



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 2022



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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.

As part of its portfolio optimization and rebalancing strategy, ARA H-Trust completed the sale of 5 Hyatt Place hotels in the second half of 2022. As at 31 December 2022, ARA H-Trust owns 36 upscale select-service hotels (the “**Properties**” or “**Hotels**”) with 4,707 hotel rooms located across 19 states.

ARA H-Trust is presenting its financial results for the six months period (“**2H 2022**”) and full year ended 31 December 2022 (“**FY2022**”). 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 distribution policy is to distribute at least 90.0% of its distribution income and ARA H-BT’s distribution policy is to distribute at least 90% of its distributable income, subject to the provisions in the Stapling Deed. Distributions will be made on a semi-annual basis and declared in the United States dollar. Each Stapled Securityholder will receive his/her distribution in the Singapore dollar equivalent of the amount declared in the United States dollar declared, unless he/she elects otherwise.



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Summary of Results

ARA H-Trust	2H 2022	2H 2021	Change	FY2022	FY2021	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	87,759	77,827	12.8%	169,015	130,674	29.3%
Gross operating profit	29,736	26,332	12.9%	57,287	40,464	41.6%
Net property income	20,311	15,760	28.9%	41,402	24,884	66.4%
Distributable income	9,385	2,018	>100%	17,508	2,018	>100%
Distribution per Stapled Security ("DPS") (US cents)	1.627	0.355	>100%	3.054	0.355	>100%

N.M. - not meaningful

	As at 31 December 2022	As at 31 December 2021
Net asset value per Stapled Security (US\$)	0.80	0.70

Distribution details for 2H 2022 are as follows:

Distribution period	1 July 2022 to 31 December 2022
Distribution rate	1.627 cents per Stapled Security
Record date	3 March 2023
Payment date	30 March 2023



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Statements of Comprehensive Income

		ARA H-Trust					
		2H 2022	2H 2021	Change	FY2022	FY2021	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		87,759	77,827	12.8%	169,015	130,674	29.3%
Operating expenses		(58,023)	(51,495)	(12.7%)	(111,728)	(90,210)	(23.9%)
Gross operating profit		29,736	26,332	12.9%	57,287	40,464	41.6%
Hotel management fee		(2,632)	(2,342)	(12.4%)	(5,071)	(3,928)	(29.1%)
Property taxes		(5,412)	(6,945)	22.1%	(8,033)	(9,274)	13.4%
Other expenses		(1,381)	(1,285)	(7.5%)	(2,781)	(2,378)	(16.9%)
Net property income		20,311	15,760	28.9%	41,402	24,884	66.4%
Other income		413	1,958	(78.9%)	945	1,983	(52.3%)
Depreciation and amortisation		(12,702)	(12,150)	(4.5%)	(25,292)	(24,141)	(4.8%)
REIT Manager's and Trustee- Manager's management fees		(3,811)	(820)	(>100%)	(6,414)	(820)	(>100%)
Trustee-Manager's trustee fee		(60)	(60)	-	(120)	(120)	-
REIT Trustee's fee		(56)	(55)	(1.8%)	(110)	(109)	(0.9%)
Net finance costs	5	(6,407)	(6,089)	(5.2%)	(12,571)	(12,167)	(3.3%)
Other trust expenses		(1,118)	(778)	(43.7%)	(2,417)	(1,930)	(25.2%)
Net loss before tax and fair value changes		(3,430)	(2,234)	(53.5%)	(4,577)	(12,420)	63.1%
Net change in fair value of assets held for sale		(124)	-	N.M.	(752)	-	N.M.
Revaluation surplus/(deficit) of property, plant and equipment		17,319	(5,736)	N.M.	17,319	(5,736)	N.M.
Net income/(loss) before tax	6	13,765	(7,970)	N.M.	11,990	(18,156)	N.M.
Taxation		(2,378)	3,659	N.M.	(2,478)	4,344	N.M.
Net income/(loss) after tax		11,387	(4,311)	N.M.	9,512	(13,812)	N.M.
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss:							
Revaluation surplus of property, plant and equipment		62,066	56,433	10.0%	62,066	56,433	10.0%
Deferred tax effects relating to revaluation of property, plant and equipment		(19,802)	(1,024)	(>100%)	(19,802)	(1,024)	(>100%)
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		3,500	4,886	(28.4%)	14,659	8,972	63.4%
Total comprehensive income		57,151	55,984	2.1%	66,435	50,569	31.4%
Earnings per Stapled Security							
Basic/Diluted (U.S. cents)	7	2.00	(0.76)	N.M.	1.67	(2.43)	N.M.



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Statements of Comprehensive Income (cont'd)

		ARA H-REIT					
		2H 2022	2H 2021	Change	FY2022	FY2021	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Rental revenue		25,895	23,786	8.9%	51,808	46,392	11.7%
Operating expenses		(157)	(129)	(21.7%)	(310)	(289)	(7.3%)
Gross operating profit		25,738	23,657	8.8%	51,498	46,103	11.7%
Property taxes		(5,291)	(6,607)	19.9%	(7,684)	(8,650)	11.2%
Other expenses		(522)	(433)	(20.6%)	(1,087)	(851)	(27.7%)
Net property income		19,925	16,617	19.9%	42,727	36,602	16.7%
REIT Manager's management fees		(2,858)	(615)	(>100%)	(4,811)	(615)	(>100%)
REIT Trustee's fee		(56)	(55)	(1.8%)	(110)	(109)	(0.9%)
Net finance costs	5	(19,229)	(18,801)	(2.3%)	(37,874)	(37,312)	(1.5%)
Other trust expenses		(454)	(652)	30.4%	(1,057)	(1,254)	15.7%
Net loss before tax and fair value changes		(2,672)	(3,506)	23.8%	(1,125)	(2,688)	58.1%
Net change in fair value of investment properties		62,460	34,257	82.3%	62,460	34,257	82.3%
Net change in fair value of assets held for sale		618	-	N.M.	586	-	N.M.
Net loss on disposition of properties		(16)	-	N.M.	(16)	-	N.M.
Net income before tax		60,390	30,751	96.4%	61,905	31,569	96.1%
Taxation		(20,510)	(944)	(>100%)	(20,560)	(965)	(>100%)
Net income after tax		39,880	29,807	33.8%	41,345	30,604	35.1%
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		3,500	4,886	(28.4%)	14,659	8,972	63.4%
Total comprehensive income		43,380	34,693	25.0%	56,004	39,576	41.5%



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Statements of Comprehensive Income (cont'd)

