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.

ANNUAL GENERAL MEETING HELD ON 27 APRIL 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

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 thank Stapled Securityholders for submitting their questions in advance of the Annual General Meeting of ARA US Hospitality Trust ("**ARA H-Trust**") to be held at 10.00 a.m. on 27 April 2021.

The Managers have set out the responses to the questions received from Stapled Securityholders under the following key topics:

A. Financials and Capital Management
B. Strategy and Future Outlook
C. Others

Please refer to the responses as set out in Appendix 1.

For full details on ARA H-Trust's financial results for the financial year ended 31 December 2020, please refer to the Annual Report on ARA H-Trust's website at https://investor.araushotels.com/ar.html.

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
27 April 2021

Appendix 1

Financials and Capital Management	
1.	**As at 31 December 2020, ARA H-Trust's gearing ratio rose to 48.2% due to a decline in portfolio value.** **Are there any immediate plans to address the high gearing ratio? Will the Managers be looking at a rights issue or placement exercise for ARA H-Trust soon? What will be ARA H-Trust's optimum gearing ratio?**
	The portfolio valuation of US$696.9 million reflects a snapshot as at 31 December 2020 taking into consideration the temporary impact of COVID-19 on operations and values. As the operating environments continue to improve and normalize in the U.S., we believe that the portfolio value, which is derived based on projected cashflows, will improve and consequently improve the Trust's gearing ratio. There is currently no immediate plan for ARA H-Trust to conduct any equity fund raising as there is sufficient working capital. Any equity fund raising will be for potential acquisition opportunities to achieve growth and enhance returns to Stapled Securityholders. The Managers strives to maintain an appropriate capital structure which balances an acceptable aggregate leverage ratio ("ALR") and optimal returns to our Stapled Securityholders. The target ALR for ARA H-Trust on stabilization is between 40% to 45%.
2.	**It is stated that in the annual report (page 18) that "Our lender banks continue to be supportive and have extended their waiver of the financial covenants up to June 2021...". This seems to imply that ARA H-Trust had breached certain financial covenants, if not for the waiver by its lender banks. Can I confirm it to be so?** **Did ARA H-Trust breach any financial covenants? If so, which financial covenants have been breached (if not for the waiver by the banks)? Are the Managers confident that the lender banks would continue to be supportive and waive the financial covenants, if necessary, post-June 2021?**
	For FY2020, ARA H-Trust reported Interest Coverage Ratio ("ICR") of 0.1x, which is lower than the minimum interest cover financial covenant under the loan facilities. At the start of the COVID-19 pandemic, the Managers proactively engaged the lender banks and obtained an unconditional waiver on the financial covenants for all loan facilities up to March 2021. The original 12-month waiver reflected the level of uncertainty of when the pandemic may end, but more importantly, also reflected the lender banks' support and confidence in management's ability to navigate the challenging months ahead. By the start of 2021, with a robust vaccination rollout plan by the Biden administration, there is more clarity on the anticipated recovery in the U.S. economy, and thus the resumption of more leisure and corporate travel within U.S. The lender banks had therefore in discussion with management, found it to be appropriate to provide further extension of the financial covenants waiver up to June 2021, which also coincided with the U.S. government's plan to have enough vaccinations for all U.S. residents by the summer. Under the second waiver, the next testing period will be based on 3Q 2021 (Sept 2021) results and to be performed by Nov 2021. The Managers remain in constant communication with the lender banks and are confident that the lender banks will agree to further extend the unconditional waiver of the financial covenants if necessary.

Strategy and Future Outlook

3. What is the business outlook for the Trust?

Can the Managers share your observation and analysis of consumers behavioral / consumption pattern change over the past year and post-pandemic?

At the start of the pandemic in March 2020, hotels around the country grappled with increased booking cancellations and an extraordinary drop in demand and occupancies, as government authorities and corporations adopted containment mitigants to restrict travel and social contact in the U.S. MICE (Meetings, Incentives, Conferences & Exhibitions) and the majority of corporate demand disappeared, with the exception of essential business. Leisure demand also fell to an all-time low as many were wary of the various federal and state restrictions imposed and their own fear of catching the coronavirus if they travel.

The slow and steady rebound in hotel demand began in early summer of 2020 as certain states began lifting lockdown restrictions and reopening their economies. The profile of those guests was predominantly leisure—people visiting friends and family, people needing to leave crowded cities, people just needing to get away. As more and more states began lifting restrictions, we noted sustained lodging demand into mid-October 2020, before the natural seasonal decline in the winter months.

