



ARA US HOSPITALITY TRUST

DISPOSAL OF 4-PROPERTY HOTEL PORTFOLIO

30 JUNE 2022



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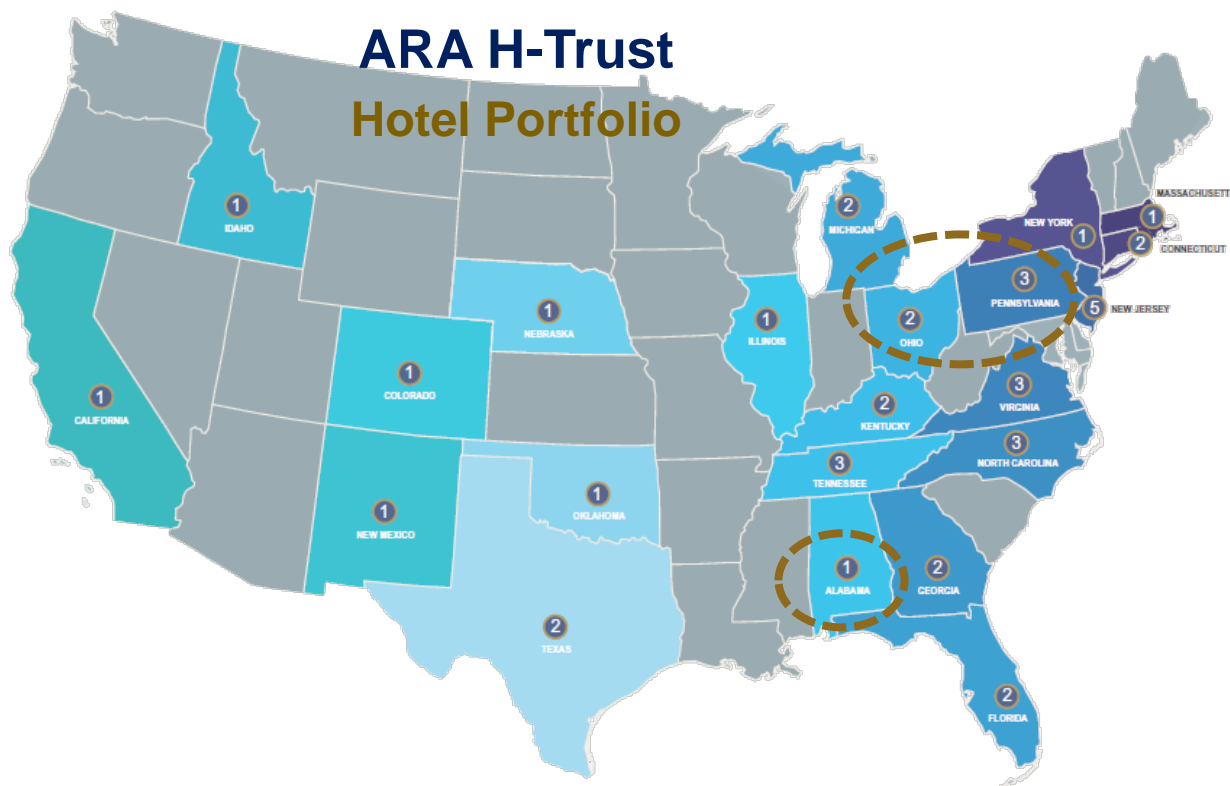
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Proposed Sale of 4-Property Hotel Portfolio

Sale Consideration of US\$32.5 million¹



4-Property Hotel Portfolio

Hyatt Place Birmingham Inverness

Hyatt Place Cincinnati Northeast

Hyatt Place Cleveland Independence

Hyatt Place Pittsburgh Cranberry

 **3.2%**
premium to Market Valuation*

4.4%
of total value of ARA H-Trust hotel portfolio*

*The collective independent valuation of the 4-Property Hotel Portfolio determined by an independent valuer as at 31 December 2021

1. The Sale Consideration is subject to closing adjustments under the PSA

Benefits in Operational and Capital Management

Targeted and concentrated approach to achieve a higher portfolio yield



Portfolio optimisation and rebalancing: To own hotels with good cashflow-generating capability in sub-markets with strong underlying long-term market fundamentals



Long term focus on higher yields: Stronger key performance metrics in terms of occupancy rate, RevPAR, gross operating profit (“**GOP**”) margin and valuation growth from hotels excluding the 4-Property Hotel Portfolio and Hyatt Place Chicago Itasca



Strengthened balance sheet for long-term growth: Net proceeds from the Proposed Sale will be used to reduce existing bank borrowings to further strengthen the balance sheet profile of ARA H-Trust and/or be redeployed towards acquiring new accretive assets that will drive higher yields for the portfolio of ARA H-Trust as a whole