		ARA H-BT					
		2H 2022	2H 2021	Change	FY2022	FY2021	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		87,759	77,827	12.8%	169,015	130,674	29.3%
Operating expenses		(57,866)	(51,366)	(12.7%)	(111,418)	(89,921)	(23.9%)
Gross operating profit		29,893	26,461	13.0%	57,597	40,753	41.3%
Hotel management fee		(2,632)	(2,342)	(12.4%)	(5,071)	(3,928)	(29.1%)
Property taxes		(121)	(338)	64.2%	(349)	(624)	44.1%
Insurance		(559)	(531)	(5.3%)	(1,107)	(1,011)	(9.5%)
Rental expenses		(4,401)	(2,306)	(90.8%)	(7,777)	(3,308)	(>100%)
Net property income		22,180	20,944	5.9%	43,293	31,882	35.8%
Other income		413	1,958	(78.9%)	945	1,983	(52.3%)
Depreciation and amortisation		(24,281)	(24,102)	(0.7%)	(49,283)	(48,049)	(2.6%)
Trustee-Manager's Management fees		(953)	(205)	(>100%)	(1,603)	(205)	(>100%)
Trustee-Manager's trustee fee		(60)	(60)	-	(120)	(120)	-
Net finance income	5	11,298	10,538	7.2%	21,840	20,477	6.7%
Other trust expenses		(345)	(326)	(5.8%)	(1,043)	(878)	(18.8%)
Net income before tax and fair value changes	6	8,252	8,747	(5.7%)	14,029	5,090	>100%
Net change in fair value of assets held for sale		(1,466)	-	N.M.	(1,477)	-	N.M.
Net loss on disposition of property, plant and equipment		(10)	-	N.M.	(10)	-	N.M.
Net income before tax		6,776	8,747	(22.5%)	12,542	5,090	>100%
Taxation		(1,671)	3,579	N.M.	(1,721)	4,285	N.M.
Net income after tax and total comprehensive income		5,105	12,326	(58.6%)	10,821	9,375	15.4%

N.M. - not meaningful



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Statement of Distributable Income

	ARA H-Trust					
	2H 2022	2H 2021	Change	FY2022	FY2021	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Net income/(loss) after tax	11,387	(4,311)	N.M.	9,512	(13,812)	N.M.
Add/(less): Distribution adjustments						
Depreciation and amortisation	12,702	12,150	(4.5%)	25,292	24,141	(4.8%)
Revaluation (surplus)/deficit of property, plant and equipment	(17,319)	5,736	N.M.	(17,319)	5,736	N.M.
Gain on cessation of Right-Of-Use ("ROU") asset & lease liability	(2)	(143)	98.6%	(2)	(143)	98.6%
Amortisation of debt-related transaction costs	137	161	14.9%	432	318	(35.8%)
Interest expenses on lease liabilities	33	52	36.5%	67	192	65.1%
Managers' fees paid/payable in Stapled Securities	1,906	409	(>100%)	3,207	410	(>100%)
Deferred tax expense/(credits)	2,328	(3,633)	N.M.	2,328	(3,633)	N.M.
Net change in fair value of assets held for sale	124	-	N.M.	752	-	N.M.
Others ⁽¹⁾	(1,911)	(8,403)	77.3%	(6,761)	(11,191)	39.6%
Net distribution adjustments	(2,002)	6,329	N.M.	7,996	15,830	(49.5%)
Distributable income	9,385	2,018	>100%	17,508	2,018	>100%

N.M. - not meaningful

Footnote:

(1) Relates mainly to reserves set aside for capital expenditures.

Statements of Financial Position

	Note	As at 31 December 2022			As at 31 December 2021		
		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	-	720,633	-	-	690,292	-
Deferred tax assets		12,751	-	12,751	14,396	-	14,396
Derivative financial assets		7,349	7,349	-	-	-	-
Property, plant and equipment	11	749,271	-	106,777	724,472	-	155,171
Intangible assets		474	-	474	499	-	499
Loans to related corporation		-	-	294,000	-	-	294,000
		769,845	727,982	414,002	739,367	690,292	464,066
Current assets							
Inventories		391	-	391	405	-	405
Trade and other receivables		5,238	7,359	29,313	4,746	1,578	23,034
Loans to related corporation		-	32,253	-	-	27,203	-
Cash and cash equivalents		50,620	36,978	13,642	19,153	6,592	12,561
		56,249	76,590	43,346	24,304	35,373	36,000
Assets held for sale	12	295	325	-	405	405	-
		56,544	76,915	43,346	24,709	35,778	36,000
Total assets		826,389	804,897	457,348	764,076	726,070	500,066

Statements of Financial Position (cont'd)

	Note	As at 31 December 2022			As at 31 December 2021		
		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	325,615	320,139	47,074	327,854	311,299	101,239
Deferred tax liabilities		21,405	21,405	-	920	920	-
Derivative financial liabilities	10	-	-	-	7,310	7,310	-
Other payables		125	125	-	125	125	-
		347,145	635,669	47,074	336,209	613,654	101,239
Current liabilities							
Loans from related corporation		-	-	32,253	-	-	27,203
Trade and other payables		19,009	33,589	16,878	17,669	24,669	12,881
Loans and borrowings	13	257	145	40,202	10,281	10,141	40,367
Tax payable		322	146	176	172	71	101
		19,588	33,880	89,509	28,122	34,881	80,552
Total liabilities		366,733	669,549	136,583	364,331	648,535	181,791
Represented by:							
Stapled Securityholders' funds		459,656	135,348	320,765	399,745	77,535	318,275

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 2022		490,578	(16,024)	(165,238)	(7,310)	97,739	399,745
Total income for the year attributable to Stapled Securityholders, net of tax		-	-	9,512	-	-	9,512
Increase in net assets from operations		490,578	(16,024)	(155,726)	(7,310)	97,739	409,257
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges		-	-	-	14,659	-	14,659
Revaluation of property, plant and equipment		-	-	-	-	62,066	62,066
Deferred tax effects relating to revaluation of property, plant and equipment		-	-	-	-	(19,802)	(19,802)
Total comprehensive income for the year, net of tax		-	-	-	14,659	42,264	56,923
Contribution by and distribution to Stapled Securityholders							
Distribution to Stapled Securityholders		(10,140)	-	-	-	-	(10,140)
REIT Manager's and Trustee-Manager's fees paid/payable in Stapled Securities		3,616	-	-	-	-	3,616
Total contribution by and distribution to Stapled Securityholders		(6,524)	-	-	-	-	(6,524)
At 31 December 2022		484,054	(16,024)	(155,726)	7,349	140,003	459,656
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)
Decrease 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



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 2022		176,431	(9,437)	(82,149)	(7,310)	77,535
Total income for the year attributable to Stapled Securityholders, net of tax		-	-	41,345	-	41,345
Increase in net assets from operations		176,431	(9,437)	(40,804)	(7,310)	118,880
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges		-	-	-	14,659	14,659
Total comprehensive income for the year, net of tax		-	-	-	14,659	14,659
Contribution by and distribution to Stapled Securityholders						
REIT Manager's management fees paid/payable in Stapled Securities		1,809	-	-	-	1,809
Total contribution by and distribution to Stapled Securityholders		1,809	-	-	-	1,809
At 31 December 2022		178,240	(9,437)	(40,804)	7,349	135,348
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



