

ACROPHYTE

HOSPITALITY

Annual Report

TRUST

2024

NEW

HEIGHTS

ACROPHYTE

a plant that grows at high altitude

ACROPHYTE

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Overview

VISION, MISSION, AND CORPORATE PROFILE

OUR MISSION

To provide sustainable and stable returns to our Stapled Securityholders through attractive distributions and long-term capital appreciation.

CORPORATE PROFILE

Listed on the Singapore Exchange on 9 May 2019, Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust) ("**ACRO-HT**") is a hospitality stapled group comprising Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) ("**ACRO-REIT**") and Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) ("**ACRO-BT**"). ACRO-HT invests in income-producing real estate assets used primarily for hospitality and/or hospitality-related purposes located in the United States ("**U.S.**"). Its portfolio currently comprises 33 upscale select-service hotels with a total of 4,315 rooms across 17 states in the U.S (the "**Portfolio**").

ACRO-HT has a market capitalization of US\$116 million as at 31 December 2024.

For more information, please visit www.acrophytetrust.com

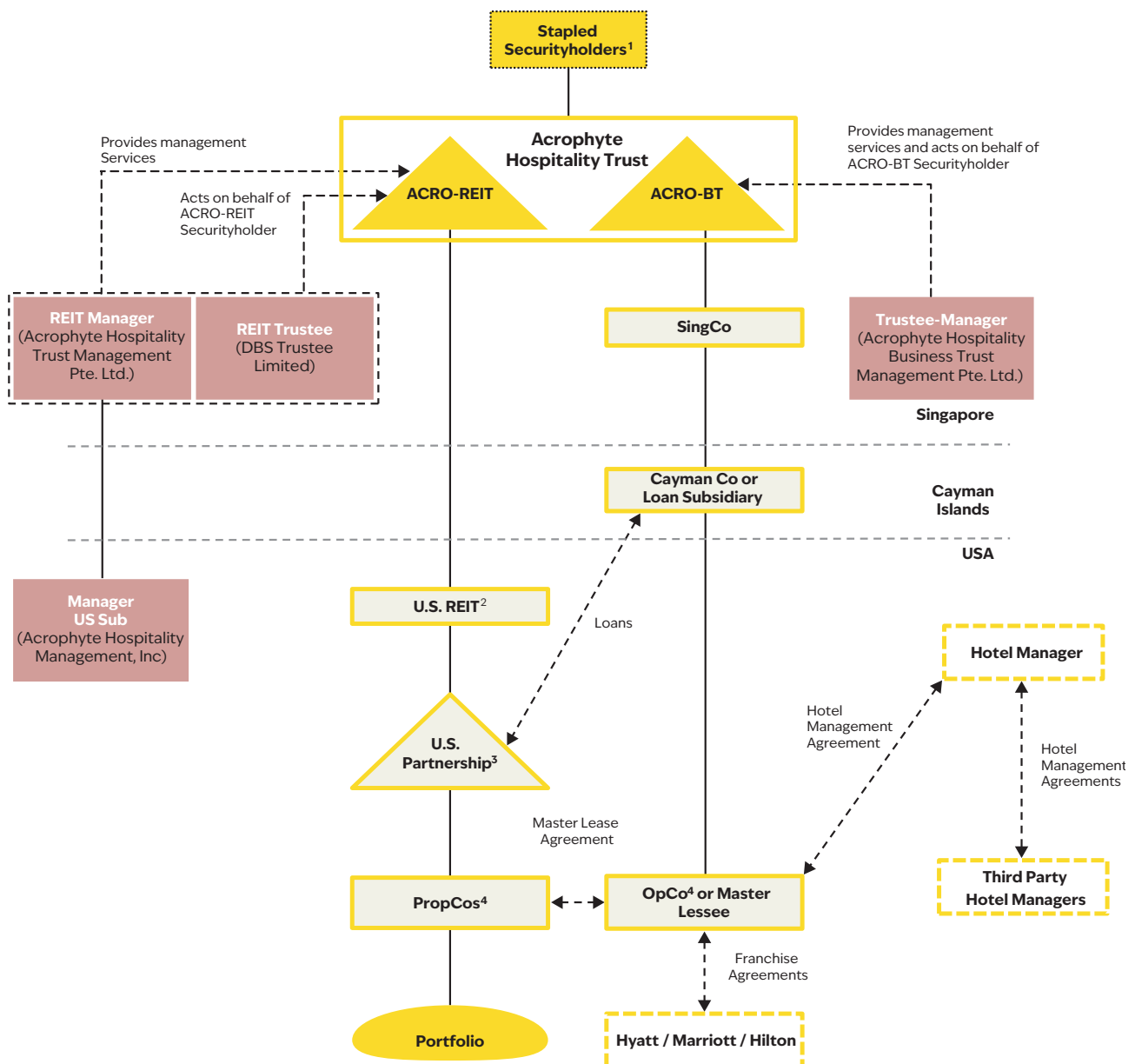
THE MANAGERS

ACRO-HT is managed by Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.) ("**REIT-Manager**") and Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.) ("**Trustee-Manager**"), collectively known as the ("**Managers**"). The Managers are wholly-owned subsidiaries of Acrophyte Asset Management Pte. Ltd. ("**Acrophyte AM**").

Acrophyte AM is a wholly-owned subsidiary of Acrophyte Pte. Ltd. ("**Acrophyte**"), the sponsor of ACRO-HT.

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

TRUST STRUCTURE



1. Please refer to the section "Important Notice Regarding the Ownership of Stapled Securities" in the Prospectus
2. ARA USH REIT, Inc qualified as a real estate investment trust for U.S. federal income tax purpose ("**U.S. REIT**") for the year 2024. A U.S. REIT is not subjected to U.S. federal income tax on its net income distributed as dividends.
3. U.S. Partnership is an investment holding entity which holds 100% of interest in the portfolio via the PropCos.
4. "**PropCos**" refers to U.S. entities established to hold the properties in the portfolio, while "**Opco**" refers to U.S. entities established to own the operational assets of the properties in the portfolio.

ACROPHYTE HOSPITALITY TRUST

ACRO-HT is a stapled group comprising ACRO-REIT and ACRO-BT. ACRO-REIT is set up to hold the underlying hotels. ACRO-BT is an active business trust set up to own the operational assets of the hotels. ACRO-BT extends loans to the hotel holding companies to facilitate the repatriation of cashflows to Singapore.

ACRO-HT has engaged ARA US Hospitality Management, Inc. ("**Hotel Manager**") to oversee the operations and management of the portfolio in the capacity of an asset manager. The Hotel Manager uses third-party hotel operators for direct, day-to-day operations of the hotels. As the asset manager, the Hotel Manager manages the hotel operators (i.e., Aimbridge Hospitality, Avion Hospitality, Concord Hospitality and Chartwell Hospitality) on behalf of ACRO-HT. Hyatt Hotels Corporation ("**Hyatt**"), Marriott International ("**Marriott**") and Hilton Worldwide ("**Hilton**") are franchisers that extend the various brands to the Portfolio.



AC Hotel Raleigh North Hills

HOTEL SEGMENT

The U.S. hospitality market is the largest in the world with over 5.7 million rooms as at the end of FY2024, with over 70% of the industry supply-branded and characterised into full-service, select-service and limited-service segments. The hotel brands can also be classified under the chain scale by price levels.

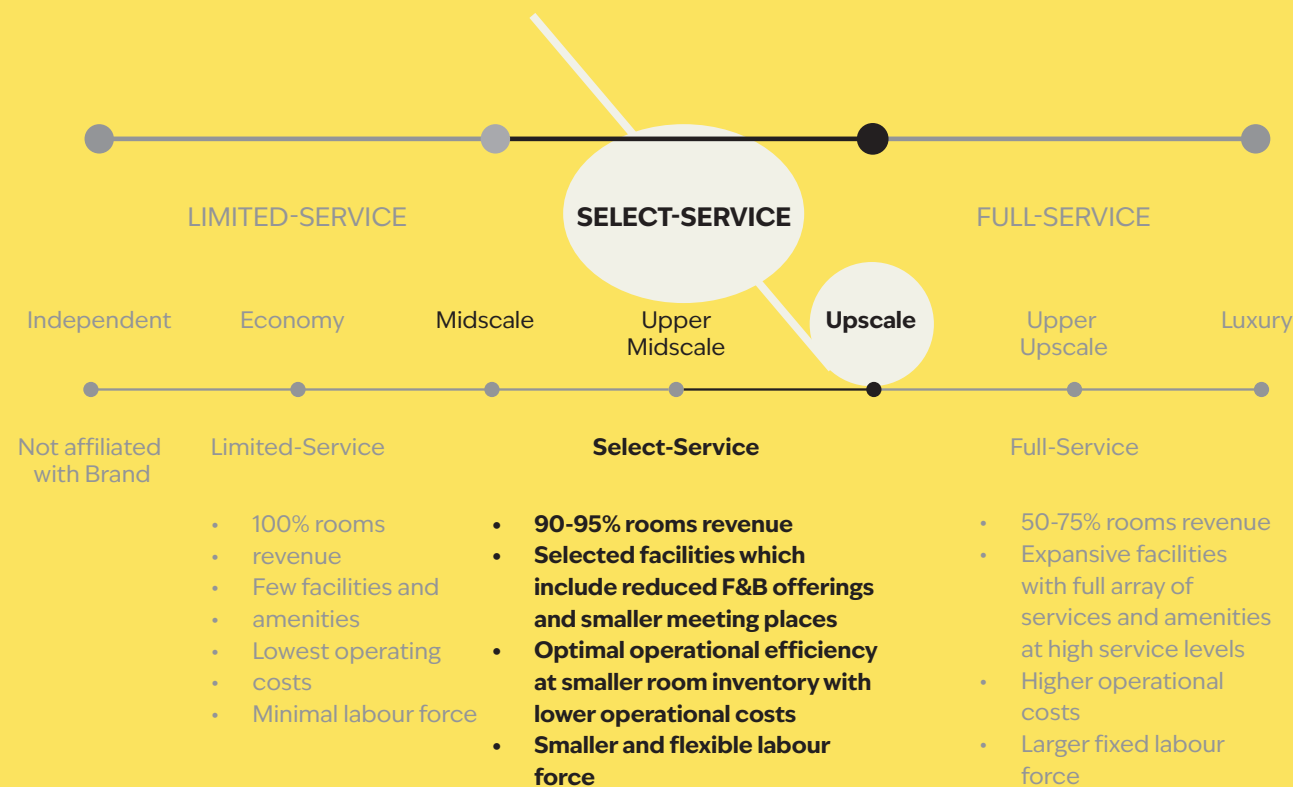
ACRO-HT is focused on owning and operating premium-branded hotels in the upscale, select-service sector with efficient operating models in the U.S. The hotels are operating under the franchise of three of the world's largest hotel chains, Hyatt, Marriott and Hilton.



Hyatt House Boston Burlington

Hotel Segment Attributes

Our hotels operate in the upscale select-service segment



Additional Information on the Master Lease Agreements¹

In FY2024, all the hotels owned by ACRO-REIT were leased to any of the three master lessees, namely ARA USH Chicago Tenant, LLC, ARA USH Blue Runner Tenant, LLC, or ARA CS Tenant, LLC, all of which are wholly-owned subsidiaries of ACRO-BT.

Tenant	Industry	Percentage of Revenue in FY2024	Lease Expiry ²
ARA USH Chicago Tenant, LLC	Hospitality	83.7%	31 December 2024
ARA USH Blue Runner Tenant, LLC	Hospitality	13.0%	16 January 2025
ARA CS Tenant, LLC	Hospitality	3.3%	30 April 2028

¹ All master lease agreements of ACRO-HT are internal master lease agreements between ACRO-REIT and ACRO-BT within ACRO-HT.

² As ACRO-REIT owns the hotels, while ACRO-BT is the master lessee which manages and operates these hotels, it is expected that the master leases will be renewed as long as ACRO-REIT and ACRO-BT remain stapled. The leases have been renewed for another 5 years, with the lease to ARA USH Chicago LLC expiring on 31 December 2029, and the lease to ARA USH Blue Runner Tenant LLC expiring on 16 January 2030. With the master lease renewals, the Weighted Average Lease Expiry ("WALE") is now extended to 4.95 years.

HOTEL PORTFOLIO

33

Upscale
select-service
hotels

USD
728
MIL

Valuation as at
31 December
2024

4,315

Rooms

17

States

> 90%

Freehold Title

The various brands within our Portfolio include Hyatt House, Hyatt Place, AC Hotels by Marriott, Courtyard by Marriott, Residence Inn by Marriott and Home2 Suites by Hilton Worldwide. As disclosed in the prospectus dated 2 May 2019 for the initial public offering (“**IPO**”) of ACRO-HT (formerly known as ARA US Hospitality Trust), the initial portfolio of 38 properties were at the time of IPO already held by ACRO-HT and the deemed purchase price was US\$695 million on a portfolio basis. Of the 38 properties, 6 properties, Hyatt Place Chicago Itasca, Hyatt Place Pittsburgh Cranberry, Hyatt Place Birmingham Inverness, Hyatt Place Cincinnati Northeast and Hyatt Place Cleveland Independence, were disposed of in FY2022 and Hyatt Place Oklahoma City Airport were disposed of in FY2023.

In addition, Hyatt Place Pittsburgh Airport, Hyatt House Philadelphia Plymouth Meeting and Hyatt House Shelton were disposed of in FY2024. Presently, only 29 of the IPO properties are currently held by ACRO-HT (of which 20 hotels are branded under “Hyatt Place” branding while 9 hotels are branded under “Hyatt House”). The portfolio of Marriott-branded hotels, namely the AC by Marriott Raleigh North Hills, Courtyard San Antonio Six Flags® at The RIM and the Residence Inn San Antonio Six Flags® at The RIM, were acquired on 17 January 2020 for a total consideration of US\$84 million. Home2 Suites by Hilton Colorado Springs South was acquired on 18 April 2023 for a total consideration of US\$29 million.

AC Hotel Raleigh North Hills

OUR BRANDS

ACRO-HT has a diversified portfolio of 33 quality assets, comprising a total of 4,315 hotel rooms across 17 states in the U.S. It offers investors the opportunity to invest in the upscale-select service hospitality sector in key U.S. growth regions, providing an efficient tax structure to access the world's largest lodging market.

PREMIER INTERNATIONAL HOTEL BRANDS



Hyatt House hotels are upscale, extended-stay accommodations offering apartment-style rooms with kitchenettes and spacious living areas, catering to both business and leisure travelers. These hotels typically achieve higher occupancy and hold a slight premium in average daily rate ("ADR") over Hyatt Place hotels due to their extended-stay focus and larger room offerings.



Hyatt Place hotels provide upscale, select-service accommodations with spacious rooms, a 24/7 Gallery Menu, and a Coffee to Cocktails Bar. They cater to business and leisure travelers, families, and small events, and are typically located in urban, airport, and suburban areas.



Home2 Suites by Hilton is a rapidly growing extended-stay hotel brand offering stylish, flexible accommodations with pet-friendly amenities, environmentally conscious operations, and a range of services like free breakfast, Wi-Fi, fitness areas, and community spaces for both business and leisure travelers.



AC Hotels by Marriott are upscale select-service hotels that blend European-inspired design with modern amenities, catering to both business and leisure travelers. The AC Hotel Raleigh North Hills, located in Raleigh's vibrant North Hills neighborhood, offers a stylish, comfortable stay with easy access to shopping, dining, and entertainment.

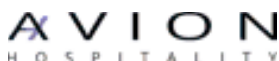


Courtyard by Marriott hotels offers upscale, select-service accommodations for both business and leisure travelers, providing a comfortable, sophisticated environment with flexible workspaces and thoughtful amenities. The Courtyard San Antonio Six Flags® at The RIM features modern spaces with plush bedding, well-lit work areas, and free Wi-Fi, making it ideal for work and relaxation.



