



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 2023



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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**” and together with the REIT-Manager, the “**Managers**”). 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 Hyatt Place Oklahoma City in the second half of 2023. As at 31 December 2023, the portfolio of properties held by ARA H-Trust comprises 36 upscale select-service hotels (the “**Properties**” or “**Hotels**”) with 4,700 guest rooms located across 18 states.

ARA H-Trust is presenting its financial results for the six months period (“**2H 2023**”) and full year ended 31 December 2023 (“**FY 2023**”).

Distribution Policy

ARA H-REIT’s distribution policy is to distribute at least 90.0% of its distributable income and ARA H-BT’s distribution policy is to distribute at least 90.0% 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 unless he/she elects otherwise.



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Summary of Results

ARA H-Trust	2H 2023	2H 2022	Change	FY2023	FY2022	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	89,481	87,759	2.0%	175,496	169,015	3.8%
Gross operating profit	31,298	29,736	5.3%	61,951	57,287	8.1%
Net property income	25,675	20,311	26.4%	47,671	41,402	15.1%
Distributable income	11,156	9,385	18.9%	19,835	17,508	13.3%
Distribution per Stapled Security ("DPS") (US cents)	1.929	1.627	18.6%	3.430	3.054	12.3%

	As at 31 December 2023	As at 31 December 2022
Net asset value per Stapled Security (US\$)	0.74	0.80

The Stapled Group achieved higher revenue in FY 2023 vs FY 2022, as the portfolio's occupancy increased 4.0 percentage points from 65.3% to 69.3% and revenue per available room ("**RevPAR**") improved 12.9% from US\$85 to US\$96.

In FY 2023 vs FY 2022, ARA H-Trust reported higher gross operating profit and net property income of US\$92.0 million and US\$47.7 million, respectively, primarily attributed to higher revenues. Cash generated from operating activities improved from US\$37.6 million in FY 2022 to US\$43.0 million in FY 2023. After deducting non-operating expenses and reserves set aside for routine capital asset improvements and refurbishments for the hotel properties and other adjustments, distributable income and DPS were US\$19.8 million and 3.430 US cents, respectively, for FY 2023.

Net asset value per Stapled Security as at 31 December 2023 was US\$0.74 compared to US\$0.80 as at 31 December 2022, primarily due to a decline in portfolio valuation from higher capitalization rates.

Distribution details are as follows:

Distribution period	1 July 2023 to 31 December 2023
Distribution rate	1.929 US cents per Stapled Security (tax-exempt income distribution)
Record date	1 March 2024
Payment date	28 March 2024



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Statements of Comprehensive Income

	Note	ARA H-Trust					
		2H 2023 US\$'000	2H 2022 US\$'000	Change %	FY2023 US\$'000	FY2022 US\$'000	Change %
Revenue		89,481	87,759	2.0	175,496	169,015	3.8
Operating expenses		(58,183)	(58,023)	(0.3)	(113,545)	(111,728)	(1.6)
Gross operating profit		31,298	29,736	5.3	61,951	57,287	8.1
Hotel management fee		(2,672)	(2,632)	(1.5)	(5,253)	(5,071)	(3.6)
Property taxes		(1,684)	(5,412)	68.9	(6,021)	(8,033)	25.0
Other expenses		(1,267)	(1,381)	8.2	(3,006)	(2,781)	(8.1)
Net Property Income		25,675	20,311	26.4	47,671	41,402	15.1
Other income		32	413	(92.3)	32	945	(96.6)
Depreciation and amortisation		(14,611)	(12,702)	(15.0)	(28,858)	(25,292)	(14.1)
REIT Manager's and Trustee- Manager's management fees		(1,174)	(3,811)	69.2	(2,088)	(6,414)	67.4
Trustee-Manager's trustee fee		(60)	(60)	–	(120)	(120)	–
REIT Trustee's fee		(58)	(56)	(3.6)	(118)	(110)	(7.3)
Net finance costs	5	(8,545)	(6,407)	(33.4)	(15,790)	(12,571)	(25.6)
Other trust expenses		(1,282)	(1,118)	(14.7)	(2,535)	(2,417)	(4.9)
Net loss for the period before tax and fair value changes		(23)	(3,430)	(99.3)	(1,806)	(4,577)	(60.5)
Net change in fair value of assets held for sale		(463)	(124)	>(100)	(1,374)	(752)	(82.7)
Revaluation of property, plant and equipment		(5,086)	17,319	N.M.	(11,182)	17,319	N.M.
Net (loss)/income for the period before tax	6	(5,572)	13,765	N.M.	(14,362)	11,990	N.M.
Taxation		185	(2,378)	N.M.	3,219	(2,478)	N.M.
Net (loss)/income for the period after tax		(5,387)	11,387	N.M.	(11,143)	9,512	N.M.
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		(5,203)	3,500	N.M.	(7,283)	14,659	N.M.
Revaluation of property, plant and equipment		(8,203)	62,066	N.M.	3,031	62,066	(95.1)
Deferred tax effects relating to revaluation of property, plant and equipment		1,204	(19,802)	N.M.	316	(19,802)	N.M.
Total comprehensive (loss)/income for the period		(17,589)	57,151	N.M.	(15,079)	66,435	N.M.
Earnings per Stapled Security (U.S. cents)							
Basic	7	(0.93)	2.00	N.M.	(1.93)	1.67	N.M.
Diluted	7	(0.93)	2.00	N.M.	(1.93)	1.67	N.M.

N.M. - not meaningful



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Statements of Comprehensive Income (continued)

		ARA H-REIT					
		2H 2023	2H 2022	Change	FY 2023	FY 2022	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Rental revenue		28,080	25,895	8.4	55,203	51,808	6.6
Operating expenses		(345)	(157)	(>100)	(453)	(310)	(46.1)
Gross operating profit		27,735	25,738	7.8	54,750	51,498	6.3
Property taxes		(1,581)	(5,291)	70.1	(5,496)	(7,684)	28.5
Other expenses		(682)	(522)	(30.7)	(1,331)	(1,087)	(22.4)
Net Property Income		25,472	19,925	27.8	47,923	42,727	12.2
Other income		32	–	N.M	32	–	N.M
REIT Manager's management fees		(881)	(2,858)	69.2	(1,566)	(4,811)	67.4
REIT Trustee's fee		(58)	(56)	(3.6)	(118)	(110)	(7.3)
Net finance costs	5	(21,190)	(19,229)	(10.2)	(40,892)	(37,874)	(8.0)
Other trust expenses		(664)	(454)	(46.3)	(1,266)	(1,057)	(19.8)
Net income/(loss) for the period before tax and fair value changes		2,711	(2,672)	N.M.	4,113	(1,125)	N.M.
Net change in fair value of investment properties		(23,592)	62,460	N.M.	(28,617)	62,460	N.M.
Net change in fair value of assets held for sale		(390)	618	N.M.	(1,301)	586	N.M.
Net loss on disposition of properties		–	(16)	N.M.	–	(16)	N.M.
Net (loss)/income for the period before tax		(21,271)	60,390	N.M.	(25,805)	61,905	N.M.
Taxation		323	(20,510)	N.M.	2,518	(20,560)	N.M.
Net (loss)/income for the period after tax		(20,948)	39,880	N.M.	(23,287)	41,345	N.M.
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		(5,203)	3,500	N.M.	(7,283)	14,659	N.M.
Total comprehensive (loss)/income for the period		(26,151)	43,380	N.M.	(30,570)	56,004	N.M.

