



ARA US Hospitality Trust
(Stapled Securities in
ARA US Hospitality Property Trust and
ARA US Hospitality Management Trust
pursuant to a stapling deed dated 17 April 2019)

Unaudited Condensed Interim Financial Statements
For the Six Months Period and Year ended 31 December 2021



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Introduction

ARA US Hospitality Trust (“**ARA H-Trust**” or “**Group**”) is a stapled group comprising ARA US Hospitality Property Trust (“**ARA H-REIT**”), a real estate investment trust, and ARA US Hospitality Management Trust (“**ARA H-BT**”), a business trust. ARA H-Trust was listed on Singapore Exchange Securities Trading Limited (“**SGX**”) on 9 May 2019 (the “**Listing date**”).

The units in ARA H-REIT and ARA H-BT are stapled together as Stapled Securities in ARA H-Trust (“**Stapled Securities**”) under the terms of a stapling deed dated 17 April 2019 (the “**Stapling Deed**”) entered into between ARA Trust Management (USH) Pte. Ltd. (in its capacity as manager of ARA H-REIT)(the “**REIT Manager**”), DBS Trustee Limited (in its capacity as the trustee of ARA H-REIT)(the “**REIT Trustee**”) and ARA Business Trust Management (USH) Pte. Ltd. (in its capacity as trustee-manager of ARA H-BT)(the “**Trustee-Manager**”). Each Stapled Security in ARA H-Trust comprises one unit in ARA H-REIT and one unit in ARA H-BT and cannot be traded separately.

ARA H-REIT is established with the principal investment strategy of investing primarily, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, located in the United States of America (“**U.S.**”), as well as real estate-related assets in connection with the foregoing. ARA H-BT is established with the same principal investment strategy as ARA H-REIT, and to carry on the business of managing and operating real estate used primarily for hospitality and/or hospitality-related purposes, located in the U.S.. The Managers presently intend for ARA H-REIT to hold income-producing real estate while ARA H-BT will be the master-lessee to manage and operate these assets.

The initial portfolio of properties held by ARA H-Trust comprises 38 hotels (the “**Properties**” or “**Hotels**”), consisting of 27 Hyatt Place hotels and 11 Hyatt House hotels located in the U.S., with a total of 4,950 hotel rooms located across 21 states. In January 2020, ARA H-Trust acquired 3 Marriott hotels and the portfolio currently comprises 41 upscale select-service hotels with 5,340 guest rooms located across 22 states.

ARA H-Trust is presenting its financial results for the six months period (“**2H 2021**”) and full year ended 31 December 2021 (“**FY2021**”). The financial information presented has not been audited but has been reviewed by the independent auditors in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

Distribution Policy

ARA H-REIT’s and ARA H-BT’s distribution policies are to distribute at least 90% of its distributable income. The actual level of distribution will be determined at the discretion of the Board of Directors of the Managers. The distributions will be made on a semi-annual basis. Distributions will be declared in United States dollar. Each Stapled Securityholder will receive his/her distribution in Singapore dollar equivalent of the United States dollar declared, unless he/she elects to receive otherwise.



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Summary of Results

ARA H-Trust	2H 2021	2H 2020	Change	FY2021	FY2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	77,827	38,816	>100%	130,674	78,161	67.2%
Gross operating profit	26,332	6,856	>100%	40,464	12,697	>100%
Net property income/(loss)	15,760	(3,028)	N.M.	24,884	(5,046)	N.M.
Distributable income	2,018	-	N.M.	2,018	-	N.M.
Distribution per Stapled Security ("DPS") (US cents)	0.355	-	N.M.	0.355	-	N.M.

N.M. - not meaningful

	As at 31 December 2021	As at 31 December 2020
Net asset value per Stapled Security (US\$)	0.70	0.62

The Stapled Group recorded substantially higher revenue in FY2021 vs FY2020, as the portfolio's occupancy improved 16.1 pp from 41.0% to 57.1%, while RevPAR increased 52% from US\$41.9 to US\$63.7 year-on-year.

The portfolio experienced a recovery in occupancy rates since the beginning of 2021 with the rebound in travel due to the widespread distribution of vaccines, general management of COVID-19 case, and lifting of travel restrictions in the U.S. This is in stark comparison to the conditions in FY2020 where demand dropped off significantly due to the outbreak of the COVID-19 pandemic in the U.S. beginning in mid-March 2020 and selected hotels were temporarily closed between April to June 2020 to reduce operating costs and preserve cash.

As a result of the higher revenue and effective cost mitigation measures implemented by the Managers, ARA H-Trust reported a gross operating profit and net property income of US\$40.5 million and US\$24.9 million, respectively, for FY2021. Deducting loan interest expenses, other trust expenses and fees payable to the REIT Trustee and Managers, the income before reserves set aside for capital expenditure amounted to approximately US\$13.2 million. After accounting for reserves set aside for capital expenditure for the year, which relates to routine capital asset improvements and refurbishments for the hotel properties, ARA H-Trust reported a Distributable income of US\$2.0 million for FY2021.

Net asset value per Stapled Security as at 31 December 2021 improved to US\$0.70 as compared to US\$0.62 as at 31 December 2020, largely attributable to the uplift in properties valuation.



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Statements of Comprehensive Income

		ARA H-Trust					
		2H 2021	2H 2020	Change	FY2021	FY2020	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		77,827	38,816	>100%	130,674	78,161	67.2%
Operating expenses		(51,495)	(31,960)	(61.1%)	(90,210)	(65,464)	(37.8%)
Gross operating profit		26,332	6,856	>100%	40,464	12,697	>100%
Hotel management fee		(2,342)	(1,089)	(>100%)	(3,928)	(2,270)	(73.0%)
Property taxes		(6,945)	(7,668)	9.4%	(9,274)	(13,231)	29.9%
Other expenses		(1,285)	(1,127)	(14.0%)	(2,378)	(2,242)	(6.1%)
Net property income/(loss)		15,760	(3,028)	N.M.	24,884	(5,046)	N.M.
Other income		1,958	8,812	(77.8%)	1,983	8,812	(77.5%)
Depreciation and amortisation		(12,150)	(12,673)	4.1%	(24,141)	(25,582)	5.6%
REIT Manager's and Trustee-Manager's management fees		(820)	-	N.M.	(820)	-	N.M.
Trustee-Manager's trustee fee		(60)	(60)	-	(120)	(120)	-
REIT Trustee's fee		(55)	(59)	6.8%	(109)	(116)	6.0%
Net finance costs	5	(6,089)	(5,985)	(1.7%)	(12,167)	(11,660)	(4.3%)
Other trust expenses		(778)	(1,172)	33.6%	(1,930)	(2,605)	25.9%
Net loss before tax and revaluation of property, plant and equipment		(2,234)	(14,165)	84.2%	(12,420)	(36,317)	(65.8%)
Revaluation deficit of property, plant and equipment		(5,736)	(66,979)	91.4%	(5,736)	(66,979)	91.4%
Net loss before tax	6	(7,970)	(81,144)	90.2%	(18,156)	(103,296)	82.4%
Taxation		3,659	8,840	(58.6%)	4,344	8,831	(50.8%)
Net loss after tax		(4,311)	(72,304)	94.0%	(13,812)	(94,465)	85.4%
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss:							
Revaluation surplus/(deficit) of property, plant and equipment		56,433	(20,275)	N.M.	56,433	(20,275)	N.M.
Deferred tax effects relating to revaluation of property, plant and equipment		(1,024)	1,861	N.M.	(1,024)	2,892	N.M.
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		4,886	3,041	60.7%	8,972	(9,000)	N.M.
Total comprehensive income		55,984	(87,677)	N.M.	50,569	(120,848)	N.M.
Earnings per Stapled Security							
Basic/Diluted (U.S. cents)	7	(0.76)	(12.74)	94.0%	(2.43)	(16.65)	85.4%



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Statements of Comprehensive Income (cont'd)

		ARA H-REIT					
		2H 2021	2H 2020	Change	FY2021	FY2020	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Rental revenue		23,786	21,546	10.4%	46,392	42,911	8.1%
Operating expenses		(129)	(154)	16.2%	(289)	(311)	7.1%
Gross operating profit		23,657	21,392	10.6%	46,103	42,600	8.2%
Property taxes		(6,607)	(7,336)	9.9%	(8,650)	(12,702)	31.9%
Other expenses		(433)	(416)	(4.1%)	(851)	(811)	(4.9%)
Net property income		16,617	13,640	21.8%	36,602	29,087	25.8%
Other income		-	4	(100%)	-	4	(100%)
REIT Manager's management fees		(615)	-	N.M.	(615)	-	N.M.
REIT Trustee's fee		(55)	(59)	6.8%	(109)	(116)	6.0%
Net finance costs	5	(18,801)	(18,944)	0.8%	(37,312)	(37,721)	1.1%
Other trust expenses		(652)	(739)	11.8%	(1,254)	(1,490)	15.8%
Net loss before tax and fair value changes		(3,506)	(6,098)	42.5%	(2,688)	(10,236)	73.7%
Net change in fair value of investment properties		34,257	(105,504)	N.M.	34,257	(105,504)	N.M.
Net income/(loss) before tax		30,751	(111,602)	N.M.	31,569	(115,740)	N.M.
Taxation		(944)	1,540	N.M.	(965)	2,556	N.M.
Net income/(loss) after tax		29,807	(110,062)	N.M.	30,604	(113,184)	N.M.
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		4,886	3,041	60.7%	8,972	(9,000)	N.M.
Total comprehensive income		34,693	(107,021)	N.M.	39,576	(122,184)	N.M.



