



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 ACHIEVES DPS OF 3.430 US CENTS IN FY2023

Key Highlights

- *DPS increased to 3.430 US cents, up 12.3% year-on-year*
- *RevPAR of US\$96, up 12.9% year-on-year*
- *NPI of US\$47.7m, up 15.1% year-on-year, supported by improved revenues and robust operational performance*
- *Debt is 74.5% hedged to fixed interest rates, mitigating rising interest rates*
- *Weighted average debt maturity at 2.5 years; no immediate refinancing risk*

(US\$m)	FY 2023	FY 2022	Change (%)
Revenue	175.5	169.0	3.8
Gross Operating Profit (GOP)	62.0	57.3	8.1
<i>GOP Margin</i>	35.3%	33.9%	1.4 pp
Net Property Income (NPI)	47.7	41.4	15.1
Distributable Income ¹	19.8	17.5	13.3
Distribution per Stapled Security (US cents)	3.430	3.054	12.3

Singapore, 22 February 2024 – 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

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

“Managers”), today announced the financial results of ARA US Hospitality Trust (“ARA H-Trust”) for the full year ended 31 December 2023 (“FY 2023”).

Improved Financial and Portfolio Performance

In FY2023, ARA H-Trust achieved higher Revenue and GOP of US\$175.5 million and US\$62.0 million, respectively, having increased 3.8% and 8.1% as compared to FY2022. The improved performance translated into an NPI of US\$47.7 million, up 15.1% year-on-year. GOP and NPI margins for the portfolio were also higher at 35.3% and 27.2%, respectively, an increase of 1.4pp and 2.7pp from the year before.

Consequently, distributable income increased 13.3% from US\$17.5 million in FY 2022 to US\$19.8 million in FY2023, underpinned by continued revenue growth, robust operational performance and contribution from an accretive acquisition completed during the year. The 2H2023 Distribution Per Stapled Security (“DPS”) of 1.929 US cents is payable to Stapled Securityholders on 28 March 2024.

The United States (“U.S.”) lodging market continued its recovery in the last quarter of 2023. While economic sentiments have improved, concerns over a potential slowdown in Gross Domestic Product (“GDP”) growth due to the impact of elevated interest rates on business and consumer spending remains. Lodging demand has stayed resilient and continues its recovery trajectory, supported by recent gains in group and business travel demand. The growing trend of hybrid work arrangements also contributed to an increase in “bleisure” demand, where guests extended travel days beyond weekdays to combine business and leisure travel.

While occupancy rates have yet to fully return to pre-pandemic levels due to lagging business travel demand, strong average daily room rate (“ADR”) growth has boosted revenue per available room (“RevPAR”) growth. In FY 2023, ARA H-Trust’s portfolio recorded an average occupancy rate and ADR of 69.3% and US\$138, respectively, achieving a RevPAR of US\$96 for the year.

Mr. Lee Jin Yong, CEO of the Managers said, “Amidst the challenges posed by the impact of elevated interest rates, economic uncertainties, and geopolitical tensions, our well-diversified portfolio of upscale, select service hotels have continued to demonstrate resilience on the back of proactive portfolio management. Riding on the tailwinds of the recovery of the U.S. lodging sector, we are pleased to report that we have outperformed year-on-year across all key performance indicators in 2023 and continue to deliver healthy returns to all Stapled Securityholders. Since there is no immediate refinancing risk, we plan to focus on organic growth through hands-on asset management, portfolio optimization, and disciplined capital deployment.”

Portfolio Optimization

On 28 November 2023, the Managers announced the proposed sale of Hyatt Place Pittsburgh Airport (“HPPA”) for US\$7.7 million, one of the hotels identified as a non-core asset with declining performance. HPPA is situated in a submarket which has been very slow to recover post the pandemic and is one of the older assets in the portfolio which requires sizable capital expenditure outlay relative to its value. Capital investment in HPPA is considered dilutive to distributable income. The proposed sale will free up capital which will 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 average leverage ratio and increase debt headroom.

Outlook

U.S. Tourism Economics and STR² upheld their growth projections for 2024. According to STR, U.S. hotel ADR and RevPAR rose significantly in 2023 due to solid travel fundamentals and a considerable progress in group business. The U.S. hotel market occupancy is forecast to remain flat at 64%, while ADR and RevPAR are forecasted to grow modestly at 3% and 4%, respectively. By 2025, STR expects trends for these key metrics to begin to stabilize. U.S. Tourism Economics expects that lodging growth will stem from households prioritizing travel, continued rebuilding of business travel and group events, and a rebound in international tourism. However, the U.S. Travel Association has cautioned that full recovery of the U.S. travel industry will be delayed till 2026 given elevated interest rates and slowdown in consumer spending.

Mr. Lee concluded, “The U.S. lodging sector remains healthy and has outperformed expectations in 2023, augmented by resilient consumer spending. As our portfolio is orientated towards domestic leisure and business travelers, we will continue to benefit from the growth in RevPAR in the coming year. We are cautiously optimistic that macroeconomic headwinds, geopolitical risk, and broad cost pressures will be mitigated by our proactive, hands-on asset management approach to our portfolio. Barring any unforeseen circumstances, we expect to continue to deliver sustainable returns to our Stapled Securityholders”.

The FY 2023 financial statement and presentation slides can be downloaded from the ARA H-Trust corporate website at <https://www.araushotels.com>.

Lee Jin Yong
Chief Executive Officer
22 February 2024

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² STR and Tourism Economics, 22 January 2024

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.