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.

ANNUAL GENERAL MEETING HELD ON 27 APRIL 2023
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

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**"), would like to thank Stapled Securityholders for submitting their questions in advance of the Annual General Meeting of ARA US Hospitality Trust ("ARA H-Trust") to be held at 10.00a.m. on 27 April 2023.

The Managers will address the substantial and relevant questions with regards to the resolutions tabled. The Managers also received a list of questions from Securities Investors Association (Singapore) ("**SIAS**"). Please refer to **Annex A** for the list of substantial and relevant questions and the Managers' responses to these questions.

For full details on ARA H-Trust's financial results for the financial year ended 31 December 2022, please refer to the Annual Report 2022 on ARA H-Trust's website at:
https://investor.araushotels.com/ar.html.

By ORDER OF THE BOARD
ARA TRUST MANAGEMENT (USH) PTE. LTD.
(As manager of ARA US Hospitality Property Trust)
(Company registration no. 201829676W)

ARA BUSINESS TRUST MANAGEMENT (USH) PTE. LTD.
(As trustee-manager of ARA US Hospitality Management Trust)
(Company registration no. 201829682G)

Lee Jin Yong
Chief Executive officer
26 April 2023

Annex A

Please refer to the Managers’ responses to the questions as set out in the tables below:

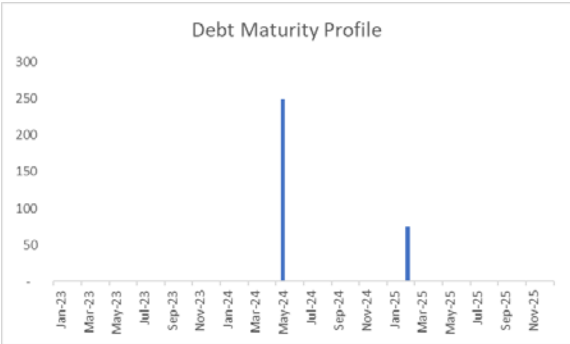
<u>Operations and Outlook</u>

Questions	Responses
1. <u>Recovery from COVID-19 pandemic</u>: Kindly provide some breakdown of the type of customers of ARA USHT (e.g. business travelers or leisure travelers). What is the proportion of ARA USHT’s assets that cater primarily to business travelers? Has there been a recovery in terms of occupancy and ADR as compared to pre-Covid? Is the recovery mainly from business travel?	The hospitality industry has seen a robust recovery led by leisure demand. Our portfolio occupancy has recovered to 10pp below 2019 levels as business and group demand has been slower to recover. ADR has surpassed 2019 levels by $10. Our hotels cater to the business, leisure and group demand segments, with the breakdown typically at 50%/35%/15%, respectively. Currently, the portfolio is weighted more towards leisure travel as that segment was the first to recover post COVID-19 pandemic, with group and business demand slower to recover. However, distinguishing business travel from leisure travel has also become more difficult due to the growing trend of hybrid work which enables people to combine business and leisure travel, a.k.a bleisure.
2. We understand that hotel brands typically mandate some form of property improvement plans which have to be undertaken after a certain number of years. Given that most of ARA USHT’s assets were last renovated in 2016, would the mandated upgrades for most of these assets be up this year or in the near term? Kindly provide any estimated timeframe for such property improvement plans /renovations and the estimated amount of capital expenditure required How does ARA USHT expect to fund these capex?	Property improvement plans (“**PIP**”) are mandated by hotel brands upon a change in ownership. The brands also have ongoing requirements to update systems and amenities according to brand standards. Further, the brands expect a refresh of softgoods every 7 years and casegoods every 15 years. We have continued to reinvest in our hotels on an ongoing basis, to keep the product fresh and relevant. Such capex investments include upgrades to infrastructure and security, such as high-speed internet and upgraded door locks. In addition, capital expenditures are also incurred in the course of implementing energy savings initiatives to meet our sustainability objectives. As previously reported, during COVID-19 pandemic, we slowed down our capital expenditures to only essential items to preserve cash. Our asset managers regularly visit our hotels and work closely with our property managers and brand partners to evaluate and prioritize capital expenditures. Such prioritizations are based on safety, functionality, guest preferences and demand, and competitive environment. The scope of capital expenditures is also prioritized based on the overall return on investment profile of the certain hotels. Both our property manager and brand partners have been flexible and understanding of our plans to address capital expenditures in phases over the next couple of years due to disruptions from COVID-19 pandemic and our discipline in funding these expenditures via FF&E reserves and our undrawn facilities.