N.M. - not meaningful



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Statements of Comprehensive Income (continued)

		ARA H-BT					
		2H 2023	2H 2022	Change	FY 2023	FY 2022	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		89,458	87,759	1.9	175,496	169,015	3.8
Operating expenses		(57,838)	(57,866)	0.0	(113,092)	(111,418)	(1.5)
Gross operating profit		31,620	29,893	5.8	62,404	57,597	8.3
Hotel management fee		(2,672)	(2,632)	(1.5)	(5,253)	(5,071)	(3.6)
Property taxes		(103)	(121)	14.9	(525)	(349)	(50.4)
Insurance		(642)	(559)	(14.8)	(1,288)	(1,107)	(16.4)
Rental expenses		(4,856)	(4,401)	(10.3)	(9,465)	(7,777)	(21.7)
Net Property Income		23,347	22,180	5.3	45,873	43,293	6.0
Other income		–	413	N.M.	–	945	N.M.
Depreciation and amortisation		(25,702)	(24,281)	(5.9)	(51,206)	(49,283)	(3.9)
Trustee-Manager's management fees		(294)	(953)	69.2	(522)	(1,603)	67.4
Trustee-Manager's trustee fee		(60)	(60)	–	(120)	(120)	–
Net finance income	5	11,590	11,298	2.6	22,713	21,840	4.0
Other trust expenses		(569)	(345)	(64.9)	(1,222)	(1,043)	(17.2)
Net income for the period before tax and fair value changes		8,312	8,252	0.7	15,516	14,029	10.6
Net change in fair value of assets held for sale		(74)	(1,466)	95.0	(74)	(1,477)	95.0
Net loss on disposition of property, plant and equipment		–	(10)	N.M.	–	(10)	N.M.
Net income for the period before tax	6	8,238	6,776	21.6	15,442	12,542	23.1
Taxation		1,067	(1,671)	N.M.	1,017	(1,720)	N.M.
Net income for the period after tax and total comprehensive income for the period		9,305	5,105	82.3	16,459	10,822	52.1

N.M. - not meaningful

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Statement of Distributable Income

	ARA H-Trust					
	2H 2023	2H 2022	Change	FY 2023	FY 2022	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Net (loss)/income after tax	(5,387)	11,387	N.M.	(11,143)	9,512	N.M.
Add/(Less): Distribution adjustments						
Depreciation and amortisation	14,611	12,702	15.0	28,858	25,292	14.1
Amortisation of upfront debt-related costs	529	137	>100	664	432	53.7
Interest expenses on lease liabilities	26	33	(21.2)	50	67	(25.4)
Manager's management fees paid/payable in Stapled Securities	587	1,906	(69.2)	1,044	3,206	(67.4)
Net change in fair value of assets held for sale	463	124	>100	1,374	752	82.7
Revaluation of property, plant and equipment	5,086	(17,319)	N.M.	11,182	(17,319)	N.M.
Gain on cessation of right-of-use ("ROU") asset & lease liabilities	–	(2)	N.M.	–	(2)	N.M.
Deferred tax credits	(285)	2,328	N.M.	(3,419)	2,328	N.M.
Others ⁽¹⁾	(4,474)	(1,911)	(>100)	(8,775)	(6,760)	(29.8)
Net distribution adjustments	16,543	(2,002)	N.M.	30,978	7,996	>100
Distributable income	11,156	9,385	18.9	19,835	17,508	13.3

N.M. - not meaningful

Footnote:

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



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Statements of Financial Position

	Note	As at 31 December 2023			As at 31 December 2022		
		ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000	ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000
Non-current assets							
Investment properties	11	–	708,789	–	–	720,633	–
Deferred tax assets		13,868	–	13,868	12,751	–	12,751
Derivative financial assets	10	–	–	–	7,349	7,349	–
Property, plant and equipment	11	745,027	–	83,236	749,271	–	106,777
Intangible assets		449	–	449	474	–	474
Loans to related corporation	10	–	–	294,000	–	–	294,000
		759,344	708,789	391,553	769,845	727,982	414,002
Current assets							
Derivative financial assets	10	1,360	1,360	–	–	–	–
Inventories		440	–	440	391	–	391
Trade and other receivables		3,448	9,812	22,550	5,238	7,359	29,313
Loans to related corporation		–	29,390	–	–	32,253	–
Cash and cash equivalents		20,051	6,314	13,737	50,620	36,978	13,642
		25,299	46,876	36,727	56,249	76,590	43,346
Assets held for sale	12	7,201	6,860	341	295	325	–
		32,500	53,736	37,068	56,544	76,915	43,346
Total assets		791,844	762,525	428,621	826,389	804,897	457,348



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Statements of Financial Position (continued)

	Note	As at 31 December 2023			As at 31 December 2022		
		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	10	–	294,000	–	–	294,000	–
Loans and borrowings	13	324,826	319,612	9,671	325,615	320,139	47,074
Deferred tax liabilities		18,786	18,786	–	21,405	21,405	–
Derivative financial liabilities	10	1,294	1,294	–	–	–	–
Other payables		125	125	–	125	125	–
		345,031	633,817	9,671	347,145	635,669	47,074
Current liabilities							
Loans from related corporation		–	–	29,390	–	–	32,253
Trade and other payables		18,541	23,011	24,472	19,009	33,589	16,878
Loans and borrowings	13	195	151	45,131	257	145	40,202
Tax payable		522	246	276	322	146	175
		19,258	23,408	99,269	19,588	33,880	89,508
Total liabilities		364,289	657,225	108,940	366,733	669,549	136,582
Represented by:							
Stapled Securityholders' funds		427,555	105,300	319,681	459,656	135,348	320,766



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Statements of Movements in Stapled Securityholders' Funds

ARA H-Trust	Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Revaluation Reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023	484,054	(16,024)	(155,726)	7,349	140,003	459,656
Net loss for the period attributable to Stapled Securityholders, net of tax	–	–	(11,143)	–	–	(11,143)
Other comprehensive income						
Effective portion of changes in fair value of cash flow hedges	–	–	–	(7,283)	–	(7,283)
Revaluation of property, plant and equipment	–	–	–	–	3,031	3,031
Deferred tax effects relating to revaluation of property, plant and equipment	–	–	–	–	316	316
Total comprehensive (loss)/income for the period, net of tax	–	–	–	(7,283)	3,347	(3,936)
Contribution by and distribution to Stapled Securityholders						
REIT Manager's and Trustee-Manager's fees paid in Stapled Securities	1,043	–	–	–	–	1,043
Distribution to Stapled Securityholders	(18,065)	–	–	–	–	(18,065)
Net distribution to Stapled Securityholders	(17,022)	–	–	–	–	(17,022)
At 31 December 2023	467,032	(16,024)	(166,869)	66	143,350	427,555
At 1 January 2022	490,578	(16,024)	(165,238)	(7,310)	97,739	399,745
Net income for the period attributable to Stapled Securityholders, net of tax	–	–	9,512	–	–	9,512
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 period, net of tax	–	–	–	14,659	42,264	56,923
Contribution by and distribution to Stapled Securityholders						
REIT Manager's and Trustee-Manager's fees paid in Stapled Securities	3,616	–	–	–	–	3,616
Distribution to Stapled Securityholders	(10,140)	–	–	–	–	(10,140)
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