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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 2022		314,147	(6,587)	10,715	318,275
Total income for the year attributable to Stapled Securityholders, net of tax		-	-	10,821	10,821
Increase in net assets from operations		314,147	(6,587)	21,536	329,096
Contribution by and distribution to Stapled Securityholders					
Distribution to Stapled Securityholders		(10,140)	-	-	(10,140)
Trustee-Manager's management fees paid/payable in Stapled Securities		1,809	-	-	1,809
Total contribution by and distribution to Stapled Securityholders		(8,331)	-	-	(8,331)
At 31 December 2022		305,816	(6,587)	21,536	320,765
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



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Statements of Cash Flows

	Note	ARA H-Trust			
		2H 2022	2H 2021	FY2022	FY2021
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net income/(loss) before tax		13,765	(7,970)	11,990	(18,156)
Adjustments for:					
(Reversal of)/Allowance for expected credit loss and bad debts written off		(40)	152	(51)	220
Depreciation of property, plant and equipment		12,690	12,138	25,267	24,116
Amortisation of intangible assets		12	12	25	25
Revaluation (surplus)/deficit of property, plant and equipment		(17,319)	5,736	(17,319)	5,736
Net gain on cessation of right-of-use assets and lease liability		(2)	(143)	(2)	(143)
Net change in fair value of assets held for sale		124	-	752	-
Net finance costs	5	6,407	6,089	12,571	12,167
Managers' management fees paid/payable in Stapled Securities		1,906	409	3,207	409
Operating income before working capital changes		17,543	16,423	36,440	24,374
Changes in working capital:					
Inventories		49	(47)	14	(75)
Trade and other receivables		(801)	(2,123)	(379)	(2,564)
Trade and other payables		462	2,519	1,578	1,348
Cash generated from operations		17,253	16,772	37,653	23,083
Tax refund		-	75	-	797
Net cash generated from operating activities		17,253	16,847	37,653	23,880
Cash flows from investing activities					
Interest received		222	-	222	-
Proceeds from disposition of assets held for sale		38,687	-	38,770	-
Payment for capital expenditure		(5,663)	(7,092)	(10,107)	(9,258)
Net cash generated from/(used in) investing activities		33,246	(7,092)	28,885	(9,258)



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Statements of Cash Flows (cont'd)

	Note	ARA H-Trust			
		2H 2022	2H 2021	FY2022	FY2021
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities					
Proceeds from loans and borrowings		-	-	87,000	1,030
Repayment of loans and borrowings		(5,000)	(11,030)	(99,000)	(11,030)
Payment of transaction costs relating to new loan facilities		-	-	(392)	(90)
Payment of lease liabilities		(181)	(181)	(353)	(464)
Distribution to Stapled Securityholders		(8,122)	-	(10,140)	-
Interest paid		(6,388)	(5,883)	(12,186)	(11,665)
Net cash used in financing activities		(19,691)	(17,094)	(35,071)	(22,219)
Net increase/(decrease) in cash and cash equivalents		30,808	(7,339)	31,467	(7,597)
Cash and cash equivalents at beginning of the period/year		19,812	26,492	19,153	26,750
Cash and cash equivalents at end of the period/year		50,620	19,153	50,620	19,153



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Statements of Cash Flows (cont'd)

	Note	ARA H-REIT			
		2H 2022	2H 2021	FY2022	FY2021
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net income before tax		60,390	30,751	61,905	31,569
Adjustments for:					
Net change in fair value of investment properties		(62,460)	(34,257)	(62,460)	(34,257)
Net loss on cessation of ROU assets		-	53	-	53
Net change in fair value of assets held for sale		(618)	-	(586)	-
Net loss on disposition of properties		16	-	16	-
Net finance costs	5	19,229	18,801	37,874	37,312
Managers' management fees paid/payable in Stapled Securities		951	205	1,603	205
Operating income before working capital changes		17,508	15,553	38,352	34,882
Changes in working capital:					
Trade and other receivables		(745)	(2,165)	(471)	(974)
Trade and other payables		4,595	2,288	2,344	(121)
Cash generated from operations		21,358	15,676	40,225	33,787
Tax refund		-	-	-	3
Net cash generated from operating activities		21,358	15,676	40,225	33,790
Cash flows from investing activities					
Interest received		202	925	222	925
Proceeds from disposition of assets held for sale		37,368	-	37,451	-
Payment for capital expenditure		(3,598)	(5,141)	(4,681)	(6,176)
Issuance of loans to related corporation		(2,450)	(2,600)	(8,500)	(9,500)
Proceeds from repayment of loans from related corporation		3,450	12,000	3,450	12,000
Amount due from related corporation – non-trade		(1,851)	14,973	(4,405)	15,661
Net cash generated from investing activities		33,121	20,157	23,537	12,910



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Statements of Cash Flows (cont'd)

	Note	ARA H-REIT			
		2H 2022	2H 2021	FY2022	FY2021
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities					
Proceeds from loans and borrowings		-	-	76,000	-
Repayment of loans and borrowings		(1,000)	-	(77,000)	-
Payment of transaction costs relating to new loan facilities		-	-	(392)	-
Payment of lease liabilities		(95)	(94)	(190)	(311)
Amount due to related corporation – non-trade		(178)	1,681	1,274	1,681
Interest paid		(18,454)	(42,346)	(33,068)	(47,847)
Net cash used in financing activities		(19,727)	(40,759)	(33,376)	(46,477)
Net increase/(decrease) in cash and cash equivalents		34,752	(4,926)	30,386	223
Cash and cash equivalents at beginning of the period/year		2,226	11,518	6,592	6,369
Cash and cash equivalents at end of the period/year		36,978	6,592	36,978	6,592



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Statements of Cash Flows (cont'd)

	Note	ARA H-BT			
		2H 2022	2H 2021	FY2022	FY2021
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities					
Net income before tax		6,776	8,747	12,542	5,090
Adjustments for:					
(Reversal of)/ Allowance for expected credit loss and bad debts written off		(40)	152	(51)	220
Depreciation of property, plant and equipment		24,269	24,090	49,258	48,024
Amortisation of intangible assets		12	12	25	25
Net change in fair value of assets held for sale		1,466	-	1,477	-
Gain on cessation of ROU asset		(326)	-	(326)	-
Net loss on disposition of property, plant and equipment		10	-	10	-
Net finance income		(11,298)	(10,538)	(21,840)	(20,477)
Trustee-Manager's management fees paid/payable in Stapled Securities		951	205	1,603	205
Operating income before working capital changes		21,820	22,668	42,698	33,087
Changes in working capital:					
Inventories		49	(47)	14	(75)
Trade and other receivables		(1,187)	(3,258)	(2,127)	(6,061)
Trade and other payables		(14,467)	(893)	(983)	1,521
Cash generated from operations		6,215	18,470	39,602	28,472
Tax refund		-	76	-	795
Net cash generated from operating activities		6,215	18,546	39,602	29,267
Cash flows from investing activities					
Interest received		21,230	36,750	21,230	36,750
Proceeds from disposition property, plant and equipment		1,317	-	1,317	-
Payment for capital expenditure		(2,066)	(1,951)	(5,427)	(3,082)
Amount due from related corporation – non-trade		2,691	1,701	1,239	1,701
Net cash generated from investing activities		23,172	36,500	18,359	35,369