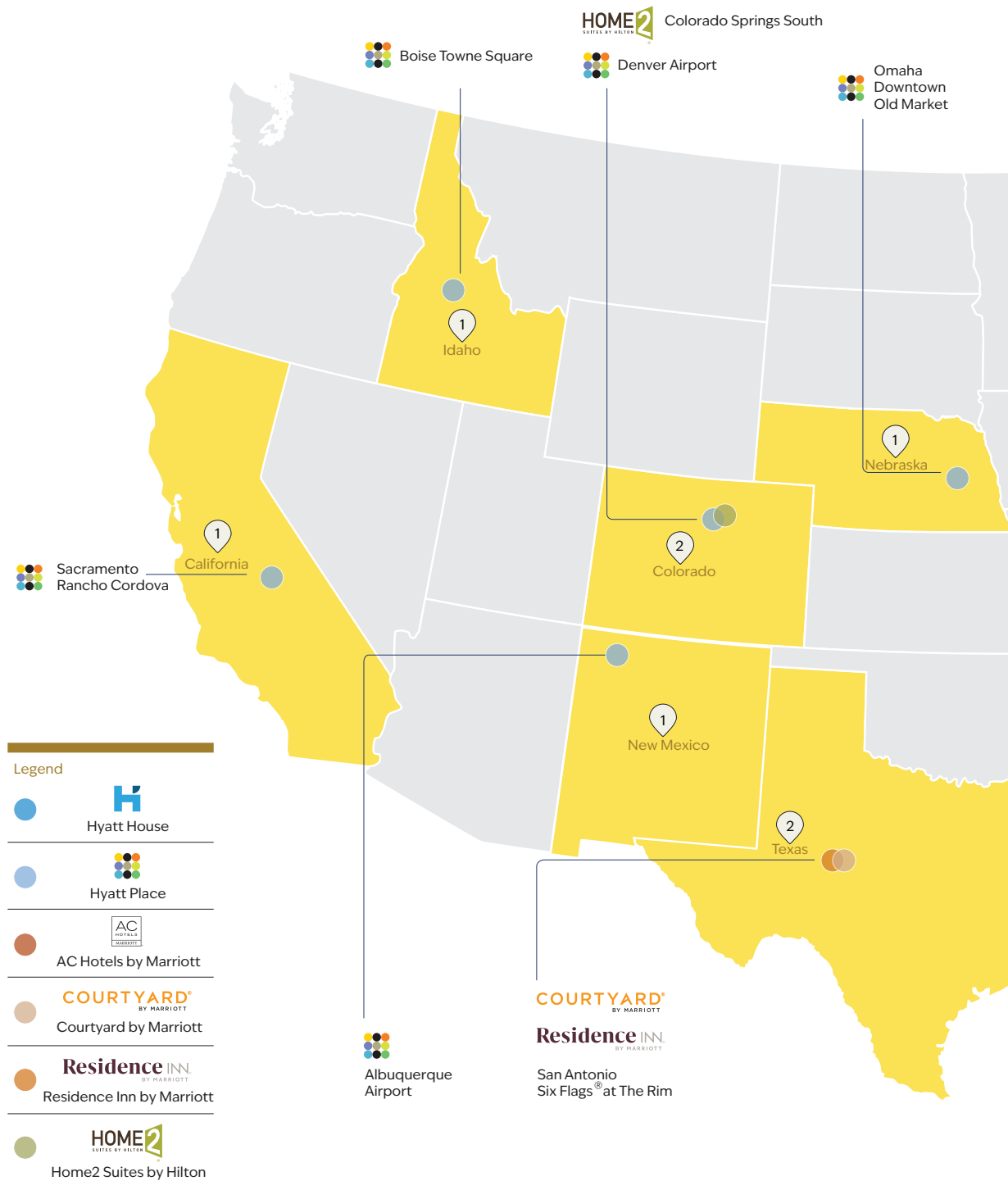
Residence Inn by Marriott is an upscale extended-stay hotel offering spacious suites with fully equipped kitchens, designed for both business and leisure travelers. Courtyard San Antonio Six Flags® at The RIM is conveniently located near shopping, dining, and entertainment at The RIM Shopping Center.

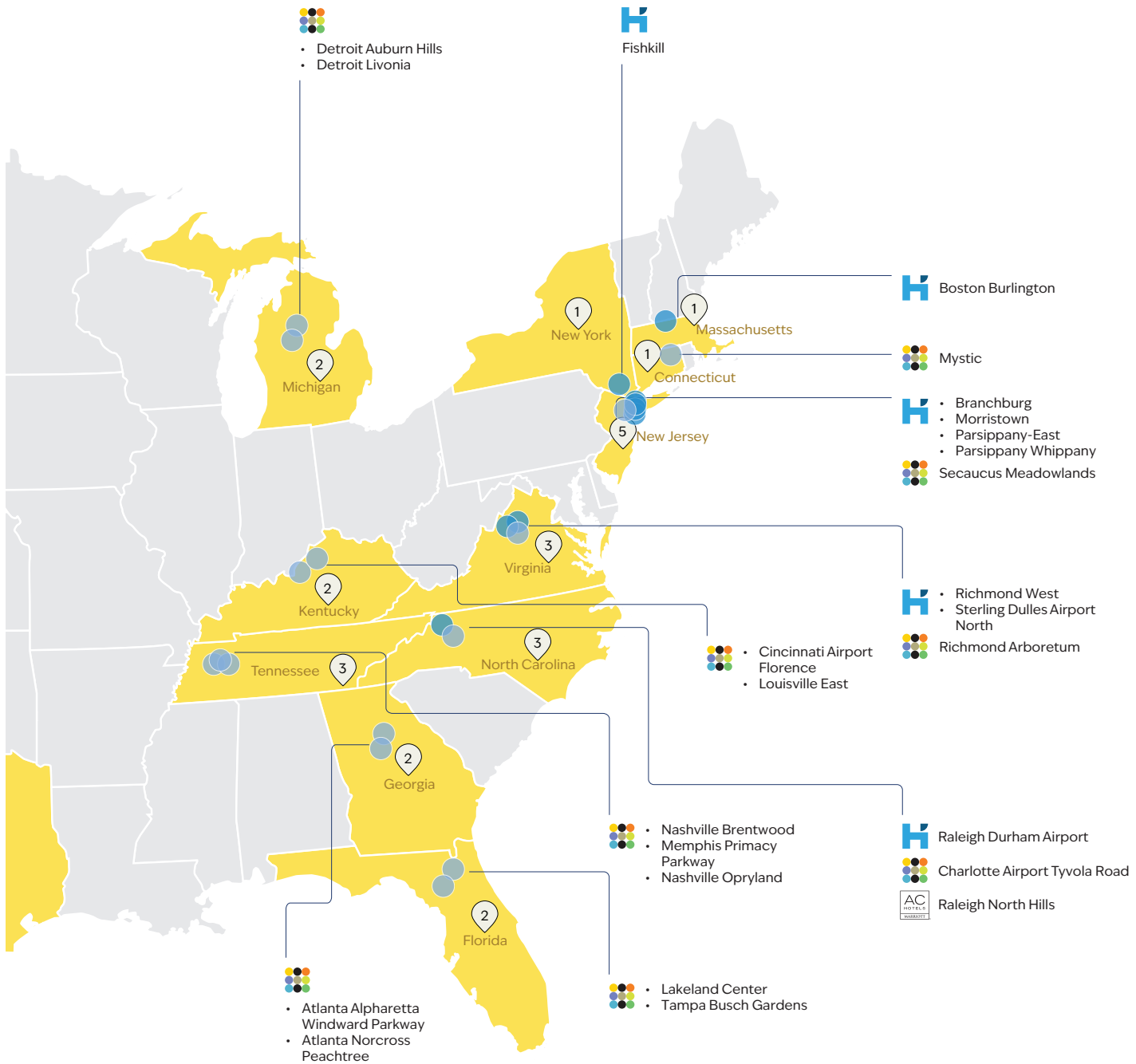
4 ESTABLISHED OPERATORS



The Hotel Manager oversees four third-party hotel operators who manage day-to-day hotel operations on behalf of the Trust.

DIVERSIFIED PORTFOLIO

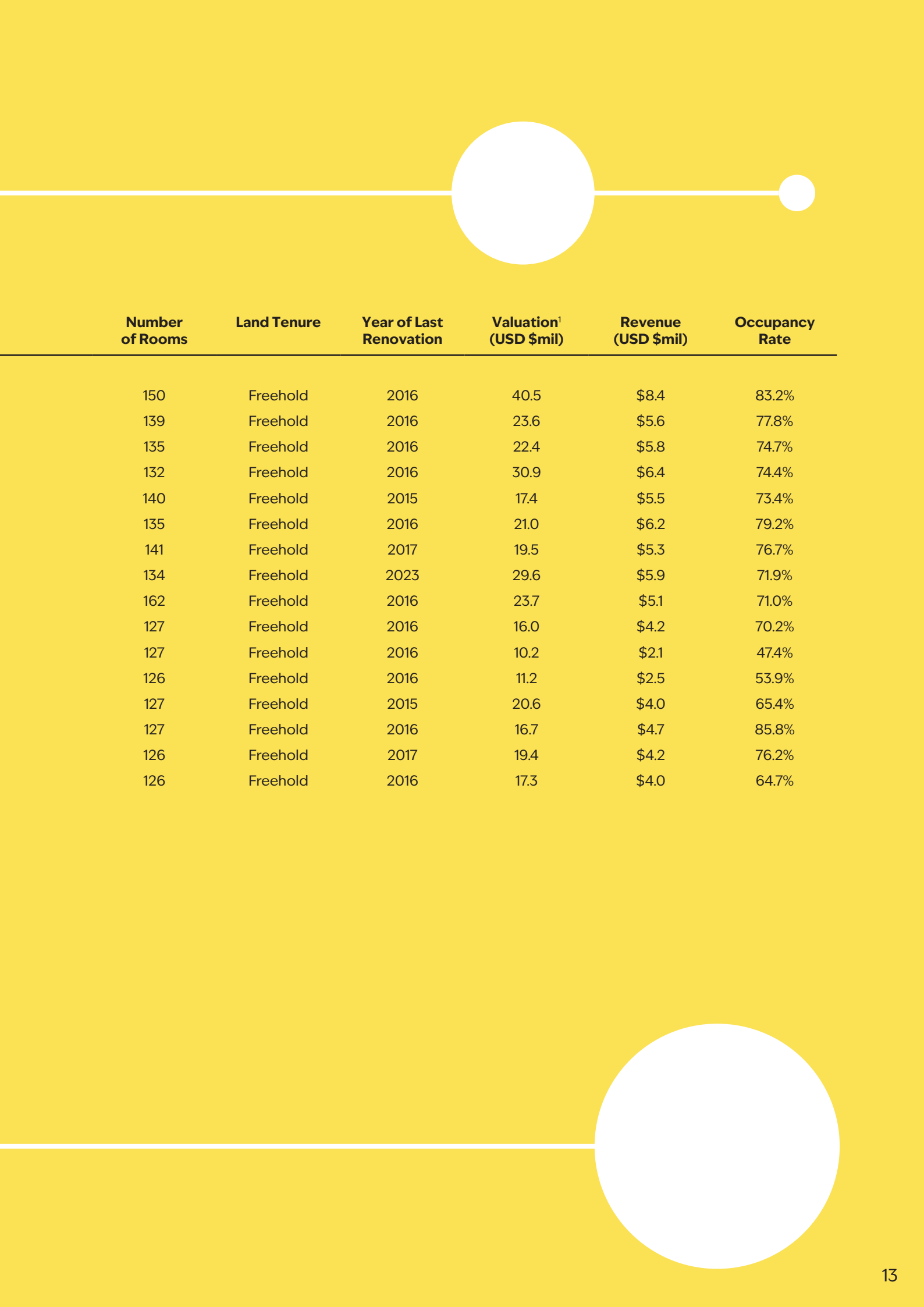




PORTFOLIO LIST

State	City	Brand	Name of Hotel
Hyatt Portfolio			
Massachusetts	Burlington	Hyatt House	Hyatt House Boston Burlington
New Jersey	Branchburg	Hyatt House	Hyatt House Branchburg
New York	Fishkill	Hyatt House	Hyatt House Fishkill
New Jersey	Morristown	Hyatt House	Hyatt House Morristown
New Jersey	Parsippany	Hyatt House	Hyatt House Parsippany-East
New Jersey	Whippany	Hyatt House	Hyatt House Parsippany Whippany
North Carolina	Morrisville	Hyatt House	Hyatt House Raleigh Durham Airport
Virginia	Henrico	Hyatt House	Hyatt House Richmond Short Pump
Virginia	Sterling	Hyatt House	Hyatt House Sterling Dulles Airport North
New Mexico	Albuquerque	Hyatt Place	Hyatt Place Albuquerque Airport
Georgia	Alpharetta	Hyatt Place	Hyatt Place Atlanta Alpharetta Windward Parkway
Georgia	Norcross	Hyatt Place	Hyatt Place Atlanta Norcross Peachtree
Idaho	Boise	Hyatt Place	Hyatt Place Boise Towne Square
North Carolina	Charlotte	Hyatt Place	Hyatt Place Charlotte Airport Billy Graham Parkway
Kentucky	Florence	Hyatt Place	Hyatt Place Cincinnati Airport Florence
Colorado	Aurora	Hyatt Place	Hyatt Place Denver Airport

(1) Valuation as at 31 December 2024



Number of Rooms	Land Tenure	Year of Last Renovation	Valuation ¹ (USD \$mil)	Revenue (USD \$mil)	Occupancy Rate
150	Freehold	2016	40.5	\$8.4	83.2%
139	Freehold	2016	23.6	\$5.6	77.8%
135	Freehold	2016	22.4	\$5.8	74.7%
132	Freehold	2016	30.9	\$6.4	74.4%
140	Freehold	2015	17.4	\$5.5	73.4%
135	Freehold	2016	21.0	\$6.2	79.2%
141	Freehold	2017	19.5	\$5.3	76.7%
134	Freehold	2023	29.6	\$5.9	71.9%
162	Freehold	2016	23.7	\$5.1	71.0%
127	Freehold	2016	16.0	\$4.2	70.2%
127	Freehold	2016	10.2	\$2.1	47.4%
126	Freehold	2016	11.2	\$2.5	53.9%
127	Freehold	2015	20.6	\$4.0	65.4%
127	Freehold	2016	16.7	\$4.7	85.8%
126	Freehold	2017	19.4	\$4.2	76.2%
126	Freehold	2016	17.3	\$4.0	64.7%

State	City	Brand	Name of Hotel
Hyatt Portfolio (continued)			
Michigan	Auburn Hills	Hyatt Place	Hyatt Place Detroit Auburn Hills
Michigan	Livonia	Hyatt Place	Hyatt Place Detroit Livonia
Florida	Lakeland	Hyatt Place	Hyatt Place Lakeland Center
Kentucky	Louisville	Hyatt Place	Hyatt Place Louisville East
Tennessee	Memphis	Hyatt Place	Hyatt Place Memphis Primacy Parkway
Connecticut	Mystic	Hyatt Place	Hyatt Place Mystic
Tennessee	Brentwood	Hyatt Place	Hyatt Place Nashville Brentwood
Tennessee	Nashville	Hyatt Place	Hyatt Place Nashville Opryland
Nebraska	Omaha	Hyatt Place	Hyatt Place Omaha Downtown Old Market
Virginia	Richmond	Hyatt Place	Hyatt Place Richmond Arboretum
California	Sacramento	Hyatt Place	Hyatt Place Sacramento Rancho Cordova
New Jersey	Secaucus	Hyatt Place	Hyatt Place Secaucus Meadowlands
Florida	Tampa	Hyatt Place	Hyatt Place Tampa Busch Gardens
Marriott Portfolio⁵			
North Carolina	Raleigh	AC by Marriott	AC by Marriott Raleigh North Hills
Texas	San Antonio	Courtyard by Marriott	Courtyard San Antonio Six Flags® at The RIM
Texas	San Antonio	Residence Inn by Marriott	Residence Inn San Antonio Six Flags® at The RIM
Hilton Portfolio⁶			
Colorado	Colorado Springs	Home2 Suites	Home2 Suites by Hilton Colorado Springs South

(1) Valuation as at 31 December 2024

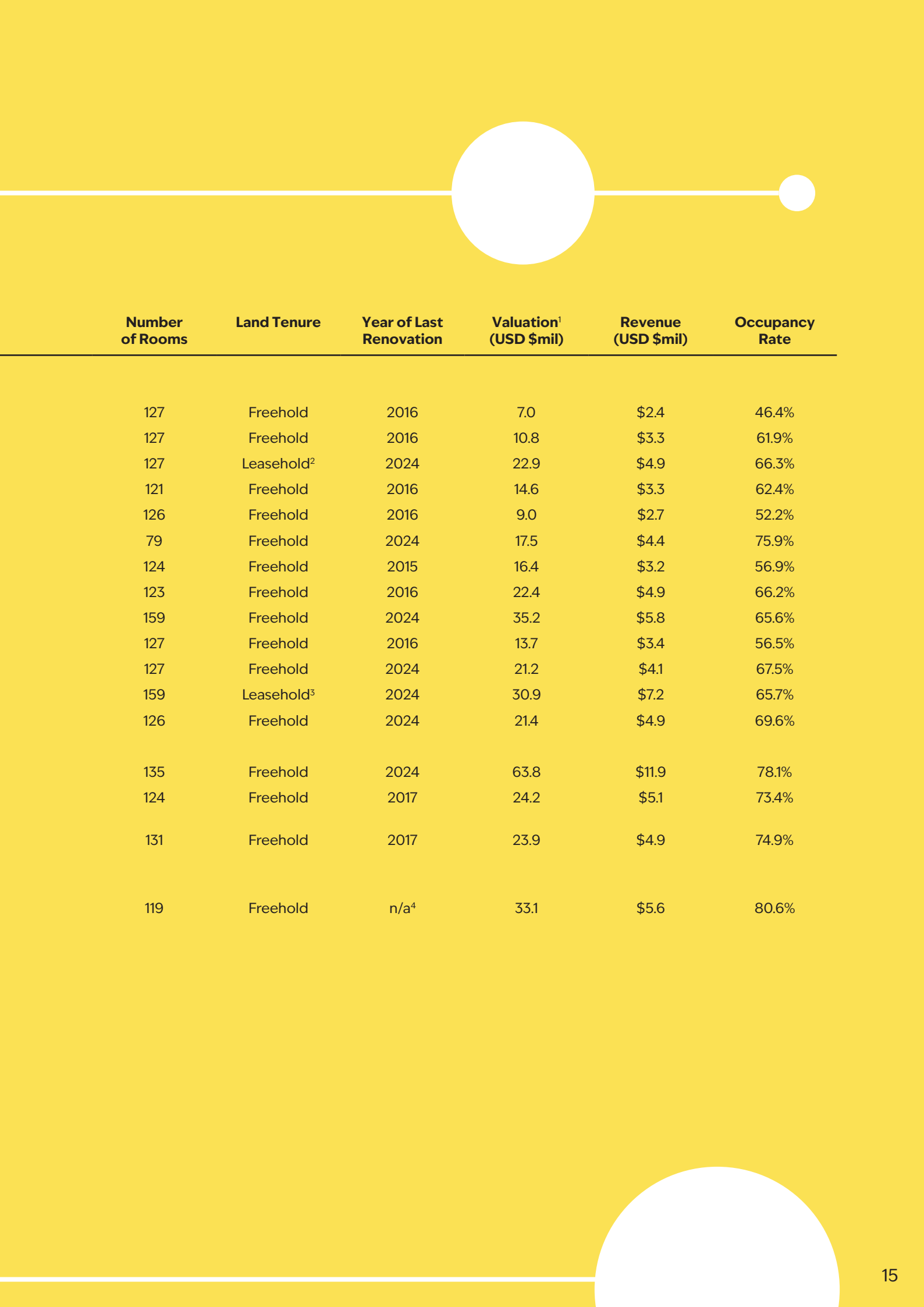
(2) 75 year leasehold expiring in July 2073, with a remaining lease term of 49 years. This assumes that ACRO-HT exercises its right to renew the initial lease for each property at the same terms upon the expiry of the initial lease in 2023 for five consecutive years of 10 years each.

