



**ACROPHYTE**  
HOSPITALITY TRUST

# Acrophyte Hospitality Trust

## 3Q 2024

### BUSINESS & OPERATIONAL UPDATE

7 November 2024





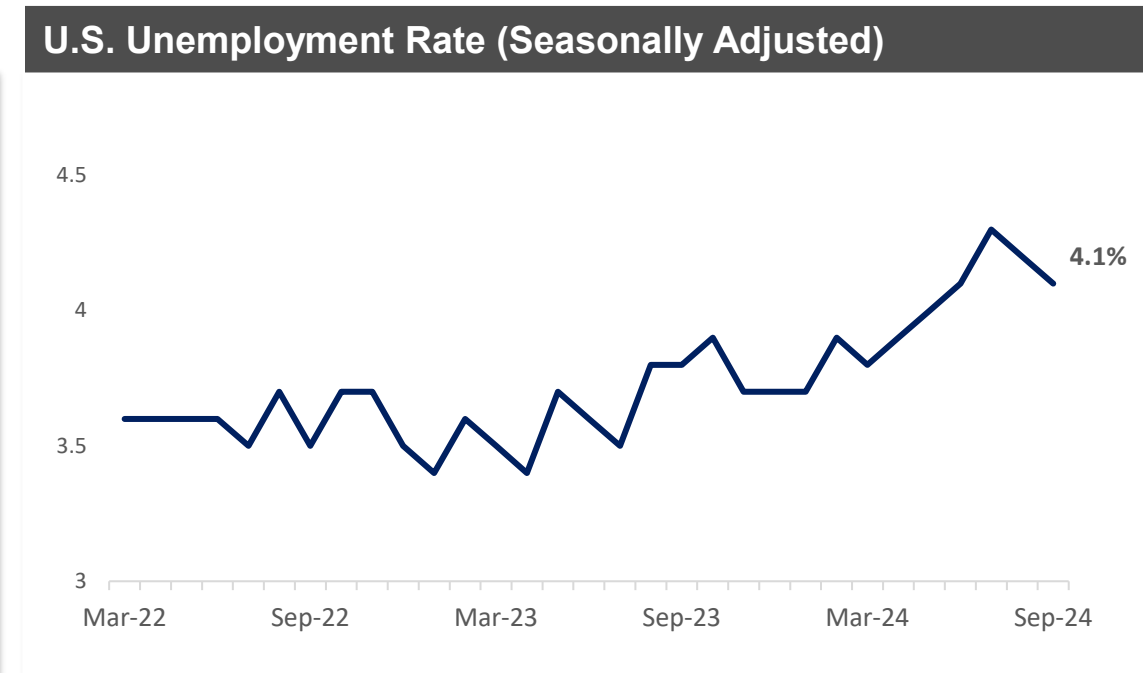
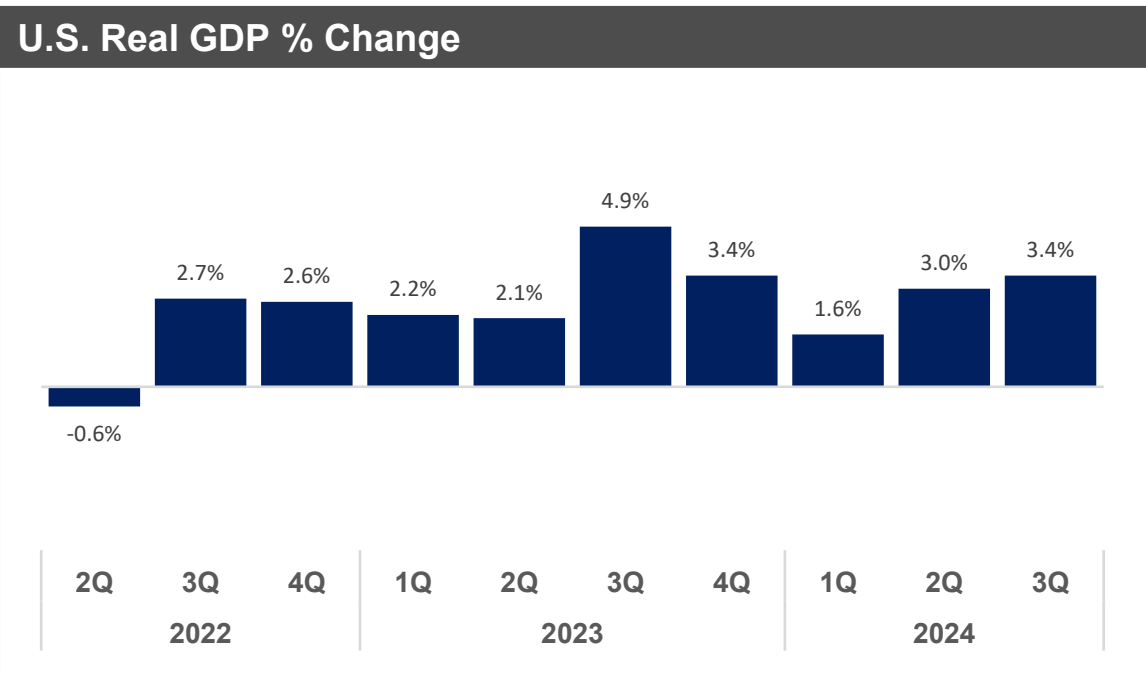