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Statements of Cash Flows (cont'd)

	Note	ARA H-BT			
		2H 2022	2H 2021	FY2022	FY2021
		US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from financing activities					
Proceeds from loans and borrowings		-	-	11,000	1,030
Repayment of loans and borrowings		(4,000)	(11,030)	(22,000)	(11,030)
Payment of transaction costs relating to new loan facilities		-	-		(90)
Payment of lease liabilities		(21,843)	(21,883)	(44,743)	(43,750)
Proceeds from loan from related corporation		2,450	2,600	8,500	9,500
Repayment of loan from related corporation		(3,450)	(12,000)	(3,450)	(12,000)
Amount due to related corporation – non-trade		1,781	(13,942)	4,335	(14,630)
Distribution to Stapled Securityholders		(8,122)	-	(10,140)	-
Interest paid		(148)	(1,204)	(382)	(1,486)
Net cash used in financing activities		(33,332)	(57,459)	(56,880)	(72,456)
Net (decrease)/increase in cash and cash equivalents		(3,945)	(2,413)	1,081	(7,820)
Cash and cash equivalents at beginning of the period/year		17,587	14,974	12,561	20,381
Cash and cash equivalents at end of the period/year		13,642	12,561	13,642	12,561

Notes to the Unaudited Condensed 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**”), part of the ESR Group. 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.

The unaudited condensed interim consolidated financial statements of the ARA H-REIT Group relate to ARA H-REIT and its subsidiaries. The unaudited condensed interim consolidated financial statements of the ARA H-BT Group relate to ARA H-BT and its subsidiaries. The unaudited condensed interim consolidated financial statements of the Stapled Group relate to the ARA H-REIT Group combined with the ARA H-BT Group.

2. Basis of Preparation

The unaudited condensed interim financial statements for the six months period and year ended 31 December 2022 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 and the provisions of ARA H-REIT Trust Deed, ARA H-BT Trust Deed and Stapling Deed. The MAS had granted a waiver to ARA H-REIT from complying with the requirement under Paragraph 4.3 of Appendix 6 to the CIS Code to prepare its financial statements in accordance with the Singapore Financial Reporting Standards.

The unaudited 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 2021. 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 unaudited 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 SFRS(I)s 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 2022:

- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to SFRS(I) 16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Annual Improvements to SFRS(I)s 2018-2020*

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

2.2 Use of judgements and estimates

In preparing the unaudited 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 – Valuation 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.

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 over the past two years driven primarily by leisure travel. As a result, the seasonality effects mentioned above were less apparent in FY2021.

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.

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4.1 Reportable segments

ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total US\$'000
1 July 2022 to 31 December 2022				
Revenue	46,192	31,343	10,224	87,759
Reportable segment net property income	8,543	8,795	2,973	20,311
Depreciation of property, plant and equipment	(6,340)	(4,685)	(1,665)	(12,690)
Amortisation of intangible assets	-	-	(12)	(12)
Revaluation surplus of property, plant and equipment	15,424	1,895	-	17,319
Fair value changes in assets held for sale	(124)	-	-	(124)
Other income	17	396	-	413
Unallocated items:				
- REIT Manager's and Trustee Manager's management fees				(3,811)
- Trustee-Manager's trustee fees				(60)
- REIT trustee fees				(56)
- Finance costs				(6,407)
- Other trust expenses				(1,118)
- Taxation				(2,378)
Net income for the period				11,387

ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Total 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 January 2022 to 31 December 2022				
Revenue	91,294	56,842	20,879	169,015
Reportable segment net property income	18,940	15,218	7,244	41,402
Depreciation of property, plant and equipment	(12,737)	(9,201)	(3,329)	(25,267)
Amortisation of intangible assets	-	-	(25)	(25)
Revaluation surplus of property, plant and equipment	15,424	1,895	-	17,319
Fair value changes in assets held for sale	(722)	(30)	-	(752)
Other income	299	646	-	945
Unallocated items:				
- REIT Manager's and Trustee-Manager's management fees				(6,414)
- Trustee-Manager's trustee fees				(120)
- REIT trustee fees				(110)
- Finance costs				(12,571)
- Other trust expenses				(2,417)
- Taxation				(2,478)
Net income for the year				9,512

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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Assets and liabilities	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Unallocated US\$'000	Total US\$'000
As at 31 December 2022					
Reportable segment assets	384,884	277,964	93,112	70,429	826,389
Reportable segment liabilities	(8,576)	(5,408)	(1,175)	(351,574)	(366,733)
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)

5. Net finance (costs)/income

	ARA H-Trust			
	2H 2022 US\$'000	2H 2021 US\$'000	FY2022 US\$'000	FY2021 US\$'000
Finance income				
Interest income under the effective interest method on:				
- Deposits with financial institutions	284	-	284	-

Finance costs

Financial liabilities measured at amortised cost:				
- Interest paid/payable to banks	(6,521)	(5,875)	(12,356)	(11,657)
- Interest expenses on lease liabilities	(33)	(52)	(67)	(192)
- Amortisation of debt related transaction costs	(137)	(162)	(432)	(318)
	<u>(6,691)</u>	<u>(6,089)</u>	<u>(12,855)</u>	<u>(12,167)</u>
Net finance costs	<u>(6,407)</u>	<u>(6,089)</u>	<u>(12,571)</u>	<u>(12,167)</u>

	ARA H-REIT			
	2H 2022 US\$'000	2H 2021 US\$'000	FY2022 US\$'000	FY2021 US\$'000
Finance income				
Interest income under the effective interest method on:				
- Deposits with financial institutions	284	-	284	-
- Loans to related corporation	429	366	845	792
	<u>713</u>	<u>366</u>	<u>1,129</u>	<u>792</u>

Finance costs

Financial liabilities measured at amortised cost:				
- Interest expense paid/payable to banks	(6,387)	(5,594)	(12,008)	(11,093)
- Interest expense paid/payable to related corporation	(13,394)	(13,394)	(26,570)	(26,570)
- Interest expense on lease liabilities	(23)	(45)	(48)	(176)
- Amortisation of debt related transaction costs	(138)	(134)	(377)	(265)
	<u>(19,942)</u>	<u>(19,167)</u>	<u>(39,003)</u>	<u>(38,104)</u>
Net finance costs	<u>(19,229)</u>	<u>(18,801)</u>	<u>(37,874)</u>	<u>(37,312)</u>

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	ARA H-BT			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income under the effective interest method on:				
- Loans to related corporation	13,394	13,394	26,570	26,570
	<u>13,394</u>	<u>13,394</u>	<u>26,570</u>	<u>26,570</u>
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest expense paid/payable to banks	(134)	(274)	(348)	(563)
- Interest expense paid/payable to related corporation	(429)	(373)	(845)	(792)
- Interest expense on lease liabilities	(1,533)	(2,182)	(3,481)	(4,684)
- Amortisation of debt related transaction costs	-	(27)	(56)	(54)
	<u>(2,096)</u>	<u>(2,856)</u>	<u>(4,730)</u>	<u>(6,093)</u>
Net finance income	<u>11,298</u>	<u>10,538</u>	<u>21,840</u>	<u>20,477</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 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
(Reversal of)/Allowance for expected credit loss and bad debts written off	(40)	152	(51)	220