(3) 75 year leasehold expiring in July 2071, with remaining lease term of 47 years. This assumes that ACRO-HT exercises its right to renew the current lease for each property on the same terms upon the expiry of the current lease in 2021 for five consecutive terms of 10 years each.

(4) The hotel commenced operations in 2019.

(5) On January 17, 2020, the AC by Marriott Raleigh North Hills was acquired for \$43.0 million, the Courtyard San Antonio Six Flags® at the RIM was acquired for \$21.8 million, and the Residence Inn San Antonio Six Flags® at the RIM was acquired for \$19.3 million.

(6) On 18 April 2023, Home2 Suites by Hilton Colorado Springs South was acquired for US\$29.0 million.



Number of Rooms	Land Tenure	Year of Last Renovation	Valuation ¹ (USD \$mil)	Revenue (USD \$mil)	Occupancy Rate
127	Freehold	2016	7.0	\$2.4	46.4%
127	Freehold	2016	10.8	\$3.3	61.9%
127	Leasehold ²	2024	22.9	\$4.9	66.3%
121	Freehold	2016	14.6	\$3.3	62.4%
126	Freehold	2016	9.0	\$2.7	52.2%
79	Freehold	2024	17.5	\$4.4	75.9%
124	Freehold	2015	16.4	\$3.2	56.9%
123	Freehold	2016	22.4	\$4.9	66.2%
159	Freehold	2024	35.2	\$5.8	65.6%
127	Freehold	2016	13.7	\$3.4	56.5%
127	Freehold	2024	21.2	\$4.1	67.5%
159	Leasehold ³	2024	30.9	\$7.2	65.7%
126	Freehold	2024	21.4	\$4.9	69.6%
135	Freehold	2024	63.8	\$11.9	78.1%
124	Freehold	2017	24.2	\$5.1	73.4%
131	Freehold	2017	23.9	\$4.9	74.9%
119	Freehold	n/a ⁴	33.1	\$5.6	80.6%

PORTFOLIO OPTIMISATION AND ASSET ENHANCEMENTS

Portfolio Optimisation

The Managers remained focused on enhancing the quality of the portfolio by reinvesting in our higher-performing assets and strategically disposing of lesser-performing assets. In FY2024, three hotels were disposed of Hyatt Place Pittsburgh Airport for US\$7.7 million in March 2024, Hyatt House Philadelphia Plymouth Meeting for US\$11.3 million in July 2024, and Hyatt House Shelton for US\$19.7 million in October 2024. The net proceeds of the dispositions can be used to repay debt, to fund future acquisitions and/or to fund asset enhancement initiatives.

Asset Enhancement Initiatives

To maintain a competitive edge and adapt to evolving market demands, the Managers collaborate with the Hotel Manager to identify and pursue strategic opportunities for asset enhancement across our portfolio.

In FY2024, the Managers successfully completed asset enhancement initiatives (“**AEIs**”) at six of its higher-performing hotels. These upgrades began in the first half of the year with the completion of AEIs at Hyatt Place Mystic, Hyatt Place Rancho Cordova, and Hyatt Place Omaha. In the latter half of the year, AEIs were successfully completed at Hyatt Place Secaucus Meadowlands, Hyatt Place Lakeland Center and Hyatt Place Tampa Busch Gardens.

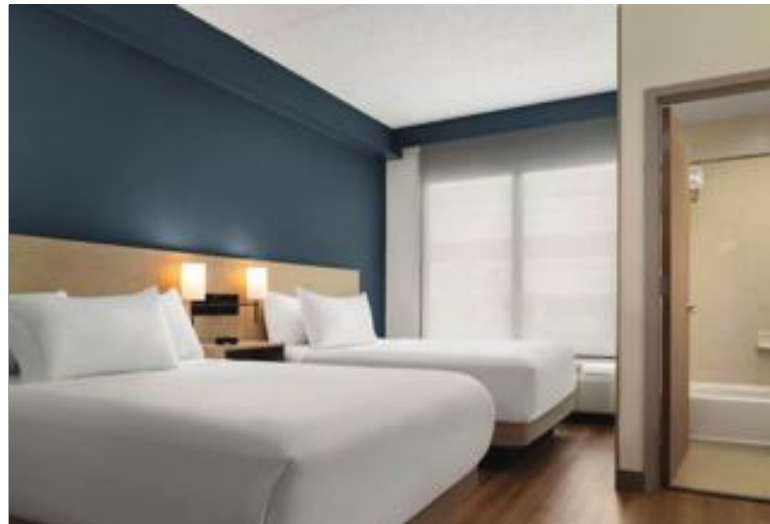
Energy efficiency was a top priority in these improvements. As part of our commitment to sustainability, several eco-friendly initiatives were implemented, including the installation of smart thermostats and the upgrade of hotel guest room lightings, lamps, backlit bathroom mirrors to LED lights.

The renovation efforts extended to both guestrooms and hallways, which received extensive upgrades with modern interiors and furnishings designed to enhance guests’ stay experience and satisfaction. Additionally, the hotel lobbies, reception areas, and dining/bar spaces were refreshed with contemporary designs to create a vibrant and welcoming atmosphere. Exterior enhancements, including updated facades, landscaping improvements, and enhanced lighting were completed to further elevate the guest experience and create a more contemporary and inviting environment.

BEFORE



AFTER



PORTFOLIO GALLERY

HYATT HOUSES



**Hyatt House Boston Burlington,
Burlington, MA**

Located 12 miles northwest of downtown Boston, the area is near major corporations such as Fuji Film, Salesforce, and Microsoft, as well as Lahey Clinic, a prominent research center. The region is also known for its biotech, life sciences, and educational institutions.



**Hyatt House Branchburg,
Branchburg, NJ**

Located near major highways, the hotel provides easy access to Somerset County and key businesses such as Merck, Chubb Insurance, and Johnson & Johnson. It is also close to Diamond Nation, a sports complex that hosts 70,000 athletes each year.



**Hyatt House Fishkill,
Fishkill, NY**

Located in the Hudson Valley region near the Catskill Mountains, renowned for outdoor recreation and historic sites, Dutchess County boasts a large number of film production studios, contributing \$58 million annually in direct spending. The area also home to the Jehovah's Witness headquarters, attracting leisure visitors and several meetings and conventions each year.



**Hyatt House Morristown,
Morristown, NJ**

Offering easy access to Manhattan, New York City, just 30 miles northwest via public transit, Morristown County is home to a dozen Fortune 500 companies, nearly 1,000 firms, three regional universities, and a regional medical center. Major corporations within a two-mile radius include Bayer Corporation, Novartis Pharmaceuticals, Honeywell International, and Wyndham Worldwide.



**Hyatt House Parsippany Whippany,
Whippany, NJ**

Morris County is one of the strongest local economies in the New Jersey-New York-Connecticut metropolitan region. It is home to numerous Fortune 500 companies, regional universities, and a medical center. Whippany is located near major businesses such as Wyndham Worldwide, Avis Budget Group, Accenture, and IBM, and is also close to special event facilities.



**Hyatt House Parsippany-East,
Parsippany, NJ**

Morris County boasts one of the strongest local economies in the New Jersey-New York-Connecticut metropolitan region. It is home to numerous Fortune 500 companies, regional universities, and a medical center. Whippany is conveniently located near major businesses such as Wyndham Worldwide, Avis Budget Group, Accenture, and IBM, and is also close to special event facilities.



**Hyatt House Raleigh Durham Airport
Morrisville, NC**

Located 5 miles from Raleigh-Durham International Airport, in the heart of the Research Triangle, a hub for tech companies, the hotel is close to major corporations such as Lenovo, Cisco, and Amazon, as well as sports venues like the Wake Competition Center and the USA Baseball National Training Complex. It is also near top universities and healthcare institutions, including Duke University Health System and UNC REX Healthcare.



**Hyatt House Richmond / Short Pump
Henrico, VA**

Located in Richmond's West End, the hotel is close to restaurants, major roadways, and Virginia Commonwealth University. It is also near companies such as Capital One Financial and attracts year-round demand due to its central location in the Mid-Atlantic, a region popular for sports tournaments and local leisure attractions.



**Hyatt House Sterling Dulles Airport North
Sterling, VA**

The region boasts one of the fastest-growing job markets in the U.S. and offers easy access to Washington, D.C. The hotel is near major companies such as Volkswagen, Amazon, Northrop Grumman, and Deltek, and is also close to Washington Dulles International Airport, a major transit hub.

HYATT PLACES



**Hyatt Place Albuquerque Airport,
Albuquerque, NM**

Located less than 2 miles from Albuquerque International Airport and within five miles of key sectors such as military, medical, and education – including Kirtland Air Force Base, Presbyterian Hospital, and the University of New Mexico – the hotel is also ideally situated for the annual Albuquerque International Balloon Fiesta, which attracts over 800,000 visitors each October.



**Hyatt Place Atlanta Alpharetta Woodward
Parkway, Alpharetta, GA**

Located 25 miles north of downtown Atlanta, in the state's 'Golden Corridor', known for its diverse industries and businesses, the hotel is close to companies such as Hewlett-Packard, Verizon, and Siemens, and just minutes from a lifestyle mixed-use development featuring retail, dining, and an amphitheater, which enhances the area's appeal.



**Hyatt Place Atlanta Norcross Peachtree,
Norcross, GA**

Located 20 miles northeast of downtown Atlanta, in one of the U.S.'s fastest-growing counties, the hotel is near companies such as Mizuno USA, HCA Healthcare, Siemens Energy, and IBM, and is also close to an upscale shopping street and cultural center.



**Hyatt Place Boise Town Square
Boise, ID**

Located less than 6 miles from Boise Airport and downtown Boise, and about 1.5 miles from Boise Town Square, Idaho's only super-regional shopping center, the hotel is near companies such as URS Corporation, Boise Cascade LLC, and New Albertson's Inc. It is also close to Boise State University, a key economic driver.



**Hyatt Place Charlotte Airport Billy
Graham Parkway, Charlotte, NC**

Located 4 miles from Charlotte Douglas International Airport (CLT) and 5 miles from downtown Charlotte, the hotel benefits from CLT's expansion and high demand from flight simulations and training events. Charlotte's diverse economy includes major companies such as USAA, Lending Tree, Credit Karma, as well as the Amazon fulfillment center.



**Hyatt Place Cincinnati Airport, Florence,
Florence, KY**

Located minutes from Cincinnati International Airport (CVG) and 11 miles from downtown Cincinnati, the hotel benefits from CVG's role as a major global hub for Amazon Air and DHL Aviation, with Amazon expanding its facility to 3 million square feet by 2026. The area also attracts tourists to the Ark Encounter, a Christian-themed attraction that draws over 2 million visitors annually.



**Hyatt Place Denver Airport,
Aurora, CO**

Located near Denver International Airport and downtown Denver, within a commercial mixed-use development and just 6 miles from a new convention center, the hotel attracts demand from major office tenants such as Amazon, Sysco, and General Motors, as well as leisure and group demand from the nearby convention center.



**Hyatt Place Detroit Auburn Hills
Detroit, MI**

Located about 30 miles from Detroit, in a rapidly growing submarket known for its automotive industry presence, the hotel is close to the headquarters of major automobile companies such as Autoliv, BorgWarner, and Fiat-Chrysler, and is also near Oakland University.



**Hyatt Place Detroit Livonia
Detroit, MI**

Located in Livonia, Michigan, the hotel offers easy access to corporate offices, retail, medical facilities, and educational institutions. It is near Amazon's regional fulfillment center, CVS Pharmacy's distribution center, and businesses such as Panasonic, and is within five miles of Trinity Health, Laurel Park Place Mall, and major automotive companies like Toyota and General Motors.



**Hyatt Place Lakeland Center,
Lakeland, FL**

Located in downtown Lakeland, a growing mid-sized MSA in Florida, the hotel is home to fulfillment centers for Amazon, Walmart, and FedEx. It is near major businesses such as Lockheed Martin and Pepperidge Farm, as well as a convention center, medical center, and sports stadium. Lakeland also hosts the Detroit Tigers' Spring Training and various sporting events annually.



**Hyatt Place Louisville East,
Louisville, KY**

Located 11.5 miles from downtown Lexington and 3.5 miles from a business park, the hotel is near key businesses such as Norton Healthcare, Citicorp, and the Federal Bureau of Investigation, as well as the UPS Worldport Hub, the world's largest automated package facility. The hotel is also ideally situated for the Kentucky Derby, a legendary horse-racing event and major sporting attraction.



**Hyatt Place Memphis Primacy Parkway,
Memphis, TN**

Located in Memphis, a major distribution hub and home to the headquarters of Fortune 1000 companies such as FedEx, International Paper, and AutoZone, the hotel is also close to several hospitals, making it a convenient option for both business and medical needs.



Hyatt Place Mystic, Mystic, CT

Located near a historic seaport, aquarium, and the region's largest casino – each a popular leisure destination – the hotel serves as a stopover point between New York and Boston, attracting overnight travelers. It is also conveniently located near corporate businesses such as the U.S. Naval Submarine Base, General Dynamics, and Pfizer.



**Hyatt Place Nashville Brentwood,
Brentwood, TN**

Located 11 miles south of downtown Nashville and 13 miles from Nashville International Airport, the hotel is situated in the growing Brentwood area. It is near corporate headquarters such as AIG, AT&T, and HCA Healthcare, as well as the Cool Springs Galleria, one of Tennessee's largest shopping malls.



**Hyatt Place Nashville Opryland,
Nashville, TN**

Located 6 miles from downtown Nashville and close to corporate businesses such as Nissan North America, CHS, and Kirkland, the hotel is minutes from the Gaylord Opryland Resort & Convention Center. It also benefits from Nashville's vibrant music scene and tourism.



Hyatt Place Omaha Downtown Old Market, Omaha, NE

Located in the historic Old Market District, an arts, shopping, and entertainment area, the hotel is just one mile from CenturyLink Center Omaha and top attractions such as Henry Doorly Zoo and Eppley Airfield. It is also close to corporate businesses such as Union Pacific, Berkshire Hathaway, and First National Bank of Omaha.



Hyatt Place Richmond Arboretum, Richmond, VA

The region is home to the headquarters of 10 Fortune 1000 companies and the Fourth Circuit U.S. Court of Appeals. Corporations in close proximity include Universal Corporation, IBM, and Northrop Grumman. The hotel is also near a state-team sports training center and a sports complex that hosts major tournaments.