Operations and Outlook (cont'd)

Questions	Responses
3. From pg 22 of AR, why did the occupancy rate of "Residence Inn by Marriott" decrease from 85.8% in FY2021 to 77.2% in FY2022? Please explain and elaborate. Why did the RevPar of "Residence Inn by Marriott" decrease from $103 in FY2021 to $101 in FY2022? Please explain and elaborate. What are the reasons for the underperformance of the brand "Residence Inn by Marriott"? Please explain and elaborate.	In 2021 during COVID-19 pandemic, the Residence Inn was able to secure a military group contract for an extended period which supported a high occupancy level. With the lifting of COVID-19 restrictions in early 2022, the military contract did not renew, resulting in the Residence Inn's occupancy level returning to a more normalised level. RevPAR is a product of occupancy and ADR. With the lower occupancy, RevPAR declined slightly by $2 in FY 2022 as the ADR increase mitigated the occupancy decline.

Financials and Capital Management

Questions	Responses
1. Can the group provide stapled securityholders with the debt maturity profile? *[SIAS Q3(i)]*	The debt maturity profile as of 31 Dec 2022 as follows: 
2. Is the all-in cost of debt at 3.8% in line with other comparable listed trusts? *[SIAS Q3(ii)]*	The all-in cost of debt is a function of interest margins, the percentage of fixed rate debt and market interest rates on the floating rate tranche. The all-in cost of debt for FY2022 has remained low due to the high fixed rate debt proportion for the Stapled Trust.
3. What is the strategy to optimise its all-in cost of debt when the group has to refinance its expiring loans in 2024? *[SIAS Q3(iii)]* In addition, what is the weighted average tenure of the interest rate swaps and how do the managers determine the terms of the swaps? *[SIAS Q3(iv)]* Though about 82% of the debt is at fixed cost, it appears that all of the same is coming up for renewal in the next 12-15 months. It will help to understand how management is planning to handle this quantum step-up in average borrowing costs. Also, what is the impact of this likely to be on DPU on proforma basis, if the fixed cost debt were to be replaced by new borrowing at current market rates.	The existing bank loans of the Stapled group mature in 2024 and 2025. The Managers are in discussions with our Singapore-based relationship banks to refinance the loans maturing in 2024. The interest rate swaps mature in February 2024 and were entered into pre-IPO to match the expected refinancing prior to maturity of the loans. Most economists expect the U.S. Federal Fund rate to peak in mid-2023, and progressively soften in the latter half of the year. As such, we will closely monitor for the optimal time to lock in interest rates. On a proforma basis, based on 31 December 2022 total debt of US$325.9 million, every 50 basis points increase in cost of debt translates to approximately 0.3 US cents impact to the distribution per stapled security (DPS).
4. Could potential fluctuations in the ICR around the MAS threshold of 2.5 times pose a risk to the stapled group's compliance with the REIT regulations on aggregate leverage and ICR? If so, how do the managers plan to address this concern? *[SIAS Q2(iv)]*	The risk of ICR falling below the MAS threshold of 2.5 times will mean that the aggregate leverage ratio of a property fund may not exceed 45%. As at 31 Dec 2022, the ICR of ARA US Hospitality Trust was 2.6 times and the aggregate leverage ratio was 39.4%.

