



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 9M 2023 NPI UP 7% TO US\$35.2 MILLION

Key Highlights

- *RevPAR of US\$98, up 15% year-on-year*
- *Revenue of US\$134.6m, up 4% year-on-year*
- *Gross Operating Profit ("GOP") of US\$48.7m, up 9% year-on-year*
- *Net Property Income ("NPI") of US\$35.2m, up 7% year-on-year*
- *Debt is 73% hedged to fixed interest rates, mitigating rising interest rates*
- *Weighted average debt maturity post refinancing extended to 2.7 years*

(US\$m)	9M 2023	9M 2022	Change (%)
RevPAR	US\$98	US\$85	14.8%
Revenue	US\$134.6m	US\$130.0m	3.6%
Gross Operating Profit (GOP)	US\$48.7m	US\$44.9m	8.6%
<i>GOP Margin</i>	36.2%	34.5%	1.7pp
Net Property Income (NPI)	US\$35.2m	US\$33.0m	6.7%
<i>NPI Margin</i>	26.2%	25.4%	0.8pp

Singapore, 10 November 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 nine months ended 30 September 2023 ("**9M 2023**").

Continuing Improvements in Financial and Portfolio Performance

ARA H-Trust achieved a higher revenue of US\$134.6 million in 9M 2023, up 3.6% year-on-year. As compared to 9M 2022, GOP and NPI in 9M 2023 grew 8.6% and 6.7%, respectively, to US\$48.7 million and US\$35.2 million. GOP and NPI margins for the portfolio in 9M 2023 were also higher than the year before at 36.2% and 26.2%, respectively.

The United States (“**U.S.**”) lodging market continued its recovery in 9M 2023 and the outlook for the rest of the year remains positive. Despite elevated interest rates and inflationary concerns, lodging demand stayed resilient and continues to recover. Demand from business and group segments are also gaining traction, 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, sustained average daily rates (“**ADR**”) growth have boosted revenue per available room (“**RevPAR**”).

Mr. Lee Jin Yong, CEO of the Managers said, “We are pleased to report that our portfolio remains healthy and continues to outperform year-on-year across all performance indicators in 9M 2023, demonstrating the strength of our assets and the differentiation of hotel versus other real estate asset classes. 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 for our Stapled Securityholders. Over the course of the year, amidst a tight credit market environment, our financial and liquidity positions have also significantly improved with the recent refinancing of our maturing loans due in 2024, adding stability to our balance sheet.”

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 27 September 2023, the Managers announced the completion of the sale of Hyatt Place Oklahoma City Airport for US\$8 million. On a trailing 12-month basis, the sales consideration represents a 1.9% NPI yield, and the Managers estimate that it is foregoing nearly \$2 million of near-term capital expenditures. The net sale proceeds were used to pare down existing bank borrowings to improve the portfolio’s aggregate leverage ratio and increase debt headroom.

Refinancing Maturing Loans

On 27 September 2023, ARA H-Trust, through its subsidiaries, successfully re-allocated and extended the loan facilities maturing in May 2024 to September 2026 and September 2027. As at 30 September 2023, the weighted average debt maturity of ARA H-Trust stood at 2.7 years, as compared to 1.0 year as at 30 June 2023.

Mr. Lee concluded, "The lodging sector in the U.S. remains healthy with continued demand recovery, coupled with robust rent growth as measured by RevPAR that continues to outpace inflationary increases. A stark comparison to the fortunes of other real estate asset classes such as office, we are seeing upticks in group and business travel activity while leisure demand steadily normalize. We believe that the outlook for the U.S. lodging market remains optimistic, outweighing economic uncertainty and geopolitical risks, as the U.S. economy remains robust and travel is back to normal. With U.S. hotel RevPAR now above pre-COVID-19 levels, the continuing recovery of business and group travel will represent further upside for our portfolio. We are cautiously optimistic that the operating metrics for our portfolio will further strengthen, barring any unforeseen circumstances."

Lee Jin Yong
Chief Executive Officer
10 November 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. As at the date of this announcement, ARA US Hospitality Trust’s portfolio currently comprises 36 select-service hotels with a total of 4,700 rooms across 18 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 Limited is part of the ESR Group (“**ESR**”). ESR is 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**”), its 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. ESR provides a diverse range of real asset investment solutions and New Economy real estate development opportunities across its 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. ESR’s purpose – Space and Investment Solutions for a Sustainable Future – drives it to manage its business sustainably and impactfully, and ESR considers the environment and the communities in which it operates as key stakeholders of its 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.

For more information on ESR, please visit 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.