



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 CONTINUES TO DELIVER DISTRIBUTIONS DESPITE AEI INTERRUPTIONS

Key Highlights

- **1H 2024 DPS of 0.747 US Cents**
- **Gross revenue for the portfolio declined by 2.4% due to AEI interruptions and sales of assets**
 - **AEI projects at four hotels in 1H 2024**
 - **Sale of two hotels in 3Q 2023 and 1Q 2024**
 - **Excluding the six hotels, on a same-store basis, gross revenues increased 2.8%**

Portfolio Overview	As at 30 June 2024	As at 30 June 2023	Change (%)
No. of hotels	35	37	-5.4%
No. of rooms	4,573	4,826	-5.2%
(US\$m)	1H 2024	1H 2023	Change (%)
Gross Revenue	US\$83.9m	US\$86.0m	-2.4%
Gross Operating Profit ("GOP")	US\$29.6m	US\$30.7m	-3.3%
<i>GOP Margin</i>	35.3%	35.6%	-0.3pp
Net Property Income ("NPI")	US\$21.0m	US\$22.0m	-4.4%
Distributable Income	US\$4.3m	US\$8.7m	-50.1%
Distribution per Stapled Security ("DPS") (US cents)	0.747	1.501	-50.2%

Singapore, 7 August 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 “**Managers**”), today reported the business and operational update of ARA US Hospitality Trust (“**ARA H-Trust**”) for the half year ended 30 June 2024 (“**1H 2024**”).

Financial and Portfolio Performance in 1H 2024

ARA H-Trust achieved gross revenue of US\$83.9 million in 1H 2024, down 2.4% year-on-year. As compared to the same period last year, GOP and NPI were lower at US\$29.6 million and US\$21.0 million, respectively, for 1H 2024, primarily contributed by the shortfall in gross revenue during the period. GOP margin remained relatively constant at 35.3% in 1H 2024 from 35.6% the year before due to cost management measures.

The declines were attributed to interruptions from asset enhancement initiatives (“**AEI**”) projects at four hotels, namely Hyatt Place Mystic, Hyatt Place Rancho Cordova, Hyatt Place Omaha and Hyatt Place Secaucus. In addition, the lower gross revenue was also due to the dispositions of Hyatt Place Oklahoma City Airport and Hyatt Place Pittsburgh Airport in September 2023 and March 2024, respectively.

Excluding the contributions from these six hotels, the same-store gross revenue, GOP and NPI actually increased 2.8%, 2.4% and 2.2%, respectively, year-on-year.

ARA H-Trust incurred higher financing costs as favorable interest rate hedges entered during 2019 matured in February 2024 and higher floating interest rates set-in. Moreover, recent hedges were made in an elevated interest rate environment. Consequently, ARA H-Trust recorded a lower distributable income of US\$4.3 million, with a DPS of 0.747 US cents payable to Stapled Securityholders on 27 September 2024.

The United States (“**U.S.**”) lodging market continued to normalize in 1H 2024, and the U.S. economy remained healthy and resilient. However, elevated interest rates and persistent inflation have started to weigh on price-sensitive consumers, leading to a decline in hotel demand for lower and middle-income households. Additionally, the strong U.S. dollar has stimulated outbound tourism, thereby moderating domestic leisure travel demand. Despite these challenges, the U.S. lodging industry remains positive and stable, with growth being fueled by the steady recovery of business transient and group travel demand. Meanwhile, inbound international travel has started to rise, although still below pre-pandemic levels.

Mr. Lee Jin Yong, CEO of the Managers said, “Our 1H 2024 operational performance was impacted by AEs at four of our higher performing hotels and sale of two hotels. Nevertheless, we are pleased to report that on the same-store basis, our portfolio has shown resilience delivering year-on-year improvement across majority of the indicators for 1H 2024, demonstrating the strength of our assets amidst the challenging operating environment. We will also continue to actively monitor market and employ appropriate hedging strategies to mitigate the impact of elevated interest rates.”

Portfolio Optimisation

On 9 May 2024, the Managers announced the proposed sale of Hyatt House Philadelphia Plymouth Meeting (“**HHPM**”) and Hyatt House Shelton (“**HHS**”) for US\$11.3 million and US\$19.7 million, respectively. The disposition of HHPM was completed on 16 July 2024 with net proceeds of US\$10.9 million after deduction of the transaction costs but before taxes. The net proceeds of these hotels will be used to pare down existing bank borrowings to improve the portfolio’s aggregate leverage ratio and increase debt headroom.

Outlook

In June 2024, STR and U.S. Tourism Economics revised their U.S. hotel forecasts¹. According to STR, the U.S. hotel market occupancy is forecasted to decline marginally by 0.2% to 62.8% in 2024. RevPAR and ADR are projected to grow, albeit at a slower pace of 2.1% and 2.0%, respectively, reaching approximately US\$158 and US\$100 compared to the same metrics for 2023. U.S. Tourism Economics expects that the modest growth will stem from the gradual uptick in travel, bolstered by moderate economic growth and the continued rebound of group, business, and international travel. According to the latest forecast by U.S. Tourism Economics², nearly 78 million visitors are expected to visit the U.S. by the end of 2024, and spending by international travellers is expected to grow 74% between 2023 and 2027.

Mr. Lee concluded, “The U.S. lodging sector continues to remain stable despite economic challenges. Although occupancy decreased with the waning of leisure demand, we are seeing improvements in group and business travel activity. We believe the outlook for the rest of the year will be in line with the current industry trend. Barring unforeseen circumstances, we remain cautiously optimistic that our operating metrics will improve, driven in particular by the recently renovated hotels. We remain committed to enhance the value of our portfolio and drive returns to our stapled securityholders.”

Lee Jin Yong
Chief Executive Officer
7 August 2024

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¹ STR and Tourism Economics, June 2024

² The Brand USA, news release, May 2024

ABOUT ARA US HOSPITALITY TRUST

Listed on the Singapore Exchange on 9 May 2019, ARA US Hospitality Trust (“**ARA H-Trust**”) is a hospitality stapled group comprising ARA US Hospitality Property Trust and ARA US Hospitality Management Trust. ARA H-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 H-Trust’s portfolio comprises 34 select-service hotels with a total of 4,442 rooms across 17 states in the United States.

ARA H-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 wholly-owned subsidiaries of Acrophyte Asset Management Pte Ltd (“**Acrophyte AM**”).

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

ABOUT THE SPONSOR

Acrophyte AM is a wholly-owned subsidiary of Acrophyte Pte. Ltd. (“**Acrophyte**”), the sponsor of ARA H-Trust.

Acrophyte (formerly known as Chip Eng Seng Corporation Ltd.) is a multinational conglomerate company with businesses in construction, civil infrastructure, precast technology, environmental, property development and investment, hospitality, as well as education.

Acrophyte established itself as a prominent real estate player in the 1990s and has since grown into a multinational conglomerate that includes capabilities (i) across the real estate value chain, comprising real estate construction, real estate development, property investment and asset management, and (ii) in the hospitality industry. As an established player in the hospitality industry, Acrophyte is an owner of hotels in Singapore, Maldives, and Australia, as well as a hotel and serviced residence operator in Singapore under its own hospitality brand “Momentus”.

For more information, please visit www.singhaiyi.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.