Hyatt Place Sacramento Rancho Cordova, Sacramento, CA

Located 3 miles from Mather Commerce Center and Airport, one of Greater Sacramento's largest business parks, the hotel is near corporate offices such as Accenture, Deloitte, and IBM, as well as a sports and event center that hosts various tournaments.



Hyatt Place Secaucus Meadowlands, Secaucus, NJ

Located 4 miles from New York City and 12 miles from Newark Liberty International Airport, the hotel is within the Harmon Meadow development. It is near attractions such as the Meadowlands Sports Complex, the American Dream retail and entertainment complex, Sea Life Aquarium, and the Nickelodeon Universe indoor amusement park and water park.



Hyatt Place Tampa Busch Gardens, Tampa, FL

Located in a fast-growing area of the Tampa MSA, the hotel is near healthcare facilities such as Shriners Hospitals for Children, Florida Hospital Tampa, and Moffitt Cancer Center. It is just 5 miles from Busch Gardens, a major leisure attraction, and close to the University of South Florida.

AC BY MARRIOTT



AC by Marriott Raleigh North Hills, Raleigh, NC

Located in the heart of North Hills, a premier live-work-play destination with over 1.5 million square feet of office space and major tenants such as First Citizens Bank and PwC, the area is expanding with a \$1 billion Innovation District that will add office space, apartments, and a food hall. The hotel is also close to North Carolina State University, Duke University, and the University of North Carolina.

Courtyard by Marriott

COURTYARD[®]
BY MARRIOTT



Courtyard San Antonio Six Flags[®] at the RIM, San Antonio, TX

Located in a prime area with residential, retail, and office spaces, the hotel is close to major highways and popular leisure attractions. It is within 30 minutes of the airport, downtown, and key corporations such as Valero, Medtronic, and United Services Automobile Association. The hotel is also near Six Flags Fiesta Texas, a popular amusement park, and the University of Texas at San Antonio.

Residence Inn by Marriott

Residence INN[®]
BY MARRIOTT



Residence Inn San Antonio Six Flags[®] at the RIM, San Antonio, TX

Located in a prime area with residential, retail, and office spaces, the hotel is close to major highways and popular leisure attractions. It is within 30 minutes of the airport, downtown, and key corporations such as Valero, Medtronic, and United Services Automobile Association. The hotel is also near Six Flags Fiesta Texas, a popular amusement park, and the University of Texas at San Antonio.

HOME2 SUITES
HILTON

HOME²
SUITES BY HILTON



Home2 Suites by Hilton Colorado Springs South, Colorado Springs, CO

A newly built hotel at the foothills of the Rockies, close to major corporations such as Lockheed Martin and Northrop Grumman. It is 5 miles from the U.S. Olympic and Paralympic Training Center and Museum, 2 miles from the Broadmoor World Arena, and near Fort Carson Army Base, the U.S. Air Force Academy, and the University of Colorado Springs.

For further details on our hotels, please refer to our website at www.acrophytetrust.com.

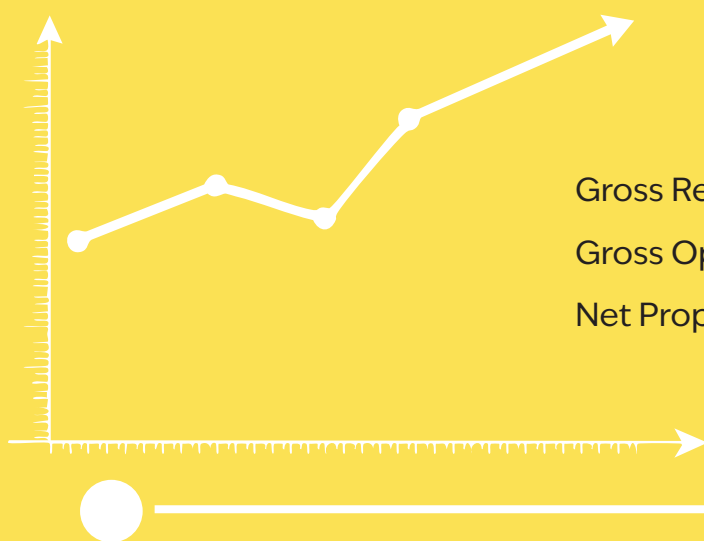
FY2024 PERFORMANCE SNAPSHOT

OPERATIONAL REVIEW



Occupancy Rate	68.7%
Average Daily Rate	US\$140
Revenue Per Available Room	US\$96

PERFORMANCE HIGHLIGHT



Gross Revenue	US\$168.8 million
Gross Operating Profit	US\$59.6 million
Net Property Income	US\$44.3 million

PORTFOLIO OPTIMISATION AND ASSET ENHANCEMENT



The proceeds from the sale of Hyatt Place Pittsburgh Airport for US\$7.7 million and Hyatt House Philadelphia Plymouth Meeting for US\$11.3 million were used to pare down existing bank borrowings.

Hyatt House Shelton was sold for US\$19.7 million. Net proceeds from the sale was used to either repay debt, general working capital and/or fund accretive asset enhancements in hotels within the Portfolio.

Executed asset enhancement projects at six of our higher performing hotels in FY2024 to boost value and profitability.

CAPITAL MANAGEMENT¹

Net Asset Value per Stapled Security	US\$0.73
Average Leverage Ratio	41.6%
Net Gearing	39.1%
Interest Coverage Ratio	1.8x
Average Cost of Debt	6.7%
Weighted Average Debt Maturity	1.5 years
Proportion of Fixed Debt	47.5%

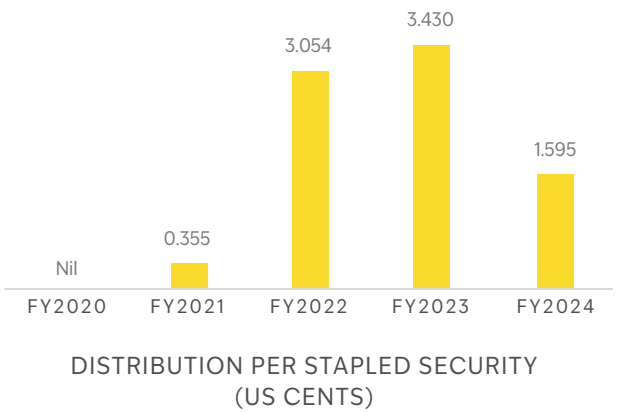
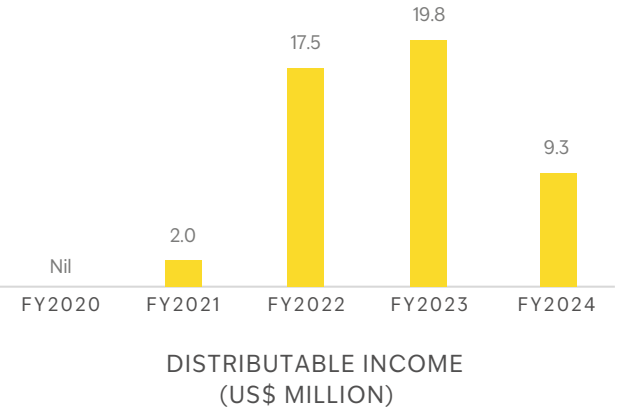
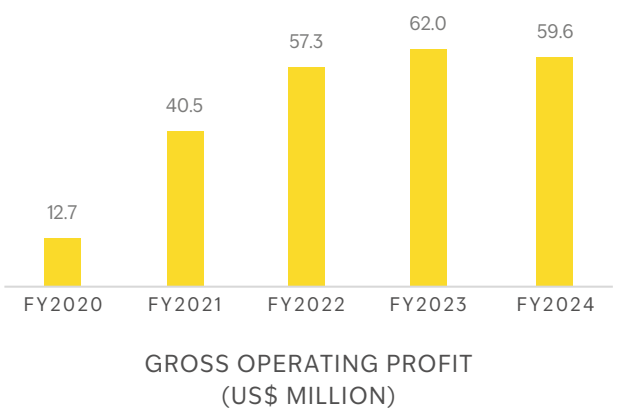
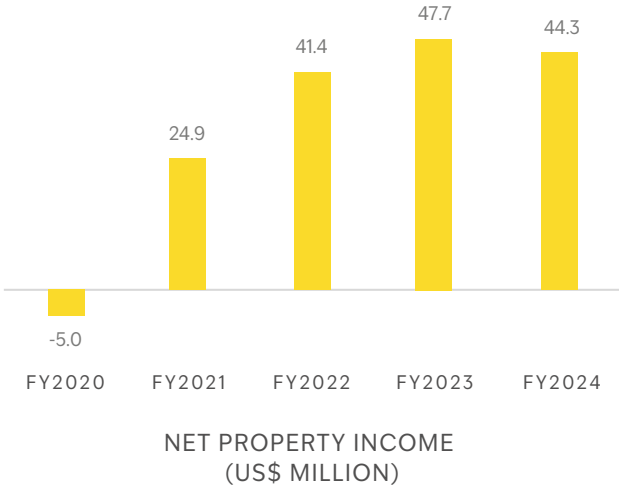
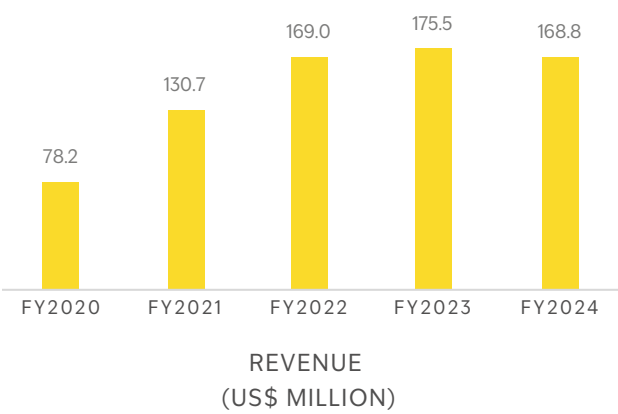
VALUATION

2.2%² year-on-year increase in portfolio valuation to USD 728 million¹

1 As at 31 December 2024

2 Based on 33 hotels

FINANCIAL SUMMARY



For the Financial Year	2024	2023	2022	2021	2020
Revenue ¹ (US\$ million)	168.8	175.5	169.0	130.7	78.2
Gross Operating Profit (US\$ million)	59.6	62.0	57.3	40.5	12.7
Net Property Income (US\$ million)	44.3	47.7	41.4	24.9	(5.0)
Distributable Income ² (US\$ million)	9.3	19.8	17.5	2.0	-
Distribution per Stapled Security (US cents)	1.595	3.430	3.054	0.355	-
Distribution Yield ³ (%)	8.0%	11.2%	8.7%	0.7%	-

Balance Sheet as at 31 December

Property, Plant and Equipment ⁴ (US\$ million)	729.4	745.0	749.3	724.5	695.2
Total Assets (US\$ million)	780.9	791.8	826.4	764.1	736.4
Total Loans and Borrowings (US\$ million)	323.3	325.0	325.9	338.1	354.7
Stapled Securityholders' Funds (US\$ million)	423.9	427.6	459.7	399.7	349.2
Number of Stapled Securities in issue (million)	580.1	578.2	569.2	567.3	567.3

Financial Ratios as at 31 December

Net Asset Value per Stapled Security (US\$)	0.73	0.74	0.80	0.70	0.62
Aggregate Leverage (%)	41.6	41.5	39.4	44.3	48.2
Net Gearing ⁵ (%)	39.1	40.0	35.4	42.8	46.2
Interest Coverage Ratio ^{6,7} (x)	1.8	2.7	2.6	2.0	0.1
Proportion of Fixed Debt (%)	47.5	74.5	82.0	79.1	76.7
Weighted Average All-in Cost of Debt (%)	6.7	4.8	3.8	3.4	3.4
Weighted Average Debt Maturity (years)	1.5	2.5	1.5	2.0	3.0

1 FY2020, FY2021, FY2022, FY2023 and FY2024 comprises 41 hotels, 41 hotels, 36 hotels, 36 hotels and 33 hotels, respectively.

2 For FY2024, distributable income before retention was US\$10.3 million. US\$1.03 million, or 10% of the total amount available for distribution was retained for general corporate and working capital purposes.

3 Based on the closing price on the last trading day of the year.

4 The portfolio hotels are presented as Property, Plant and Equipment and measured at fair value in the financial statements of ACRO-HT in accordance with the applicable accounting standards.

5 Computed based on total debt less cash and cash equivalents over total assets less cash and cash equivalents.

6 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. The adjusted Interest Coverage Ratio (as previously defined in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("CIS Code")), which has since been removed from the CIS Code effective from 28 November 2024, is the same as the reported Interest Coverage Ratio, as no hybrid securities have been issued to date.

7 In light of the elevated interest rate environment, the Monetary Authority of Singapore revised the CIS Code, effective from 28 November 2024, the minimum interest coverage ratio of 1.5 times and a single leverage ratio limit of 50% is to be applied to all REITs.

LETTER TO STAPLED SECURITYHOLDERS

TOWARDS NEW HORIZONS



“Following this acquisition, the Sponsor Group¹ now holds a total of 28.26% of ACRO-HT’s stapled securities, pursuant to the waiver of ownership limit of 9.8% under the Trust Deeds, demonstrating a clear alignment of interest with Stapled Securityholders.”

“We continued to invest in our existing portfolio through strategic asset enhancement opportunities to fortify the competitive edge of our hotels.”

Our Chairman, Stephen Finch
& CEO, Lee Jin Yong

Dear Stapled Securityholders,

On behalf of the Board of the Managers of ACRO-HT, we are pleased to present the annual report of ACRO-HT for the financial year ended 31 December 2024 (“**FY2024**”).

FY2024 has been a momentous year for ACRO-HT, marked by the acquisition of the Managers by Acrophyte Asset Management Pte. Ltd. (“**Acrophyte AM**”), a wholly owned subsidiary of Acrophyte Pte. Ltd. (“**Acrophyte**”). Both Acrophyte AM and Acrophyte are collectively referred to as the sponsor of ACRO-HT. Acrophyte is ultimately owned by Mr. Gordon Tang and Mrs. Celine Tang. Significantly, Acrophyte Limited, an entity ultimately owned by Ms. Tang Jialei and Mr. Tang Jialin, the children of Mr. Gordon Tang and Mrs. Celine Tang, acquired an 18.99% stake in the stapled securities of ACRO-HT. Following this acquisition, the Sponsor Group¹ now holds a total of 28.26% of ACRO-HT’s stapled securities, pursuant to the waiver of ownership limit of 9.8% under the Trust Deeds, demonstrating a clear alignment of interest with Stapled Securityholders.

A subsequent rebranding exercise in October 2024 saw ARA US Hospitality Trust renamed as Acrophyte Hospitality Trust, accentuating the integral role of ACRO-HT as part of Acrophyte’s business activities.

The Sponsor is a multinational conglomerate that has capabilities across the real estate value chain and in the hospitality industry. Acrophyte also operates and invests in hospitality assets across multiple geographies, with a successful operational and investment track record. Having a committed sponsor like Acrophyte gives ACRO-HT the ability to leverage on its Sponsor’s profound expertise in the real estate sector and robust network of industry relationships. Furthermore, Acrophyte shares our confidence in the compelling value proposition and growth potential of ACRO-HT’s portfolio.

OVERVIEW OF 2024

The U.S. Gross Domestic Product (“**GDP**”) expanded by a solid 2.8% in 2024, primarily fueled by strong consumer spending momentum, which was supported by a strong job market and wage growth that outpaced inflation. Inflation, measured by the Consumer Price Index (“**CPI**”) rose 3.0% for the period ending January 2025, signaling persistent inflationary pressures despite three consecutive rate cuts by the Federal Reserve in late 2024. While the Trump Administration’s actions to address trade imbalances have generated considerable market volatility, tax cuts and deregulation could stimulate economic growth. Overall, the U.S. economy continues to remain resilient, underpinned by strong consumer fundamentals that continue to drive expansion.

¹ Comprising Mr. Gordon Tang, Mrs. Celine Tang, Ms. Tang Jialei and Mr. Tang Jialin

The U.S. hotel industry stabilized in 2024, with lodging demand growth trailing behind the broader performance of the U.S. economy. The resurgence of international travel, coupled with improvements in business and group travel driven by strong business investment, fueled demand for lodging and helped mitigate the softness in leisure demand. Additionally, muted new supply growth due to high construction costs and tight lending conditions, have created a favourable environment for existing hotels to maintain and improve pricing power.

U.S. hotel occupancy rates remain stable at 63.0% partly due to evolved travel patterns, while average daily rate (“**ADR**”) and revenue per available room (“**RevPAR**”) posted modest growth, reaching US\$158 and US\$100, respectively for 2024, an increase of 1.7% and 1.8% compared to the same metrics in 2023. The U.S. lodging market outlook remains positive and stable, with slow, steady growth anticipated in the long term.