Acquisitions and Portfolio Optimisation

Questions	Responses
1. Do the managers anticipate that the stapled group will undergo significant portfolio optimisation and rebalancing, with the goal of redeploying capital into new assets? *[SIAS Q1(iv)]* ARA USHT had disposed certain properties in 2022, which it had deemed as non-core assets. Could you kindly provide more details as to what are the characteristics of non-core markets or assets (e.g. business-oriented hotels, Midwest markets)? Does ARA USHT expect further dispositions in the near term and would these properties be expected to be disposed of at a loss? Has there been any change in strategy in light of ARA USHT's recent portfolio optimization initiatives?	The U.S. is geographically large and economically diverse. Likewise, the U.S. lodging market is both deep and liquid. The Managers are constantly reviewing each hotel in our portfolio as part of our portfolio optimization strategy. We adopt a bottom-up approach to identify non-core assets that rank lowest in profitability, cashflow and yield metrics; are located in sub-markets with long-term deteriorating demand and have a dearth of skilled labour availability; and require a disproportionate amount of capital expenditures relative to value. These non-core assets are evaluated for potential disposition as part of the overall portfolio optimisation strategy. The capital from disposition of such non-core asset is then re-deployed to acquire new accretive assets that ultimately enhance long-term yield for investors and/or partly be used for working capital. Our strategy remains unchanged. We are regularly researching markets and reviewing acquisition opportunities that would enhance the portfolio and improve returns to our stakeholders.
2. Have high inflation, recession risks, or any other key risks affected the stapled group's pace of acquisitions or growth? [SIAS Q1(v)]	High inflation and the corresponding higher interest rates have had a chilling effect on the hotel transaction market in the U.S. Most hotel investors in the U.S. utilize debt in making acquisitions. The higher cost of debt, as well as the recent pullback in lending following the SVB and Signature bank failures, has translated to less transactions in Q1 2023 vs. Q1 2022 ($3.5B vs. $7B). Headline risks associated with the U.S. economy and U.S. office strategies have impacted our stapled security price, limiting our capital markets activities.

Acquisitions and Portfolio Optimisation (cont'd)

Questions	Responses
3. What is the aggregate leverage after the acquisition of Home2 Suites by Hilton Colorado Springs South? [SIAS Q2(i)] What is the current level of debt headroom available to the stapled group? [SIAS Q2(ii)]	The acquisition of Home2 Suites by Hilton Colorado Springs South hotel ("Acquisition") was fully funded by the net cash proceeds from the disposition of the four non-core Hyatt Place hotels. There is no change to the aggregate leverage ratio of the Stapled Group arising from the acquisition of the Acquisition. As of 31 December 2022, the current debt headroom available to the Stapled group is approximately US$175 million, based on 50% ALR and ICR more than 2.5x.
4. With regard to the Colorado Springs acquisition, how does ARA USHT value-add to the property and how does this fit into ARA USHT's strategy?	The Home2 Suites by Hilton Colorado Springs South hotel is a new-build select-service hotel located in a dynamic market that is well supported by prominent aerospace companies, recreational attractions, military establishments, and higher education institutions. The asset was purchased at a 9.0% cap rate and will be immediately accretive to our portfolio. The Home2 Suites is a select-service concept that is consistent with the rest of our portfolio. The Home2 Suites is affiliated with the Hilton brand, one of the top hotel brands internationally, and is additive to our portfolio that is represented by Hyatt and Marriott brands. With respect to value-add, our hands-on active asset management approach will further optimize revenues and cash flows through dynamic revenue management, controlling costs through regular review and sharing of best practices across our portfolio, and applying our institutional approach to property tax appeals, portfolio insurance economies of scale, and prudent capital expenditure investment.
5. What is the managers' current outlook on the US hospitality market, and do they believe this is a favourable time to pursue acquisitions? [SIAS Q2(iii)]	The current outlook for the US hospitality market is positive. While macroeconomic headwinds cloud perception, the greater travel industry and the U.S. lodging industry specifically, have continue to steadily recover. Analysts who cover the U.S. lodging industry forecast occupancy, ADR, and RevPAR to continue to increase over the next 3 years. While transaction volumes in the U.S. market have declined due to the disruptions in the financial markets and the higher cost of debt, the Managers believe that the current interest rate environment may force marginal owners to divest good assets, thereby presenting attractive acquisition opportunities for the Trust. Furthermore, as an all-cash or low leverage buyer, the Trust has a competitive advantage in the current market. As our perspective is over the long-term, the Managers are seeking to acquire assets with long-term favorable prospects based on their facilities, brand, market dynamics, and cash flow potential.