	ARA H-BT			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
(Reversal of)/Allowance for expected credit loss and bad debts written off	(40)	152	(51)	220

6.1 Related party transactions

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

	ARA H-Trust			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Related entities				
Managers' management fees paid/payable	3,811	820	6,414	820
Trustee-Manager's trustee fee paid/payable	60	60	120	120
REIT Trustee's fees paid/payable	56	55	110	109
Hotel management fee paid/payable	2,632	2,342	5,071	3,928
Divestment fee paid/payable	201	-	201	-
Reimbursement of expenses (paid on behalf by REIT Manager and Trustee-Manager)	110	35	202	74



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	ARA H-REIT			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Related entities				
REIT Manager's management fees paid/payable	2,858	615	4,811	615
REIT Trustee's fees paid/payable	56	55	110	109
Divestment fee paid/payable	151	-	151	-
Reimbursement of expenses (paid on behalf by REIT Manager)	40	4	82	17
Related corporations				
Rental income received/receivable	25,895	23,786	51,808	46,392
Interest expenses paid/payable	13,394	13,394	26,570	26,570
Interest income received/receivable	429	366	845	792

	ARA H-BT			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Related entities				
Trustee-Manager's management fees paid/payable	953	205	1,603	205
Trustee-Manager's trustee fee paid/payable	60	60	120	120
Hotel management fee paid/payable	2,632	2,342	5,071	3,928
Divestment fee paid/payable	50	-	50	-
Reimbursement of expenses (paid on behalf by Trustee-Manager)	70	31	120	57
Related corporations				
Rental expenses paid/payable	25,895	23,786	51,808	46,392
Interest expenses paid/payable	429	373	845	799
Interest income received/receivable	13,394	13,394	26,570	26,570

7. Earnings per Stapled Security

Earnings per Stapled Security is based on:

	ARA H-Trust			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Net income/(loss) for the period/year attributable to Stapled Securityholders	11,387	(4,311)	9,512	(13,812)
Number of Stapled Securities ('000)				
Weighted average number of Stapled Securities used in arriving at basic/diluted earnings per Stapled Security:				
- issued Stapled Securities at the beginning of the period/year	568,188	567,342	567,342	567,342
- issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	781	-	1,102	-
- to be issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	41	423	21	213
	569,010	567,765	568,465	567,555



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Earnings per Stapled Security
("EPS") (US cents)

Basic	2.00	(0.76)	1.67	(2.43)
Diluted	2.00	(0.76)	1.67	(2.43)

The basic and diluted EPS were the same as there were no dilutive instruments in issue during the year/period.

8. Distribution per Stapled Security

	ARA H-Trust			
	2H 2022	2H 2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Distributions	9,385	2,018	17,508	2,018
Number of Stapled Securities in issue and to be issued at the end of period/year ('000)	576,862	568,188	576,862	568,188
Distribution per Stapled Security (U.S. cents)	1.627	0.355	3.054	0.355

Distribution per Stapled Security was calculated using distributions and the number of Stapled Securities entitled to such distributions for the period.

9. Net asset value / Net tangible asset value

ARA H-Trust	As at	As at
	31 December 2022	31 December 2021
Total issued and to be issued Stapled Securities ('000)	576,862	568,188
Net asset value / Net tangible asset value per Stapled Security (US\$)	0.80	0.70

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 2022, the Stapled Group had interest rate swaps with a notional amount of US\$266.3 million (31 December 2021: 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 fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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	ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000
31 December 2022			
Financial assets not measured at fair value			
Loans to related corporation			
- <i>Carrying amount</i>	–	–	294,000
- <i>Fair value (Level 2)</i>	–	–	295,022
Financial assets measured at fair value			
Derivative financial assets – interest rate swaps			
- <i>Carrying amount</i>	7,349	7,349	–
- <i>Fair value (Level 2)</i>	7,349	7,349	–
Financial liabilities not measured at fair value			
Loans from related corporation			
- <i>Carrying amount</i>	–	(294,000)	–
- <i>Fair value (Level 2)</i>	–	(295,022)	–
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)	–

(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 current portfolio hotels, comprising 33 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 2022, ARA H-Trust and ARA H-BT capitalised capital expenditures amounting to US\$10,107,000 (31 December 2021: US\$9,258,000) and US\$5,427,000 (31 December 2021: US\$3,082,000) and transferred assets amounting to US\$39,412,000 (31 December 2021: US\$405,000) and US\$2,804,000 (31 December 2021: Nil) to assets held for sale, respectively. During the year ended 31 December 2022, ARA H-REIT capitalised capital expenditures amounting to US\$4,681,000 (31 December 2021: US\$6,534,000) and transferred assets amounting to US\$36,802,000 (31 December 2021: Nil) to assets held for sale.

As at 31 December 2022, the carrying amounts of the portfolio hotels were stated at fair value, which was determined based on independent valuations undertaken by Newmark Valuation & Advisory Services (2021: Jones Lang LaSalle Valuation & Advisory 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 method - discounted cash flow approach in determining the fair values. The income method - discounted cash flow approach involves 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 capitalisation 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 highlight that the valuation assumed the expected post rebounding operating performance in the coming years as the market recovers from COVID-19. The projections possess a certain degree of uncertainty. The valuation reports in the prior year included a “Market uncertainty from COVID-19” clause which highlighted that the COVID-19 outbreak was an evolving situation with the effect on the financial and real estate markets then unknown, impacted by the scale and longevity of the pandemic.

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

	31 December 2022	31 December 2021
	US\$'000	US\$'000
Capital expenditure contracted but not provided for	2,734	1,871

At 31 December 2022, property, plant and equipment of the Stapled Group with fair value of US\$643.1 million (2021: US\$631.8 million) are pledged as security to secure bank facilities (note 13).



12. Assets held for sale

	ARA H-Trust	
	31 December 2022 US\$'000	31 December 2021 US\$'000
At beginning of the financial year	405	-
Reclassification from property, plant and equipment	39,412	405
Sale completed during the financial year	(38,770)	-
Net changes in fair value of assets held for sale	(752)	-
At end of the financial year	<u>295</u>	<u>405</u>

During 1H 2022, the Stapled Group entered into conditional purchase and sale agreements with various purchasers to sell Hyatt Place Chicago Itasca for US\$7.75 million and a portfolio of hotels comprising Hyatt Place Pittsburgh Cranberry, Hyatt Place Birmingham Inverness, Hyatt Place Cincinnati Northeast and Hyatt Place Cleveland Independence for US\$32.5 million. Accordingly, the above-mentioned hotels were classified as assets held for sale as at 30 June 2022. Sale of Hyatt Place Chicago Itasca and the portfolio of hotels were completed on 8 July 2022 and 30 September 2022, respectively.