According to JLL Research², investors have increasingly gravitated towards the U.S. select-service and extended stay sector, attracted by its robust fundamental performance, lean operating model, and higher yields compared to other commercial real estate sectors. Although overall U.S. hotel investment volume declined by 13.5% in 2024 compared to 2023, mainly due to elevated cost of debt, the select-service and extended stay hotel sector has consistently represented 50% of the country's total hotel investment volume since 2021. Looking ahead to 2025, the sector is expected to remain a key area of interest for investors seeking strong, durable returns.

PORTFOLIO PERFORMANCE

ACRO-HT's portfolio performance in FY2024 was impacted by the disposition of three hotels and the disruptions from asset enhancement initiative (“**AEI**”) projects at six hotels. Due to the reduction in available rooms of 4.9%, revenue declined by 3.8% to US\$168.8 million compared to the previous year. Gross operating profit (“**GOP**”) and net property income (“**NPI**”) was lower at US\$59.6 million and US\$44.3 million, respectively, primarily contributed by the shortfall in revenue.

Our portfolio occupancy decreased slightly by 0.6 percentage points, from 69.3% in FY2023 to 68.7% in FY2024. However, ADR rose by 1.4%, from US\$138 to US\$140. Through proactive asset management, our GOP margin remained stable at 35.3%.

On the same-store basis, gross revenue increased by 0.2%, while NPI declined by 5.2%, primarily due to increased property insurance costs and higher hotel common area maintenance expenses.

Finance costs remained elevated due to the higher interest rate environment. The total distribution (after deducting income retained for general corporate and working capital) for FY2024 was lower at US\$9.3 million. Accordingly, ACRO-HT's distribution per Stapled Security (“**DPS**”) for the year was 1.595 US cents.

EXECUTION OF PORTFOLIO OPTIMISATION STRATEGY

As part of our proactive asset management strategy, the Managers employ a bottoms-up approach to dispose from the bottom quartile of assets, particularly those in weaker markets. This multi-pronged approach aims to allocate capital efficiently to hotels with higher profitability and valuation growth potential, while also reducing debt to strengthen our balance sheet.

In FY2024, we disposed of three hotels, yielding total gross proceeds of US\$38.7 million. The net proceeds from the disposition of Hyatt Place Pittsburgh Airport and Hyatt House Philadelphia Plymouth Meeting, completed in March 2024 and July 2024, respectively, were used to pare down existing bank borrowings. The net proceeds from the disposition of Hyatt House Shelton, completed in October 2024, will be used to pare down debt, to fund future acquisitions and/or to fund asset enhancement initiatives.

As at 31 December 2024, the ACRO-HT portfolio comprised of 33 select-service hotels with a total of 4,315 rooms across 17 states in the U.S. The portfolio value at the end of the year was US\$728.0 million, an increase of 2.2% from the year before on a comparable basis³. This valuation is supported by the positive outlook for the U.S. lodging market as well as a decline in capitalization rates.

Looking ahead, it is anticipated that gains in hotel operational performance over the next 12 months will be driven by ADR growth as well as contributions from the newly renovated hotels, underpinned by limited growth in hotel supply. JLL Research forecasts lower-than average supply growth in the next three years⁴. As hotels have a unique ability to re-set room rates on a daily basis, the lower supply growth pressure will enhance hotel's pricing power and therefore, ultimately supporting their underlying valuations.

² JLL Research, U.S. select-service and extended-stay hotel trends and outlook 2025, February 2025

³ Excluding the three hotels disposed in FY2024

⁴ JLL Research, U.S. Hotel Investment Trends, State of the Lodging Industry Year-End 2024

STRATEGIC ASSET ENHANCEMENTS AND INITIATIVES FOR CONTINUED SUCCESS

2024 proved to be a challenging year for acquisitions, as the U.S. hotel investment market remained competitive with a reduced volume of hotel transactions. As a result, we continued to invest in our existing portfolio through strategic asset enhancement opportunities to fortify the competitive edge of our hotels. In FY2024, we embarked on AEIs at six of our higher-performing hotels to increase long-term value and growth potential. These upgrades included extensive renovations to key areas such as the guest rooms, function rooms, lounge and lobby bar. Hyatt Place Mystic, Hyatt Place Rancho Cordova and Hyatt Place Omaha completed their AEIs in the first half of FY2024, while Hyatt Place Secaucus, Hyatt Place Lakeland Center and Hyatt Place Tampa Busch Gardens finished their enhancements in the second half of FY2024.

DISCIPLINED CAPITAL MANAGEMENT

We have consistently adopted a prudent capital management approach in order to provide consistent distributions to Stapled Securityholders. On 26 February 2025, we completed the refinancing of US\$95.0 million of unsecured loan facilities. All debts maturing in 2025 have been refinanced and the weighted average debt maturity now stands at 2.2 years.

As at 31 December 2024, interest coverage ratio stood at 1.8x, while the portfolio average leverage ratio stood at 41.6%, within the permissible aggregate leverage limit of 50%. With a cash balance of US\$31.6 million, net gearing ended FY2024 at 39.1%.

To date, 47.5% of ACRO-HT's loan portfolio is hedged to fixed rates. As the hedges were done in an elevated interest rate environment, the average cost of debt was 6.7% in FY2024 compared to 4.8% in FY2023.

COMMITMENT TO SUSTAINABILITY

Sustainability remains a key priority as we continue to explore opportunities and initiatives to integrate sustainable practices into the management of our hotels. Through these efforts, we are committed to making a positive impact on the communities where we operate, driving sustainable business practices that benefit both the environment and society. As part of its strategic oversight, the Board has reviewed and approved the continued relevance of environmental, social and governance ("**ESG**") material factors in ACRO-HT's business and strategy formulation. The Board will continue to review and monitor the management and performance of these ESG material factors periodically, with support from the management and feedback from key stakeholders.

One of our primary sustainability initiatives for FY2024 is the launch of a pilot program to implement the Symmons Evolution Water Management System ("**Symmons**") at six Hyatt House locations. Symmons is a sensor-based leak detection system that provides real-time data, identifies leaks, and detects equipment malfunctions, sending instant alerts to minimize downtime, reduce utility usage, and prevent water waste. The system also ensures consistent hot water delivery to guests without raising boiler temperatures, improving energy efficiency and guest satisfaction. Additionally, we expanded successful pilot projects, such as the waste reduction program to extend the life of well-maintained furniture and the use of on-demand water heaters to lower energy consumption, to other hotels in the portfolio.

As part of our ongoing commitment to sustainability, we conducted a second consecutive year of climate risk assessments in FY2024, covering 17 states across the U.S. This initiative underscored our proactive approach to climate risk, reinforcing our dedication to generating long-term value by helping the company mitigate potential disruptions, comply with regulations, and enhance business resilience.

ACRO-HT's Sustainability Report ("**SR**") was prepared in accordance with the recommendations from The Task Force on Climate-related Financial Disclosures ("**TCFD**") and adhere to Global Reporting Initiative (GRI) Universal Standards 2021. The FY2024 SR is scheduled to be released by the end of April 2025.

LOOKING AHEAD

The U.S. economic outlook for 2025 is clouded by uncertainties, primarily driven by ongoing geopolitical tensions and the changes to regulatory, immigration, trade, and tax policies. Additionally, the future trajectory of interest rates remains a key point of uncertainty, while the path of China's economic growth continues to be a critical variable that could shape global markets.

In this context, the International Monetary Fund (“**IMF**”) has revised its U.S. GDP growth forecast for 2025 to 2.7%⁴, which represents an increase of 0.5 percentage points from its earlier projection in October 2024. This upward adjustment reflects a combination of positive factors, including low unemployment, rising household incomes and strong consumer spending. Additionally, the wealth effect driven by a robust bull market has significantly contributed to boosting economic activity. However, challenges remain, as inflation continues to edge upward, changes in fiscal and immigration policies could further stroke inflation in 2025.

In response to these uncertainties, the U.S. Federal Reserve is taking a cautious approach before making further rate cuts. We will continue to monitor market developments closely and remain vigilant in our interest rate hedging strategy.

Turning to the lodging sector, forecasts for 2025 by Smith Travel Research (“**STR**”) and U.S. Tourism Economics project U.S. hotel market occupancy to remain steady at 63.0%, with modest growth of 2% in ADR and RevPAR, reflecting a stable lodging market⁵. U.S. Tourism Economics anticipates that economic conditions would continue to support travel activity in 2025, driven by growth in anticipated business investments, which were expected to boost demand for business and group travel⁶. This trend would benefit our portfolio, which is orientated towards domestic transient and leisure travellers. However, these forecasts did not account for potential disruptions from policy changes, which could potentially dampen inbound travel.

Despite the challenging environment, we will continue to persevere in our efforts to build a resilient portfolio. Amid the uncertain economic outlook and barring any unforeseen circumstances which may include a prolonged period of monetary status quo, we remain cautiously optimistic that the operating metrics for ACRO-HT will further strengthen in 2025.

We will be nimble and proactive in our portfolio and asset management strategy to strengthen ACRO-HT’s income streams. Additionally, we will selectively consider opportunistic divestments to reduce gearing or reallocate capital into higher-yielding asset enhancement or investment opportunities that will provide stapled securityholders of ACRO-HT (“**Stapled Securityholders**”) with long-term accretive value.

A Word of Appreciation

During the year, we announced that the following Directors had stepped down from our Board of Directors:

- Stepping down of Mr. Moses K Song as Non-Independent Non-Executive Director, effective 19 April 2024
- Stepping down of Ms. Stefanie Yuen Thio as Independent Non-Executive Director, Member and Chairperson of the Audit and Risk Committee, effective 3 May 2024
- Stepping down of Ms. Seow Bee Lian as Non-Independent Non-Executive Director, effective 27 May 2024

On behalf of the Board, we would like to thank Mr. Song, Ms. Yuen Thio and Ms. Seow for their contributions, guidance and invaluable insights during their term of service since the initial public offering of ACRO-HT.

In closing, on behalf of the Board and Management team, we would like to express our gratitude to our Stapled Securityholders, Sponsor, Trustee, advisors and bankers for their continued trust and support. We would also like to extend our appreciation to our Board for their stewardship and wise counsel, and to our management teams in U.S. and Singapore for their contribution, dedication and hard work.

Stephen Ray Finch
Chairman
27 March 2025

Lee Jin Yong
Chief Executive Officer
27 March 2025

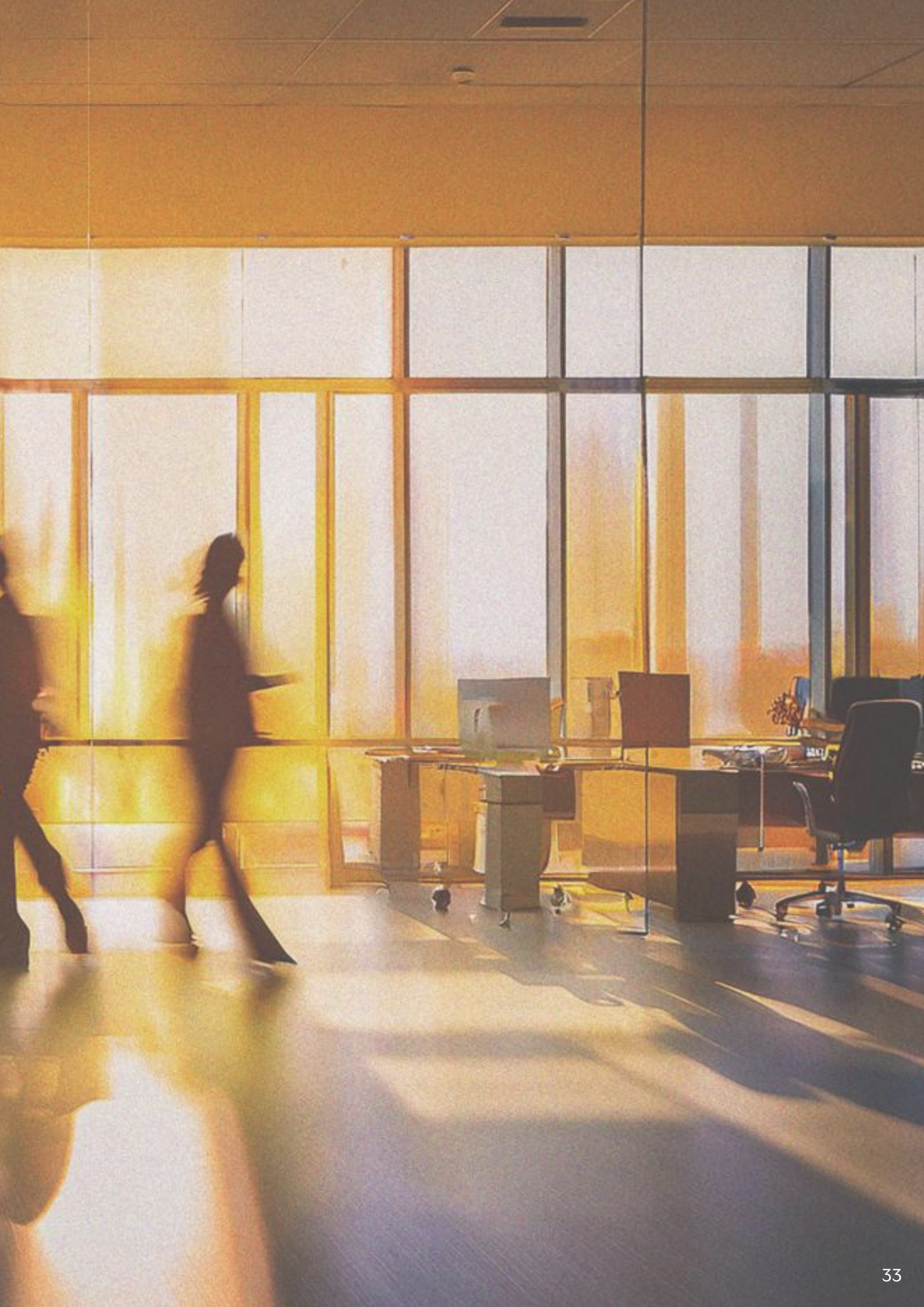
⁴ International Monetary Fund, World Economic Outlook Update, January 2025

⁵ Smith Travel Research (STR), Press Release, January 2025

⁶ Costar and Tourism Economics, January 2025



Our People



BOARD OF DIRECTORS

Mr. Stephen Ray Finch is an Independent Non-Executive Director of the Managers and the Chairman of the Boards. He was appointed as director of the REIT Manager on 1 January 2019 and as director of the Trustee-Manager on 12 April 2019.



Stephen Ray Finch
Chairman and
Independent
Non-Executive Director

Mr. Finch is currently the Managing Partner of Colfaxridge LLP, a business consultancy firm. Prior to this, Mr. Finch served as Chief Executive Officer of SRE Capital Pte Ltd from 2015 to 2017, and as Chief Executive Officer of APN Funds Management (Asia) Pte Ltd (formerly known as ARA Strategic Capital I Pte. Ltd.) from 2006 to 2014, where he managed the ARA Asian Income Fund and the APN Asian REIT Fund. Prior thereto, Mr. Finch has served as Managing Director and Head of Debt Capital Markets at DBS Bank Ltd., where he was responsible for both the fixed income and real estate investment trust origination business from 2000 to 2006. Mr. Finch also advised on several real estate investment trust listings at the firm. He evaluated, structured, priced and marketed primary and secondary offerings of real estate investment trusts and local and international debt securities offerings, including convertible bonds, asset securitisations and business trusts. Prior thereto, Mr. Finch served as Head of Asian Debt Origination at ANZ Investment Bank from 1997 to 2000, focusing on emerging market debt at the firm, and in various divisions at Citibank from 1984 to 1997.

Mr. Finch graduated with a Bachelor of Science degree in Geography from Texas A&M University in 1980 and received a Master of Business Administration from Harvard Business School in 1984.

Mr. Randy Allan Daniels is an Independent Non-Executive Director of the Managers. He was appointed as a director of the Managers on 12 April 2019.

Mr. Daniels currently serves as the Chairman of BWC Terminals Inc. and as independent director of JP Morgan Real Estate Income Trust, Inc.. His present directorships include serving as a Non-Executive Director of JP Morgan Real Estate Income and Growth Fund and Southwest Water Company since 2012 and 2011 respectively. Prior to this, he served as a Director at JP Morgan International Infrastructure Board from 2007 to 2018, and as Chairman of the New York State Real Estate Board, which is the regulatory board that oversees more than 250,000 real estate brokers in New York state. Mr. Daniels was also previously the Managing Director of Pickwick Capital Partners LLC, a company which specialises in the private placement of foreign investment in real estate development projects in the United States, and was Vice Chairman of Gilford Securities Inc, specialising in real estate investment from 2007 to 2015. From 2001 to 2006, Mr. Daniels was a Senior Government Official of the New York State, Department of State where he managed 17 divisions, 2,000 employees, a US\$1 billion annual budget and reviewed and approved all waterfront developments.



