



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.

PRESS RELEASE

ARA US HOSPITALITY TRUST DELIVERS STABLE OPERATIONAL PERFORMANCE WITH SUSTAINED REVENUE AT US\$36.2 MILLION

Key Highlights

- Revenue of US\$36.2m, up 0.2% year-on-year
- Gross Operating Profit of US\$10.7m, up 2.1% year-on-year
- Net Property Income of US\$6.4m, up 1.1% year-on-year
- Debt is 34% hedged to fixed interest rates, proactively mitigating rising interest rates
- Weighted average debt maturity at 2.3 years

(US\$m)	1Q 2024	1Q 2023	Change (%)
Revenue	US\$36.2m	US\$36.2m	0.2%
Gross Operating Profit ("GOP")	US\$10.7m	US\$10.5m	2.1%
GOP Margin	29.5%	29.0%	0.5pp
Net Property Income ("NPI")	US\$6.4m	US\$6.4m	1.1%
NPI Margin	17.8%	17.6%	0.2pp

Singapore, 3 May 2024 – 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"), today reported the business and operational update of ARA US Hospitality Trust ("ARA H-Trust") for the first quarter ended 31 March 2024 ("1Q 2024").

Resilient and Stable Financial and Portfolio Performance

ARA H-Trust achieved sustained revenue of US\$36.2 million in 1Q 2024, up 0.2% year-on-year. GOP and NPI rose to US\$10.7 million and US\$6.4 million for the same period, respectively, an increase of 2.1% and 1.1% compared to 1Q 2023. GOP and NPI margins for the portfolio in 1Q 2024 improved marginally to 29.5% and 17.8%, respectively.

The United States (“U.S.”) lodging market continued its recovery in 1Q 2024 as the U.S. economy remained resilient, despite persistent high interest rates and elevated inflation. The outlook for the balance of 2024 remains positive as consumer spending, which is supported by a strong job market, is the primary driver for economic growth. Equally, the U.S. lodging market remained resilient and continues to recover. In 1Q 2024, inclement weather and the shift of the Easter holiday softened demand, resulting in a 1.2 percentage point decline in occupancy year-over-year. Further, the strong U.S. dollar stimulated more outbound international travel, up 17% year-over-year in 1Q 2024¹, which softened domestic leisure demand.

The disruptions to demand in 1Q 2024 from weather and the shift in Easter also impacted the ARA H-Trust portfolio. In 1Q 2024, ARA H-Trust’s portfolio’s occupancy decreased 2.2 percentage points to 59.5%. The decline in occupancy for the ARA H-Trust was exacerbated by asset enhancement improvement (“AEI”) projects at four properties in 1Q 2024, namely the Hyatt Place Mystic, Hyatt Place Sacramento Rancho Cordova, Hyatt Place Omaha, and Hyatt Place Secaucus.

Mr. Lee Jin Yong, CEO of the Managers said, “We have managed to deliver a stable operational performance across all indicators in 1Q 2024, demonstrating the strength of our assets amidst the challenging environment and demand displacement from the AEI projects at some of our top hotels. Upon completion of the AEI projects, those hotels disrupted in 1Q 2024 will be in a better position to drive revenues and profits moving forward.”

Portfolio Optimization Strategy Update

On 26 March 2024, the Managers completed the completion of the sale of Hyatt Place Pittsburgh Airport (“HPPA”), a non-core asset, for US\$7.7 million. The net sale proceeds received on 28 March 2024 was used to pare down existing bank borrowings to improve the portfolio’s aggregate leverage ratio and increase debt headroom.

Proactive Capital Management

As at 31 March 2024, ARA H-Trust had approximately US\$33.5 million in cash and cash equivalents, which included US\$7.7 million received from the sale of HPPA and reserves earmarked for upcoming capital expenditures. As the interest rate hedges entered during the IPO matured in February 2024, ARA H-Trust has been progressively hedging its outstanding debts. To date, 34% of ARA H-Trust’s loan portfolio is hedged to fixed rates.

Mr. Lee concluded, “The U.S. lodging sector continues to be resilient despite the high interest rate environment. Recovering group and corporate demand growth provide upside for the U.S. lodging industry. We are seeing business travel picking up, particularly among small and medium companies, and the group booking pace strengthening year-on-year. We believe that the outlook for the U.S. hotel market remains positive and travel demand remains resilient. Barring any unforeseen circumstances, we are cautiously optimistic that our operating metrics will further strengthen, particularly with the AEI projects we have started.”

Lee Jin Yong
Chief Executive Officer
3 May 2024

¹ Q2 2024 Visa Earnings Conference Call, 23 April 2024

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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. As at the date of this announcement, ARA US Hospitality Trust’s portfolio comprises 35 select-service hotels with a total of 4,573 rooms across 18 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.

ABOUT THE SPONSOR

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

ARA Asset Management Limited is part of the ESR Group (“**ESR**”). ESR is Asia-Pacific’s (“**APAC**”) leading real asset manager powered by the New Economy and one of the largest listed real estate investment managers. With approximately US\$81 billion in fee-related assets under management² as at 31 December 2023, ESR’s fully integrated fund management and development platform extends across various APAC markets, comprising Australia/New Zealand, Japan, South Korea, Greater China, Southeast Asia and India, with a presence in Europe and the U.S. It provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across the private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. Its purpose – Space and Investment Solutions for a Sustainable Future – drives it to manage sustainably and impactfully, and it considers the environment and the communities in which it operates as key stakeholders of its business. ESR is listed on the Main Board of The Stock Exchange of Hong Kong, and is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite and MSCI Hong Kong Indices.

² Fee-related AUM excludes AUM from Associates and levered uncalled capital. Based on FX rates as at 31 December 2023.

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.