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Statements of Comprehensive Income (cont'd)

		ARA H-BT					
		2H 2021	2H 2020	Change	FY2021	FY2020	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		77,827	38,816	>100%	130,674	78,161	67.2%
Operating expenses		(51,366)	(31,806)	(61.5%)	(89,921)	(65,153)	(38.0%)
Gross operating profit		26,461	7,010	>100%	40,753	13,008	>100%
Hotel management fee		(2,342)	(1,089)	(>100%)	(3,928)	(2,270)	(73.0%)
Property taxes		(338)	(332)	(1.8%)	(624)	(529)	(18.0%)
Insurance		(531)	(492)	(7.9%)	(1,011)	(1,011)	-
Rental expenses		(2,306)	(233)	(>100%)	(3,308)	(434)	(>100%)
Net property income		20,944	4,864	>100%	31,882	8,764	>100%
Other income		1,958	8,808	(77.8%)	1,983	8,808	(77.5%)
Depreciation and amortisation		(24,102)	(23,157)	(4.1%)	(48,049)	(46,689)	(2.9%)
Trustee-Manager's Management fees		(205)	-	N.M.	(205)	-	N.M.
Trustee-Manager's trustee fee		(60)	(60)	-	(120)	(120)	-
Net finance income	5	10,538	10,188	3.4%	20,477	20,212	1.3%
Other trust expenses		(326)	(433)	24.7%	(878)	(1,119)	21.5%
Net income/(loss) before tax	6	8,747	210	>100%	5,090	(10,144)	N.M.
Taxation		3,579	9,160	(60.9%)	4,285	9,167	(53.3%)
Net income/(loss) after tax and total comprehensive income		12,326	9,370	31.5%	9,375	(977)	N.M.

N.M. - not meaningful



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Statement of Distributable Income

	ARA H-Trust					
	2H 2021	2H 2020	Change	FY2021	FY2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Net loss after tax	(4,311)	(72,304)	94.0%	(13,812)	(94,465)	85.4%
Add/(less): Distribution adjustments						
Depreciation and amortisation	12,150	12,673	4.1%	24,141	25,582	5.6%
Revaluation deficit of property, plant and equipment	5,736	66,979	91.4%	5,736	66,979	91.4%
Gain on cessation of Right-Of-Use ("ROU") asset & lease liability	(143)	-	N.M.	(143)	-	N.M.
Amortisation of upfront debt-related costs	161	133	(21.1%)	318	263	(20.9%)
Interest expenses on lease liabilities	52	160	67.5%	192	279	31.2%
Manager's fees paid/payable in Stapled Securities	409	-	N.M.	409	-	N.M.
Deferred tax credits	(3,633)	(8,906)	59.2%	(3,633)	(8,863)	(59.0%)
Others ⁽¹⁾	(8,403)	1,265	N.M.	(11,190)	10,225	N.M.
Net distribution adjustments	6,329	72,304	91.2%	15,830	94,465	83.2%
Distributable income	2,018	-	N.M.	2,018	-	N.M.

N.M. - not meaningful

Footnote:

- (1) Relates mainly to reserves set aside for capital expenditures. 2H 2020 and FY2020 included upward adjustments to arrive at NIL distributable income.

Statements of Financial Position

	Note	As at 31 December 2021			As at 31 December 2020		
		ARA H-Trust	ARA H-REIT	ARA H-BT	ARA H-Trust	ARA H-REIT	ARA H-BT
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets							
Investment properties	11	-	690,292	-	-	656,664	-
Deferred tax assets		14,396	-	14,396	10,867	-	10,867
Property, plant and equipment	11	724,472	-	155,171	695,189	-	198,066
Intangible assets		499	-	499	524	-	524
Loans to related corporation		-	-	294,000	-	-	294,000
		739,367	690,292	464,066	706,580	656,664	503,457
Current assets							
Inventories		405	-	405	330	-	330
Trade and other receivables		4,746	1,578	23,034	2,745	16,417	29,398
Loans to related corporation		-	27,203	-	-	29,703	-
Cash and cash equivalents		19,153	6,592	12,561	26,750	6,369	20,381
		24,304	35,373	36,000	29,825	52,489	50,109
Assets held for sale	12	405	405	-	-	-	-
		24,709	35,778	36,000	29,825	52,489	50,109
Total assets		764,076	726,070	500,066	736,405	709,153	553,566

Statements of Financial Position (cont'd)

	Note	As at 31 December 2021			As at 31 December 2020		
		ARA H-Trust	ARA H-REIT	ARA H-BT	ARA H-Trust	ARA H-REIT	ARA H-BT
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities							
Loans from related corporation		-	294,000	-	-	294,000	-
Loans and borrowings	13	327,854	311,299	101,239	354,427	327,504	150,312
Deferred tax liabilities		920	920	-	-	-	-
Derivative financial liabilities	10	7,310	7,310	-	16,282	16,282	-
Other payables		125	125	-	125	125	-
		336,209	613,654	101,239	370,834	637,911	150,312
Current liabilities							
Loans from related corporation		-	-	27,203	-	-	29,703
Trade and other payables		17,669	24,669	12,881	16,011	33,088	26,006
Loans and borrowings	13	10,281	10,141	40,367	298	172	38,583
Tax payable		172	71	101	86	23	62
		28,122	34,881	80,552	16,395	33,283	94,354
Total liabilities		364,331	648,535	181,791	387,229	671,194	244,666
Represented by:							
Stapled Securityholders' funds		399,745	77,535	318,275	349,176	37,959	308,900

Statements of Movements in Stapled Securityholders' Funds

ARA H-Trust		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Revaluation Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021		490,578	(16,024)	(151,426)	(16,282)	42,330	349,176
Total loss for the year attributable to Stapled Securityholders, net of tax		-	-	(13,812)	-	-	(13,812)
Increase in net assets from operations		490,578	(16,024)	(165,238)	(16,282)	42,330	335,364
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges		-	-	-	8,972	-	8,972
Revaluation of property, plant and equipment		-	-	-	-	56,433	56,433
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	(1,024)	(1,024)
Total comprehensive income for the year, net of tax		-	-	-	8,972	55,409	64,381
At 31 December 2021		490,578	(16,024)	(165,238)	(7,310)	97,739	399,745
At 1 January 2020		498,934	(16,374)	(41,775)	(7,282)	59,713	493,216
Total loss for the year attributable to Stapled Securityholders, net of tax		-	-	(94,465)	-	-	(94,465)
Increase in net assets from operations		498,934	(16,374)	(136,240)	(7,282)	59,713	398,751
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges		-	-	-	(9,000)	-	(9,000)
Revaluation of property, plant and equipment		-	-	-	-	(20,275)	(20,275)
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	2,892	2,892
Total comprehensive income for the year, net of tax		-	-	-	(9,000)	(17,383)	(26,383)
Contribution by and distribution to Stapled Securityholders							
Distribution to Stapled Securityholders		(8,676)	-	(15,186)	-	-	(23,862)
REIT Manager's and Trustee-Manager's base fee paid in Stapled Securities	(a)	320	-	-	-	-	320
Issue costs refund		-	350	-	-	-	350
Total contribution by and distribution to Stapled Securityholders		(8,356)	350	(15,186)	-	-	(23,192)
At 31 December 2020		490,578	(16,024)	(151,426)	(16,282)	42,330	349,176

(a) Represents 371,000 Stapled Securities issued as payment of 50% of Managers' base fees for the period from 1 October 2019 to 31 December 2019.