During the financial year 2021, the Stapled Group received a notice from the Georgia Department of Transportation (the "GDOT") on acquisition of a portion of the unused land of approximately 3,851 sq ft of Hyatt Place Atlanta Alpharetta (the "Affected Excess Land") for a roadway improvement project. The Affected Excess Land does not contribute any economic value to the property and does not affect existing hotel operations. The GDOT had offered an amount of US\$79,600 for the Affected Excess Land, based on the fair market value as appraised by a third party valuer. Sale of the Affected Excess Land was completed in 1H 2022.

During the financial year 2021, the Stapled Group also received an unsolicited offer for a portion of an unused land of approximately 105,000 sq ft of Hyatt House Morriston (the "Excess Land") from an adjacent property owner. The Excess Land does not contribute any economic value to the property and does not affect existing hotel operations. The sale price of the Excess Land is US\$325,000, based on the fair market value on the date of the sale contract as appraised by a third-party valuer. Sale of the Excess Land is expected to be completed in 1H 2023.

13. Loans and borrowings

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

- a) US\$260.8 million (31 December 2021: US\$260.8 million) secured term loans and letter of credit facilities; and
- b) US\$95.0 million (31 December 2021: US\$95.0 million) unsecured loans and revolving facilities.

Secured term loans

As at 31 December 2022, the Stapled Group has drawn down US\$249.8 million secured term loans (31 December 2021: US\$251.8 million). The term loans are secured on the following:

- mortgages, assignment of leases and rents, security agreement and fixture fittings over the 33 (2021: 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 2022, the unsecured loans and revolving facilities of US\$75.0 million (31 December 2021: US\$85.0 million) were drawn.

	As at 31 December 2022 US\$'000	As at 31 December 2021 US\$'000
ARA H-Trust		
Secured loans	249,795	251,795
Unsecured loans	75,000	85,000
Lease liabilities	1,523	1,826
	<u>326,318</u>	<u>338,621</u>
Less: Unamortised upfront debt-related costs	(446)	(486)
	<u>325,872</u>	<u>338,135</u>
ARA H-REIT		
Secured loans	244,325	244,325
Unsecured loans	75,000	76,000
Lease liabilities	1,405	1,546
	<u>320,730</u>	<u>321,871</u>
Less: Unamortised upfront debt-related costs	(446)	(431)
	<u>320,284</u>	<u>321,440</u>
ARA H-BT		
Secured loans	5,470	7,470
Unsecured loans	-	9,000
Lease liabilities	81,806	125,191
	<u>87,276</u>	<u>141,661</u>
Less: Unamortised upfront debt-related costs	-	(55)
	<u>87,276</u>	<u>141,606</u>

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Loans and borrowings are repayable as follows:

	As at 31 December 2022			As at 31 December 2021		
	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	-	-	257	-	10,000	281
- after one year	249,795	75,000	1,266	251,795	75,000	1,545
	249,795	75,000	1,523	251,795	85,000	1,826
Less: Unamortised upfront debt- related costs	(163)	(283)	-	(414)	(72)	-
	249,632	74,717	1,523	251,381	84,928	1,826
ARA H-REIT						
Amount repayable						
- within one year	-	-	145	-	10,000	141
- after one year	244,325	75,000	1,260	244,325	66,000	1,405
	244,325	75,000	1,405	244,325	76,000	1,546
Less: Unamortised upfront debt- related costs	(163)	(283)	-	(304)	(127)	-
	244,162	74,717	1,405	244,021	75,873	1,546
ARA H-BT						
Amount repayable						
- within one year	-	-	40,202	-	-	40,367
- after one year	5,470	-	41,604	7,470	9,000	84,824
	5,470	-	81,806	7,470	9,000	125,191
Less: Unamortised upfront debt- related costs	-	-	-	-	(55)	-
	5,470	-	81,806	7,470	8,945	125,191

14. Stapled Securities in issue and to be issued

	ARA H-Trust			
	2H 2022 '000	2H 2021 '000	FY2022 '000	FY2021 '000
Stapled securities in issue				
Balance at beginning of period/year	568,188	567,342	567,342	567,342
REIT Manager's and Trustee- Manager's base fees paid in Stapled Securities ⁽¹⁾	1,011	-	1,857	-
Total Issued Stapled Securities as at end of period/year	569,199	567,342	569,199	567,342
Stapled Securities to be issued				
REIT Manager's and Trustee- Manager's base and performance fees payable in Stapled Securities ⁽²⁾	7,663	846	7,663	846
Total Stapled Securities issued and to be issued as at end of period/year	576,862	568,188	576,862	568,188

- (1) 1,011,720 Stapled Securities and 845,242 Stapled Securities were issued in August 2022 and March 2022 as payment of 50% of the Managers' base fees for the period from 1 January 2022 to 30 June 2022 and 50% of the Managers' base and performance fees for the period from 1 July 2021 to 31 December 2021, respectively.



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- (2) 7,662,614 Stapled Securities and 845,242 Stapled Securities are to be issued as at 31 December 2022 and 31 December 2021 as payment of 50% of the Managers' base and performance fees for the period from 1 July 2022 to 31 December 2022 and from 1 July 2021 to 31 December 2021, respectively.

ARA H-Trust does not hold any treasury Stapled Securities as at 31 December 2022 and 31 December 2021. The total number of issued Stapled Securities in ARA H-Trust as at 31 December 2022 was 569,199,330 (31 December 2021: 567,342,368).

15. Subsequent events

- a) On 4 January 2023, the Managers announced that ARA H-Trust agreed to purchase Home2 Suite by Hilton Colorado Springs South for a consideration of US\$29.0 million.
- b) On 22 February 2023, the Managers approved a distribution of 1.627 US cents per Stapled Security for the period from 1 July 2022 to 31 December 2022 to be paid on 30 March 2023.