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Statements of Movements in Stapled Securityholders' Funds (continued)

ARA H-REIT	Stapled Security	Issue Costs	Revenue Reserve	Hedging Reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023	178,240	(9,437)	(40,804)	7,349	135,348
Net loss for the period attributable to Stapled Securityholders, net of tax	–	–	(23,287)	–	(23,287)
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges	–	–	–	(7,283)	(7,283)
Total comprehensive loss for the period, net of tax	–	–	–	(7,283)	(7,283)
Contribution by Stapled Securityholders					
REIT Manager's management fees paid in Stapled Securities	522	–	–	–	522
Total contribution by Stapled Securityholders	522	–	–	–	522
At 31 December 2023	178,762	(9,437)	(64,091)	66	105,300
At 1 January 2022	176,431	(9,437)	(82,149)	(7,310)	77,535
Net income for the period attributable to Stapled Securityholders, net of tax	–	–	41,345	–	41,345
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges	–	–	–	14,659	14,659
Total comprehensive income for the period, net of tax	–	–	–	14,659	14,659
Contribution by and distribution to Stapled Securityholders					
REIT Manager's management fees paid 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

Statements of Movements in Stapled Securityholders' Funds (continued)

ARA H-BT	Stapled Security	Issue Costs	Revenue Reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023	305,816	(6,587)	21,536	320,765
Net income for the period attributable to Stapled Securityholders, net of tax	–	–	16,459	16,459
Contribution by and distribution to Stapled Securityholders				
Trustee-Manager's management fees paid in Stapled Securities	522	–	–	522
Distribution to Stapled Securityholders	(18,065)	–	–	(18,065)
Net contribution by and distribution to Stapled Securityholders	(17,543)	–	–	(17,543)
At 31 December 2023	288,273	(6,587)	37,995	319,681

At 1 January 2022	314,147	(6,587)	10,715	318,275
Net income for the period attributable to Stapled Securityholders, net of tax	–	–	10,822	10,822
Contribution by and distribution to Stapled Securityholders				
Trustee-Manager's management fees paid in Stapled Securities	1,809	–	–	1,809
Distribution to Stapled Securityholders	(10,140)	–	–	(10,140)
Total contribution by and distribution to Stapled Securityholders	(8,331)	–	–	(8,331)
At 31 December 2022	305,816	(6,587)	21,537	320,766

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Statements of Cash Flows

	Note	ARA H-Trust			
		2H 2023 US\$'000	2H 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Cash flows from operating activities					
Net (loss)/income before tax		(5,572)	13,765	(14,362)	11,990
Adjustments for:					
Allowance for/(Reversal of) expected credit loss	6	61	(40)	8	(51)
Depreciation of property, plant and equipment		14,599	12,690	28,833	25,267
Amortisation of intangible assets		12	12	25	25
Revaluation of property, plant and equipment		5,086	(17,319)	11,182	(17,319)
Net gain on cessation of right-of-use assets and lease liability		–	(2)	–	(2)
Managers' management fees paid/payable in Stapled Securities		587	1,906	1,044	3,207
Net change in fair value of assets held for sale		463	88	1,374	752
Net loss on disposition of properties		–	36	–	–
Net finance costs	5	8,545	6,407	15,790	12,571
Operating income before working capital changes		23,781	17,543	43,894	36,440
Changes in working capital:					
Inventories		2	49	(49)	14
Trade and other receivables		689	(801)	1,783	(379)
Trade and other payables		(2,367)	462	(515)	1,578
Net cash generated from operating activities		22,105	17,253	45,113	37,653
Cash flows from investing activities					
Interest received		(263)	222	337	222
Acquisition of property, plant and equipment		–	–	(29,725)	–
Net proceeds from disposition of assets held for sale		7,577	38,687	7,880	38,770
Payment for capital expenditure		(12,290)	(5,663)	(19,041)	(10,107)
Net cash (used in)/generated from investing activities		(4,976)	33,246	(40,549)	28,885
Cash flows from financing activities					
Proceeds from loans and borrowings		273,800	–	273,800	87,000
Repayment of loans and borrowings		(270,595)	(5,000)	(270,595)	(99,000)
Payment of transaction costs relating to new loan facilities		(4,546)	–	(4,546)	(392)
Payment of lease liabilities		(223)	(181)	(318)	(353)
Distribution to Stapled Securityholders		(8,679)	(8,122)	(18,065)	(10,140)
Interest paid		(7,962)	(6,388)	(15,409)	(12,186)
Net cash used in financing activities		(18,205)	(19,691)	(35,133)	(35,071)
Net (decrease)/increase in cash and cash equivalents		(1,076)	30,808	(30,569)	31,467
Cash and cash equivalents at beginning of the period/year		21,127	19,812	50,620	19,153
Cash and cash equivalents at end of the period/year		20,051	50,620	20,051	50,620



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Statements of Cash Flows (continued)

	Note	ARA H-REIT			
		2H 2023 US\$'000	2H 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Cash flows from operating activities					
Net (loss)/income before tax		(21,271)	60,390	(25,805)	61,905
Adjustments for:					
Managers' management fees paid/payable in Stapled Securities		294	951	522	1,603
Net change in fair value of investment properties		23,592	(62,460)	28,617	(62,460)
Net change in fair value of assets held for sale		390	(618)	1,301	(586)
Net loss on disposition of properties		–	16	–	16
Net finance costs	5	21,190	19,229	40,892	37,874
Operating income before working capital changes		24,195	17,508	45,527	38,352
Changes in working capital:					
Trade and other receivables		(1,925)	(745)	(1,738)	(471)
Trade and other payables		(498)	4,595	(1,773)	2,344
Net cash generated from operating activities		21,772	21,358	42,016	40,225
Cash flows from investing activities					
Acquisition of investment properties		–	–	(28,697)	–
Interest received		1,722	202	2,322	222
Payment for capital expenditure		(2,437)	(3,598)	(3,586)	(4,681)
Proceeds from disposition of assets held for sale		7,372	37,368	7,675	37,451
Proceeds from loan to related corporation		21,673	3,450	24,313	3,450
Issuance of loan to related corporation		(13,578)	(2,450)	(21,444)	(8,500)
Amount due from related corporation – non-trade		1,143	(1,851)	(1,616)	(4,405)
Net cash generated from/(used in) investing activities		15,895	33,121	(21,033)	23,537
Cash flows from financing activities					
Proceeds from loans and borrowings		268,625	–	268,625	76,000
Repayment of loans and borrowings		(265,125)	(1,000)	(265,125)	(77,000)
Payment of transaction costs relating to new loan facilities		(4,546)	–	(4,546)	(392)
Payment of lease liabilities		(94)	(95)	(189)	(190)
Interest paid		(38,871)	(18,454)	(55,743)	(33,068)
Amount due to related corporation – non-trade		4,761	(178)	5,331	1,274
Net cash used in financing activities		(35,250)	(19,727)	(51,647)	(33,376)
Net increase/(decrease) in cash and cash equivalents		2,417	34,752	(30,664)	30,386
Cash and cash equivalents at beginning of the period/year		3,897	2,226	36,978	6,592
Cash and cash equivalents at end of the period/year		6,314	36,978	6,314	36,978