Statements of Movements in Stapled Securityholders' Funds (cont'd)

ARA H-REIT		Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021		176,431	(9,437)	(112,753)	(16,282)	37,959
Total income for the year attributable to Stapled Securityholders, net of tax		-	-	30,604	-	30,604
Increase in net assets from operations		176,431	(9,437)	(82,149)	(16,282)	68,563
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges		-	-	-	8,972	8,972
Total comprehensive income for the year, net of tax		-	-	-	8,972	8,972
At 31 December 2021		176,431	(9,437)	(82,149)	(7,310)	77,535
At 1 January 2020		179,747	(9,722)	431	(7,282)	163,174
Total loss for the year attributable to Stapled Securityholders, net of tax		-	-	(113,184)	-	(113,184)
Increase in net assets from operations		179,747	(9,722)	(112,753)	(7,282)	49,990
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges		-	-	-	(9,000)	(9,000)
Total comprehensive income for the year, net of tax		-	-	-	(9,000)	(9,000)
Contribution by and distribution to Stapled Securityholders						
Distribution to Stapled Securityholders		(3,476)	-	-	-	(3,476)
REIT Manager's base fee paid in Stapled Securities	(a)	160	-	-	-	160
Issue costs refund		-	285	-	-	285
Total contribution by and distribution to Stapled Securityholders		(3,316)	285	-	-	(3,031)
At 31 December 2020		176,431	(9,437)	(112,753)	(16,282)	37,959

(a) Represents 186,000 Stapled Securities issued as payment of REIT Manager's share of the base fees for the period from 1 October 2019 to 31 December 2019.



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Statements of Movements in Stapled Securityholders' Funds (cont'd)

ARA H-BT		Stapled Security	Issue Costs	Revenue Reserve	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2021		314,147	(6,587)	1,340	308,900
Total income for the year attributable to Stapled Securityholders, net of tax		-	-	9,375	9,375
Increase in net assets from operations		314,147	(6,587)	10,715	318,275
At 31 December 2021		314,147	(6,587)	10,715	318,275
At 1 January 2020		319,187	(6,652)	17,503	330,038
Total loss for the year attributable to Stapled Securityholders, net of tax		-	-	(977)	(977)
Increase in net assets from operations		319,187	(6,652)	16,526	329,061
Contribution by and distribution to Stapled Securityholders					
Distribution to Stapled Securityholders		(5,200)	-	(15,186)	(20,386)
Trustee-Manager's base fee paid in Stapled Securities	(a)	160	-	-	160
Issue costs refund		-	65	-	65
Total contribution by and distribution to Stapled Securityholders		(5,040)	65	(15,186)	(20,161)
At 31 December 2020		314,147	(6,587)	1,340	308,900

(a) Represents 186,000 Stapled Securities issued as payment of Trustee-Manager's share of the base fees for the period from 1 October 2019 to 31 December 2019.

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Statements of Cash Flows

	Note	ARA H-Trust			
		2H 2021	2H 2020	FY2021	FY2020
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net loss before tax		(7,970)	(81,144)	(18,156)	(103,296)
Adjustments for:					
Allowance for/(Reversal of) expected credit loss and bad debts written off		152	(60)	220	220
Depreciation of property, plant and equipment		12,138	12,661	24,116	25,558
Amortisation of intangible assets		12	12	25	24
Revaluation deficit of property, plant and equipment		5,736	66,979	5,736	66,979
Net gain on cessation of right-of-use assets and lease liability		(143)	-	(143)	-
Net finance costs	5	6,089	5,985	12,167	11,660
Manager's management fees paid/payable in Stapled Securities		409	-	409	-
Operating income before working capital changes		16,423	4,433	24,374	1,145
Changes in working capital:					
Inventories		(47)	40	(75)	102
Trade and other receivables		(2,123)	582	(2,564)	3,467
Trade and other payables		2,519	3,758	1,348	4,977
Cash generated from operations		16,772	8,813	23,083	9,691
Tax refund/(paid)		75	(50)	797	(22)
Net cash from operating activities		16,847	8,763	23,880	9,669
Cash flows from investing activities					
Interest received		-	15	-	133
Acquisition of intangible assets		-	-	-	(548)
Acquisition of property, plant and equipment		-	-	-	(85,294)
Payment for capital expenditure		(7,092)	(3,217)	(9,258)	(9,217)
Net cash used in investing activities		(7,092)	(3,202)	(9,258)	(94,926)



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Statements of Cash Flows (cont'd)

	Note	ARA H-Trust			
		2H 2021	2H 2020	FY2021	FY2020
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities					
Repayment of loans and borrowings		(11,030)	-	(11,030)	-
Proceeds from loans and borrowings		-	5,662	1,030	102,813
Payment of transaction costs relating to new loan facilities		-	(20)	(90)	(392)
Payment of lease liabilities		(181)	(285)	(464)	(569)
Distribution to Stapled Securityholders		-	-	-	(23,862)
Interest paid		(5,883)	(5,695)	(11,665)	(11,223)
Net cash (used in)/from financing activities		(17,094)	(338)	(22,219)	66,767
Net (decrease)/increase in cash and cash equivalents		(7,339)	5,223	(7,597)	(18,490)
Cash and cash equivalents at beginning of the period/year		26,492	21,527	26,750	45,240
Cash and cash equivalents at end of the period/year		19,153	26,750	19,153	26,750



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Statements of Cash Flows (cont'd)

	Note	ARA H-REIT			
		2H 2021	2H 2020	FY2021	FY2020
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net income/(loss) before tax		30,751	(111,602)	31,569	(115,740)
Adjustments for:					
Net finance costs	5	18,801	18,944	37,312	37,721
Net change in fair value of investment properties		(34,257)	105,504	(34,257)	105,504
Net loss on cessation of ROU assets		53	-	53	-
Manager's management fees paid/payable in Stapled Securities		205	-	205	-
Operating income before working capital changes		15,553	12,846	34,882	27,485
Changes in working capital:					
Trade and other receivables		(2,165)	2,423	(974)	(9,658)
Trade and other payables		2,288	2,023	(121)	4,676
Cash generated from operations		15,676	17,292	33,787	22,503
Tax (paid)/refund		-	(17)	3	11
Net cash from operating activities		15,676	17,275	33,790	22,514
Cash flows from investing activities					
Interest received		925	15	925	123
Acquisition of property, plant and equipment		-	-	-	(76,421)
Payment for capital expenditure		(5,141)	(1,647)	(6,176)	(3,949)
Issuance of loans to related corporation		(2,600)	(8,900)	(9,500)	(29,703)
Proceeds from repayment of loans from related corporation		12,000	-	12,000	-
Amount due from related corporation – non-trade		14,973	-	15,661	-
Net cash from/(used in) investing activities		20,157	(10,532)	12,910	(109,950)



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Statements of Cash Flows (cont'd)

	Note	ARA H-REIT			
		2H 2021	2H 2020	FY2021	FY2020
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities					
Repayment of loans and borrowings		-	(797)	-	-
Proceeds from loans and borrowings		-	-	-	76,019
Payment of transaction costs relating to new loan facilities		-	-	-	(372)
Payment of lease liabilities		(94)	(215)	(311)	(432)
Amount due to related corporation – non-trade		1,681	-	1,681	-
Distribution to Stapled Securityholders		-	-	-	(3,476)
Interest paid		(42,346)	(5,569)	(47,847)	(11,062)
Net cash (used in)/from financing activities		(40,759)	(6,581)	(46,477)	60,677
Net (decrease)/increase in cash and cash equivalents		(4,926)	162	223	(26,759)
Cash and cash equivalents at beginning of the period/year		11,518	6,207	6,369	33,128
Cash and cash equivalents at end of the period/year		6,592	6,369	6,592	6,369



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Statements of Cash Flows (cont'd)