Acquisitions and Portfolio Optimisation (cont'd)

Questions	Responses
6. Any plans that management has to increase scale of the REIT? If yes, how, given that capital raise at current depressed prices is not an option?	The Managers original strategy was to increase scale of the Trust. Unfortunately, the global COVID-19 pandemic paused those plans but we adhere to our original belief that select-service hotels is the best and most resilient asset class in hotels and that the U.S. lodging market, given its size and liquidity, is the market in which to achieve scale and diversification. In the near term, we remain focused on improving the operating and financial performance whilst continuing our portfolio optimisation strategy to dispose non-core assets and recycle capital into newer, yield accretive hotels. With improved financial metrics, we believe that the stapled security price will eventually follow, which should then help us target more sizeable portfolios.

Others

<table>
<tr><th>Questions</th><th>Responses</th></tr>
<tr><td>1. Can the managers elaborate further on the attractiveness of the upscale select-service segment, and what is the competitive advantage of the stapled group in investing in this segment?
[SIAS Q1(i)]</td><td>Upscale select-service hotels are a balance between full-service and limited-service hotels. Without an extensive array of facilities, services and amenities like full-service hotels, upscale select-service hotels maintain a lower cost structure which contribute to higher operating efficiency and profitability.

With an upscale product that is closer to full-service hotels and services and amenities valued by travelers such as breakfast, retail sundries, fitness centers, and swimming pools, upscale select-service hotels are able to charge higher rates and attract more sophisticated travelers than limited-service hotels.

Indeed, select-service hotel concepts are the fastest growing categories among the major hotel companies as these brands strike the right balance for customer preferences and provide developers and investors superior returns.</td></tr>
<tr><td>2. How has the US hospitality market evolved since the COVID-19 pandemic, and how have the managers adapted the group's strategies since its listing in 2019 to navigate these changes?
[SIAS Q1(ii)]</td><td>The COVID-19 pandemic was the most disruptive event in the modern history of the U.S. lodging industry - far greater than any war or recession. Due to over a 2-year period of lockdowns and restrictions, the customer has reprioritized travel in a way that has benefited the hotel industry.
Travel is no longer viewed as discretionary but as an entitlement. As such the customer is traveling more frequently and is less price sensitive;
With the adoption of technology and work from home (WFH) policies, customers are combing business and leisure travel;
More remote/WFH is driving companies to schedule more small training sessions at hotels.
The Managers are capitalizing on these trends by:
Actively pursuing our revenue management strategies to optimize pricing and day of week captures, particularly on shoulder days of Thursday and Sunday;
Ensuring our hotels are outfitted with high speed internet to facilitate the work and leisure activities of our guests;
By offering day-use rooms for customers who need office space during their work from home days and
By targeting local companies for group training meetings at our hotels.</td></tr>
</table>

Others (cont'd)