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Statements of Cash Flows (continued)

		ARA H-BT			
		2H 2023	2H 2022	FY 2023	FY 2022
		US\$'000	US\$'000	US\$'000	US\$'000
	Note				
Cash flows from operating activities					
Net income before tax		8,238	6,776	15,442	12,542
Adjustments for:					
Allowance for/(Reversal of) expected credit loss	6	61	(40)	8	(51)
Depreciation of property, plant and equipment		25,690	24,269	51,181	49,258
Amortisation of intangible assets		12	12	25	25
Managers' management fees paid/payable in Stapled Securities		293	951	521	1,603
Net change in fair value of assets held for sale		–	1,466	–	1,477
Net loss on disposition of property, plant and equipment		74	10	74	10
Gain on cessation of ROU asset		(52)	(326)	(52)	(326)
Net finance income	5	(11,590)	(11,298)	(22,713)	(21,840)
Operating income before working capital changes		22,726	21,820	44,486	42,698
Changes in working capital:					
Inventories		2	49	(49)	14
Trade and other receivables		1,211	(1,187)	2,751	(2,127)
Trade and other payables		(1,750)	(14,467)	1,502	(983)
Net cash generated from operating activities		22,189	6,215	48,690	39,602
Cash flows from investing activities					
Acquisition of property, plant and equipment		–	–	(1,028)	–
Proceeds from disposition of property, plant and equipment		234	1,317	234	1,317
Interest received		31,100	21,230	40,700	21,230
Payment for capital expenditures		(9,853)	(2,066)	(15,455)	(5,427)
Amount due from related corporation – non-trade		(8,644)	2,691	(10,126)	1,239
Net cash generated from investing activities		12,837	23,172	14,325	18,359
Cash flows from financing activities					
Proceeds from loans and borrowings		5,175	–	5,175	11,000
Repayment of loans and borrowings		(5,470)	(4,000)	(5,470)	(22,000)
Repayment of loans from related corporation		(21,673)	(3,450)	(24,313)	(3,450)
Payment of lease liabilities		(23,199)	(21,843)	(46,294)	(44,743)
Proceeds from loan from related corporation		13,578	2,450	21,444	8,500
Amount due to related corporation – non-trade		3,655	1,781	6,860	4,335
Distribution to Stapled Securityholders		(8,678)	(8,122)	(18,065)	(10,140)
Interest paid		(1,907)	(148)	(2,257)	(382)
Net cash used in financing activities		(38,519)	(33,332)	(62,920)	(56,880)
Net (decrease)/increase in cash and cash equivalents		(3,493)	(3,945)	95	1,081
Cash and cash equivalents at beginning of the period/year		17,230	17,587	13,642	12,561
Cash and cash equivalents at end of the period/year		13,737	13,642	13,737	13,642

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Notes to the 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 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 used primarily for hospitality and/or hospitality-related purposes, located in U.S.

The consolidated financial statements of the ARA H-REIT Group relate to ARA H-REIT and its subsidiaries. The consolidated financial statements of the ARA H-BT Group relate to ARA H-BT and its subsidiaries. The 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-month period and year ended 31 December 2023 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 (“**SFRS**”).

Notes to the Interim Financial Statements

2. Basis of preparation (continued)

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 2022. 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 unaudited condensed interim financial statements of ARA H-BT have been prepared on a going concern basis notwithstanding the net current liabilities position of \$62,201,000 as at 31 December 2023. ARA H-BT has undrawn committed credit facilities of US\$46.5 million as at 31 December 2023 and the ARA H-REIT has undertaken to provide financial support to ARA H-BT.

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 Standards 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 2023:

- *SFRS(I) 17 Insurance Contracts (including Amendments to SFRS(I) 17 issued in June 2020 and Amendment to SFRS(I) 17- Initial Application of SFRS(I) 17 and SFRS(I) 9 —Comparative Information issued in December 2021)*
- *Amendments to SFRS(I) 1-8: Definition of Accounting Estimates*
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

ARA US Hospitality Trust
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Notes to the Interim Financial Statements

2. Basis of preparation (continued)

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 2022.

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 – Fair value 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

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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 COVID-19 pandemic, for most markets in the U.S., peak demand months for commercial/business travel generally occur during the spring to autumn months, while leisure travel peaks in the summer months. Most markets experience off-peak season during the winter months of late November to February.

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. 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.

4.1 Reportable segments

ARA H-Trust	Hyatt Place	Hyatt House	Marriott	Hilton	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
1 July 2023 to 31 December 2023					
Revenue	42,385	34,086	10,165	2,845	89,481
Reportable segment net property income	9,422	11,123	3,632	1,498	25,675
Depreciation of property, plant and equipment	(6,499)	(5,611)	(1,985)	(504)	(14,599)
Amortisation of intangible assets	–	–	(12)	–	(12)
Revaluation of property, plant and equipment	1,069	(6,155)	–	–	(5,086)
Net change in fair value of assets held for sale	(463)	–	–	–	(463)
Other income	–	–	–	32	32
Unallocated items:					
– REIT Manager's and Trustee-Managers' management fees					(1,174)
– Trustee-Manager's trustee fees					(60)
– REIT trustee fees					(58)
– Finance costs					(8,545)
– Other trust expenses					(1,282)
– Taxation					185
Net loss for the period					(5,387)

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Notes to the Interim Financial Statements

4.1 Reportable segments (continued)

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 of property, plant and equipment	15,424	1,895	–	17,319
Net change in fair value of assets held for sale	(88)	–	–	(88)
Net loss on disposition of properties	(36)	–	–	(36)
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	Hilton US\$'000	Total US\$'000
1 January 2023 to 31 December 2023					
Revenue	86,460	63,766	21,042	4,228	175,496
Reportable segment net property income	19,176	18,576	7,685	2,234	47,671
Depreciation of property, plant and equipment	(14,043)	(10,194)	(3,896)	(700)	(28,833)
Amortisation of intangible assets	–	–	(25)	–	(25)
Revaluation of property, plant and equipment	(2,561)	(8,621)	–	–	(11,182)
Net change in fair value of assets held for sale	(1,352)	(22)	–	–	(1,374)
Other income	–	–	–	32	32
Unallocated items:					
– REIT Manager's and Trustee-Managers' management fees					(2,088)
– Trustee-Manager's trustee fees					(120)
– REIT trustee fees					(118)
– Finance costs					(15,790)
– Other trust expenses					(2,535)
– Taxation					3,219
Net loss for the period					(11,143)



