



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 2023 DISTRIBUTION INCOME UP 7% TO US\$8.7 MILLION

Key Highlights

- *DPS for 1H 2023 of 1.501 US cents, up 5% year-on-year*
- *RevPAR of US\$95, up 19% year-on-year*
- *Gross Operating Profit ("GOP") of US\$30.7m, up 11% year-on-year*
- *Net Property Income ("NPI") of US\$22.0m, up 4% year-on-year*
- *Debt is 75% hedged, mitigating rising interest rates*
- *Portfolio optimisation to rebalance and enhance portfolio*
- *Loan refinancing commitments obtained*

(US\$m)	1H 2023	1H 2022	Change (%)
RevPAR	US\$95	US\$80	18.5%
Revenue	US\$86.0m	US\$81.3m	5.9%
Gross Operating Profit (GOP)	US\$30.7m	US\$27.6m	11.3%
<i>GOP Margin</i>	35.6%	33.9%	1.7pp
Net Property Income (NPI)	US\$22.0m	US\$21.1m	4.3%
<i>NPI Margin</i>	25.6%	26.0%	-0.4pp
Distributable Income	US\$8.7m	US\$8.1m	6.8%
Distribution per Stapled Security (DPS) (US cents)	1.501	1.427	5.2%

Singapore, 8 August 2023 – 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 reported the business and operational update of ARA US Hospitality Trust (“**ARA H-Trust**”) for the half year ended 30 June 2023 (“**1H 2023**”).

Continuing Improvements in Financial and Portfolio Performance

ARA H-Trust achieved revenue of US\$86.0 million in 1H 2023, up 5.9% year-on-year. Gross Operating Profit (“**GOP**”) and Net Property Income rose to US\$30.7 million and US\$22.0 million, respectively, for the same period, an increase of 11.3% and 4.3% respectively compared to 1H 2022. GOP margin for the portfolio was also higher at 35.6% in 1H 2023 from 33.9% the year before.

Distributable income for 1H 2023 increased to US\$8.7 million from US\$8.1 million in 1H 2022 on the back of the stronger operating performance. The 1H 2023 distribution per Stapled Security (“**DPS**”) of 1.501 US cents is payable to Stapled Securityholders on 27 September 2023.

The United States (“**U.S.**”) lodging market continued its recovery in 1H 2023 and the outlook for the rest of the year remains positive. Although economic sentiment turned cautious amid inflationary concerns and risks of economic slowdown, lodging demand remained resilient and continues to recover, with gaining momentum in the business and group demand segments boosting overall lodging demand. The growing trend of hybrid work arrangements also contributed to an increase in “bleisure” demand, where guests extend travel days beyond weekdays to combine business and leisure travel. Large group meetings and conventions, which take longer lead times to plan, are starting to return and represent a potential pool of additional hotel guests.

While occupancy rates are slightly below pre-pandemic levels as corporate and group travel have yet to fully recover, strong increases in average daily rates (“**ADR**”) have boosted revenue per available room (“**RevPAR**”).

Mr. Lee Jin Yong, CEO of the Managers said, “We are pleased to report that our portfolio continues to show improvements across all performance indicators in 1H 2023 as travel demand remains strong in the U.S. Our well-diversified portfolio of upscale, select-service hotels has been able to benefit from the robust ADR and occupancy growth in U.S. year-on-year, which outpaced the inflationary and interest rate increases to preserve profit margins, and flowing-through to distributable income for our Stapled Securityholders.”

Portfolio Optimisation

As part of its ongoing portfolio optimisation strategy, ARA H-Trust completed the acquisition of Home2 Suites by Hilton Colorado Springs South hotel (the “**Home2 Suites**”) on 18 April 2023 (U.S. time) using net cash proceeds from prior divestments of non-core hotels. The Home2 Suites hotel was acquired at a FY2022 NPI yield of approximately 9.0% and was immediately accretive to the portfolio.

On 30 June 2023, the Managers announced the proposed sale of Hyatt Place Oklahoma City Airport (“**HPOKC**”) for US\$8 million, one of the hotels identified as non-core with declining performance exacerbated by the COVID-19 pandemic. The proposed sale will free up capital which can be redeployed to either 1) acquire accretive, higher yield properties, with the objective of generating stable and growing distributions to Stapled Securityholders or 2) pare down existing bank borrowings to improve the portfolio’s aggregate leverage ratio and increase debt headroom.

Mr. Lee concluded, "The lodging sector, emerging from COVID-19, continues to be resilient in the current period of volatility, and is distinct from the fortunes of other real estate asset classes such as office. The lodging sector's recovery, which began with leisure guests hungry to travel after Covid lockdowns, has continued with the recovery of business and group travel. We are also seeing an uptick in extended-stay bookings as flexible work policies allow guests to combine business and leisure. We believe that the outlook for the U.S. lodging market remains optimistic, outweighing economic uncertainty and geopolitical risks. With U.S. hotel RevPAR now above pre-COVID-19 levels, the continuing recovery of business and group travel will represent further upside. We are cautiously optimistic that the operating metrics for our portfolio will further strengthen, barring any unforeseen circumstances."

Refinancing Maturing Loans

On 2 August 2023, ARA H-Trust, through its subsidiaries, obtained signed commitments (subject to documentation, among others) from the existing lender banks to refinance the loan facilities maturing in May 2024.

Lee Jin Yong
Chief Executive Officer
8 August 2023

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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 37 select-service hotels with a total of 4,826 rooms across 19 states in the United States.

ARA US Hospitality Trust is managed by ARA Trust Management (USH) Pte. Ltd. and ARA Business Trust Management (USH) Pte. Ltd. (collectively known as the “**Managers**”). The Managers are indirect wholly-owned subsidiaries of ARA Asset Management Limited.

For more information, please visit www.araushotels.com.

ABOUT THE SPONSOR

The Sponsor, ARA Real Estate Investors 23 Pte. Ltd., is an indirect wholly-owned subsidiary of ARA Asset Management Limited.

ARA Asset Management 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 approximately US\$150 billion in total 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\$46 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 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.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.