# U.S. MARKET UPDATE



# U.S. ECONOMY REMAINS SOLID AND RESILIENT

Steady economic growth with robust consumer spending



- 3Q 2024 GDP growth of 2.8%, driven by consumer spending.
- Unemployment rate at 4.1% in September 2024, compared to 3.8% a year ago.
- Inflation eased to 2.4% for the 12 months ending September 2024, marking the lowest point since February 2021, allowing Fed to lower interest rates.

# U.S. LODGING MARKET OUTLOOK REMAINS POSITIVE AND STABLE

## Stabilized RevPAR forecast for 2024-2026

	2019	2020	2021	2022	2023	2024F	2025F	2026F		3Q23	3Q24
Occupancy	65.9%	44.0%	57.6%	62.7%	63.0%	63.0%	63.4%	64.1%		67.1%	66.8%
ADR	\$131	\$103	\$125	\$149	\$155	\$158	\$164	\$169		\$159	\$161
ADR Y-o-Y Change		-21%	+21%	+19%	+4%	+2%	+2%	+3%			+1%
RevPAR	\$87	\$45	\$72	\$93	\$98	\$100	\$103	\$109		\$106	\$107
RevPAR Y-o-Y Change		-48%	+60%	+29%	+5%	+2%	+3%	+3%			+1%

- The U.S. lodging market has normalized, and outlook remains positive, although year-on-year growth is expected to taper.
- Strong U.S. dollar has stimulated outbound tourism and a shift to cruise vacations for consumers, slowing domestic leisure demand.
- U.S. hotel occupancy forecasted to grow, with gradual business investment growth, moderating inflation, and continued recovery of business transient, group, and inbound international demand.