	Note	ARA H-BT			
		2H 2021	2H 2020	FY2021	FY2020
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net income/(loss) before tax		8,747	210	5,090	(10,144)
Adjustments for:					
Allowance for/(Reversal of) expected credit loss and bad debts written off		152	(60)	220	220
Depreciation of property, plant and equipment		24,090	23,145	48,024	46,665
Amortisation of intangible assets		12	12	25	24
Net finance income		(10,538)	(10,188)	(20,477)	(20,212)
Trustee-Manager's management fees paid/payable in Stapled Securities		205	-	205	-
Operating income before working capital changes		22,668	13,119	33,087	16,553
Changes in working capital:					
Inventories		(47)	40	(75)	102
Trade and other receivables		(3,258)	(13,679)	(6,061)	1,101
Trade and other payables		(893)	13,604	1,521	12,360
Cash generated from operations		18,470	13,084	28,472	30,116
Tax refund/(paid)		76	(63)	795	(63)
Net cash from operating activities		18,546	13,021	29,267	30,053
Cash flows from investing activities					
Interest received		36,750	-	36,750	10
Acquisition of intangible assets		-	-	-	(548)
Acquisition of property, plant and equipment		-	-	-	(8,873)
Payment for capital expenditure		(1,951)	(1,570)	(3,082)	(5,268)
Amount due from related corporation – non-trade		1,701	-	1,701	-
Net cash from/(used in) investing activities		36,500	(1,570)	35,369	(14,679)



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Statements of Cash Flows (cont'd)

	Note	ARA H-BT			
		2H 2021	2H 2020	FY2021	FY2020
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities					
Proceeds from loans and borrowings		-	6,459	1,030	26,794
Repayment of loans and borrowings		(11,030)	-	(11,030)	-
Payment of transaction costs relating to new loan facilities		-	(20)	(90)	(20)
Payment of lease liabilities		(21,883)	(21,602)	(43,750)	(43,035)
Proceeds from loan from related corporation		2,600	8,900	9,500	29,703
Repayment of loan from related corporation		(12,000)	-	(12,000)	-
Amount due to related corporation – non-trade		(13,942)	-	(14,630)	-
Distribution to Stapled Securityholders		-	-	-	(20,386)
Interest paid		(1,204)	(126)	(1,486)	(161)
Net cash used in financing activities		(57,459)	(6,389)	(72,456)	(7,105)
Net (decrease)/increase in cash and cash equivalents		(2,413)	5,062	(7,820)	8,269
Cash and cash equivalents at beginning of the period/year		14,974	15,319	20,381	12,112
Cash and cash equivalents at end of the period/year		12,561	20,381	12,561	20,381

Notes to the Interim Financial Statements

1. Corporate information

ARA US Hospitality Trust is a stapled group comprising ARA US Hospitality Property Trust (“**ARA H-REIT**”) and its subsidiaries (the “**ARA H-REIT Group**”) and ARA US Hospitality Management Trust (“**ARA H-BT**”) and its subsidiaries (the “**ARA H-BT Group**”) (collectively, “**ARA H-Trust**” or the “**Stapled Group**”).

ARA H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 24 September 2018 (as amended) (the “**ARA H-REIT Trust Deed**”) between the REIT Manager and the REIT Trustee. The ARA H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of ARA H-REIT held by it or through its subsidiaries in trust for the holders of units in ARA H-REIT. ARA H-BT is a business trust constituted by a trust deed dated 29 October 2018 (the “**ARA H-BT Trust Deed**”) and is managed by the Trustee-Manager (the “**REIT Manager**” and together with the “**Trustee-Manager**”, defined as the “**Managers**”). The Managers are wholly-owned subsidiaries of ARA Asset Management Limited (“**ARA**”). The securities in each of ARA H-REIT and ARA H-BT are stapled together under the terms of a stapling deed dated 17 April 2019 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the “**Stapling Deed**”) and cannot be traded separately. Each stapled security in ARA US Hospitality Trust (the “**Stapled Security**”) comprises a unit in ARA H-REIT (the “**ARA H-REIT Unit**”) and a unit in ARA H-BT (the “**ARA H-BT Unit**”).

ARA H-Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 9 May 2019 (“**Listing date**”).

The principal activities of ARA H-REIT Group involve investing primarily, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, located in the United States of America (the “**U.S.**”), as well as real estate-related assets in connection to the foregoing.

The principal activities of ARA H-BT Group involve investing in a portfolio of real estate located in the U.S. primarily used for hospitality and/ or hospitality-related purposes, as well as real estate-related assets in connection with the foregoing and to carry on the business of managing and operating real estate located in U.S. used primarily for hospitality and/or hospitality-related purposes.

2. Basis of Preparation

The condensed interim financial statements for the six months period and year ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the Stapled Group’s last annual financial statements as at and for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Stapled Group since the last annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements of the Stapled Group have been prepared on a going concern basis notwithstanding the deficiency in net current assets of US\$3,413,000 as at 31 December 2021, as the Stapled Group has obtained the US\$95 million 3-year unsecured facilities on 23 February 2022 to refinance its loans maturing within the next twelve months.

The condensed interim financial statements are presented in United States dollars, which is the functional currency of the Stapled Group, ARA H-REIT and ARA H-BT. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Stapled Group

A number of amendments to Standards have become applicable for the current reporting period. The Stapled Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The following SFRS(I)s, amendments to and interpretations of SFRS(I) are applicable for the annual period beginning on 1 January 2021:

- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 4, SFRS(I) 7, SFRS(I) 9, SFRS(I) 16 and SFRS(I) 1-39)

The application of these amendments to standards and interpretations does not have a material effect on the condensed interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Stapled Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 11 – Fair value of property, plant and equipment and investment properties

2.3 Fair value measurement

A number of the Stapled Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Managers use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Transfers between levels of the fair value hierarchy are recognised as of the end of the financial period/year during which the change has occurred.



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Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 - Valuation of financial instruments
- Note 11 - Valuation of property, plant and equipment and investment properties

3. Seasonal operations

The Stapled Group's business is affected by seasonality due to the influence of weather and local events on travel demand. Prior to the pandemic, for most markets in the U.S., peak demand months for commercial/business travel generally occur during the spring to fall months, while leisure travel peaks in the summer months. Most markets experience off-peak season during the winter months of late November to February.

Following the pandemic which started to rapidly evolve in the U.S. from mid-March 2020, demand and occupancies dropped significantly and are currently on the path to recovery driven primarily by the leisure segment. As a result, the seasonality effects mentioned above were less apparent in 2H 2021 and 2H 2020, and FY2021 and FY2020 respectively.

4. Segment and revenue information

All operating segments' operating results are reviewed regularly by the Board of Directors of the Managers ("Board") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in internal management reports that are reviewed by the board of directors of the Managers. Segment net property income is used to measure performance as the Managers believe that such information is the most relevant in evaluating the results of the portfolio relative to those that operate within the same industry.

4.1 Reportable segments

ARA H-Trust	Hyatt Place	Hyatt House	Marriott	Total
	US\$'000	US\$'000	US\$'000	US\$'000
1 July 2021 to 31 December 2021				
Revenue	42,516	25,373	9,938	77,827
Reportable segment net property income	6,976	5,568	3,216	15,760
Depreciation of property, plant and equipment	(6,634)	(4,016)	(1,488)	(12,138)
Amortisation of intangible assets	-	-	(12)	(12)
Revaluation (deficit)/surplus of property, plant and equipment	(9,341)	2,049	1,556	(5,736)
Other income	335	462	1,161	1,958
Unallocated items:				
- REIT Manager's and Trustee Manager's management fees				(820)
- Trustee-Manager's trustee fees				(60)
- REIT trustee fees				(55)
- Finance costs				(6,089)
- Other trust expenses				(778)
- Taxation				3,659
Net loss for the period				(4,311)



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ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total US\$'000
1 July 2020 to 31 December 2020				
Revenue	20,831	12,936	5,049	38,816
Reportable segment net property (loss)/income	(3,805)	209	568	(3,028)
Depreciation of property, plant and equipment	(7,159)	(4,396)	(1,106)	(12,661)
Amortisation of intangible assets	-	-	(12)	(12)
Revaluation deficit of property, plant and equipment	(58,984)	(6,439)	(1,556)	(66,979)
Other income	5,147	2,864	797	8,808
Unallocated items:				
– Other income				4
– Trustee-Manager's trustee fees				(60)
– REIT trustee fees				(59)
– Finance costs				(5,985)
– Other trust expenses				(1,172)
– Taxation				8,840
Net loss for the period				(72,304)

ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total US\$'000
1 January 2021 to 31 December 2021				
Revenue	72,055	41,107	17,512	130,674
Reportable segment net property income	10,532	8,251	6,101	24,884
Depreciation of property, plant and equipment	(13,120)	(8,038)	(2,958)	(24,116)
Amortisation of intangible assets	-	-	(25)	(25)
Revaluation (deficit)/surplus of property, plant and equipment	(9,341)	2,049	1,556	(5,736)
Other income	347	475	1,161	1,983
Unallocated items:				
– REIT Manager's and Trustee-Manager's management fees				(820)
– Trustee-Manager's trustee fees				(120)
– REIT trustee fees				(109)
– Finance costs				(12,167)
– Other trust expenses				(1,930)
– Taxation				4,344
Net loss for the year				(13,812)