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ARA H-Trust	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Hilton 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 of property, plant and equipment	15,424	1,895	–	–	17,319
Net change in fair value of assets held for sale	(686)	(30)	–	–	(716)
Net loss on disposition of properties	(36)	–	–	–	(36)
Other income	299	646	–	–	945
Unallocated items:					
– REIT Manager's and Trustee-Managers' 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 period					9,512

As at 31 December 2023	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Hilton US\$'000	Unallocated US\$'000	Total US\$'000
Assets and liabilities						
Reportable segment assets	401,701	216,499	108,732	30,041	34,871	791,844
Reportable segment liabilities	(5,463)	(7,501)	(1,377)	(359)	(349,589)	(364,289)

As at 31 December 2022	Hyatt Place US\$'000	Hyatt House US\$'000	Marriott US\$'000	Unallocated US\$'000	Total US\$'000
Assets and liabilities					
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)

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Notes to the Interim Financial Statements

5. Net finance (costs)/income

	ARA H-Trust			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest and other income	3	284	336	284
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest paid/payable to banks	(7,993)	(6,521)	(15,413)	(12,356)
- Interest expenses on lease liabilities	(26)	(33)	(50)	(67)
- Amortisation of debt related transaction costs	(529)	(137)	(663)	(432)
	<u>(8,548)</u>	<u>(6,691)</u>	<u>(16,126)</u>	<u>(12,855)</u>
Net finance costs	<u>(8,545)</u>	<u>(6,407)</u>	<u>(15,790)</u>	<u>(12,571)</u>

	ARA H-REIT			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Finance income				
Interest income from fixed deposits				
Interest income under the effective interest method on:				
- Deposits with financial institutions	(4)	284	330	284
- Loans to related corporation	551	429	1,093	845
- Others	7	-	7	-
	<u>554</u>	<u>713</u>	<u>1,430</u>	<u>1,129</u>
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest expense paid/payable to banks	(7,800)	(6,387)	(15,045)	(12,008)
- Interest expense paid/payable to related corporation	(13,394)	(13,394)	(26,570)	(26,570)
- Interest expense on lease liabilities	(21)	(23)	(43)	(48)
- Amortisation of debt related transaction costs	(529)	(138)	(664)	(377)
	<u>(21,744)</u>	<u>(19,942)</u>	<u>(42,322)</u>	<u>(39,003)</u>
Net finance costs	<u>(21,190)</u>	<u>(19,229)</u>	<u>(40,892)</u>	<u>(37,874)</u>

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5. Net finance (costs)/income (continued)

	ARA H-BT			
	2H 2023 US\$'000	2H 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Finance income				
Interest income under the effective interest method on:				
- Loans to related corporation	13,394	13,394	26,570	26,570
Finance costs				
Financial liabilities measured at amortised cost:				
- Interest expense paid/payable to banks	(193)	(134)	(369)	(348)
- Interest expense paid/payable to related corporation	(551)	(429)	(1,093)	(845)
- Interest expense on lease liabilities	(1,060)	(1,533)	(2,395)	(3,481)
- Amortisation of debt related transaction costs	-	-	-	(56)
	<u>(1,804)</u>	<u>(2,096)</u>	<u>(3,857)</u>	<u>(4,730)</u>
Net finance income	<u>11,590</u>	<u>11,298</u>	<u>22,713</u>	<u>21,840</u>

6. Net (loss)/income before tax

The following items have been included in arriving at net loss for the period:

	ARA H-Trust			
	2H 2023 US\$'000	2H 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Allowance for/(Reversal of) expected credit loss	61	(40)	8	(51)
	ARA H-BT			
	2H 2023 US\$'000	2H 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Allowance for/(Reversal of) expected credit loss	61	(40)	8	(51)

6.1 Related party transactions

During the financial period, 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 2023 US\$'000	2H 2022 US\$'000	FY 2023 US\$'000	FY 2022 US\$'000
Related entities				
Trustee-Manager's trustee fee paid/payable	60	60	120	120
REIT Trustee's fees paid/payable	58	56	118	110
Hotel management fee paid/payable	2,672	2,632	5,253	5,071
REIT Manager's and Trustee-Manager's management fees paid/payable	1,174	3,811	2,088	6,414
Acquisition fee	290	-	290	-
Divestment fee	40	201	40	201
Reimbursement of expenses (paid on behalf of the Managers)	97	110	147	202



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6.1 Related party transactions (continued)

	ARA H-REIT			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Related entities				
REIT Trustee's fees paid/payable	58	56	118	110
REIT Manager's management fees paid/payable	881	2,858	1,566	4,811
Acquisition fee	290	–	290	–
Divestment fee	40	151	40	151
Reimbursement of expenses (paid on behalf by the Managers)	45	40	59	82
Related corporations within the Stapled Group				
Rental income received/receivable	28,058	25,895	55,203	51,808
Interest expenses paid/payable	13,394	13,394	26,570	26,570
Interest income received/receivable	551	429	1,093	845

	ARA H-BT			
	2H 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Related entities				
Trustee-Manager's trustee fee paid/payable	60	60	120	120
Hotel management fee paid/payable	2,672	2,632	5,253	5,071
Trustee-Manager's management fees paid/payable	294	953	522	1,603
Divestment fee	–	50	–	50
Reimbursement of expenses (paid on behalf by the Managers)	52	70	88	120
Related corporations within the Stapled Group				
Rental expenses paid/payable	28,058	25,895	55,203	51,808
Interest expenses paid/payable	551	429	1,093	845
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 2023	2H 2022	FY 2023	FY 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Net (loss)/income for the period attributable to Stapled Securityholders	(5,387)	11,387	(11,143)	9,512



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7. Earnings per Stapled Security (continued)

	ARA H-Trust			
	2H 2023	2H 2022	FY 2023	FY 2022
	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	576,862	568,188	569,199	567,342
- issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	1,027	781	6,942	1,102
- to be issued as payment of REIT Manager's and Trustee-Manager's base management fees payable in Stapled Securities	10	41	5	21
	<u>577,899</u>	<u>569,010</u>	<u>576,146</u>	<u>568,465</u>
Earnings per Stapled Security ("EPS") (US cents)				
Basic and Diluted	<u>(0.93)</u>	<u>2.00</u>	<u>(1.93)</u>	<u>1.67</u>

8. Distribution per Stapled Security

	2H 2023	2H 2022	FY 2023	FY 2022
Distributable income (US\$'000)	<u>11,156</u>	<u>9,385</u>	<u>19,835</u>	<u>17,508</u>
Applicable Number of Stapled Securities ('000)	<u>578,212</u>	<u>576,862</u>	<u>578,212</u>	<u>576,862</u>
DPS (U.S. cents)	<u>1.929</u>	<u>1.627</u>	<u>3.430</u>	<u>3.054</u>

9. Net asset value/Net tangible asset

	As at 31 December 2023	As at 31 December 2022
ARA H-Trust		
Number of Stapled Securities issued and to be issued at the end of the period ('000)	<u>580,100</u>	<u>576,862</u>
Net assets value/Net tangible asset per Stapled Security (US\$)	<u>0.74</u>	<u>0.80</u>

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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 2023, the Stapled Group had interest rate swaps with a notional amount of US\$329.3 million (31 December 2022: US\$266.3 million) designated as cash flow hedging instruments. In November 2023, the Stapled Group entered into a forward interest rate swap to hedge a notional amount of US\$85.0 million starting 28 February 2024.

