 30 Jun 2021	As at 30 Sep 2021
<b>NAV per Stapled Security</b>	US\$0.61	<b>US\$0.61</b>
<b>Cash Balance</b>	US\$26.5 mil	<b>US\$28.5 mil</b>
<b>Total Debt Outstanding</b>	US\$356.9 mil	<b>US\$350.3 mil</b>
<b>Aggregate Leverage Ratio</b>	49.0%	<b>48.4%</b>
<b>Weighted Average Debt Maturity</b>	2.5 years	<b>2.2 years</b>
<b>Average Cost of Debt (p.a.)</b>	3.4%	<b>3.4%</b>
<b>% of Fixed Debt</b>	76.7%	<b>76.6%</b>

# LOOKING AHEAD

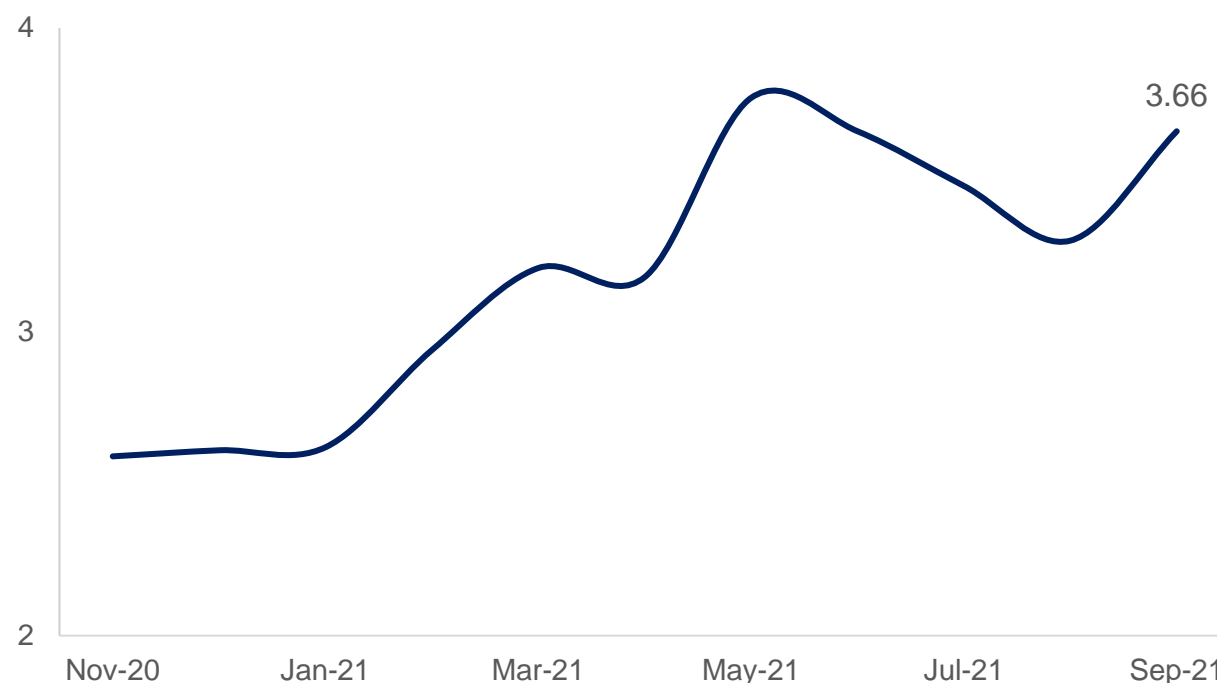


# Imminent Road to Recovery for Domestic Business Travel

Travel confidence is on the rise again albeit with a slower recovery momentum

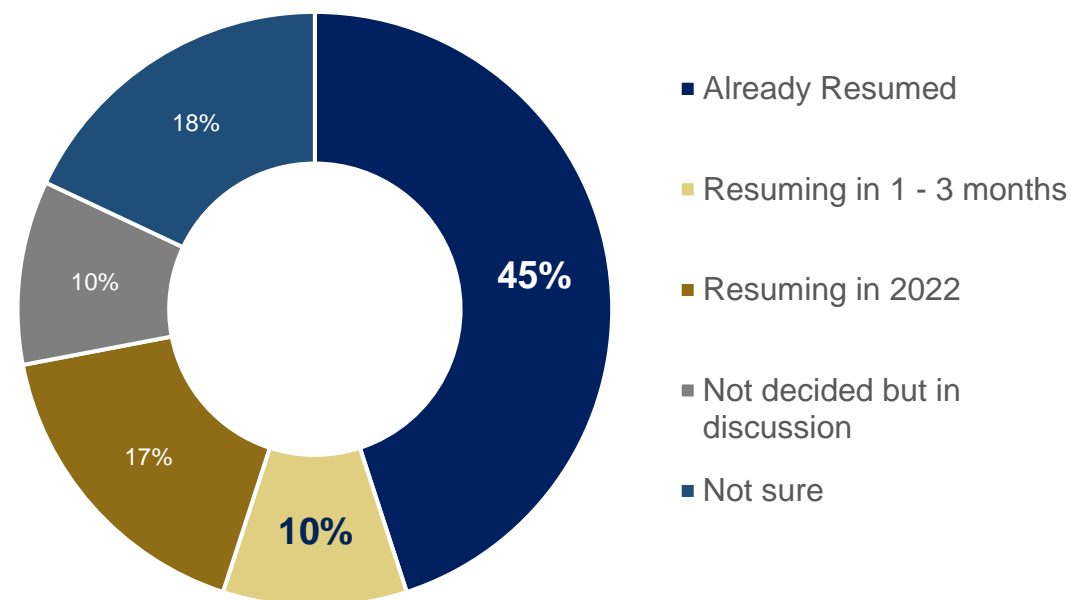
## U.S. Traveler Confidence Index (Business Travel)