Randy Allan Daniels
Independent
Non-Executive Director

Mr. Daniels was a Registered Representative, Series 7 and 63 licensed by the Financial Industry Regulatory Authority, 2007-2019. He is a Certified Director of the National Association of Corporate Directors (“NACD”) and serves as a senior Board Leadership Fellow of NACD.

Mr. Daniels graduated with Bachelor of Science in Political Science and Broadcast Journalism from Southern Illinois University, United States of America, in 1973.

Mr. Wong Choong Mann is an Independent, Non-Executive Director of the Managers. He was appointed as a director of the Managers on 15 January 2020.

Mr. Wong joined the Singapore Police Force in 1980 as an Inspector and rose to the rank of Assistant Commissioner of Police. He had been working in a managerial capacity in criminal investigation until he retired from the Singapore Civil Service on 28 November 2017. Prior to his retirement, he was Director (Investigations) at the Corrupt Practices Investigation Bureau (“CPIB”) under the Prime Minister’s Office and conducted investigations into offences of corruption in both the public and private sectors. Prior to his posting to the CPIB, he was the Deputy Director of the Criminal Investigation Department, Singapore Police Force, from June 2008 to September 2010.



Wong Choong Mann
Independent
Non-Executive Director

After retiring from the Singapore Civil Service, Mr. Wong was appointed as an associate trainer by the Singapore Civil Service College in December 2017, and by the Nanyang Centre for Public Administration in June 2018.

Mr. Lin Daqi is a Non-Independent, Non-Executive Director of the Managers. He was appointed as a director of the Managers on 15 January 2020.

Mr. Lin is currently the Investment Manager of Haiyi Holdings Pte Ltd, responsible for the evaluation and execution of the group's investments across various industries and geographies. In addition, Mr. Lin holds directorships at Whitecoat Global and Aesen Offshore Limited, since 2021 and 2024, respectively.

Mr. Lin began his career in the financial industry in 2009 as an equity research analyst with Citigroup Global Markets, covering the offshore and marine sector. Subsequently, Mr. Lin served in various capacities within the Strategic Advisory and Mergers & Acquisitions team in DBS from 2010 to 2017, where he advised on some of the most prominent and high-profile public M&A transactions on the SGX.

Mr. Lin graduated from the National University of Singapore in 2008 with a Bachelor of Business Administration (Honours), majoring in Finance.



Lin Daqi

Non-Independent
Non-Executive Director

MANAGEMENT TEAM

Mr. Lee Jin Yong is the Chief Executive Officer of the Managers and is based in the U.S.

Mr. Lee has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Managers.

He has more than 30 years of experience in hotel management and investment. Mr. Lee has personally closed more than \$4.0 billion in hotel and real estate transactions. He established Probitry Investors, a boutique consultancy that evaluated investment opportunities and raised capital from institutional investors for global and national private equity fund managers. He has held leadership roles, including Chief Investment Officer at Thayer Lodging (now part of Brookfield) and Senior Vice President at HEI Hotels & Resorts, and served in business development capacity for hotel brands such as Kimpton Hotel & Restaurant Group (now part of InterContinental Hotels) and Marriott International. Mr. Lee began his career in hotel operations at the Ritz-Carlton, San Francisco.

Mr. Lee received a Master of Business Administration from the University of California, Irvine, and a Bachelor of Science degree in Hotel Administration from Cornell University. He was a long-term member of the Urban Land Institute, where he served on the U.S. Hotel Development Council, and is a lifetime member of the Cornell Hotel Society. Mr. Lee holds a U.S. FINRA series 82 license.



Lee Jin Yong
Chief Executive Officer

Mr. Gregory Sim is the Chief Financial Officer of the Managers and is based in Singapore.

Mr. Sim is responsible for all the finance matters of ACRO-HT. He has 30 years of experience with strong financial and corporate planning expertise, overseeing real estate development, operations and investment across Singapore, USA, Malaysia, and Australia.



Gregory Sim
Chief Financial Officer

Prior to joining the Managers, he served as the Deputy CEO of Haiyi Holdings Pte Ltd. Mr. Sim has held various senior management positions at listed companies such as Guccoland Limited and SingHaiyi Group Ltd. He also spent ten years at Far East Organization, where he oversaw the financial and reporting functions for the recurring income business group. He was involved in the initial public offering of Far East Hospitality Trust and was subsequently appointed as CFO and head of investor relations. Mr. Sim began his career as an auditor with Deloitte & Touche LLP, Singapore.

Mr. Sim graduated from Nanyang Technological University, of Singapore with a Bachelor of Accountancy and is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

Mr. James Jung is the Director, Investments of the Managers and is based in the U.S.

Mr. Jung works with the Chief Executive Officer to identify and evaluate potential acquisitions and related investments or divestments with a view to enhance the Trust's portfolio.



James S. Jung
Director,
Investments

He has over 20 years of experience in hospitality acquisitions, dispositions and asset management. Prior to joining the Managers, he has reviewed over \$10 billion in asset valuation and was personally involved in closing \$2 billion in acquisition/divestment in partnership with leading institutional U.S. capital providers, including Starwood Capital, Angelo Gordon, Walton Street Capital, Host Hotels, and Watermark Lodging Trust.

Prior to his career in real estate investments, Mr. Jung spent several years consulting and implementing data solutions in various business sectors that include gaming, lodging, banking and consumer retail.

Mr. Jung holds a Master of Management in Hospitality with a concentration in Real Estate Finance from Cornell University, as well as a Master of Business Administration and Bachelor of Science degree from the University at Albany, State University of New York.

Ms. Cheryl Yong is the Assistant Director, Finance of the Managers and is based in Singapore.

Ms. Yong assists the Chief Financial Officer with the finance function of ACRO-HT. She has 20 years of experience in accounting and financial reporting. Prior to joining the Managers, Ms. Yong was the Chief Financial Officer of ZACD Group Limited, an integrated asset manager listed in Hong Kong and headquartered in Singapore where she was involved in the successful IPO of the company and subsequently responsible for the group reporting and corporate finance function. She also held various finance and managerial positions in public listed companies including Banyan Tree Holdings, and MNCs including Johnson & Johnson. Ms. Yong began her career as an auditor with KPMG LLP Singapore.



Cheryl Yong
Assistant Director,
Finance

Ms. Yong holds a Bachelor of Commerce degree from the University of Queensland, Australia and is a member of CPA Australia.

Ms. Chris Tan is the Finance Manager of the Managers and is based in Singapore.

Ms. Tan is responsible for the finance and reporting functions of ACRO-HT. She has more than 13 years of work experience in audit and finance industry. Prior to joining the Managers, she served as the Finance Manager and Group Controller at Pearl Engineering Solutions, where she managed Singapore's reporting and group finance functions. She has also held finance (listed companies) and audit roles at Chuan Hup Holdings, H2G Green, and Heng Lee Seng LLP.



Chris Tan
Manager, Finance

Ms. Tan holds a Bachelor of Commerce (Honours) Accounting degree from the University of Tunku Abdul Rahman, Malaysia. She is also a Chartered Accountant with the Fellow of the Association of Chartered Certified Accountants.

Ms. Wendy Pek is the Compliance Manager of the Managers and is based in Singapore.

Ms. Pek is responsible for the risk management, compliance and regulatory matters of ACRO-HT.

Ms. Pek has over 19 years of experience in accounting and finance industry. Prior to joining the Managers, she also held various finance and managerial positions in real estate related and public-listed companies including Vistra, ARA LOGOS Logistics Trust, G. K. Goh Strategic Holdings, YTL Starhill Global Reit, CapitaMalls Asia and G. K. Goh Financial Services.

Ms. Pek holds an ACCA (Association of Chartered Certified Accountants, UK) qualification and is a fellow of ACCA. She is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.



Wendy Pek
Manager, Compliance

Ms. Dawn Lee is the Investor Relations Manager of the Managers and is based in Singapore.

Ms. Lee serves as the primary point of contact for its stapled securityholders and the investment community. She manages the preparation of public disclosures, ensuring clear and consistent communication about ACRO-HT's performance, strategy and growth. She also oversees sustainability reporting, ensuring adherence to the latest ESG standards and practices. She has over 15 years of work experience in valuation and lease management. Prior to joining the Managers, she worked in Colliers International Consultancy & Valuation (Singapore) and Jurong Town Corporation.



Dawn Lee
Manager, Investor Relations

Ms. Lee holds a Master of Business Administration from the University of Chicago Booth School of Business, Illinois, U.S., and a Bachelor of Science (Real Estate) degree from the National University of Singapore. Ms. Lee is also a member of the Singapore Institute of Surveyors and Valuers and a licensed valuer with the Inland Revenue Authority of Singapore.

Performance Review



Hyatt Place Omaha Downtown Old Market

OPERATIONAL REVIEW

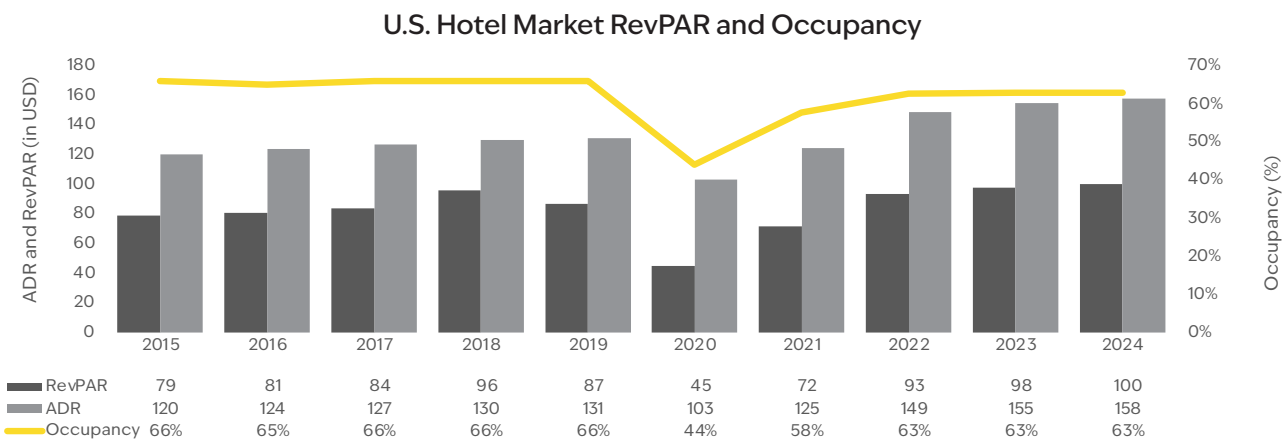
U.S. LODGING INDUSTRY OVERVIEW

Demand and Performance

The U.S. lodging industry has stabilized in 2024, with demand continuing to grow. The U.S. hotel market occupancy remained steady at 63.0%, while both ADR and RevPAR recorded modest year-on-year growth, reaching US\$158 and US\$100, respectively, reflecting a 2.0% increase.

The U.S. economy grew at a healthy rate of 2.8% in 2024, driven primarily by strong consumer spending. Despite challenges such as ongoing inflationary pressures, geopolitical uncertainties, and potential changes to trade and immigration policies, the economy remained resilient, bolstered by solid consumer fundamentals.

The strong U.S. dollar encouraged outbound international travel. However, increased demand for business and group travel, fueled by strong business investments, along with growth in inbound international travel, helped offset the softness in U.S. leisure travel and boosted overall demand for lodging. Meanwhile, lending constraints and elevated construction costs continued to limit new hotel supply, with growth expected to remain well below the long-term average, further supporting pricing power for existing hotels.



Investment Market

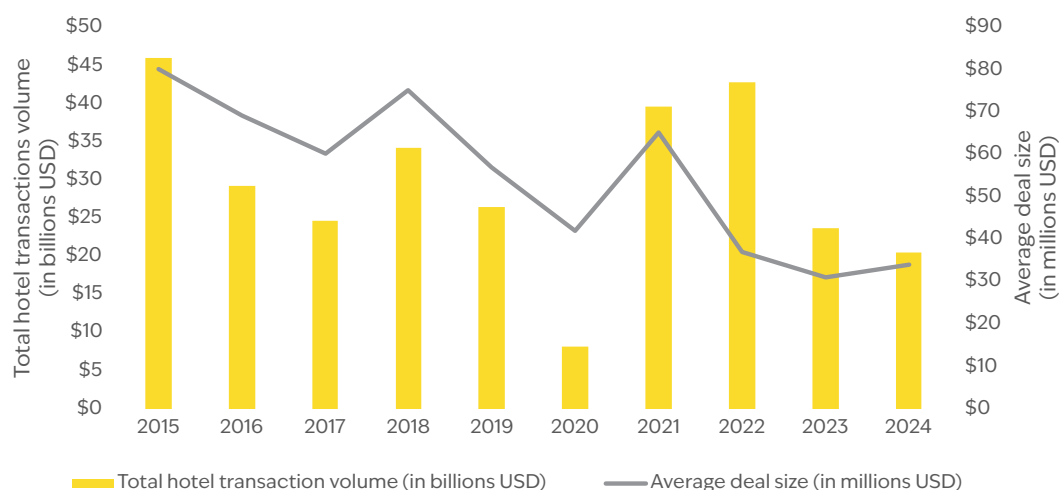
The U.S. hotel transaction volume in 2024 declined by 13.5%, from US\$23.7 billion in 2023 to US\$20.5 billion¹. However, transaction activity improved in the second half of 2024, following the Federal Reserve's three consecutive rate cuts. Despite this rebound, hotel transaction volume remained low, largely due to the elevated cost of debt.

According to JLL Research², select-service and extended stay hotels exhibited robust performance with RevPAR reaching a record \$78 and demand increasing by 232,000 room nights year-over-year, nearly recovering to 2019 levels. These properties cater to travelers seeking longer stays, remote work, and work-life balance with amenities like kitchenettes and recreational areas, attracting both leisure and business travelers. In addition, the sector's inherently lean operating model has resulted in higher and more consistent yields, which has contributed to a marked increase in investment interest.

Since 2021, the select-service and extended-stay hotel sector has consistently accounted for nearly 50% of the total U.S. hotel investment volume, attracting outsized investor interest due to its strong fundamentals, efficient operating model, and superior yields compared to other real estate commercial sectors. Building on this momentum, the sector is expected to continue its success in 2025, with U.S. hotel investment volume projected to rise by 20% to 30%, fueled by a significant increase in loan maturities.

1. JLL, U.S. Hotel Investment Trends, State of the Lodging Industry, Year-End 2024
2. JLL, U.S. Select-Service and Extended Stay Hotel Outlook 2025, February 2025

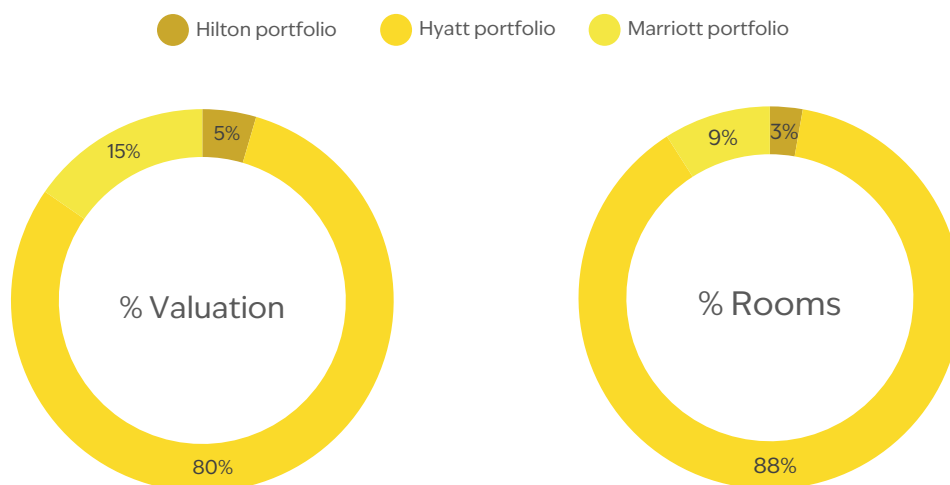
U.S. Hotel Investment Volume and Average Deal Size (2015-2024)



Portfolio Performance

ACRO-HT's portfolio performance in FY2024 was impacted by the disposition of three hotels and disruptions from asset enhancement initiative projects at six hotels. As a result, the number of rooms available for sale decreased by 4.9%. The portfolio's average occupancy rate declined slightly by 0.6 percentage points, from 69.3% to 68.7%. Despite this, its portfolio of upscale select-service hotels saw a 1.4% year-on-year increase in ADR, reaching US\$140. Consequently, RevPAR remained flat at US\$96.