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 financial assets and financial liabilities whose carrying amount is a reasonable approximation of fair value.

	ARA H-Trust US\$'000	ARA H-REIT US\$'000	ARA H-BT US\$'000
31 December 2023			
Financial assets not measured at fair value			
Loans to related corporation			
- <i>Carrying amount</i>	–	–	294,000
- <i>Fair value (Level 2)</i>	–	–	294,850
Financial assets measured at fair value			
Derivative financial assets – interest rate swaps			
- <i>Carrying amount</i>	1,360	1,360	–
- <i>Fair value (Level 2)</i>	1,360	1,360	–
Financial liabilities not measured at fair value			
Loans from related corporation			
- <i>Carrying amount</i>	–	(294,000)	–
- <i>Fair value (Level 2)</i>	–	(294,850)	–
Financial liabilities measured at fair value			
Derivative financial liabilities – interest rate swaps			
- <i>Carrying amount</i>	(1,294)	(1,294)	–
- <i>Fair value (Level 2)</i>	(1,294)	(1,294)	–
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)	–

Notes to the Interim Financial Statements

10. Fair value of assets and liabilities (continued)

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 portfolio hotels, comprising 32 Hyatt hotels, 3 Marriott hotels and 1 Hilton hotel, are presented as property, plant and equipment in the financial statements of ARA H-Trust and ARA H-BT, and as investment properties in the financial statements of ARA H-REIT.

During the year ended 31 December 2023, ARA H-Trust and ARA H-BT capitalised capital expenditures amounting to US\$19,041,000 (31 December 2022: US\$10,107,000) and US\$15,455,000 (31 December 2022: US\$5,427,000) and transferred assets amounting to US\$16,160,000 (31 December 2022: US\$39,412,000), respectively. During the year ended 31 December 2023, ARA H-REIT incurred capital expenditures amounting to US\$3,586,000 (31 December 2022: US\$4,681,000) and transferred assets amounting to US\$15,510,000 (31 December 2022: US\$36,802,000) to assets held for sale.

As at 31 December 2023, the carrying amounts of 35 portfolio hotels were stated at fair value, which was determined based on independent valuations undertaken by Newmark Valuation & Advisory Services (“**Newmark**”), 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 reason 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.

Notes to the Interim Financial Statements

11. Property, plant and equipment and investment properties (continued)

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

	31 December 2023 US\$'000	31 December 2022 US\$'000
Capital expenditure contracted but not provided for	15,188	2,734

12. Assets held for sale

	ARA H-Trust	
	31 December 2023 US\$'000	31 December 2022 US\$'000
At beginning of the financial year	295	405
Reclassification from property, plant and equipment	16,160	39,412
Sale completed during the financial year	(7,880)	(38,770)
Net change in fair value of assets held for sale	(1,374)	(752)
At end of the financial year	<u>7,201</u>	<u>295</u>

On 30 June 2023, the Stapled Group entered into conditional purchase and sale agreement (the "PSA") with a purchaser to sell Hyatt Place Oklahoma City for US\$8.0 million. Accordingly, the above-mentioned hotel was classified as assets held for sale as at 30 June 2023. Sale of Hyatt Place Oklahoma City was subsequently completed on 26 September 2023.

On 27 November 2023, the Stapled Group entered into conditional purchase and sale agreement (the "PSA") with a purchaser to sell Hyatt Place Pittsburgh Airport for US\$7.7 million. Accordingly, the above-mentioned hotel was classified as assets held for sale as at 30 November 2023.

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 as appraised by a third party valuer. Sale of the Excess Land was completed in March 2023.

13. Loans and borrowings

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

- a) US\$257.5 million (31 December 2022: US\$260.8 million) secured term loan and letter of credit facilities; and
- b) US\$125.0 million (31 December 2022: US\$95.0 million) unsecured term loan and revolving facilities;

As at 31 December 2023, the Stapled Group and ARA H-REIT has drawn down US\$249.5 million (31 December 2022: US\$249.8 million) and US\$244.3 million (31 December 2022: US\$244.3 million) respectively of the secured facilities. The aggregate leverage was 41.5% (31 December 2022: 39.4%) and the interest coverage ratio was 2.7 times (31 December 2022: 2.6 times).

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13. Loans and borrowings (continued)

Secured term loan

The facilities are secured on the following:

- mortgages, assignment of leases and rents, security agreement and fixture fittings over 28 Hyatt 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 2023, the unsecured term loan and revolving facilities of US\$78.5 million (31 December 2021: US\$75.0 million) were drawn.

On 26 September 2023, the Stapled Group completed the refinancing of the new loan facilities amounting to US\$287.5 million. This new loan was to refinance the existing US\$260.8 million secured term loan and letter of credit facilities.

	As at 31 December 2023 US\$'000	As at 31 December 2022 US\$'000
ARA H-Trust		
Secured loans	249,500	249,795
Unsecured loans	78,500	75,000
Lease liabilities	1,341	1,523
	<u>329,341</u>	<u>326,318</u>
Less: Unamortised borrowing costs	(4,321)	(446)
	<u>325,020</u>	<u>325,872</u>
ARA H-REIT		
Secured loans	244,325	244,325
Unsecured loans	78,500	75,000
Lease liabilities	1,259	1,405
	<u>324,084</u>	<u>320,730</u>
Less: Unamortised borrowing costs	(4,321)	(446)
	<u>319,763</u>	<u>320,284</u>
ARA H-BT		
Secured loans	5,175	5,470
Unsecured loans	–	–
Lease liabilities	49,627	81,806
	<u>54,802</u>	<u>87,276</u>
Less: Unamortised borrowing costs	–	–
	<u>54,802</u>	<u>87,276</u>

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13. Loans and borrowings (continued)

Loans and borrowings are repayable as follows:

	As at 31 December 2023			As at 31 December 2022		
	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	–	–	195	–	–	257
- after one year	249,500	78,500	1,146	249,795	75,000	1,266
	249,500	78,500	1,341	249,795	75,000	1,523
Less: Unamortised borrowing costs	(4,169)	(152)	–	(163)	(283)	–
	245,331	78,348	1,341	249,632	74,717	1,523
ARA H-REIT						
Amount repayable						
- within one year	–	–	151	–	–	145
- after one year	244,325	78,500	1,108	244,325	75,000	1,260
	244,325	78,500	1,259	244,325	75,000	1,405
Less: Unamortised borrowing costs	(4,169)	(152)	–	(163)	(283)	–
	240,156	78,348	1,259	244,162	74,717	1,405
ARA H-BT						
Amount repayable						
- within one year	–	–	45,131	–	–	40,202
- after one year	5,175	–	4,496	5,470	–	41,604
	5,175	–	49,627	5,470	–	81,806
Less: Unamortised borrowing costs	–	–	–	–	–	–
	5,175	–	49,627	5,470	–	81,806