Questions	Responses
3. Are there any differences in operational and financial performance observed by the stapled group across the brands (Hyatt, Marriott, and Hilton), and also across the hotel operators? [SIAS Q1(iii)]	Our portfolio consists of 37 hotels across 19 states. The differences in performance are not driven by brands as they are driven by local market dynamics such as depth and diversity of demand, new supply trends, labor market conditions, and traveler preferences. In each of our locations, we strive to optimize the value proposition of each asset, maximize revenue capture and control costs.
4. In the event of a recession, how resilient is the portfolio of upscale hotels owned by the stapled group across 19 states? [SIAS Q1(vi)]	We are confident that ARA H-Trust portfolio of upscale select-service hotels is resilient in the event of a recession as demonstrated in 2020 and 2021, where the impact of COVID-19 on U.S. hospitality industry was unprecedented and far worse than the 2008 Global Financial Crisis. Unlike other platforms and owners, we did not lose or permanently close any of our hotels despite the magnitude of the COVID-19 dislocation.
5. Given the current outlook of the hospitality industry, which geographical regions are the Trust most optimistic and pessimistic about?	In general, we follow demographic and economic trends. In the U.S. the gainers have been Sunbelt markets and markets with strong concentration of employers, higher education centers, and accommodative tax structures. Travel patterns tend to follow these economic and demographic trends.
6. The average trading volume of units of the REIT is very low. How does management plan to increase liquidity in units of ARA USHT for better discovery of price, and lower impact costs?	We remain focused on improving the operating and financial performance whilst continuing our portfolio optimization strategy. We actively engage analysts and the investment community to share our strategy and plans.
7. Given that management had divested some assets for USD 38mn, could it have made greater sense to use these funds opportunistically to buyback own units at highly discounted prices rather than buy an asset at market price?	The Trust does not have a mandate to buy back stapled securities currently. The Managers are also mindful that the buy back would impact liquidity. The Home2 Suites was a compelling proposition, acquired at a 9% FY22 NPI yield, at a discount to valuation and immediately accretive to DPS.

Others (cont'd)

Questions	Responses
8. It would help to understand views of the management on taking 100% of the management fee in cash rather than 50% in units, given the highly dilutive character of the same at current depressed market price of the units. At least one-SREIT has reverted to 100% of management fee in cash since 2Q of FY22. As per regulatory requirements, no shareholder including sponsor can hold more than 9.8% ownership in a REIT. In the Annual Report, the total stake of ARA in the REIT is mentioned as 22%+. Kindly help us reconcile this please.	Payment of management fee in units aligns the interests of Managers and security holders. The fee structure has remained unchanged since the IPO as the managers have considered that an improved distribution yield would be most beneficial to improve the stapled security price. The Managers are evaluating the composition of the management fee structure, taking into consideration the potential impact on DPS and NAV. The 9.8% ownership limitation was put in place at IPO to ensure that ARA U.S. REIT maintains its status as a U.S. REIT and the ARA TRS Management Limited (the "Loan Subsidiary") qualifies for Portfolio Interest Exemption. Subsequently, the REIT Trustee and Trustee-manager granted a waiver to ARA to hold up to 23% in ARA USHT, after being satisfied based on professional opinion provided to them that ARA U.S. REIT will continue to maintain its qualification as a U.S. REIT and Loan Subsidiary will continue to qualify for Portfolio Interest Exemption.

For enquiries, please contact:
Investor Relations
Email: usht_ir@esr.com

About ARA US Hospitality Trust

Listed on the Singapore Exchange on 9 May 2019, ARA US Hospitality Trust is a hospitality stapled group comprising ARA US Hospitality Property Trust ("**ARA H-REIT**") and ARA US Hospitality Management Trust ("**ARA H-BT**"). ARA US Hospitality Trust invests in income-producing real estate assets used primarily for hospitality purposes located in the United States. ARA US Hospitality Trust's portfolio currently comprises 37 select-service hotels with a total of 4,826 rooms across 19 states in the United States.

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

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

About the Sponsor

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

ARA is part of the ESR Group (the "**ESR**"), APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. With over US$156 billion in total assets under management ("**AUM**"), our fully integrated development and investment management platform extends across key APAC markets, including China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, representing over 95% of GDP in APAC, and also includes an expanding presence in Europe and the U.S.. We provide a diverse range of real asset investment solutions and New Economy real estate development opportunities across our private funds business, which allow capital partners and customers to capitalise on the most significant secular trends in APAC. ESR is the largest sponsor and manager of REITs in APAC with a total AUM of US$46 billion. Our purpose – Space and Investment Solutions for a Sustainable Future – drives us to manage sustainably and impactfully and we consider the environment and the communities in which we operate as key stakeholders of our business. Listed on the Main Board of The Stock Exchange of Hong Kong, ESR is a constituent of the FTSE Global Equity Index Series (Large Cap), Hang Seng Composite Index and MSCI Hong Kong Index.

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.