In 2020, weekend occupancy averaged 50% for the portfolio, peaking at 66% during the first week in October. Whereas, weekday occupancy was in the 30% range due to the lack of business transient and group demand. As we began 2021 with the vaccine rollout, continued lifting of state restrictions, and the benefit of generous stimulus packages, hotel demand and revenues have continued to recover. Both weekend and weekday occupancy have continued to improve as we are starting to progressively see corporate guests returning to our hotels.

Pent-up demand for travel, accumulated since the pandemic outbreak, will drive consumers to travel more once travel restrictions are lifted. Road trips, which are the most popular type of travel in 2020, will continue to remain popular in 2021 and beyond as travelers seek to travel in socially distanced ways. The intent of air travel is slowly picking up and would return to normalcy once business travel resumes. Domestic travel will continue to dominate as international travel and border restrictions remain in place with varying vaccination pace across the globe.

Out-of-home activity and spend intent is accelerating, especially among those who have been vaccinated. Over half of the U.S. consumers expect to spend extra by splurging or treating themselves, with half of them waiting for the pandemic to fully resolve, and plan to splurge mainly in experiential categories such as restaurants and travel. With the latest stimulus checks released in mid-March 2021 as well as consumers' desire to spend extra, we expect to see spending continue to increase in 2021 and beyond.

Hotels remain a key choice of accommodation among travelers with hygiene and safety measures as well as flexible cancellation policy as the top priorities since the pandemic outbreak. Hotel guests are also gravitating towards contactless hotel experiences with technology enhancements (eg. keyless access, contactless payments) to feel more confident in their stays.

We anticipate as corporations continue to lift their own travel restrictions and as airlines add more flights, corporate business demand, and therefore our weekday occupancy, will continue to improve throughout the year.

Lodging demand is a multi-legged stool, with business transient, and eventually group and international travel needing to join leisure demand for stability. Recovery in all segments will not only drive occupancy, but pricing (or ADR), and in turn profitability.

4. As one form of inorganic growth, have the Managers considered acquiring some formerly-stabilized but currently-distressed hospitality assets (e.g. US-based hospitality assets from SGX-listed Eagle Hospitality Trust) that are momentarily-impacted by the pandemic and selling at far below pre-COVID valuations? Given ARA's strong asset management capabilities, such hospitality assets will most likely be both NAV-accretive (which is better than other US-based hospitality assets that are selling at 'post-COVID' valuations) and DPU-accretive (post-"Vaccination Years")? If not, why is such inorganic growth not considered?

ARA US Hospitality Trust is established with the principal investment strategy of investing in hospitality-related assets located in the U.S, particularly select-service hotels. Our growth strategy includes both proactive asset management and asset enhancements to grow organically and sourcing for hotel acquisition opportunities that will fit the investment policy to enhance returns to Stapled Securityholders to grow inorganically. We also strive to maintain an appropriate capital structure in our evaluation of various options. Both the Sponsor and Managers had reviewed the mentioned hospitality assets and considered many factors including incremental capital requirements, the prolonged closure of these hotels affecting the dislocation of demand, and the stalking horse bid in concluding not to pursue the opportunity for ARA H-Trust. In addition, we have also explored many other opportunities of distressed hospitality assets in consideration of building up a pipeline for the Trust. Our U.S. hospitality team is well connected and informed of market opportunities and will continue to evaluate such opportunities.

Others

5. Please provide a more detailed explanation on why the remuneration of key management, in bands, was not provided. Under the Corporate Governance report, it was noted that key management executives were remunerated wholly in cash in FY2020. Shouldn't the key management executives take their remuneration in shares, or at least part-shares part-cash, instead of wholly in cash? This will help to conserve cash for ARA H-Trust amidst this pandemic.

As an externally-managed REIT, ARA H-Trust does not incur the costs of or remunerate the key management executives of the Managers. The remuneration of all employees of the Managers, including the key management executives, are paid by the Managers, and out of the REIT Manager's and Trustee-Manager's management fees ("Managers fees") that the Managers receives from ARA H-Trust. The Managers fees primarily consist of a total base fee of 10% per annum of the Distributable income of ARA H-Trust. The performance-based remuneration framework of the Managers additionally ensures that the key management executives' interests are further aligned with the Stapled Securityholders.

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.

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$116 billion[1] in gross assets under management as at 31 December 2020, 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 business is driven by dedicated teams with in-depth market knowledge and local expertise in all countries where it operates and invests. The Group strives to work sustainably, is mindful of its impact on the environment, and aims to leverage technology to work smart and achieve better outcomes for its stakeholders. Built on a foundation of strong corporate governance and business integrity, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions.

For more information, please visit www.ara-group.com.

[1] Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates as at 31 December 2020

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.