



ARA US HOSPITALITY TRUST

A stapled group comprising:

ARA US HOSPITALITY PROPERTY TRUST

(a real estate investment trust constituted on 24 September 2018 under the laws of the Republic of Singapore) managed by ARA Trust Management (USH) Pte. Ltd.

ARA US HOSPITALITY MANAGEMENT TRUST

(a business trust constituted on 29 October 2018 under the laws of the Republic of Singapore) managed by ARA Business Trust Management (USH) Pte. Ltd.

PRESS RELEASE

ARA US HOSPITALITY TRUST'S 1H 2022 NPI RISES 131%

DISTRIBUTABLE INCOME INCREASES SUBSTANTIALLY TO US\$8.1 MILLION FOR THE HALF YEAR

Key Highlights

- *DPS for 1H 2022 increases substantially to 1.427 US cents from 0.355 US cents in 2H 2021*
- *NPI of US\$21.1m for 1H 2022, up 131% year-on-year*
- *RevPAR of US\$80 for 1H 2022, up 54% year-on-year*
- *Over 80% hedged on interest rates, mitigating rising interest rates*
- *Portfolio optimisation initiative to rebalance portfolio and redeploy capital in accretive ways*

(US\$m)	1H 2022	1H 2021	Change (%)	2H 2021	Change (%)
Revenue	81.3	52.8	53.8%	77.8	4.5%
Gross Operating Profit (GOP)	27.6	14.1	95.0%	26.3	4.9%
<i>GOP Margin</i>	33.9%	26.7%	7.2 pp	33.8%	0.1 pp
Net Property Income (NPI)	21.1	9.1	131.2%	15.8	33.5%
Distributable Income ¹	8.1	-	-	2.0	305%
Distribution per Stapled Security (US cents)	1.427	-	-	0.355	302%

¹ After setting aside reserves for capital expenditures for capital asset improvements and refurbishments for the hotel properties

Singapore, 4 August 2022 – ARA Trust Management (USH) Pte. Ltd., as manager of ARA US Hospitality Property Trust (“**ARA H-REIT**”), and ARA Business Trust Management (USH) Pte. Ltd., as trustee-manager of ARA US Hospitality Management Trust (“**ARA H-BT**”) (collectively known as the “**Managers**”), today announced the financial results of ARA US Hospitality Trust (“**ARA H-Trust**”) for the half year ended 30 June 2022 (“**1H 2022**”).

Strong Financial and Portfolio Performance

ARA H-Trust achieved Revenue of US\$81.3 million in 1H 2022, an increase of 53.8% year-on-year. The Gross Operating Profit (“**GOP**”) and Net Property Income rose to US\$27.6 million and US\$21.1 million for the same period, respectively, a significant increase of 95.0% and 131.2% compared to 1H 2021. The portfolio of select-service hotels achieved a GOP margin of approximately 34% with its highly efficient cost model.

The distributable income for 1H 2022 of US\$8.1 million or distribution per Stapled Security (“**DPS**”) of 1.427 US cents is payable to Stapled Securityholders on 26 September 2022.

In the United States (“**U.S.**”) domestic as well as international travel continued to recover strongly in the second quarter. COVID-19 is transitioning from a pandemic to an endemic situation. Although the Omicron variant of COVID-19 surged in January 2022 temporarily disrupting travel, case counts quickly subsided by February 2022 and the travel recovery resumed.

While lodging demand growth historically exhibited a close correlation with economic growth in the U.S., this dynamic decoupled during the past two years with the COVID-19 pandemic. High vaccination rates led to a return in travel confidence, and the lifting of lockdowns and other restrictions imposed during the height of the COVID-19 pandemic unleashed strong pent-up demand for travel, particularly for the leisure segment.

For 1H 2022, the ARA H-Trust portfolio posted an average occupancy and average daily rate of 62.7% and US\$127, respectively. Consequently, the revenue per available room (“**RevPAR**”) was US\$80, up 54% year-on-year.