14. Stapled Securities in issue and to be issued

	ARA H-Trust			
	2H 2023 '000	2H 2022 '000	FY2023 '000	FY2022 '000
Stapled securities in issue				
Balance at beginning of period	576,862	568,188	569,199	567,342
REIT Manager's and Trustee- Manager's management fees paid in Stapled Securities ⁽¹⁾	1,350	1,011	9,013	1,857
Total Issued Stapled Securities as at end of period/year	578,212	569,199	578,212	569,199
Stapled Securities to be issued				
REIT Manager's and Trustee- Manager's management fees payable in Stapled Securities ⁽²⁾	1,888	7,663	1,888	7,663
Total Stapled Securities issued and to be issued as at end of period/year	580,100	576,862	580,100	576,862

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Notes to the Interim Financial Statements

14. Stapled Securities in issue and to be issued (continued)

- (1) 7,662,614 Stapled Securities and 1,349,822 Stapled Securities were issued in March 2023 and August 2023 as payment of 50% of the Managers' base and performance fees for the period from 1 July 2022 to 31 December 2022 and 50% of the Managers' base fees for the period from 1 January to 30 June 2023, respectively.
- (2) 1,888,196 Stapled Securities are to be issued in March 2024 as payment of 50% of the Managers' base and performance fees for the period from 1 July 2023 to 31 December 2023.

ARA H-Trust does not hold any treasury Stapled Securities as at 31 December 2023 and 31 December 2022. The total number of issued Stapled Securities in ARA H-Trust as at 31 December 2023 and 31 December 2022 was 578,211,766 and 569,199,330 respectively.

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 financial information for the financial period ended 31 December 2023 has not been audited or reviewed by the independent auditors.

Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter

Not applicable.

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(B) Review of the performance of the Stapled Group

		ARA H-Trust					
		2H 2023	2H 2022	Change	FY 2023	FY 2022	Change
	Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	(i)	89,481	87,759	2.0	175,496	169,015	3.8
Operating expenses	(ii)	(58,183)	(58,023)	(0.3)	(113,545)	(111,728)	(1.6)
Gross operating profit	(iii)	31,298	29,736	5.3	61,951	57,287	8.1
Gross operating profit margin		35.0%	33.9%		35.3%	33.9%	
Hotel management fee	(iv)	(2,672)	(2,632)	(1.5)	(5,253)	(5,071)	(3.6)
Property taxes	(v)	(1,684)	(5,412)	68.9	(6,021)	(8,033)	25.0
Other expenses	(vi)	(1,267)	(1,381)	8.2	(3,006)	(2,781)	(8.1)
Net Property Income		25,675	20,311	26.4	47,671	41,402	15.1
Other income	(vii)	32	413	(92.3)	32	945	(96.6)
Depreciation and amortisation		(14,611)	(12,702)	(15.0)	(28,858)	(25,292)	(14.1)
REIT Manager's and Trustee- Manager's management fees	(viii)	(1,174)	(3,811)	69.2	(2,088)	(6,414)	67.4
Trustee-Manager's trustee fee		(60)	(60)	–	(120)	(120)	–
REIT Trustee's fee	(ix)	(58)	(56)	(3.6)	(118)	(110)	(7.3)
Net finance costs	(x)	(8,545)	(6,407)	(33.4)	(15,790)	(12,571)	(25.6)
Other trust expenses	(xi)	(1,282)	(1,118)	(14.6)	(2,535)	(2,417)	(4.9)
Net loss for the period before tax and fair value changes		(23)	(3,430)	99.3	(1,806)	(4,577)	60.5
Net change in fair value of assets held for sale	(xii)	(463)	(124)	>(100)	(1,374)	(752)	(82.7)
Revaluation of property, plant and equipment	(xiii)	(5,086)	17,319	N.M.	(11,182)	17,319	N.M.
Net (loss)/income for the period before tax		(5,572)	13,765	N.M.	(14,362)	11,990	N.M.
Taxation	(xiv)	185	(2,378)	N.M.	3,219	(2,478)	N.M.
Net (loss)/income for the period after tax		(5,387)	11,387	N.M.	(11,143)	9,512	N.M.
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges	(xv)	(5,203)	3,500	N.M.	(7,283)	14,659	N.M.
Revaluation of property, plant and equipment	(xiii)	(8,203)	62,066	N.M.	3,031	62,066	(95.1)
Deferred tax effects relating to revaluation of property, plant and equipment	(xiv)	1,204	(19,802)	N.M.	316	(19,802)	N.M.
Total comprehensive (loss)/income for the period		(17,589)	57,151	N.M.	(15,079)	66,435	N.M.
Net (loss)/income after tax		(5,387)	11,387	N.M.	(11,143)	9,512	N.M.
Distribution adjustments		16,543	(2,002)	N.M.	30,978	7,996	>100
Distributable Income	(xvi)	11,156	9,385	18.9	19,835	17,508	13.3

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N.M. - not meaningful

Notes:

(i)	<p>Revenue</p> <p>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.</p> <p>ARA H-Trust recorded higher revenue in 2H 2023 vs 2H 2022 backed by the portfolio's higher occupancy which improved from 68.0% to 69.5%, and higher revenue per available room ("RevPAR") from US\$91 to US\$96.</p> <p>On a full-year basis, ARA H-Trusts revenue of \$175.5 million in FY2023 is up 3.8% year-on-year. The portfolio's occupancy improved from 65.3% to 69.3% from a year ago. Together with the increase in average daily rate ("ADR"), RevPAR increased from \$85 in FY 2022 to \$96 in FY 2023.</p> <p>ARA H-Trust has 4 reportable business segments, namely Hyatt Place hotels, Hyatt House hotels, Marriott hotels and Hilton hotel and has no reportable geography segment. Reportable segments are disclosed in Note 4 to the unaudited condensed interim financial statements. The portfolio continued its recovery trajectory in occupancies and RevPAR in FY 2023 post the pandemic.</p>
(ii)	<p>Operating expenses</p> <p>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.</p> <p>Operating expenses in 2H 2023 and FY 2023 increased year-on-year by 0.3% and 1.6% respectively, in line with higher occupancies and inflationary increases in expenses.</p>
(iii)	<p>Gross operating profit ("GOP")</p> <p>GOP increased in line with higher revenue year-on-year. GOP margin improved from 33.9% in FY 2022 to 35.3% in FY 2023.</p>
(iv)	<p>Hotel management fee</p> <p>Hotel management fee is equivalent to 3% of total operating revenue, and increased in line with the higher revenue in 2H 2023 and FY 2023.</p>
(v)	<p>Property taxes</p> <p>Property taxes decreased 25.0% in FY 2023 as compared to FY 2022, mainly attributed to the disposition of five Hyatt Place hotels in FY 2022 and Hyatt Place Oklahoma City in September 2023, as well as property tax refunds received from successful property tax appeals of certain properties.</p>
(vi)	<p>Other expenses</p> <p>Other expenses increased in FY 2023 largely due to higher insurance expenses.</p>
(vii)	<p>Other income</p> <p>Other income in FY 2022 mainly comprises US federal and state government grants received. Such government grants are non-recurring in nature.</p>
(viii)	<p>REIT Manager's and Trustee-Manager's management fees</p> <p>The Managers received base and performance fees as well as the Trustee-Managers' trustee fees in accordance with the provisions in the Trust Deeds.</p>