Portfolio Optimisation and Rebalancing

Bottom-up approach to evaluate assets for exit



The 4-Property Hotel Portfolio

Bottom quartile	Non-core assets with declining historical performance
Weak sub-markets	Located in sub-markets with declining demand exacerbated by the COVID-19 pandemic
Low return on capital	Asset enhancement is not expected to boost cashflow yield in the future years

Portfolio Optimisation and Rebalancing

To build a stronger and more resilient portfolio



Execute capital improvement plans

Preserve value of the assets in its portfolio and allocate capital improvement and efforts towards assets with greater profitability and valuation growth potential



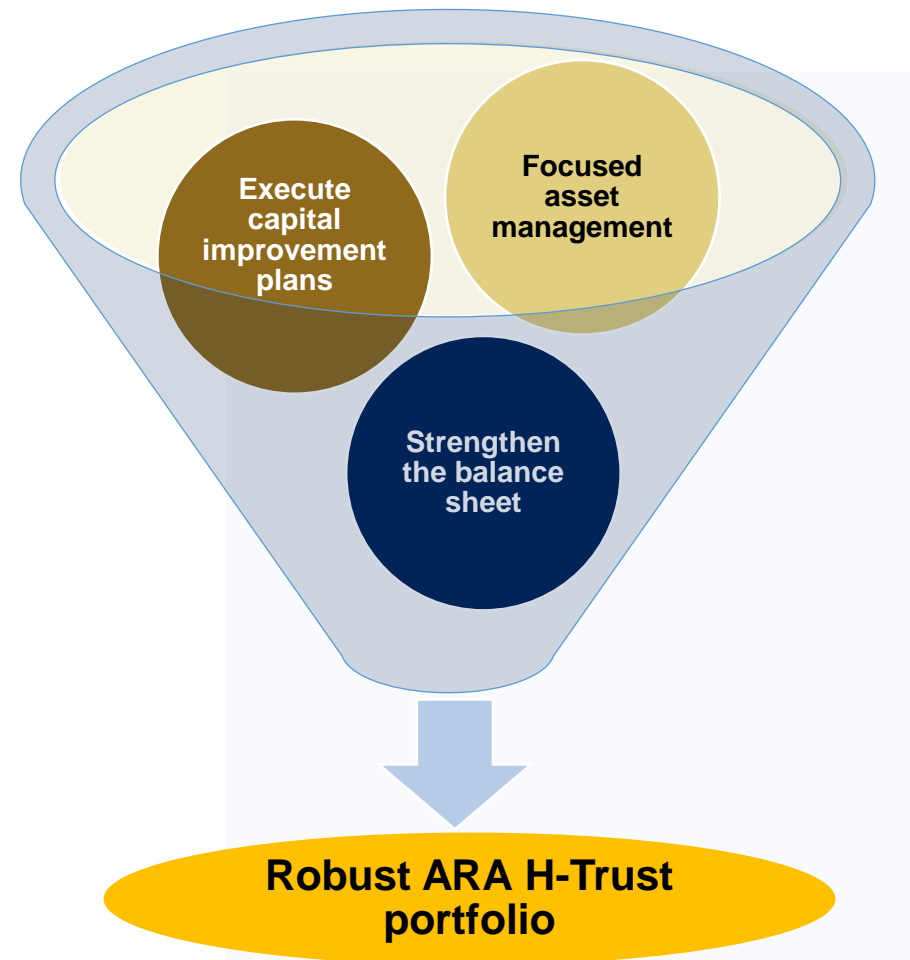
Focused asset management

Drive more revenue and cashflow from core assets



Strengthen the balance sheet

Reduce existing bank borrowings and/or redeploy capital towards acquiring new accretive assets that will drive higher yields for the portfolio of ARA H-Trust as a whole



The Proposed Sale will allow the Managers to realise the value for the 4-Property Hotel Portfolio and freeing up capital to be potentially deployed towards asset management initiatives for core assets that will drive returns, profits and distributions for ARA H-Trust and the Stapled Securityholders

Long Term Focus on Higher Yields

Assets to be disposed are ranked in the bottom quartile in terms of historical performance in key performance metrics