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 unaudited condensed interim financial statements of ARA US Hospitality Trust, which comprise the Statement of Financial Position as at 31 December 2022, Statements of Comprehensive Income for the six-months and full year ended 31 December 2022, Statements of Movements in Stapled Securityholders' Funds and Statement of Cash Flows for the full year ended 31 December 2022 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 2022	2H 2021	Change	FY2022	FY2021	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	(i)	87,759	77,827	12.8%	169,015	130,674	29.3%
Operating expenses	(ii)	(58,023)	(51,495)	(12.7%)	(111,728)	(90,210)	(23.9%)
Gross operating profit	(iii)	29,736	26,332	12.9%	57,287	40,464	41.6%
Gross operating profit margin		33.9%	33.8%		33.9%	31.0%	
Hotel management fee	(iv)	(2,632)	(2,342)	(12.4%)	(5,071)	(3,928)	(29.1%)
Property taxes	(v)	(5,412)	(6,945)	22.1%	(8,033)	(9,274)	13.4%
Other expenses	(vi)	(1,381)	(1,285)	(7.5%)	(2,781)	(2,378)	(16.9%)
Net property income		20,311	15,760	28.9%	41,402	24,884	66.4%
Other income	(vii)	413	1,958	(78.9%)	945	1,983	(52.3%)
Depreciation and amortisation		(12,702)	(12,150)	(4.5%)	(25,292)	(24,141)	(4.8%)
REIT Manager's and Trustee-Manager's management fees	(viii)	(3,811)	(820)	(>100%)	(6,414)	(820)	(>100%)
Trustee-Manager's trustee fee		(60)	(60)	-	(120)	(120)	-
REIT Trustee's fee		(56)	(55)	(1.8%)	(110)	(109)	(0.9%)
Net finance costs		(6,407)	(6,089)	(5.2%)	(12,571)	(12,167)	(3.3%)
Other trust expenses	(ix)	(1,118)	(778)	(43.7%)	(2,417)	(1,930)	(25.2%)
Net loss before tax and fair value changes		(3,430)	(2,234)	(53.5%)	(4,577)	(12,420)	63.1%
Net change in fair value of assets held for sale		(124)	-	N.M.	(752)	-	N.M.
Revaluation surplus/(deficit) of property, plant and equipment	(xi)	17,319	(5,736)	N.M.	17,319	(5,736)	N.M.
Net income/(loss) before tax		13,765	(7,970)	N.M.	11,990	(18,156)	N.M.
Taxation	(xii)	(2,378)	3,659	N.M.	(2,478)	4,344	N.M.
Net income/(loss) after tax		11,387	(4,311)	N.M.	9,512	(13,812)	N.M.
Other comprehensive income							
Revaluation surplus of property, plant and equipment	(xi)	62,066	56,433	10.0%	62,066	56,433	10.0%
Deferred tax effects relating to revaluation of property, plant and equipment	(xii)	(19,802)	(1,024)	(>100%)	(19,802)	(1,024)	(>100%)
Effective portion of changes in fair value of cash flow hedges	(xiii)	3,500	4,886	(28.4%)	14,659	8,972	63.4%
Total comprehensive income		57,151	55,984	2.1%	66,435	50,569	31.4%
Net income/(loss) after tax		11,387	(4,311)	N.M.	9,512	(13,812)	N.M.
Distribution adjustments		(2,002)	6,329	N.M.	7,996	15,830	(49.5%)
Distributable Income	(xiv)	9,385	2,018	>100%	17,508	2,018	>100%

N.M. – not meaningful

Notes:

(i) Revenue

ARA H-Trust derives majority of the revenue from guest room rentals. It also generates other operating revenue from food & beverage sales and revenue from ancillary operations.

ARA H-Trust recorded higher revenue in 2H 2022 vs 2H 2021 despite divestments of 5 Hyatt Place hotels in 2H 2022.

On a full-year basis, ARA H-Trust's revenue is US\$169.0 million in FY 2022, up 29.3% year-on-year. The portfolio's average occupancy improved to 65.3% from 57.1% a year ago. Together with the strong average daily rate ("ADR") growth, the revenue per available room ("RevPAR") improved to US\$85, up 33.9% year-on-year.

ARA H-Trust has 3 reportable business segments, namely Hyatt Place, Hyatt House and Marriott hotels and has no reportable geography segment. Reportable segments are disclosed in note 4 to the unaudited condensed interim financial statements. ARA H-Trust achieved revenue growth across all segments as U.S. travel and hotel markets continued to recover, led primarily by pent-up travel demand from the leisure segment.

(ii) Operating expenses

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.

Operating expenses in 2H 2022 and FY2022 increased year-on-year by 12.7% and 23.9% respectively, in line with the higher revenue.

(iii) Gross operating profit ("GOP")

As ADR strength partly mitigates operating cost increases, GOP increased in line with higher revenue year-on-year. GOP margin improved to 33.9% in FY2022, up 2.9 percentage points from FY2021.

(iv) Hotel management fee

Hotel management fee is equivalent to 3% of total operating revenue, increased in line with the higher revenue in 2H 2022 and in FY2022.

(v) Property taxes

ARA H-Trust decreased by 22.1% in 2H 2022 and 13.4% in FY2022 from a year ago, primarily as ARA H-Trust received property tax refunds from successful appeals of certain properties.

(vi) Other expenses

Other expenses increased in 2H 2022 and FY2022 primarily due to higher insurance expenses.

(vii) Other income

Other income mainly comprises US federal and state government grants received in 2H 2021 and FY2022. Such government grants are non-recurring in nature.

(viii) REIT Manager's and Trustee-Manager's management fees

The Managers received base and performance fees as well as the Trustee-Managers' trustee fees in accordance with provisions in the Trust Deeds.

(ix) Other trust expenses

Other trust expenses increased in 2H 2022 and FY2022, mainly due to higher professional fees and project-related expenses.

(x) Assets held for sale and disposition of properties

Please refer to the note 12 assets held for sale for details. Proceeds from sale of the portfolio of four Hyatt Place hotels completed in September 2022 were placed as the bank deposits. As a result, the cash and cash equivalents as at 31 December 2022 increased substantially.

(xi) Revaluation of property, plant and equipment

ARA H-Trust presents the hotel properties as property, plant and equipment in accordance with SFRS(I). The hotel properties were stated at fair value based on independent valuations as at 31 December 2022. Any surplus arising from the revaluation against the depreciated book value of such hotel properties is recognised in other comprehensive income, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss. The revaluation has no impact on distributable income.

In 2H 2022 and FY2022, out of US\$79.4 million revaluation surplus (against the depreciated book value), US\$17.3 million related to reversal of a previous revaluation deficit and was recognised in profit or loss, and the other US\$62.1 million revaluation surplus was recognised in other comprehensive income.

(xii) Taxation

The Stapled Group recorded deferred tax expenses for revaluation surplus of the hotel properties and the carryforward of unused tax losses. The deferred tax has no impact on distributable income.

Accordingly, the Stapled Group recognised higher deferred tax liabilities due to revaluation surplus of the hotel properties and the lower deferred tax assets after reassessment in FY2022.

(xiii) Effective portion of changes in fair value of cash flow hedges

Effective portion of changes in fair value of interest rate swaps designated for cash flow hedges are recognised in other comprehensive income. This has no impact on distributable income.

(xiv) Distributable income

ARA H-REIT's distribution policy is to distribute at least 90.0% of its distribution income and ARA H-BT's distribution policy is to distribute at least 90% of its distributable income, subject to the provisions in the Stapling Deed.

After adjusting for non-cash items and reserves set aside for capital expenditure, which relates to routine capital asset improvements and refurbishments for the hotel properties, ARA H-Trust declares US\$9.4 million distributable income for 2H 2022 (2H 2021: US\$2.0 million).

Distributable income for FY 2022 increased significantly to US\$17.5 million from US\$2.0 million in FY 2021 on the back of stronger operating performance.

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

The current results are broadly in line with the Stapled Group's commentary made in the announcement of results for the six-month period ended 30 June 2022 under Paragraph (D) of Page 31 and Page 32. The Stapled Group has not disclosed any financial forecast to the market.

(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 mixed signals of the United States ("U.S.") economy that emerged early in 2022 rolled into the second half of the year.