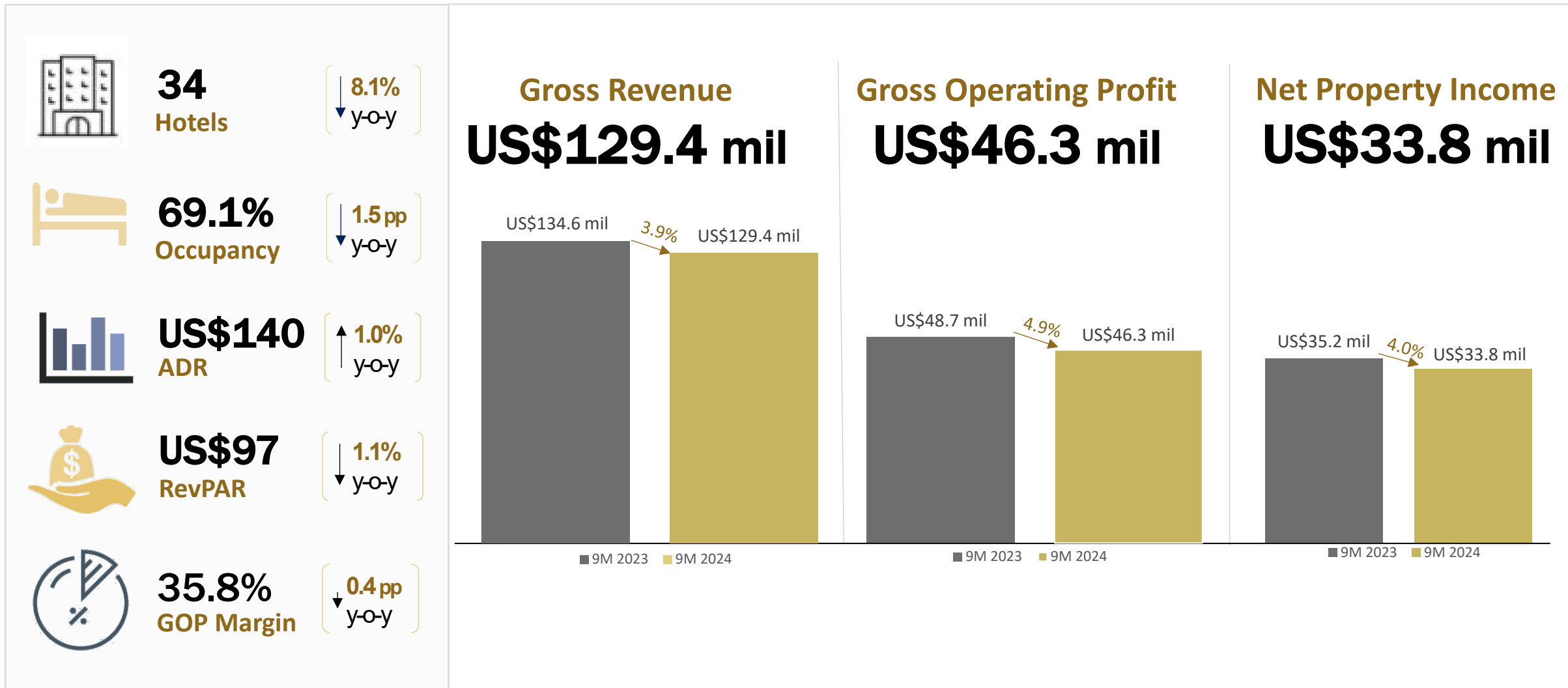


# PORTFOLIO PERFORMANCE



# 3Q 2024 KEY PERFORMANCE INDICATORS

Disposition of hotels and dislocation from AEI projects cloud Y-O-Y comparisons





# PORTFOLIO CHANGES

AEI projects in 6 assets during 2024, acquisition of Home2 Suites and disposition of 3 assets