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ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total US\$'000
1 January 2020 to 31 December 2020				
Revenue	42,395	26,564	9,202	78,161
Reportable segment net property (loss)/income	(6,705)	(175)	1,834	(5,046)
Depreciation of property, plant and equipment	(14,200)	(8,673)	(2,685)	(25,558)
Amortisation of intangible assets	-	-	(24)	(24)
Revaluation deficit of property, plant and equipment	(58,984)	(6,439)	(1,556)	(66,979)
Other income	5,147	2,864	797	8,808
Unallocated items:				
- Trustee-Manager's trustee fees				(120)
- REIT trustee fees				(116)
- Finance income				114
- Finance costs				(11,774)
- Other trust expenses				(2,605)
- Other income				4
- Taxation				8,831
Net loss for the year				(94,465)

Assets and liabilities	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Unallocated US\$'000	Total US\$'000
As at 31 December 2021					
Reportable segment assets	394,760	251,027	96,911	21,378	764,076
Reportable segment liabilities	(9,964)	(4,559)	(2,691)	(347,117)	(364,331)
As at 31 December 2020					
Reportable segment assets	369,740	251,032	86,223	29,410	736,405
Reportable segment liabilities	(6,203)	(2,547)	(2,633)	(375,846)	(387,229)

5. Net finance (costs)/income

	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Finance income				
Interest income under the effective interest method on:				
- Deposits with financial institutions	-	5	-	114
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest paid/payable to banks	(5,875)	(5,697)	(11,656)	(11,232)
- Interest expenses on lease liabilities	(52)	(160)	(192)	(279)
- Amortisation of debt related transaction costs	(162)	(133)	(319)	(263)
	(6,089)	(5,990)	(12,167)	(11,774)
Net finance costs	(6,089)	(5,985)	(12,167)	(11,660)

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	ARA H-REIT			
	2H 2021	2H 2020	FY2021	FY2020
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income under the effective interest method on:				
- Deposits with financial institutions	-	5	-	104
- Loans to related corporation	366	315	792	409
	<u>366</u>	<u>320</u>	<u>792</u>	<u>513</u>
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest expense paid/payable to banks	(5,594)	(5,584)	(11,093)	(11,064)
- Interest expense paid/payable to related corporation	(13,394)	(13,394)	(26,570)	(26,643)
- Interest expense on lease liabilities	(45)	(154)	(176)	(265)
- Amortisation of debt related transaction costs	(134)	(132)	(265)	(262)
	<u>(19,167)</u>	<u>(19,264)</u>	<u>(38,104)</u>	<u>(38,234)</u>
Net finance costs	<u>(18,801)</u>	<u>(18,944)</u>	<u>(37,312)</u>	<u>(37,721)</u>

	ARA H-BT			
	2H 2021	2H 2020	FY2021	FY2020
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income under the effective interest method on:				
- Deposits with financial institutions	-	-	-	10
- Loans to related corporation	13,394	13,394	26,570	26,643
	<u>13,394</u>	<u>13,394</u>	<u>26,570</u>	<u>26,653</u>
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest expense paid/payable to banks	(274)	(113)	(556)	(168)
- Interest expense paid/payable to related corporation	(373)	(315)	(799)	(409)
- Interest expense on lease liabilities	(2,182)	(2,777)	(4,684)	(5,863)
- Amortisation of debt related transaction costs	(27)	(1)	(54)	(1)
	<u>(2,856)</u>	<u>(3,206)</u>	<u>(6,093)</u>	<u>(6,441)</u>
Net finance income	<u>10,538</u>	<u>10,188</u>	<u>20,477</u>	<u>20,212</u>

6. Net income/(loss) before taxation

The following items have been included in arriving at net income/(loss) for the period:

	ARA H-Trust			
	2H 2021	2H 2020	FY2021	FY2020
	US\$'000	US\$'000	US\$'000	US\$'000
Allowance for/(Reversal of) expected credit loss and bad debts written off	152	(60)	220	220



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	ARA H-BT			
	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Allowance for/(Reversal of) expected credit loss and bad debts written off	152	(60)	220	220

6.1 Related party transactions

During the financial period/year, other than the transactions disclosed elsewhere in the condensed interim financial statements, these were the following significant related party transactions:

	ARA H-Trust			
	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Related entities				
Managers' management fees paid/payable	820	-	820	-
Trustee-Manager's trustee fee paid/payable	60	60	120	120
REIT Trustee's fees paid/payable	55	59	109	116
Hotel management fee paid/payable	2,342	1,089	3,928	2,270
Acquisition fee paid/payable	-	-	-	840
Reimbursement of expenses (paid on behalf by REIT Manager and Trustee-Manager)	35	128	74	128

	ARA H-REIT			
	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Related entities				
REIT Manager's management fees paid/payable	615	-	615	-
REIT Trustee's fees paid/payable	55	59	109	116
Acquisition fee paid/payable	-	-	-	840
Reimbursement of expenses (paid on behalf by REIT Manager)	4	37	17	37
Related corporations				
Rental income received/receivable	23,786	21,546	46,392	42,911
Interest expenses paid/payable	13,394	13,394	26,570	26,643
Interest income received/receivable	366	315	792	409

	ARA H-BT			
	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Related entities				
Trustee-Manager's management fees paid/payable	205	-	205	-
Trustee-Manager's trustee fee paid/payable	60	60	120	120
Hotel management fee paid/payable	2,342	1,089	3,928	2,270
Reimbursement of expenses (paid on behalf by Trustee-Manager)	31	91	57	91
Related corporations				
Rental expenses paid/payable	23,786	21,546	46,392	42,911
Interest expenses paid/payable	373	315	799	409
Interest income received/receivable	13,394	13,394	26,570	26,643



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7. Earnings per Stapled Security

Earnings per Stapled Security is based on:

	ARA H-Trust			
	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Net loss for the period/year attributable to Stapled Securityholders	(4,311)	(72,304)	(13,812)	(94,465)
Number of Stapled Securities ('000)				
Weighted average number of Stapled Securities used in arriving at basic earnings per Stapled Security:				
- issued Stapled Securities at the beginning of the period	567,342	567,342	567,342	566,971
- issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	-	-	-	315
	<u>567,342</u>	<u>567,342</u>	<u>567,342</u>	<u>567,286</u>
Weighted average number of Stapled Securities used in arriving at diluted earnings per Stapled Security:				
- weighted average number of Stapled Securities (basic)	567,342	567,342	567,555	567,286
- to be issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	423	-	213	-
	<u>567,765</u>	<u>567,342</u>	<u>567,768</u>	<u>567,286</u>
Earnings per Stapled Security ("EPS") (US cents)				
Basic	(0.76)	(12.74)	(2.43)	(16.65)
Diluted	<u>(0.76)</u>	<u>(12.74)</u>	<u>(2.43)</u>	<u>(16.65)</u>

8. Distribution per Stapled Security

	ARA H-Trust			
	2H 2021 US\$'000	2H 2020 US\$'000	FY2021 US\$'000	FY2020 US\$'000
Distributions	2,018	-	2,018	-
Number of Stapled Securities on issue at the end of period/year ('000)	<u>567,342</u>	<u>567,342</u>	<u>567,342</u>	<u>567,342</u>
Basic and Diluted DPS (U.S. cents)	<u>0.355</u>	<u>-</u>	<u>0.355</u>	<u>-</u>

9. Net asset value

ARA H-Trust	As at 31 December 2021	As at 31 December 2020
Net assets attributable to Stapled Securityholders (US\$'000)	<u>399,745</u>	<u>349,176</u>
Total issued and to be issued Stapled Securities ('000)	<u>568,188</u>	<u>567,342</u>
Net asset value per Stapled Security (US\$)	<u>0.70</u>	<u>0.62</u>

10. Fair value of assets and liabilities

The Stapled Group uses interest rate swaps to manage its exposure to interest rate risks. As at 31 December 2021, the Stapled Group had interest rate swaps with a notional amount of US\$266.3 million (31 December 2020: US\$266.3 million) designated as cash flow hedging instruments.

The effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (“OCI”) and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include financial assets and financial liabilities whose carrying amount is a reasonable approximation of fair value.

	ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000
31 December 2021			
Financial assets not measured at fair value			
Loans to related corporation			
- <i>Carrying amount</i>	–	–	294,000
- <i>Fair value (Level 2)</i>	–	–	295,074
Financial liabilities measured at fair value			
Derivative financial liabilities – interest rate swaps			
- <i>Carrying amount</i>	(7,310)	(7,310)	–
- <i>Fair value (Level 2)</i>	(7,310)	(7,310)	–
Financial liabilities not measured at fair value			
Loans from related corporation			
- <i>Carrying amount</i>	–	(294,000)	–
- <i>Fair value (Level 2)</i>	–	(295,074)	–
Loans and borrowings ⁽¹⁾			
- <i>Carrying amount</i>	(336,309)	(319,894)	(16,415)
- <i>Fair value (Level 2)</i>	(336,810)	(320,340)	(16,471)
31 December 2020			
Financial assets not measured at fair value			
Loans to related corporation			
- <i>Carrying amount</i>	–	–	294,000
- <i>Fair value (Level 2)</i>	–	–	295,172
Financial liabilities measured at fair value			
Derivative financial liabilities – interest rate swaps			
- <i>Carrying amount</i>	(16,282)	(16,282)	–
- <i>Fair value (Level 2)</i>	(16,282)	(16,282)	–
Financial liabilities not measured at fair value			
Loans from related corporation			
- <i>Carrying amount</i>	–	(294,000)	–
- <i>Fair value (Level 2)</i>	–	(295,172)	–
Loans and borrowings ⁽¹⁾			
- <i>Carrying amount</i>	(346,333)	(319,648)	(26,685)
- <i>Fair value (Level 2)</i>	(347,163)	(320,367)	(26,796)

⁽¹⁾ Excluding lease liabilities

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 fair values.

Financial instruments measured at fair value	Valuation technique
Interest rate swaps	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transaction in similar instruments.

11. Property, plant and equipment and Investment properties

The portfolio hotels, comprising 38 Hyatt hotels and 3 Marriott hotels, are presented as property, plant and equipment in the books of ARA H-Trust and ARA H-BT, and as investment properties in the books of ARA H-REIT.

During the year ended 31 December 2021, ARA H-Trust and ARA H-BT acquired property, plant and equipment amounting to Nil (31 December 2020: US\$85,294,000) and Nil (31 December 2020: US\$8,873,000) respectively, capitalised capital expenditures amounting to US\$9,258,000 (31 December 2020: US\$9,217,000) and US\$3,081,000 (31 December 2020: US\$5,268,000) and disposed of assets amounting to Nil (31 December 2020: Nil) and Nil (31 December 2020: Nil) respectively. During the year ended 31 December 2021, ARA H-REIT acquired investment properties amounting to Nil (31 December 2020: US\$76,421,000), capitalised capital expenditures amounting to US\$6,534,000 (31 December 2020: US\$3,949,000) and disposed of assets amounting to Nil (31 December 2020: Nil).

As at 31 December 2021, the carrying amounts of the portfolio hotels were stated at fair value, which was determined based on independent valuations undertaken by Jones Lang LaSalle Valuation & Advisory Services (2020: HVS Consulting and Valuation Services), prepared in accordance with the Uniform Standards of Professional Practice (“USPAP”), and in compliance with the requirements under the SGX Listing Manual and Code on Collective Investment Schemes (the “Code”). The independent property valuers have the appropriate recognised professional qualifications and recent experience in the location and type of properties being valued.

The valuers have considered the income capitalization - discounted cash flow approach in determining the fair values. The income capitalization – discounted cash flow approach involve the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The key assumptions of the market-corroborated discount rate and terminal capitalization rate are based on significant unobservable inputs and are categorised under Level 3 of the fair value measurement hierarchy. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between the property managers, the Managers and the independent valuer.

The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located. The valuation reports further included a “Market uncertainty from COVID-19” clause which highlight that the COVID-19 outbreak is an evolving situation with the effect on the financial and real estate markets currently unknown, impacted by the scale and longevity of the pandemic. The reader is cautioned and reminded that the valuation is based on information available as at the date of valuation and it is difficult to predict the short- and long-term effects the pandemic may have on capital values.

As at the reporting date, the Stapled Group has the following capital commitments:

	31 December 2021 US\$'000	31 December 2020 US\$'000
Capital expenditure contracted but not provided for	1,871	4,498

12. Assets held for sale

During the year, the Stapled Group received an unsolicited offer for a portion of an unused land of approximately 105,000 sq ft of Hyatt House Morristown (the “**Excess Land**”) from an adjacent property owner (the “**independent purchaser**”). The Excess Land is not improved and not used by hotel operations due to the steep slope, wetlands and lack of roadway access. The independent purchaser intends to construct a multifamily development on the adjacent parcel and requires access to municipal utilities that can be achieved by purchasing the Excess Land. The Excess Land does not contribute any economic value to the hotel and its sale will not affect existing hotel operations. The Stapled Group commissioned an independent valuer, Newmark Knight Frank to conduct a valuation of the Excess land, with the land appraised at US\$325,000, and negotiated the sale of the Excess Land at valuation. The sale transaction is in progress and expected to be completed in 1Q 2022.

The Stapled Group received a notice from the Georgia Department of Transportation (the “**GDOT**”) that it was in the process of acquiring land for a roadway improvement project and will need to acquire a portion of the unused land of Hyatt Place Atlanta Alpharetta of approximately 3,851 sq ft (the “**Affected Excess Land**”). The Affected Excess Land does not contain any parking or site improvements, has no impact on the useable or functioning areas of the hotel and does not contribute any economic value to the property. Further, due to the land-locked nature of the Affected Excess Land which borders the highway, with access only available via the hotel, the Affected Excess Land has limited alternative development use and could not be sold off separately for future development. The GDOT had offered an amount of US\$79,600 for the Affected Area, based on the fair market value of the Affected Area as appraised by a third party valuer, arrived at using the sales comparison approach. The sale transaction is in progress and expected to be completed in 1Q 2022.

The above-mentioned Excess Land and Affected Excess Land were correspondingly classified under Assets held for sale as at 31 December 2021. Jones Lang LaSalle Valuation & Advisory Services, the independent appraiser for the annual valuation of the portfolio hotels as at 31 December 2021, had further opined in the valuation reports of Hyatt House Morristown and Hyatt Place Atlanta Alpharetta that the sale of the Excess Land and Affected Excess Land have no impact on the valuation of the 2 properties as at 31 December 2021.

13. Loans and borrowings

The Stapled Group has in place the following USD loan facilities:

- a) US\$260.8 million (31 December 2020: US\$260.8 million) secured term loan and letter of credit facilities; and
- b) US\$96.5 million (31 December 2020: US\$95.3 million) unsecured loan and revolving facilities.

Secured term loan

As at 31 December 2021, the Stapled Group has drawn down US\$251.8 million (31 December 2020: US\$251.8 million) of the secured facilities. The facilities are secured on the following:

- mortgages, assignment of leases and rents, security agreement and fixture fittings over the 38 hotel properties;
- an assignment of the franchise agreement and Aimbridge hotel management agreement;
- an assignment of insurances taken in respect of each hotel property; and
- a charge over certain bank accounts of the Stapled Group.

As at 31 December 2021, the unsecured loan and credit facilities of US\$85.0 million (31 December 2020: US\$95.3 million) were drawn.

	As at 31 December 2021 US\$'000	As at 31 December 2020 US\$'000
ARA H-Trust		
Secured loans	251,795	251,795
Unsecured loans	85,000	95,343
Lease liabilities ⁽¹⁾	1,826	8,392
	338,621	355,530
Less: Unamortised upfront debt-related costs	(486)	(805)
	338,135	354,725
ARA H-REIT		
Secured loans	244,325	244,325
Unsecured loans	76,000	76,019
Lease liabilities ⁽¹⁾	1,546	8,028
	321,871	328,372
Less: Unamortised upfront debt-related costs	(431)	(696)
	321,440	327,676
ARA H-BT		
Secured loans	7,470	7,470
Unsecured loans	9,000	19,324
Lease liabilities ⁽¹⁾	125,191	162,210
	141,661	189,004
Less: Unamortised upfront debt-related costs	(55)	(109)
	141,606	188,895

⁽¹⁾ The Stapled Group applied SFRS(I)16 at 1 January 2020, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases.