Based on score of 1 – 5 (1 = No confidence in traveling; 5 = Ready to travel now)



## U.S. GBTA Survey – Resumption of Business Travel

As of 23 Sep 2021



# Positive Factors With Challenges Ahead

Hotel industry fundamentals are poised for continued recovery

- + Reopening of U.S. borders to vaccinated international travelers
- + Enhanced travel confidence from mask and vaccine mandates
- + Decline in COVID-19 cases after Delta-peak
- + Impending return of corporate travel and group meetings

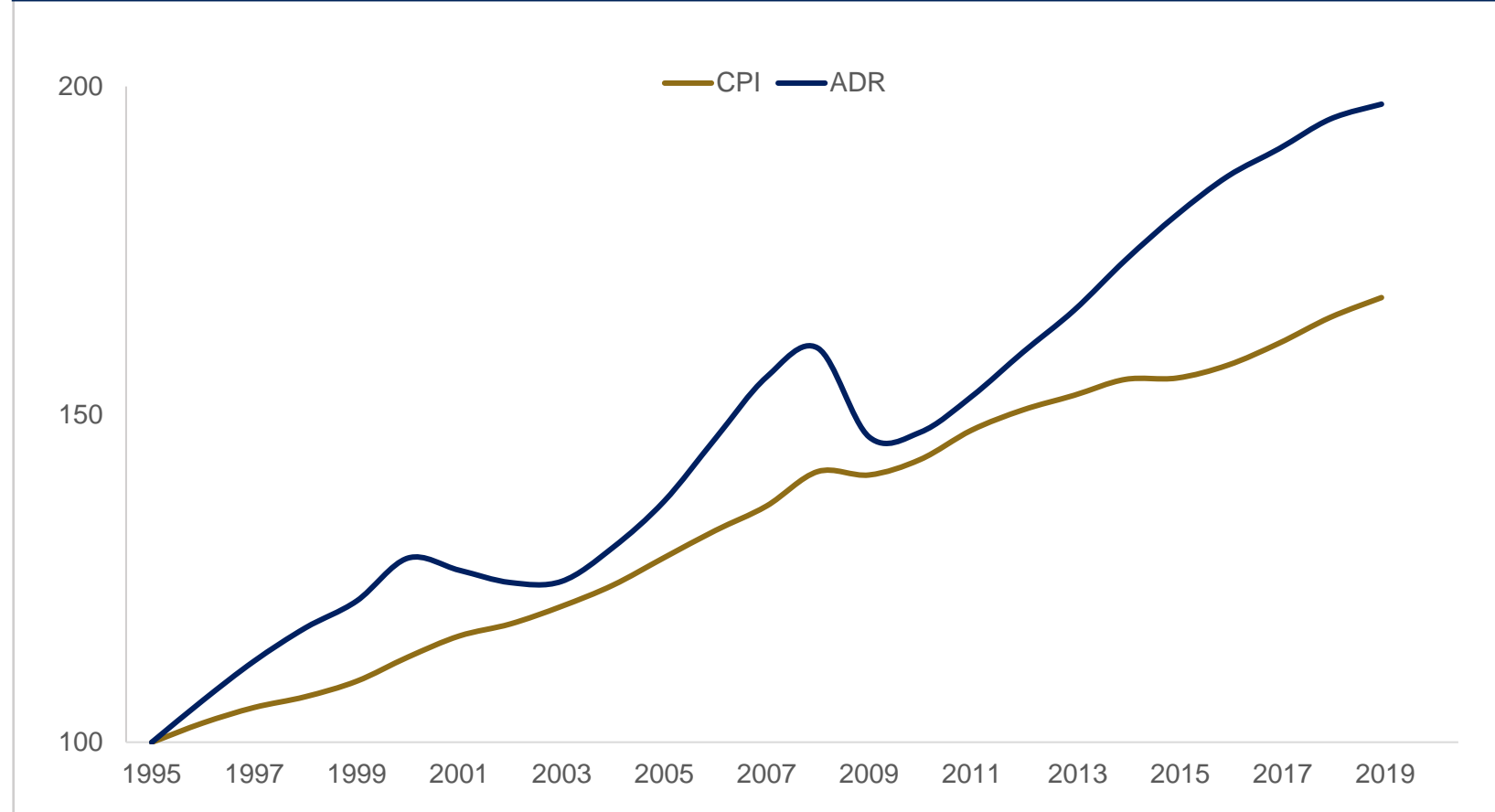


- Labor shortages/turnover
- Supply-chain disruptions
- Inflationary pressures

# Hotel Industry – A Hedge Against Inflation

Hotels are well-preserved from effects of inflation due to daily rents

## U.S. Consumer Price Index for All Urban Consumers vs. U.S. Hotel ADR (1995 = 100)



- Hotels are inflation-proof due to its ability to quickly re-price hotel rents (ADR)
- U.S. hotel rates have outpaced inflation, mitigating cost increases (e.g., labor and other expenses)



# Strong Commitment to Asset Preservation

Upkeeping quality of assets and brand standards

**BEFORE**



Hyatt Place Nashville Brentwood

**AFTER**



**BEFORE**



Hyatt Place Charlotte Airport Tyvola Road

**AFTER**





# Thank You

**For enquiries, please contact:**

Low Ru Yan

Investor Relations Manager

[RuyanLow@ara-group.com](mailto:RuyanLow@ara-group.com)

Tel: +65 6601 9362

[www.araushotels.com](http://www.araushotels.com)



AC Hotel Marriott Raleigh North Hills