## Asset Enhancement Initiatives

2H 2024



**Hyatt Place Tampa Busch Gardens**



**Hyatt Place Lakeland Center**

1H 2024



**Hyatt Place Mystic**



**Hyatt Place Secaucus**



**Hyatt Place Omaha**



**Hyatt Place Rancho Cordova**

## Disposed Hotels



**Hyatt Place Oklahoma City Airport**

*Disposed on 26 September 2023 (U.S. time)  
for US\$8.0 million*



**Hyatt Place Pittsburgh Airport**

*Disposed on 25 March 2024 (U.S. time)  
for US\$7.7 million*

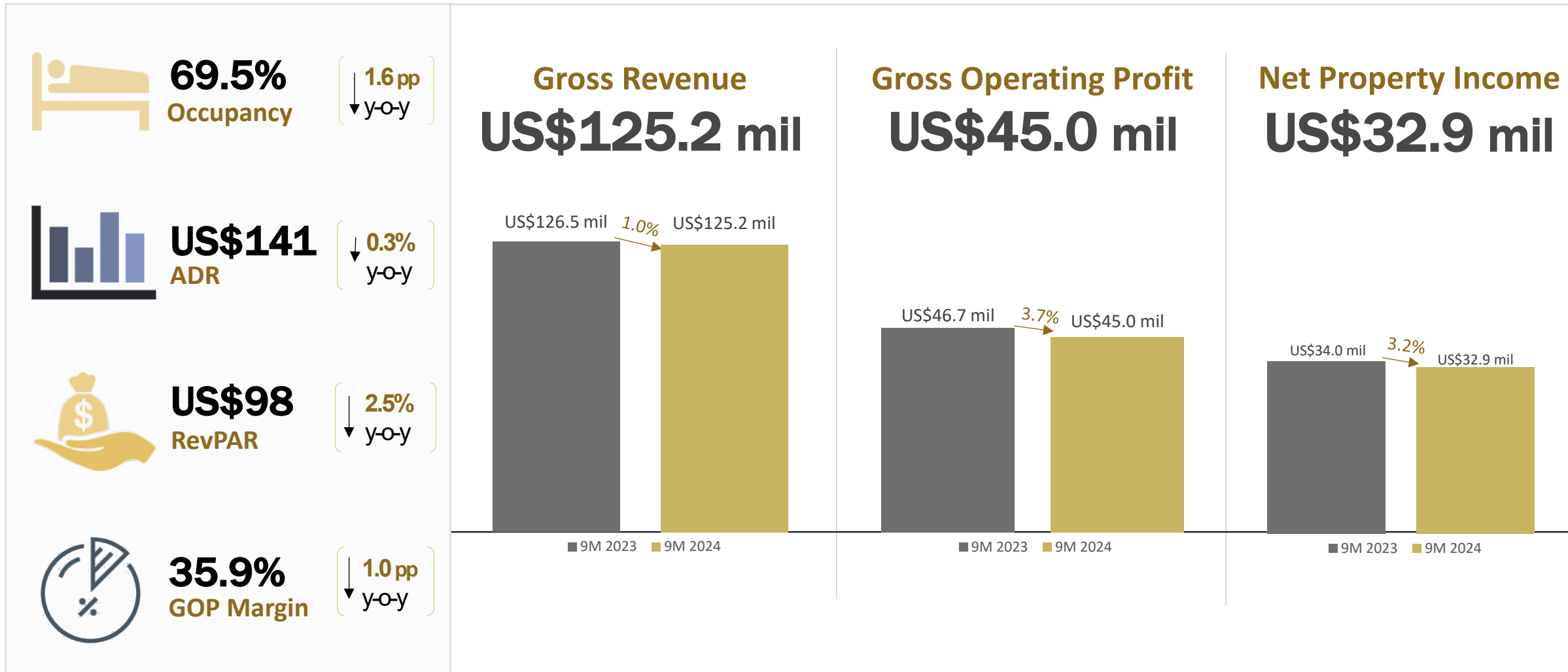


**Hyatt House Philadelphia Plymouth Meeting**

*Disposed on 16 July 2024 (U.S. time)  
for US\$11.3 million*

# 3Q 2024 KEY PERFORMANCE INDICATORS (ADJUSTED – SAME STORE BASIS)

AEI projects at six higher-performing hotels impacted operational performance





# CAPITAL MANAGEMENT

## Stable net gearing position and a healthy cash balance

	As at 31 Dec 2023	As at 30 Sep 2024
NAV per Stapled Security	<b>US\$0.74</b>	<b>US\$0.69</b>
Cash Balance	<b>US\$20.1 mil</b>	<b>US\$27.2 mil</b>
Total Debt Outstanding	<b>US\$325.0 mil</b>	<b>US\$332.5 mil</b>
Aggregate Leverage Ratio	<b>41.5%</b>	<b>43.2%</b>
Net Gearing	<b>40.0%</b>	<b>41.1%</b>
Interest Coverage Ratio*	<b>2.7x</b>	<b>1.9x</b>
Weighted Average Debt Maturity	<b>2.5 years</b>	<b>1.8 years</b>
Average Cost of Debt (p.a.)	<b>4.8%</b>	<b>6.6%</b>
% of Debt Hedged to Fixed Rates	<b>74.5%</b>	<b>46.3%</b>