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Loans and borrowings are repayable as follows:

	As at 31 December 2021			As at 31 December 2020		
	Secured US\$'000	Unsecured US\$'000	Lease liabilities US\$'000	Secured US\$'000	Unsecured US\$'000	Lease liabilities US\$'000
ARA H-Trust						
Amount repayable						
- within one year	-	10,000	281	-	-	298
- after one year	251,795	75,000	1,545	251,795	95,343	8,094
	251,795	85,000	1,826	251,795	95,343	8,392
Less: Unamortised upfront debt- related costs	(414)	(72)	-	(445)	(360)	-
	251,381	84,928	1,826	251,350	94,983	8,392
ARA H-REIT						
Amount repayable						
- within one year	-	10,000	141	-	-	172
- after one year	244,325	66,000	1,405	244,325	76,019	7,856
	244,325	76,000	1,546	244,325	76,019	8,028
Less: Unamortised upfront debt- related costs	(304)	(127)	-	(445)	(251)	-
	244,021	75,873	1,546	243,880	75,768	8,028
ARA H-BT						
Amount repayable						
- within one year	-	-	40,367	-	-	38,583
- after one year	7,470	9,000	84,824	7,470	19,324	123,627
	7,470	9,000	125,191	7,470	19,324	162,210
Less: Unamortised upfront debt- related costs	-	(55)	-	-	(109)	-
	7,470	8,945	125,191	7,470	19,215	162,210

14. Stapled Securities in issue and to be issued

	ARA H-Trust			
	2H 2021 '000	2H 2020 '000	FY2021 '000	FY2020 '000
Stapled securities in issue				
Balance at beginning of period/year	567,342	567,342	567,342	566,971
REIT Manager's and Trustee- Manager's base fee paid in Stapled Securities ⁽¹⁾	-	-	-	371
Total Issued Stapled Securities as at end of period/year	567,342	567,342	567,342	567,342
Stapled Securities to be issued				
REIT Manager's and Trustee- Manager's base fee payable in Stapled Securities	846	-	846	-
Total Stapled Securities issued and to be issued as at end of period/year	568,188	567,342	568,188	567,342

(1) 371,000 Stapled Securities were issued as payment of 50% of the Managers' base fees for the period from 1 October 2019 to 31 December 2019

ARA H-Trust does not hold any treasury Stapled Securities as at 31 December 2021 and 31 December 2020. The total number of issued Stapled Securities in ARA H-Trust as at 31 December 2021 was 567,342,000 (31 December 2020: 567,342,000).

15. Subsequent events

- a) On 23 February 2022, the Stapled Group entered into a new facility agreement to obtain a US\$75 million unsecured 3-year term loan facility and a US\$20 million unsecured 3-year revolving credit facility (the "Facilities"). The Facilities will be utilised to refinance selected existing maturing facilities and for general working capital funding purposes.
- b) On 23 February 2022, the Managers announced a distribution of 0.355 US cents per Stapled Security for the period from 1 July 2021 to 31 December 2021.

Other Information Required Under Appendix 7.2 of the Listing Manual

(A) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The condensed interim financial statements, which comprise the Statements of Financial Position as at 31 December 2021, Statements of Comprehensive Income, Statement of Distributable Income, Statements of Movements in Stapled Securityholders' Funds and Statements of Cash Flows for the six-months and full year ended 31 December 2021 and certain explanatory notes have not been audited but have been reviewed by the independent auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter

Please see attached review report.



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(B) Review of the performance of the Stapled Group

		ARA H-Trust					
		2H 2021	2H 2020	Change	FY2021	FY2020	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	(i)	77,827	38,816	>100%	130,674	78,161	67.2%
Operating expenses	(ii)	(51,495)	(31,960)	(61.1%)	(90,210)	(65,464)	(37.8%)
Gross operating profit	(iii)	26,332	6,856	>100%	40,464	12,697	>100%
Hotel management fee	(iv)	(2,342)	(1,089)	(>100%)	(3,928)	(2,270)	(73.0%)
Property taxes	(v)	(6,945)	(7,668)	9.4%	(9,274)	(13,231)	29.9%
Other expenses		(1,285)	(1,127)	(14.0%)	(2,378)	(2,242)	(6.1%)
Net property income/(loss)		15,760	(3,028)	N.M.	24,884	(5,046)	N.M.
Other income	(vi)	1,958	8,812	(77.8%)	1,983	8,812	(77.5%)
Depreciation and amortisation		(12,150)	(12,673)	4.1%	(24,141)	(25,582)	5.6%
REIT Manager's and Trustee-Manager's management fees		(820)	-	N.M.	(820)	-	N.M.
Trustee-Manager's trustee fee		(60)	(60)	-	(120)	(120)	-
REIT Trustee's fee		(55)	(59)	6.8%	(109)	(116)	6.0%
Net finance costs		(6,089)	(5,985)	(1.7%)	(12,167)	(11,660)	(4.3%)
Other trust expenses	(vii)	(778)	(1,172)	33.6%	(1,930)	(2,605)	25.9%
Net income before tax and revaluation of property, plant and equipment		(2,234)	(14,165)	84.2%	(12,420)	(36,317)	65.8%
Revaluation deficit of property, plant and equipment	(viii)	(5,736)	(66,979)	91.4%	(5,736)	(66,979)	91.4%
Net loss before tax		(7,970)	(81,144)	90.2%	(18,156)	(103,296)	82.4%
Taxation	(ix)	3,659	8,840	58.6%	4,344	8,831	(50.8%)
Net loss after tax		(4,311)	(72,304)	94.0%	(13,812)	(94,465)	85.4%
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Revaluation surplus/(deficit) of property, plant and equipment	(viii)	56,433	(20,275)	N.M.	56,433	(20,275)	N.M.
Deferred tax effects relating to revaluation of property, plant and equipment		(1,024)	1,861	N.M.	(1,024)	2,892	N.M.
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges	(x)	4,886	3,041	60.7%	8,972	(9,000)	N.M.
Total comprehensive income		55,984	(87,677)	N.M.	50,569	(120,848)	N.M.

Notes:

(i)	<p>Revenue</p> <p>The Stapled Group recorded higher revenue in 2H 2021 vs 2H 2020 as the portfolio's occupancy improved to 73.5% from 39.3%, while RevPAR improved to US\$75 from US\$37 year on year.</p> <p>The portfolio experienced recovery in occupancies since the beginning of 2021 with the widespread distribution of vaccines, reduction in COVID-19 case counts, and lifting of travel restrictions in the U.S. This is in comparison with FY2020, where demand was significantly impacted by the COVID-19 pandemic since mid-March 2020, and selected hotels were temporarily closed between April to June 2020 to reduce operating costs and preserve cash.</p>
(ii)	<p>Operating expenses</p> <p>Operating expenses increased in line with higher occupancy in 2H 2021 and FY2021. Operating expenses include room expenses, other operating expenses, administrative and general expenses, sales and marketing expenses, franchise fees, property operations and maintenance expenses and utilities.</p>
(iii)	<p>Gross operating profit ("GOP")</p> <p>GOP margin improved from 17.7%% in 2H 2020 to 33.8% in 2H 2021, in line with higher RevPAR and effective cost mitigation measures implemented by the Managers.</p>
(iv)	<p>Hotel management fee</p> <p>Hotel management fee based on 3% of total revenue, increased in line with the higher revenue in 2H 2021.</p>
(v)	<p>Property taxes</p> <p>Property taxes decreased by US\$0.7 million in 2H 2021, primarily as the Stapled Group received property tax refunds from successful tax appeals initiated by the Managers. Property taxes are recorded based on receipt of property tax bill notices in accordance with IFRS.</p>
(vi)	<p>Other income</p> <p>Other income mainly comprises government grants received in FY2021 and FY2020.</p>
(vii)	<p>Other trust expenses</p> <p>Other trust expenses decreased by US\$0.4 million in 2H 2021 and FY2021, mainly due to project related costs expensed in the prior year.</p>
(viii)	<p>Revaluation of property, plant and equipment</p> <p>The Properties were stated at fair value based on independent valuations as at 31 December 2021, resulting in net revaluation surplus of property, plant and equipment of US\$50,697,000 (2020: revaluation deficit of US\$87,254,000). The higher property values were primarily due to improving operating performance of the hotels as compared to the prior year.</p>
(ix)	<p>Taxation</p> <p>The Stapled Group recorded deferred tax credit of US\$3.6 million and tax credits of US\$0.7 million relating to tax refunds in FY2021. Deferred tax credit primarily relates to the recognition of tax losses carried forward.</p>
(x)	<p>Effective portion of changes in fair value of cash flow hedges</p> <p>Effective portion of changes in fair value of cash flow hedges relates to fair value changes of the interest rate swaps entered into for hedging purposes. This has no impact on distributable income.</p>

(C) Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

(D) Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The United States (U.S.) economy continued its uptrend as real gross domestic product (real GDP) increased at an annual rate of 6.9%¹ in 4Q 2021, after increasing 2.3% in 3Q 2021, as massive fiscal and monetary stimulus and economic reopening across states had combined to lift the economy. The increase in real GDP primarily reflected increases in private inventory investment, exports, and personal consumption expenditures (PCE). The International Monetary Fund (IMF) remains positive on the U.S. economic recovery, projecting annualized economic growth of 4.0%² in 2022, following an estimated 5.6% growth in 2021. Even as the pandemic-related fiscal measures expired by end of 2021, significant accumulated savings from earlier stimulus checks and restrictions of movement caused U.S. households to be flush with cash. Consumer consumption accounts for 70% of GDPs and as the consumer shifts from accumulation of goods to services and travel, continued economic growth, along with the lifting of travel restrictions, is expected to support the leisure and hospitality industry.