Gross domestic product ("GDP") grew 3.2% and 2.9% year-on-year in the third and fourth quarter, respectively, after contracting in the first six months of 2022¹, rounding up the year at 2.1% higher compared to 2021. Whilst unemployment rate at a 50-year historic low of 3.5% coupled with strong wage growth boosted consumption levels; at the same time, overheating concerns ensued from a tight labour market that persisted over the course of the year. Inflation peaked at 9.1% in June 2022, leading to the Federal Reserve's aggressive interest rates hikes over nine months from 0-0.25% to 4.5-4.75% as at January 2023, the fastest rise in interest rates in modern history. It has since moderated to 6.4% as at January 2023 but the unemployment rate remains stubbornly low, a predominant concern. As at the end of 2022, the confluence of rising interest rates, elevated inflation and protracted geopolitical risks has heightened market volatility and dampened the forward outlook.

On the other hand, the U.S. lodging market continued to recover in the third quarter and into the fourth quarter. Although economic sentiment turned increasingly bearish amid inflation concerns and risks of economic slowdown, lodging demand stayed resilient, and continues to recover, led by primarily by pent-up travel demand from the leisure segment. Work from home policies carried over from the COVID-19 pandemic contributed to an expansion of leisure travel days beyond weekends and holidays, further propping lodging demand. While total hotel demand remains below pre-pandemic levels due to the slow return of corporate and group travel, strong increases in average daily rates ("ADR") have boosted market revenue per available room ("RevPAR") to over 2019 levels. RevPAR registered at US\$93, up 19% year-on-year (approximately 8% above the 2019 RevPAR of US\$86). U.S. hotel market occupancy and ADR was recorded at 62.7% and US\$149 respectively for 2022 as compared to 57.6% and US\$125 respectively for 2021.

According to JLL, the U.S. select-service and extended-stay sector showed strong investor appeal in 2022, having achieved higher and more consistent yields relative to other commercial real estate property types². Investment volume growth for the sector exceeded 2021 levels and accounted for more than 50% of the total U.S. hotel investment volume in 2022, underpinned by a growing demand base and higher profitability that is expected to continue in 2023.

¹ U.S. Bureau of Economic Analysis, January 2023

² JLL U.S. Select-service & Extended-Stay Hotel Investment Trends, January 2023

Looking ahead, the International Monetary Fund (“IMF”)³ projects U.S. GDP growth to be 1.4% for 2023, on the back of a slowdown in global economic activity against a backdrop of elevated inflation. The other significant issues faced in 2022 in the wake of COVID-19 namely a tight labour market, wage pressures and cost increases carried over to 2023. Nonetheless, lodging market forecasts for 2023 by STR and Tourism Economics⁴ projects 2023 U.S. hotel market occupancy and market RevPAR to increase to approximately 64% and US\$97 respectively from 2022 levels, achieving a double-digit growth in RevPAR compared to 2019. The U.S. Travel Association⁵ expects total travel spending to increase in 2023 through to 2025. In particular, domestic travel is expected to drive the recovery in the U.S. travel industry, with leisure travel and business travel spending projected to reach 105% and 91%, respectively, of 2019 levels by 2024. In short, the long-term fundamentals for the sector are positive despite macroeconomic headwinds and a lingering COVID-19 situation that could affect lodging demand in the short term.

Amid the uncertain economic outlook and barring any unforeseen circumstances which includes a prolonged monetary tightening that affects travel spend and poses a significant drag to the recovery of the lodging sector to pre-pandemic levels, the Managers are cautiously optimistic that the operating metrics for ARA H-Trust would further strengthen in 2023. Improvements in portfolio occupancy and RevPAR would also stem from the Managers’ portfolio optimisation efforts in re-deploying capital into higher-yielding core assets. The Managers are actively managing the operating costs of ARA H-Trust in tandem, alongside prudent capital management.

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 Managers will continue to pursue their key strategy to build a resilient U.S. hotel portfolio for ARA H-Trust. This includes (i) proactive asset management strategies to maximise the cashflows of the select service hotel portfolio; (ii) execute portfolio optimisation and prudent capital management to free up capital to be potentially deployed towards asset management initiatives for core assets that will drive returns, profits and distributions for Stapled Securityholders; and (iii) focus on growth strategies in sub-markets with favourable long-term market fundamentals.

³ IMF, World Economic Outlook Update, January 2023

⁴ STR and Tourism Economics, 23 January 2023

⁵ US Travel Association, 29 November 2022

(E) Distributions

(a) Current financial period	
Any distribution declared for the current period?	Yes
Distribution period	Distribution for the period from 1 July 2022 to 31 December 2022
Distribution type/rate	Distribution of 1.627 US cents per Stapled Security comprising solely tax-exempt income distribution from ARA H-BT. Stapled Securityholder will receive distribution in the Singapore dollar equivalent of the amount declared in the United States dollar, unless he/she elects otherwise.
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Stapled Securityholders.
(b) Corresponding period of the immediately preceding financial year	
Any distribution declared for the corresponding period of the immediately preceding financial year?	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 solely tax-exempt income distribution from ARA H-BT.
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.
(c) Payment date	
	30 March 2023
(d) Record date	
	3 March 2023

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

Not applicable.

(F) If the Group has obtained a general mandate from unitholders for IPTs, the aggregate value of each transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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

(G) Breakdown of Revenue

	ARA H-Trust		
	FY2022	FY2021	Variance
	US\$'000	US\$'000	%
Total revenue for first half year	81,256	52,847	53.8%
Net loss for first half year	(1,875)	(9,501)	80.3%
Total revenue for second half year	87,759	77,827	12.8%
Net income/(loss) for second half year	11,387	(4,311)	N.M.

(H) Breakdown of Total Annual Distribution

	ARA H-Trust	
	FY2022	FY2021
	US\$'000	US\$'000
1 January 2021 to 30 June 2021	-	-
1 July 2021 to 31 December 2021	-	2,018
1 January 2022 to 30 June 2022	8,123	-
1 July 2022 to 31 December 2022 (to be paid)	9,385	-
	<u>17,508</u>	<u>2,018</u>

(I) Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the REIT Manager and the Trustee Manager hereby confirm that, to the best of our knowledge, nothing has come to our attention which may render the unaudited condensed interim financial information of ARA H-REIT, ARA H-BT and ARA H-Trust for the six-month period ended 31 December 2022 to be false or misleading in any material respect.

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

The REIT Manager and Trustee-Manager confirm that they have 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 of SGX-ST.

(K) Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, the Managers 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.



ARA US Hospitality Trust
Unaudited Condensed Interim Financial Statements
For the Six Months Period and Year ended 31 December 2022

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

Stephen Ray Finch
Chairman and
Independent Non-Executive Director

23 February 2023

Moses K. Song
Non-Executive Director

23 February 2023

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 2023

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 2022;
- Statements of comprehensive income of ARA H-Trust for the six months period and year ended 31 December 2022;
- Statement of movements in stapled securityholders’ funds of ARA H-Trust for the year ended 31 December 2022;
- Statement of cash flows of ARA H-Trust for the year ended 31 December 2022; 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.

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 2023