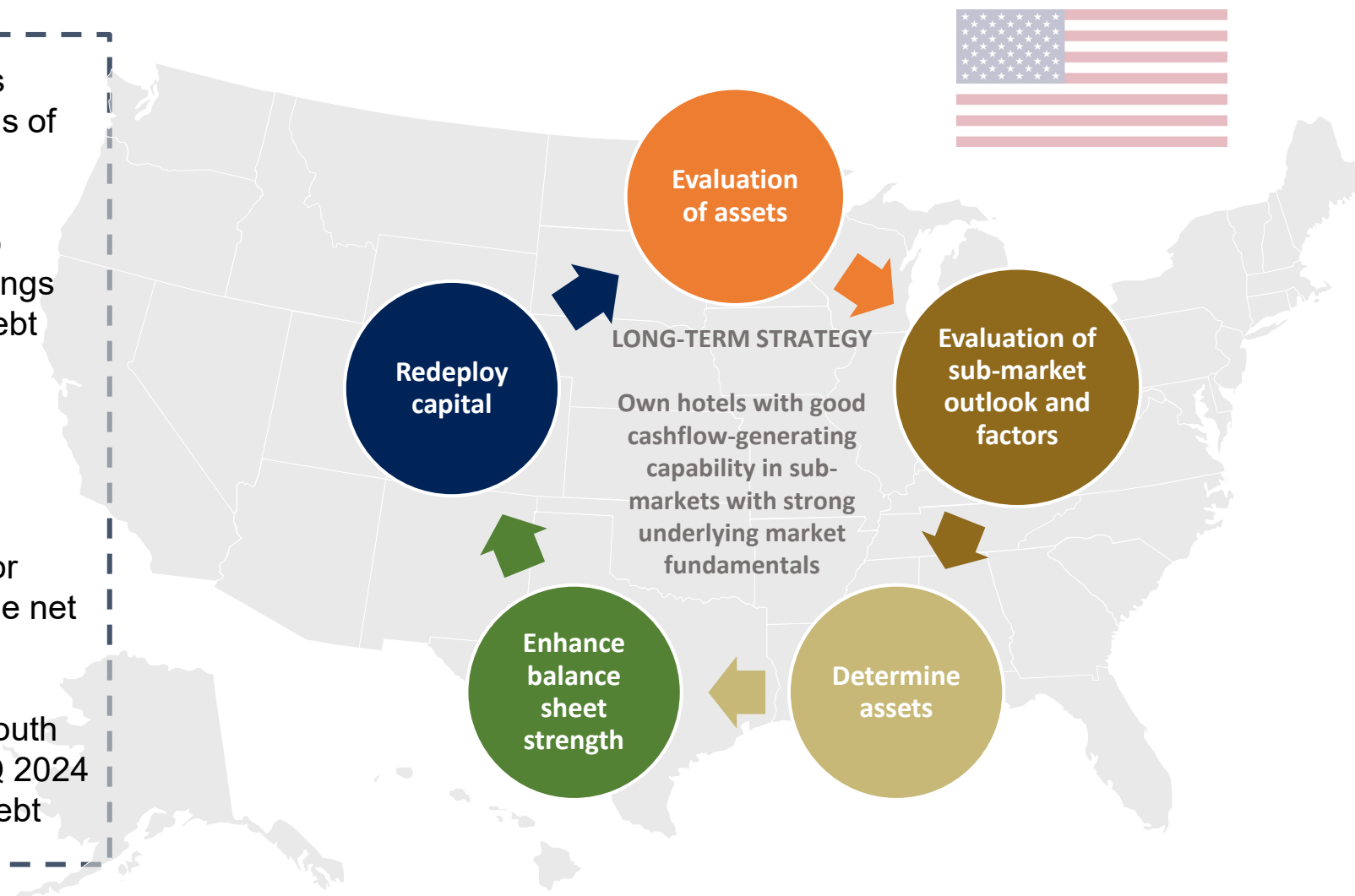
- Proceeds of US\$11.3 mil received on 16 July 2024 from the sale of Hyatt House Philadelphia Plymouth Meeting were used to repay debt on 8 August 2024.
- Proceeds from the sale of Hyatt House Shelton, which closed on 7 October 2024, will be used to further repay debt.

\* Computation excluded interest expense on lease liabilities. It is regarded as a component of finance cost under SFRS(I)16 which is an accounting classification and does not have a bearing on debt servicing ability.

# PORTFOLIO OPTIMIZATION AND REBALANCING

Ongoing commitment and focus to build a stronger and more resilient portfolio

- Sale of five non-core Hyatt Place hotels completed in 3Q 2022 with net proceeds of US\$38M
- US\$30M of net proceeds redeployed to acquire Home2 Suites at Colorado Springs 2Q 2023; US\$8M used to pare down debt
- Sale of Hyatt Place Oklahoma City for US\$8M completed in 3Q 2023 with net proceeds used to pare down debt
- Sale of Hyatt Place Pittsburgh Airport for US\$7.7M completed in 1Q 2024 with the net proceeds used to pare down debt
- Sale of Hyatt House Philadelphia Plymouth Meeting for US\$11.3M completed in 3Q 2024 with net proceeds used to pare down debt



# OTHER HIGHLIGHTS



AC Hotel Marriott Raleigh North Hills



# ASSET ENHANCEMENT INITIATIVES – ONGOING PROJECTS

Uplifting value and profitability of our higher performing hotels

Hyatt Place Lakeland Center



Hyatt Place Tampa Busch Gardens



- Our asset enhancement initiatives (“AEI”) for two remaining higher-performing hotels namely, Hyatt Place Lakeland Center and Hyatt Place Tampa Busch Gardens commenced in early July and are expected to be completed by November 2024.
- Renovation work at the two hotels interrupted revenues and contributed to the decline in gross revenue for the portfolio.

## KEY TAKEAWAYS

- 1 U.S. economy remains resilient and stable
- 2 U.S. hotel market growth has normalized and is stable; business and group travel continues to show improvement
- 3 Dislocation from AEI projects at six hotels during 9M 2024 interrupted operational performance; disposition of three hotels clouded Y-o-Y comparisons
- 4 Proactive capital management to manage interest rate risks to maintain stable gearing ratio and a healthy cash balance
- 5 Our ongoing asset enhancement initiatives keep our hotels relevant and competitive, thus enhancing long-term profitability and values
- 6 Our hands-on asset management and portfolio optimization strategy aims towards building a resilient U.S. hotel portfolio over the long term



# THANK YOU

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