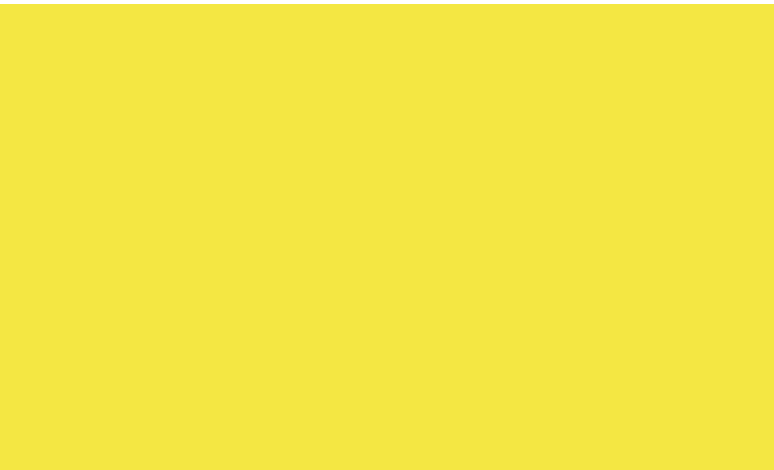
For FY2024, the Hyatt portfolio occupancy and RevPAR were lower year-on-year at 67.7% and RevPAR of US\$92, respectively. The Marriott portfolio achieved an occupancy rate of 75.5% and a RevPAR of US\$130, reflecting a slight drop of 1.2 percentage points in occupancy but a 4% increase in RevPAR compared to the previous year. The Hilton portfolio saw a 1 percentage point increase in occupancy to 80.6%, although its RevPAR decreased by 6% year-on-year to US\$128.



Portfolio Valuation

As of 31 December 2024, ACRO-HT's portfolio consisted of 33 upscale select-service hotels, totaling 4,315 rooms across 17 states in the United States. In terms of room count, 88% of the portfolio is made up of Hyatt hotels, 9% is comprised of Marriott hotels, and the remaining 3% comes from Hilton hotels. Approximately 94% of the portfolio's value is derived from freehold properties, with the remaining 6% from leasehold properties.

In accordance with the CIS code, the valuation of ACRO-HT's portfolio is conducted annually. As of 31 December 2024, independent valuations were carried out by HVS Consulting and Valuation, which used, among other methods, the income capitalization approach – specifically the discounted cash flow method and direct capitalization approach – to determine the fair values of the hotels. ACRO-HT's portfolio, consisting of 33 hotels, was valued at US\$728.0 million, reflecting a year-on-year increase of 2.2% on a same-store basis.



FINANCIAL REVIEW

Revenue

The revenue of ACRO-HT comprises room revenue and other operating revenue. Room revenue comprises payments for the rental of guestrooms, including charges for cancellation and guaranteed no show at the properties. Other operating revenue comprises F&B sales and revenue relating to ancillary operations including meeting space rental, sundry sales and guest laundry.

ACRO-HT disposed of three hotels in FY2024: Hyatt Place Pittsburgh Airport, Hyatt House Plymouth Meeting, and Hyatt House Shelton. As a result, the total number of hotels and rooms in the portfolio decreased by 8.3% and 8.2%, respectively, bringing the totals to 33 hotels and 4,315 rooms as of 31 December 2024. Due to this reduction, ACRO-HT recorded a total revenue of US\$168.8 million for the year, reflecting a slight decline of 3.8% compared to the prior year. In addition to the smaller portfolio, operational performance was impacted by asset enhancement initiatives at six hotels: Hyatt Place Mystic, Hyatt Place Rancho Cordova, Hyatt Place Omaha, Hyatt Place Secaucus, Hyatt Place Lakeland Center, and Hyatt Place Tampa Busch Gardens. This disruption further led to a 4.9% decrease in rooms available for sale. While occupancy fell marginally by 0.6 percentage points to 68.7%, ADR rose by 1.4% to US\$140. As a result, RevPAR remained stable at US\$96 for FY2024.

Gross Operating Profit

Gross operating profit ("**GOP**") is derived after netting off operating expenses from revenue. Operating expenses mainly comprise room expenses, administrative and general expenses, sales and marketing expenses, franchise fees, property operations and maintenance expenses, and utilities.

Operating expenses in the second half of 2024 ("**2H2024**") and the whole of FY2024 decreased 5.6% and 3.8%, respectively, compared to the second half of FY2023 and the whole of FY2023, in line with lower revenue during the year. Consequently, ACRO-HT's GOP also decreased by 3.8%, totalling US\$59.6 million for FY2024. Despite the slight decrease in profit, the GOP margin remained stable at 35.3%, due to effective cost management measures in this inflationary environment.

Net Property Income

Net property income ("**NPI**") is GOP less property expenses. Property expenses mainly comprise hotel management fee, property taxes and insurance. Hotel management fee is based on 3.0% of total revenue.

ACRO-HT reported a lower NPI of US\$44.3 million in FY2024, a decrease of 7.0% as compared to FY2023, largely due to higher insurance premiums and hotels' common area maintenance costs.

Distributable Income

After adjusting for non-cash items and reserves set aside for capital expenditure (which relates to routine capital asset improvements and refurbishments of hotel properties), as well as paying for borrowing costs and fees in accordance with provisions in the Trust Deeds, the amount available for distribution for 2H2024 and FY2024 was US\$5.9 million and US\$10.3 million, respectively.

Both ACRO-REIT and ACRO-BT have a distribution policy of distributing at least 90% of distributable income, subject to the provisions in the Stapling Deed. For FY2024, US\$1.03 million, or 10% of the total amount available for distribution, was retained for general corporate and working capital purposes. Accordingly, ACRO-HT reported a distributable income of US\$4.9 million for 2H2024 and US\$9.3 million for FY2024.

For FY2024, ACRO-HT's distributable income decreased to US\$9.3 million, compared to US\$19.8 million in FY2023. This decline was attributed to portfolio optimisation and asset enhancement activities that were carried out in FY2024 as well as higher financing costs.

Assets and Liabilities

Total assets for ACRO-HT as at 31 December 2024 were US\$780.9 million, with NAV per Stapled Security at US\$0.73. Total assets declined marginally due to the reduction in portfolio size while net asset value ("**NAV**") remained fairly stable. On a comparable basis, overall portfolio valuation increased 2.2% to US\$728.0 million.

The term loans of ACRO-HT stood at US\$324.5 million as at 31 December 2024 comparable to that of 31 December 2023. As the interest rate hedges entered into during 2019 matured in February 2024, ACRO-HT has been monitoring interest rate swap rates and progressively hedging its outstanding debts. For FY2024, the all-in cost of debt was 6.7% per annum, and bank borrowings were 47.5% hedged to a fixed rate as of 31 December 2024. The net fair value of financial derivatives represented 0.14% of ACRO-HT's net assets as at 31 December 2024. The Managers will continue to monitor the market and adopt appropriate hedging strategies to manage interest rate exposure where necessary for ACRO-HT.

The average leverage ratio remained stable at 41.6% as at 31 December 2024, and the interest coverage ratio ("**ICR**"), based on a trailing 12-month basis, stood at 1.8 times. Both ratios remain within the limits prescribed under Appendix 6 of the CIS Code by the Monetary Authority of Singapore ("**MAS**") (the "**Property Funds Appendix**"). The Managers note that MAS had revised the CIS Code, effective from 28 November 2024, to require that the minimum ICR of 1.5 times and a single aggregate leverage ratio limit of 50% to be applied to all REITs.

All borrowings of ACRO-HT are denominated in United States Dollars ("**USD**"), the functional currency of ACRO-HT and the currency of its underlying investments and income. ACRO-HT is exposed to minimal foreign currency fluctuations.

Cash Flows and Liquidity

As at 31 December 2024, ACRO-HT had cash and cash equivalents of US\$31.6 million. Net cash generated from operating activities was US\$35.2 million for FY2024. Net cash generated from investing activities amounted to US\$16.9 million, after accounting for the dispositions of three hotels and capital expenditures. Net cash used in financing activities was US\$40.7 million, comprising mainly distributions to the Stapled Securityholders as well as interest payments during the year.

As at 31 December 2024, ACRO-HT had unutilised revolving facilities of US\$50.0 million and a US\$8.0 million letter of credit facility in place.

Looking ahead, the Managers will continue to execute proactive asset management and portfolio optimization strategies to build a resilient U.S. hotel portfolio. This is coupled with a prudent and disciplined approach to capital management, aimed at pursuing sustainable value creation for its stapled securityholders.

INVESTOR RELATIONS

The Managers are committed towards upholding the principles of timeliness, objectivity, transparency and fairness in their communications with Stapled Securityholders and the investment community and take a proactive approach in engaging all stakeholders.

Announcements, press releases and investor presentations are promptly released on SGXNET and ACRO-HT's corporate website (www.acrophytetrust.com) to keep investors updated of the material developments and financial performance of ACRO-HT. Stapled Securityholders and the general public can also subscribe to ACRO-HT's email alert service via the corporate website and they will receive email notifications of latest announcements and SGXNET filings on ACRO-HT. There is also a dedicated communication channel (via email) to address queries from investors and the general public.

Following the amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, ACRO-HT has adopted half-yearly reporting of financial results since March 2020. Nevertheless, ACRO-HT continues to provide quarterly business updates to keep our stakeholders apprised of operational performance regularly.

The Managers will continue to proactively engage stakeholders through various communication channels, including providing relevant business and operational updates between the announcements of half-yearly financial statements.

FY2024 INVESTOR RELATIONS CALENDAR

First Quarter

Analyst earnings call for FY2023 results	February 2024
Investor conference call hosted by DBS Vickers Securities (Singapore)	February 2024

Second Quarter

FY2023 Annual General Meeting	April 2024
Analyst earnings call for 1Q 2024 business and operational updates	May 2024
Investor conference call hosted by DBS Vickers Securities (Singapore)	May 2024
Meeting with Phillips Securities	May 2024

Third Quarter

Analyst earnings call for 1H 2024 results	August 2024
Investor conference call hosted by DBS Vickers Securities (Singapore)	August 2024

Fourth Quarter

Analyst earnings call for 3Q 2024 business and operational updates	November 2024
Investor conference call hosted by DBS Vickers Securities (Singapore)	November 2024

FINANCIAL CALENDARS

Financial Year Ended 31 December 2024

Dates

First Quarter Business and Operational Updates Announcement	3 May 2024
First Half Results Announcement	7 August 2024
Payment of Distribution (six months ended 30 June 2024)	27 September 2024
Third Quarter Business and Operational Updates Announcement	7 November 2024
Full Year Results Announcement	27 February 2025
Payment of Distribution (six months ended 31 December 2024)	28 March 2025
FY2024 Annual General Meeting	30 April 2025

Financial Year Ended 31 December 2025

Tentative Dates

First Quarter Business and Operational Updates Announcement	May 2025
First Half Results Announcement	August 2025
Payment of Distribution (six months ended 30 June 2025)	September 2025
Third Quarter Business and Operational Updates Announcement	November 2025
Full Year Results Announcement	February 2026
Payment of Distribution (six months ended 31 December 2025)	March 2026
FY2025 Annual General Meeting	April 2026

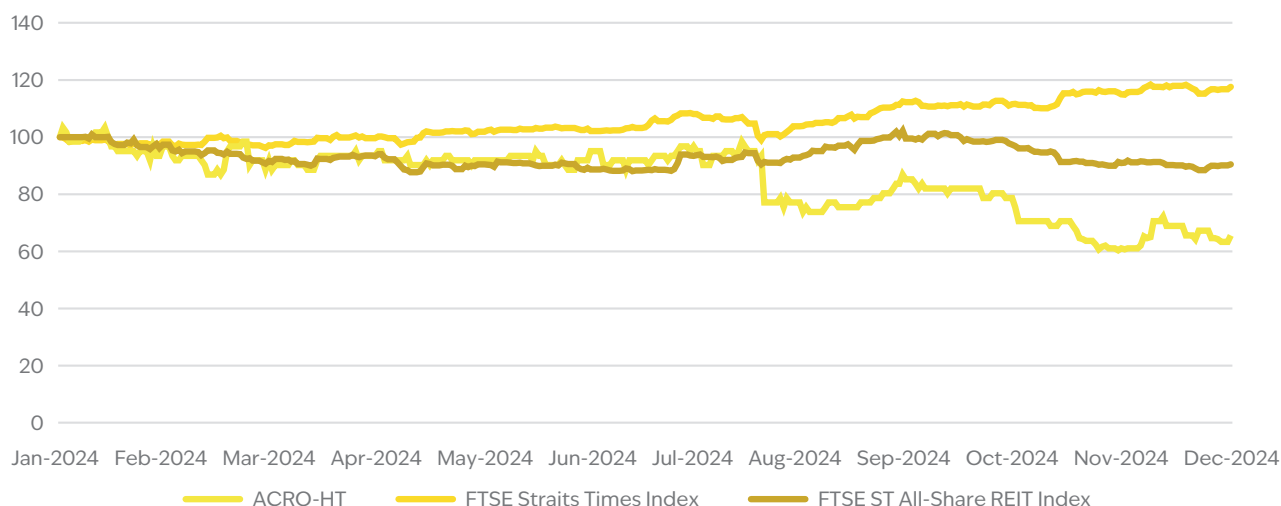
STAPLED SECURITY PRICE PERFORMANCE

	FY2024	FY2023
Opening Price on the first trading day of the Financial Year (US\$)	0.310	0.350
Closing Price on the last trading day of the Financial Year (US\$)	0.200	0.305
Highest Closing Price (US\$)	0.315	0.410
Lowest Closing Price (US\$)	0.230	0.230
Average Closing Price (US\$)	0.184	0.330
Total Traded Volume (Stapled Securities) [#]	76,968,000	28,875,800
Average Daily Volume Traded (Stapled Securities)	320,007	124,777
Total Return* (%)	-27.4	-5.05

* Source: Bloomberg

[#] For FY2024, the total traded volume (stapled securities) exclude the sale of stapled securities to Acrophyte Limited on 9 July 2024.

RELATIVE PERFORMANCE INDICES FOR FY2024



Note: Data extracted are not adjusted for any cash adjustments, capital changes or corporate actions (including but not limited to cash dividend, rights offering, warrants and stock splits). For dates that fall on non-trading days, share price data is extracted from the corresponding previous trading day.

STAPLED SECURITYHOLDER ENQUIRIES

For more information on ACRO-HT and its operations, please contact the Managers, Acrophyte Hospitality Trust Management Pte. Ltd. and Acrophyte Hospitality Business Trust Management Pte. Ltd., via the following:

Investor Relations

Email: ir-enquiry@acrophyte.com

Website: www.acrophytetrust.com



Reports

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust) ("**ACRO-HT**") is a stapled group comprising Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) ("**ACRO-REIT**") and Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) ("**ACRO-BT**").

The units in ACRO-REIT (each, an "**ACRO-REIT Unit**") and the units in ACRO-BT (each, an "**ACRO-BT Unit**") are stapled together under the terms of a stapling deed dated 17 April 2019 (the "**Stapling Deed**") entered into between Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.), as manager of ACRO-REIT (the "**REIT Manager**"), DBS Trustee Limited, as trustee of ACRO-REIT (the "**REIT-Trustee**") and Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.), as trustee-manager of ACRO-BT (the "**Trustee-Manager**", and together with the REIT Manager, the "**Managers**"), to form stapled securities in ACRO-HT ("**Stapled Securities**", and each a "**Stapled Security**"). Each Stapled Security consists of one ACRO-REIT Unit and one ACRO-BT Unit, which cannot be traded separately. The Stapled Securities were listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 9 May 2019.

ACRO-REIT is a real estate investment trust ("**REIT**") constituted in Singapore by a trust deed dated 24 September 2018 (as amended) (the "**ACRO-REIT Trust Deed**"), entered into between the REIT Manager and the REIT-Trustee. ACRO-REIT is an authorised collective investment scheme under the Securities and Futures Act 2001 of Singapore (the "**SFA**").

ACRO-BT is a business trust constituted in Singapore by a trust deed dated 29 October 2018 (as amended) (the "**ACRO-BT Trust Deed**"), together with the ACRO-REIT Trust Deed and the Stapling Deed (collectively, the "**Trust Deeds**"). ACRO-BT is registered as a business trust under the Business Trusts Act 2004 of Singapore (the "**BTA**").

This Corporate Governance Report ("**Report**") describes the Managers' corporate governance framework and practices. The Managers are committed to sound corporate governance policies and practices and observe high standards of conduct in line with the recommendations of the Code of Corporate Governance 2018 (the "**CG Code**") and the Listing Manual of the SGX-ST (the "**Listing Manual**"), as well as other applicable rules and regulations.