41-hotel Portfolio*



57.1%
Occupancy



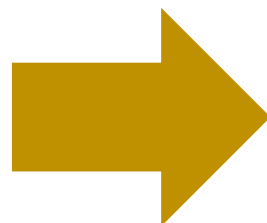
US\$64
RevPAR



31%
GOP Margin



5.2%
Valuation Growth



Remaining 36 Hotels



58.8%
Occupancy



US\$66
RevPAR



32%
GOP Margin

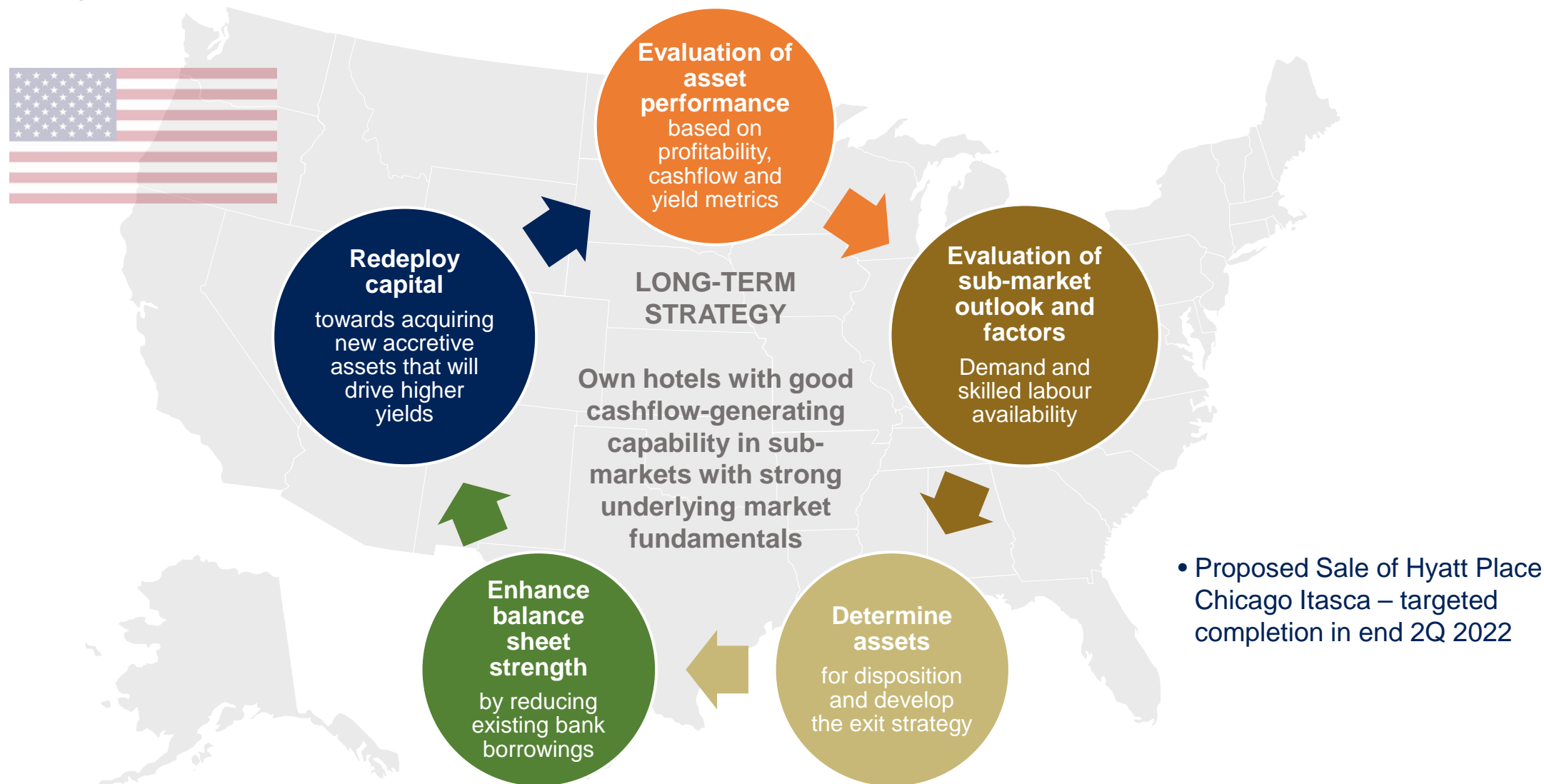


5.7%
Valuation Growth

*As at 31 December 2021

Strengthen Balance Sheet For Long-Term Growth

Achieve higher yields for the ARA H-Trust portfolio as a whole



Key Transaction Summary



Sale Consideration	US\$32.5m
Net Proceeds	US\$31.4 million, after taking into account the expenses associated with the Proposed Sale (including a divestment fee of approximately US\$162,500, being 0.5% of the Sale Consideration payable in cash to the Managers, real estate transfer tax customarily borne by the Vendor, legal and professional fees, and closing costs)
Use of Net Proceeds	To reduce existing bank borrowings to improve ARA H-Trust's aggregate leverage, and/or general working capital requirements
Estimated completion date	3Q 2022

Thank You

For enquiries, please contact:
Investor Relations
irusht@ara-group.com

www.araushotels.com