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Notes:

(ix)	<p>REIT Trustee's fee</p> <p>REIT Trustee received trustee fees in accordance with the provisions in the Trust Deed between ARA H-REIT and the REIT Trustee.</p>
(x)	<p>Net finance costs</p> <p>Net finance costs were higher in 2H 2023 and FY 2023 respectively as the benchmark rates in relation to ARA H-Trust's unhedged loans had increased significantly as compared to 2H 2022 and FY 2022, in line with the interest rates hikes in the market.</p>
(xi)	<p>Other trust expenses</p> <p>Other trust expenses increased marginally in 2H 2023 and FY 2023, mainly due to higher professional fees.</p>
(xii)	<p>Net change in fair value of assets held for sale</p> <p>The Stapled Group recorded fair value changes in assets held for sale in 2H 2023, which primarily relates to the pending sale of Hyatt Place Pittsburgh Airport. Fair value changes in assets held for sale in FY 2023 also included that relating to Hyatt Place Oklahoma City in 1H 2023.</p>
(xiii)	<p>Revaluation of property, plant and equipment</p> <p>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 2023. The deficit arising from the revaluation against the depreciated book value of such hotel properties is recognized in the profit and loss while any surplus is recognized in other comprehensive income, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognized in profit or loss. The revaluation has no impact on distributable income.</p>
(xiv)	<p>Taxation</p> <p>The Stapled Group recorded deferred tax liabilities due to revaluation of the hotel properties. The deferred tax has no impact on distributable income.</p>
(xv)	<p>Effective portion of changes in fair value of cash flow hedges</p> <p>Effective portion of changes in fair value of interest rate swaps designated for cash flow hedges are recognized in other comprehensive income. This has no impact on distributable income.</p>
(xvi)	<p>Distributable income</p> <p>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.</p> <p>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\$11.2 million distributable income for 2H 2023 (2H 2022: US\$9.4 million).</p> <p>Distributable income increased from US\$17.5 million in FY 2022 to US\$19.8 million in FY 2023, on the back of stronger operating performance.</p>

Notes to the Interim Financial Statements

(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 2023 under Paragraph (D) of Page 34 and Page 35. 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

Gross Domestic Product ("GDP") expanded by 3.3% in the fourth quarter, following growth of 4.9% in the third quarter, contributing to an overall 2.5% expansion in the U.S. economy for 2023. The growth in GDP was primarily driven by consumer spending, which was supported by declining inflation rates and a strong job market, marked by historically low unemployment rates. Although inflation, measured by the Consumer Price Index ("CPI"), rose by 3.1% for the 12 months ending January 2024 and is still above the Federal Reserve ("Fed") target of 2%, robust consumer spending and low unemployment rate has allayed recession fears. As of February 2024, the general expectation is that the Fed will likely hold rates steady before any cuts in 2H 2024.

Given the correlation of U.S. GDP growth with U.S. lodging demand growth, the U.S. lodging sector continued to recover in 2023, building upon the momentum gained in 2022. Lodging demand has stayed resilient, maintaining its upward trajectory in 2023. This was underpinned by robust group travel demand, continuing recovery of business transient travel, and the return of international visitors. Although occupancy rates have yet to fully return to pre-pandemic levels, robust average daily rates ("ADR") have boosted revenue per available room ("RevPAR"). The ADR and RevPAR among U.S. hotels improved to \$155 and \$98, respectively, in 2023, or increases of 4.7% and 5.4% compared to the same metrics for 2022.

According to JLL Research¹, the U.S. select-service and extended-stay sector has become increasingly attractive to investors given its strong returns in comparison to other commercial real estate classes. Although investment volume for the sector declined in 2023 relative to 2022's levels due to elevated interest rates and tightness in the capital markets, the select-service and extended-stay sector's consistent performance is largely driven by a broad consumer appeal and an inherently lean operating model. Looking ahead, the International Monetary Fund ("IMF") forecasts a slowdown in U.S. GDP growth over the next two years². The flattening trend is attributed to the delayed effects of elevated interest rates which are expected to dampen overall aggregate demand. Additionally, geopolitical tensions in the Middle East and Europe pose a risk across all industries, including the lodging sector.

Considering the expected deceleration in economic growth, STR and U.S. Tourism Economics projects U.S. hotel market occupancy to remain flat at 64%, with modest growth in ADR and RevPAR at 3% and 4%, respectively, by 2025³, as the lodging market stabilizes. U.S. Tourism Economics predicts demand growth will stem from households prioritizing travel, a continued rebuilding of business travel and group events, and a rebound in international tourism. As such, the Managers will focus on optimizing revenues and containing expenses across the hotel portfolio through hands-on asset management. The Managers will also exercise prudent capital management, including hedging strategies to reduce interest rate volatility exposures.

ARA H-Trust's high quality, premium-branded, diversified upscale select-service and extended-stay 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. 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 favorable long-term market fundamentals.

¹ JLL Research, U.S. select-service and extended-stay hotel trends and outlook, January 2024

² IMF, World Economic Outlook Update, January 2024

³ STR and Tourism Economics, January 2024

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(E) Distribution

(a) Current financial period	
Any distribution declared for the current period?	Yes
Distribution period	Distribution for the period from 1 July 2023 to 31 December 2023
Distribution type/rate	Distribution of 1.929 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 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.
(c) Payment date	
	28 March 2024
(d) Record date	
	1 March 2024

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

Not applicable.

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- (F) If the Group has obtained a general mandate from unitholders for IPTs, the aggregate value of such transactions 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		Variance %
	FY2023 US\$'000	FY2022 US\$'000	
Total revenue for first half year	86,015	81,256	5.9%
Net loss for first half year	(5,756)	(1,875)	N.M.
Total revenue for second half year	89,481	87,759	2.0%
Net (loss)/income for second half year	(5,387)	11,387	N.M.

N.M. - not meaningful

- (H) Breakdown of Total Annual Distribution**

	ARA H-Trust	
	FY2023 US\$'000	FY2022 US\$'000
1 January 2022 to 30 June 2022	–	8,123
1 July 2022 to 31 December 2022	–	9,385
1 January 2023 to 30 June 2023	8,679	–
1 July 2023 to 31 December 2023 (to be paid)	11,156	–
	<u>19,835</u>	<u>17,508</u>

- (I) Directors' 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 2023 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 it has 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 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.



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Notes to the Interim Financial Statements

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

22 February 2024

Moses K Song

Non-Executive Director

22 February 2024

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.