Mr. Lee Jin Yong, CEO of the Managers said, “The operating performance of ARA H-Trust is expected to continue to outperform this year on the back of the robust U.S. lodging recovery supported by the pent-up demand and pricing strength. The hotel portfolio average daily rate (“**ADR**”) has surged and this pricing strength is enabling hotel revenue growth to outpace expense increases, mitigating inflation concerns on margins.”

He added, “We were pleased to resume distributions for 2H 2021. Our DPS for 1H 2022 has increased substantially with the continued recovery in our operating performance. Moving forward, the return of business and group demand on top of leisure demand will drive future operating performance and profits.”

The Managers are also focused on portfolio optimisation strategies to free up capital to be potentially deployed towards proactive asset management initiatives for core assets that will drive returns, profits and distributions for Stapled Securityholders. The sale of Hyatt Place Chicago Itasca was completed on 8 July 2022, and the proposed sale of four Hyatt Place hotels announced on 30 June 2022 is targeted for completion in 3Q 2022.

Sound Financial and Liquidity Management

The financial position of ARA H-Trust is on stronger footing as at 30 June 2022, underpinned by improved operating cash flows in the last six months. The interest coverage ratio (“**ICR**”) for the half year period has strengthened further to 2.8x, raising the gearing limit to 50%. As at 30 June 2022, ARA H-Trust had approximately US\$19.8 million in cash and cash equivalents and approximately US\$15 million of undrawn loan facilities, providing adequate liquidity to meet its operational needs and financial commitments. More

than 80% of the ARA H-Trust loan portfolio is hedged to fixed rates, and there are no refinancing requirements for the remainder of FY 2022 and FY 2023.

Outlook

According to the latest forecast by Tourism Economics and STR in June 2022, U.S. hotel market occupancy and market RevPAR are projected to recover to 63% and US\$92, respectively, in 2022². Market occupancy is expected to be just three percentage points below 2019 peak level as business and group demand have yet to fully recover. Meanwhile, market RevPAR increased by 60% in 2021 and is projected to increase by another 28% in 2022, exceeding the 2019 high watermark by 7%.

The gradual return of business and group demand on top of leisure demand will lead to a full recovery in U.S. hotel market occupancy, as well as drive further increases in market RevPAR. The US Travel Association³ expects total travel spending to increase in 2022 through to 2024 despite inflation concerns from pent-up demand and strong consumer savings. Domestic travel is expected to continue to drive the recovery overall in the U.S. travel industry, with leisure travel and business travel spending to reach 108% and 90%, respectively, of 2019 levels by 2024.

Mr. Lee concluded, "I'm optimistic about the future performance of ARA H-Trust. The strengthening revenues combined with the highly efficient cost structure for select-service hotels are expected to enhance returns and deliver value for investors over the long run. Therefore, ARA H-Trust's high quality, premium-branded, diversified upscale select-service portfolio provides our stapled securityholders with an optimal long-term U.S. lodging strategy."

The 1H 2022 financial statement and presentation slides can be downloaded from the ARA H-Trust corporate website at <https://www.araushotels.com>.

Lee Jin Yong
Chief Executive Officer
4 August 2022

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About ARA US Hospitality Trust

Listed on the Singapore Exchange on 9 May 2019, ARA US Hospitality Trust is a hospitality stapled group comprising ARA US Hospitality Property Trust ("**ARA H-REIT**") and ARA US Hospitality Management Trust ("**ARA H-BT**"). ARA US Hospitality Trust invests in income-producing real estate assets used primarily for hospitality purposes located in the United States. ARA US Hospitality Trust's portfolio currently comprises 40 select-service hotels with a total of 5,214 rooms across 21 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.

² STR and Tourism Economics, June 2022

³ US Travel Association, 21 June 2022

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 is part of the ESR Group (the “Group”), APAC’s largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With US\$140 billion in gross assets under management (AUM), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US\$45 billion. Our purpose – Space and Investment Solutions for a Sustainable Future – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR Group Limited is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

More information is available at www.ara-group.com, www.esr.com.

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.