Tourism Economics and STR have also upgraded their U.S. hotel forecast, underpinned by continued strengthening in average daily rate (ADR) in 2021. The U.S. hotel market occupancy and RevPAR are forecasted to grow by 10.7% and 19.5%, respectively, in 2022³, respectively, with occupancy and RevPAR projected to exceed 2019 levels in 2023. According to STR, the U.S. hotel industry recaptured 83% of pre-pandemic RevPAR levels in 2021, with much of the RevPAR recovery being led by leisure-driven ADR. Tourism Economics anticipates inflation to remain higher through the first half of the year with a gradual leveling off during Q3 and Q4, and barring any major setbacks with the pandemic, demand and occupancy are shaping up to hit significant levels during the second half of 2022. Tourism Economics expects that the backdrop for sustained travel recovery to be strong, looking beyond the first quarter of 2022.

As the fast-spreading Omicron variant of COVID-19 surged in the U.S. in late Dec 2021 and Jan 2022, particularly in states with low vaccination rates, the 7-day moving average COVID-19 cases in U.S. peaked at approximately 800,000 cases in mid-January 2022, but since have fallen precipitously to approximately 250,000 cases by first week of February 2022. The Omicron infection generally causes less severe diseases than prior variants, and the rapid decline in cases is leading to a transition to handling COVID-19 from a pandemic to an endemic. As a result, many U.S. states and institutions have begun lifting mask mandates and social distancing requirements.

As at 31 December 2021, ARA H-Trust had US\$19.2 million cash balances and will continue to adopt a prudent approach in its capital and cashflow management. The Stapled Group entered into a new facility agreement with lender banks in February 2022 to obtain a new US\$75 million unsecured 3-year term loan facility and a US\$20 million unsecured 3-year revolving credit facility to be utilized to refinance selected existing maturing facilities and for general working capital funding purposes.

¹ U.S. Bureau of Economic Analysis, Jan 2022

² World Economic Outlook Update, Jan 2022

³ STR and Tourism Economics, Jan 2022

(E) Distributions

(a) Current financial period	
Any distribution declared for the current period?	Yes
Distribution period	Distribution for the period from 1 July 2021 to 31 December 2021
Distribution type	Distribution of 0.355 US cents per Stapled Security comprising two components: 1. Tax-exempt income: 0.355 US cents 2. Capital: Nil
Distribution per stapled security	0.355 US cents
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Stapled Securityholders. Capital distribution represents a return of capital to Stapled Securityholders for Singapore income tax purpose and is therefore not subject to income tax. For Stapled Securityholders who are liable to Singapore income tax on profits from sale of ARA H-Trust Stapled Securities, the amount of capital distribution will be applied to reduce the cost base of their ARA H-Trust Stapled Securities for Singapore income tax purpose.
(b) Corresponding period of the immediately preceding financial year	
Any distribution declared for the corresponding period of the immediately preceding financial year?	No
(c) Date payable	
	30 March 2022
(d) Books Closure date	
	3 March 2022

If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision

Not applicable.

(F) Breakdown of Revenue

	ARA H-Trust		
	FY2021	FY2020	Variance
	US\$'000	US\$'000	%
Total revenue for first half year	52,847	39,345	34.3%
Net loss for first half year	(9,501)	(22,161)	57.1%
Total revenue for second half year	77,827	38,816	>100%
Net loss for second half year	(4,311)	(72,304)	94.0%

(G) Aggregate value of Interested Person Transactions under Rule 920(1)(a)(ii) of the Listing Manual

The Stapled Group has not obtained a general mandate from Stapled Securityholders for Interested Person Transactions.

(H) Breakdown of Total Annual Distribution

	ARA H-Trust	
	FY2021	FY2020
	US\$'000	US\$'000
1 January 2020 to 30 June 2020	-	-
1 July 2020 to 31 December 2020	-	-
1 January 2021 to 30 June 2021	-	-
1 July 2021 to 31 December 2021 (to be paid)	2,018	-
	<u>2,018</u>	<u>-</u>

(I) Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Pursuant to Rule 704(13) of the Listing Manual, the REIT Manager and Trustee-Manager confirm that there is no person occupying a managerial position in the Managers or in any of the principal subsidiaries of ARA H-Trust who is a relative of a director, chief executive officer, substantial shareholder of the Managers or substantial Stapled Securityholder of ARA H-Trust.

(J) Confirmation pursuant to Rule 720(1) of the Listing Manual

The REIT Manager and Trustee-Manager confirm that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

(K) Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of ARA H-Trust for the six months ended 31 December 2021:

- a) ARA H-Trust will declare a distribution which is classified as tax-exempt income distribution from a tax perspective, being derived from the income available for distribution for the six months ended 31 December 2021, and
- b) The Manager is satisfied on reasonable grounds that, immediately after making the distributions, ARA H-Trust will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of ARA H-Trust for the six months ended 31 December 2021 and is verified by our external tax consultant.

ARA H-Trust's current distribution policy is to distribute at least 90.0% of its taxable income to Stapled Securityholders.

On behalf of the Board of Directors
ARA Trust Management (USH) Pte. Ltd.
ARA Business Trust Management (USH) Pte. Ltd.

Stephen Ray Finch
Independent Chairman and Director
23 February 2022

Seow Bee Lian
Director
23 February 2022

Important Notice

This release 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental 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 the current views of management on future events.

The value of the Stapled Securities in ARA H-Trust ("Stapled Securities") and the income derived by them, if any, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, REIT Manager, Trustee-Manager or any of its affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the REIT Manager or the Trustee-Manager to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on Singapore Exchange Securities Trading Limited ("SGX-ST"). It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST. The listing of the Stapled Securities on SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of ARA H-Trust is not necessarily indicative of the future performance of ARA H-Trust.



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Report on review of Condensed Interim Financial Statements

The Board of Directors
ARA Business Trust Management (USH) Pte. Ltd.
(in its capacity as Trustee- Manager of
ARA US Hospitality Management Trust) (“Trustee-Manager”)
5 Temasek Boulevard
#12-01 Suntec Tower Five
Singapore 038985

23 February 2022

Dear Sirs

ARA US Hospitality Trust

Introduction

We have reviewed the accompanying condensed interim financial statements (“the Condensed Interim Financial Statements”) of ARA US Hospitality Trust (“ARA H-Trust”). ARA H-Trust comprises ARA US Hospitality Property Trust (“ARA H-REIT”) and its subsidiaries and ARA US Hospitality Management Trust (“ARA H-BT”) and its subsidiaries. The Condensed Interim Financial Statements consists of the following:

- Statement of financial position of ARA H-Trust as at 31 December 2021;
- Statements of comprehensive income of ARA H-Trust for the six months period and year ended 31 December 2021;
- Statement of movements in stapled securityholders’ funds of ARA H-Trust for the year ended 31 December 2021;
- Statement of cash flows of ARA H-Trust for the year ended 31 December 2021; and
- Notes to the Condensed Interim Financial Statements.

The management of ARA Business Trust Management (USH) Pte. Ltd. (the “Trustee-Manager” of ARA H-BT) is responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

The interim financial information for the six months period ended 31 December 2020 was not reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

Restriction on distribution and use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Interim Financial Statements for the purpose of assisting ARA H-Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the ARA H-Trust's announcement of its Condensed Interim Financial Statements for the information of its stapled securityholders. We do not assume responsibility to anyone other than ARA H-Trust for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
23 February 2022