The following segments describe the Managers' main corporate governance policies and practices. They encompass proactive measures for avoiding situations of conflict or potential conflicts of interest, prioritising the interests of the stapled securityholders of ACRO-HT (the "**Stapled Securityholders**"), complying with applicable laws and regulations, and ensuring that the Managers' obligations under the Trust Deeds are properly and efficiently carried out. The Managers are committed to complying with the principles and provisions of the CG Code, and to the extent that there are any deviations from the CG Code, such as in respect of the establishment of a nominating committee and a remuneration committee, and the implementation of absentia voting at general meetings of ACRO-HT Stapled Securityholders, the Managers will provide explanations for such deviations and details of the alternative practices adopted by the Managers which are consistent with the intent of the relevant principles of the CG Code.

Due to the different legislative and regulatory requirements in relation to a REIT as compared to a business trust, the corporate governance procedures and disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager, and where appropriate, these have been highlighted below.

THE MANAGERS

The Managers are wholly-owned subsidiaries of Acrophyte Asset Management Pte. Ltd. ("**Acrophyte AM**"). Acrophyte AM is a wholly-owned subsidiary of Acrophyte Pte. Ltd. ("**Acrophyte**" or the "**Sponsor**"), the sponsor of ACRO-HT. Acrophyte (formerly known as Chip Eng Seng Corporation Ltd.) is a multinational conglomerate company. Each of the REIT Manager and the Trustee-Manager has general powers of management over the business and assets of ACRO-REIT and ACRO-BT, respectively.

CORPORATE GOVERNANCE REPORT

The REIT Manager holds a Capital Markets Services (“**CMS**”) Licence issued by the MAS to carry out REIT management activities, in accordance with the SFA. In addition, employees of the REIT Manager who carry out regulated activities are appointed CMS representatives. The REIT Manager’s main responsibility is to manage ACRO-REIT’s assets and liabilities in the best interests of the unitholders of ACRO-REIT. The primary role of the REIT Manager is to set the strategic direction of ACRO-REIT and make recommendations to the REIT-Trustee on, amongst others, acquisitions, divestments, development and/or enhancement of the assets of ACRO-REIT in accordance with its stated investment strategy.

The Trustee-Manager performs similar functions for ACRO-BT. It has the dual responsibilities of holding the trust property of ACRO-BT on trust for the unitholders of ACRO-BT, and managing the business conducted by ACRO-BT.

Collectively, the Managers have the duty of safeguarding the interests of the Stapled Securityholders.

Other main functions and responsibilities of the REIT Manager and the Trustee-Manager include:

1. using their best endeavours to ensure that the business of ACRO-REIT and ACRO-BT are carried out and conducted in a proper and efficient manner and to conduct all transactions with or for ACRO-REIT and ACRO-BT at arm’s length and on normal commercial terms;
2. preparing reports on a regular basis, which may contain forecasts on the net income, capital expenditure, sales and valuations, explanations of major variances from previous forecasts, written commentary on key issues and underlying assumptions on inflation, annual turnover, occupancy costs and any other relevant assumptions. The purpose of these reports is to monitor and explain the performance of ACRO-HT’s assets;
3. establishing a framework of prudent and effective controls which enables financial, operational, compliance, environmental and information technology risks to be managed;
4. ensuring compliance by ACRO-REIT and ACRO-BT (as the case may be) with the principles and provisions of the CG Code and other applicable laws, rules and regulations, including the SFA, the Securities and Futures (Licensing and Conduct of Business) Regulations (the “**SF(LCB)R**”), the BTA and the Business Trusts Regulations (the “**BTR**”), the Listing Manual, the Code on Collective Investment Schemes (“**CIS Code**” issued by the MAS, including Appendix 6 thereto, the “**Property Funds Appendix**”), the Singapore Code on Takeovers and Mergers, the Trust Deeds, the relevant MAS Notices and Guidelines, the CMS licensing conditions, any tax rulings issued and all other relevant legislations or contracts;
5. attending to all communication with Stapled Securityholders; and
6. supervising the hotel managers for management services such as running and managing of the hotels, marketing services, managing the overall annual business plans of the hotels and putting in place the necessary policies and procedures for the hotel operations pursuant to the respective hotel management agreements.

Both ACRO-REIT and ACRO-BT are externally managed by the REIT Manager and the Trustee-Manager, respectively. Accordingly, both ACRO-REIT and ACRO-BT do not have personnel of their own. The Managers employ experienced and well-qualified management staff to run the day-to-day operations of ACRO-REIT and ACRO-BT. The directors and employees of the REIT Manager and the Trustee-Manager are remunerated by the REIT Manager and the Trustee-Manager out of their fees and not out of the deposited property of ACRO-REIT, ACRO-BT or ACRO-HT.

CORPORATE GOVERNANCE REPORT

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with the Management for the long-term success of the company.

The composition of the board of directors of the Managers (the **"Board"**) as at 31 December 2024 is as follows:

Directors	Position
Mr. Stephen Ray Finch	Chairman and Independent Non-Executive Director
Mr. Randy Allan Daniels	Independent Non-Executive Director and Chairman of the Audit and Risk Committee
Mr. Wong Choong Mann	Independent Non-Executive Director
Mr. Lin Daqi	Non-Independent Non-Executive Director

The Board is entrusted with the responsibility for the overall management of the Managers and their corporate governance, including establishing goals for the management teams of the Managers (the **"Management"**), holding the Management accountable for performance and monitoring the achievement of these goals. All Directors are fiduciaries who act objectively in the best interests of ACRO-HT. The Board sets an appropriate tone from the top and the desired organisational culture and ensures proper accountability within the Managers.

The Directors have the responsibility to act with due diligence in the discharge of their duties and ensure that they have the relevant knowledge to carry out and discharge their duties as directors, including understanding their directorship duties (including their roles as non-executive and independent Directors), the business of ACRO-HT and the environment in which it operates. The Directors are also required to dedicate the necessary effort, commitment and time to their work as Directors and are expected to attend all Board meetings, except if unusual circumstances make attendance impractical.

The Board is also responsible for the strategic business direction and risk management of ACRO-HT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointments of such Directors. The Board has established a framework for the Management and ACRO-HT comprising a system of robust internal controls, risk management processes and clear policies and procedures setting out the code of conduct and ethics of ACRO-HT. Where a Director is conflicted in a matter, he or she will be required to disclose his or her interest to the Board, recuse himself or herself from the deliberations and abstain from voting on the matter. The Directors have complied with this practice and such compliance has been duly recorded in the minutes of meetings or written resolutions.

The Board has adopted a set of prudent internal controls to safeguard Stapled Securityholders' interests and ACRO-HT's assets. A set of internal guidelines sets out the level of authorisation and financial authority limits for operating and capital expenditure, capital management, and other corporate matters which facilitate operational efficiency, with oversight by the Board. Apart from matters stated below that specifically require approval from the Board, the Board approves transactions which exceed established threshold limits, and delegates its authority for transactions below those limits to the relevant Board Committee, where appropriate, and clearly communicates this to Management in writing.

1 In this Report, references to the "Board", "Directors", "Management" and similar words and expressions are intended to mean the Board, Directors, Management etc. of each of the REIT Manager and the Trustee-Manager (save where the context otherwise requires), as during the financial year ended 31 December 2024 ("FY2024"), the Board and Management of the REIT Manager and the Trustee-Manager comprised the same persons.

CORPORATE GOVERNANCE REPORT

Matters that are specifically reserved for the Board's decision and approval include:

1. corporate strategies and policies of ACRO-HT;
2. financial restructuring;
3. any material acquisitions and divestments;
4. annual budget;
5. release of financial results;
6. annual audited financial statements;
7. issue of new Stapled Securities;
8. income distributions and other returns to Stapled Securityholders; and
9. Interested Person Transactions (as defined below) of a material nature.

Board Committee

Each of the Board of the REIT Manager and the Trustee-Manager has constituted an audit and risk committee (the "**Audit and Risk Committee**²") with written terms of reference to assist in discharging its responsibilities and enhancing its corporate governance framework. The Board has delegated specific responsibilities to the Audit and Risk Committee and its composition, terms of reference and a summary of its activities are further described in this Report. The Audit and Risk Committee of each of the REIT Manager and the Trustee-Manager comprise the same persons.

While the Board Committee has the authority to examine particular issues in its specific area, the Board Committee will report to the Board with its decision(s) and/or recommendation(s) and the ultimate responsibility on all matters lies with the Board.

The composition of each Board Committee is also reviewed as and when there are changes to Board members. Where appropriate, changes are made to the composition of the Board Committee, with a view of ensuring there is an appropriate diversity of skills, experience, and to foster active participation and contributions from Board Committee' members.

Board Meetings

The Directors attend and actively participate in Board and Board Committee's meetings. The Board meets regularly to review the Managers' key activities. Board meetings are held once every quarter (or more often if necessary). Where necessary, additional meetings would be held to address significant transactions or issues requiring the Board Committee and the Board's attention. The Constitutions of the Managers allow Directors to convene meetings via teleconferencing, videoconferencing or other similar means of communication.

Prior to the Board Committee's meetings and the Board meetings and on an on-going basis, the Management provides complete, adequate and timely information to the Board on ACRO-HT's affairs and issues that require the Board's decision, to enable the Board to make informed decisions and discharge their duties and responsibilities. Explanatory background information relating to matters brought before the Board includes quarterly business updates, half-yearly and full-year results announcements, budgets and documents related to the operational and financial performance of ACRO-HT.

² In this Report, references to the "Audit and Risk Committee" are intended to mean the Audit and Risk Committee of each of the REIT Manager and the Trustee-Manager.

CORPORATE GOVERNANCE REPORT

Board Meetings (continued)

Board and Board Committee meetings for the year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. The Board and Board Committee may also hold ad hoc meetings as and when required. Board papers are generally circulated at least three (3) days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Information provided to the Board includes financial results, market and business developments, and business and operational information. Management also highlights key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

The Chief Executive Officer ("**CEO**") keeps all Board members abreast of key developments and material transactions affecting ACRO-HT so that the Board is kept fully aware of its affairs, business, financial environment and risks faced by ACRO-HT and the Managers. All Directors have separate, independent and unrestricted access to Management, the company secretary of the Managers (the "**Company Secretary**"), the Internal Auditors and External Auditors (each as defined herein), as well as other external advisers (where necessary), at all times and at the Managers' expense (where applicable).

If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or the chairperson of the Board Committee of his or her views on the matters to be discussed and conveyed to other Directors at the meetings. The Board and Board Committee may also make decisions and approve matters by way of written resolutions. Where appropriate, Management will be requested to attend meetings of the Board and the Board Committee in order to provide their input and insight into the matters being discussed, and to respond to any queries that the Directors may have. At the Board and Board Committee meetings, all Directors actively participate in discussions by engaging in open and constructive debate and providing feedback to Management on its recommendations. The Board composition allows for diversity in views and perspectives which enriches deliberations and contributes to better decision-making of the Board in the best interest of ACRO-HT.

In addition, Directors may request for briefings and discussions with Management on any aspect of ACRO-HT's operations and may request for any additional reports and documents requiring the Board's attention. When circumstances require, Board members may exchange views outside the formal environment of Board meetings.

The Company Secretary and/or her authorised designate(s) attend(s) all Board and Board Committee meetings and assist(s) the Board in ensuring that Board procedures and all other rules and regulations applicable to the Managers are complied with. The Company Secretary advises the Board on governance matters and works with the Chairman to ensure that information flows within the Board and the Board Committee and between Management and the Directors. The Company Secretary will also assist with professional development and training for Directors when required to do so. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The Managers also have in place procedures to enable Directors, whether as a group or individually, to obtain independent professional advice as and when necessary, in furtherance of their duties, at the Managers' expense. The appointment of such independent professional advisors is subject to approval by the Board.

CORPORATE GOVERNANCE REPORT

Board Meetings (continued)

Four Board meetings were held in FY2024. The key deliberations and decisions taken at Board meetings are minuted. The attendance of the Directors at Board meetings, Audit and Risk Committee meetings and the Annual General Meeting (“AGM”), as well as the frequency of such meetings, are set out below.

Directors’ Attendance at Board, Audit and Risk Committee and Stapled Securityholders’ Meetings in FY2024

Directors	Board Meetings		Audit and Risk Committee Meetings		AGM
	Participation	Attendance/ Number of Meetings	Participation	Attendance/ Number of Meetings	Attendance/ Number of meetings
Mr. Stephen Ray Finch	Chairman	3/4	Member	3/4	1/1
Mr. Randy Allan Daniels	Member	4/4	Chairman ⁽¹⁾	4/4	1/1
Mr. Wong Choong Mann	Member	4/4	Member	4/4	1/1
Mr. Lin Daqi	Member	4/4	NA	NA	1/1
Ms. Stefanie Yuen Thio ⁽²⁾	Member	2/4	Chairperson	2/4	1/1
Ms. Cheryl Seow Bee Lian ⁽³⁾	Member	2/4	NA	2/4 ⁽⁴⁾	1/1 ⁽⁵⁾
Mr. Moses K Song ⁽⁶⁾	Member	1/4	NA	NA	1/1

Note:

- (1) Mr. Randy Allan Daniels was appointed as Chairman of Audit and Risk Committee with effect from 3 May 2024.
- (2) Ms. Stefanie Yuen Thio stepped down as an Independent Non-Executive Director, and as Chairperson and member of Audit and Risk Committee with effect from 3 May 2024.
- (3) Ms. Cheryl Seow Bee Lian stepped down as a Non-Independent Non-Executive Director with effect from 27 May 2024.
- (4) Attendance by invitation.
- (5) Attendance via videoconferencing.
- (6) Mr. Moses K Song stepped down as a Non-Independent Non-Executive Director with effect from 19 April 2024.

Professional Development

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on ACRO-HT and its disclosure obligations, the Directors are briefed on such changes either during a Board meeting, at specially convened sessions by External Auditors, lawyers and professionals, or via circulation of Board papers. Relevant regulatory updates and news releases issued by the SGX-ST, the MAS and the Accounting and Corporate Regulatory Authority will also be circulated to the Board for information.

The Directors are provided with opportunities to develop and maintain their skills and knowledge at the Managers’ expense. A director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. The Directors receive regular training and are able to participate in conferences, seminars or training programmes in connection with their duties such as those conducted by the Singapore Institute of Directors, SGX-ST and the REIT Association of Singapore (“REITAS”). A list of training courses and seminars which may be of interest is sent to the Directors for their consideration. The costs of arranging and funding the training of the Directors are borne by the Managers. The Directors also received regular training on sustainability topics prescribed by the SGX-ST or provided by external consultants advising on climate-related risk, sustainability reporting and benchmarking surveys.

The Managers note the requirements under the CG Code and Rule 210(5) of the Listing Manual on the training requirements for directors with no prior experience as a director of a listed company and would arrange for the necessary training for such directors in future appointments. No new Director was appointed in FY2024.

CORPORATE GOVERNANCE REPORT

Professional Development (continued)

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An induction programme is arranged for new Directors to be briefed on the business activities of ACRO-HT and its strategic directions and policies. This allows the Directors to understand the business of the Managers and ACRO-HT as well as their directorship duties (including their roles as non-executive and independent directors, where applicable).

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board currently comprises four members: three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. Non-Executive Directors make up the entire Board. Each Director is a well-respected individual from the corporate industry and/or industry circles with diverse experience and network.

The Chairman of the Board is Mr. Stephen Ray Finch.

The composition of the Board is determined in accordance with the following principles:

1. the Chairman of the Board should be independent;
2. the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry; and
3. at least a majority³ of the Board should comprise Independent Directors.

The Board seeks to refresh its membership in an orderly and progressive manner towards achieving the objectives, in line with its Board diversity policy and in compliance with the applicable regulatory requirements. The appointment of any Board member or the CEO will be subject to prior approval of the MAS.

Independent Composition

The Independent Non-Executive Directors exercise objective judgement on ACRO-HT's affairs and are independent from Management. The independence of each Independent Non-Executive Director is reviewed upon appointment and thereafter annually by the Board through the annual independence declaration. The declaration makes reference to the guidelines set out in the CG Code and other applicable laws and regulations.

The assessment of a Director's independence takes into account, amongst others, the enhanced independence requirements and the definition of "Independent Director" as set out in the SF(LCB)R and the BTA/BTR. An Independent Director is one who: (i) is independent in conduct, character and judgement, and has no relationship with the Managers, their related corporations, their shareholders who hold 5.0% or more of the voting shares in the Managers (the "**Substantial Shareholders**"), or Stapled Securityholders who hold 5.0% or more of the Stapled Securities (the "**Substantial Stapled Securityholders**") in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement, in the best interests of ACRO-HT and the Stapled Securityholders; (ii) is independent from any management and business relationship with the Managers and ACRO-HT, and from every Substantial Shareholder of the Managers and any Substantial Stapled Securityholder; (iii) is not a Substantial Shareholder of the Managers or a Substantial Stapled Securityholder; (iv) has not served on the Board for a continuous period of nine years or longer; and (v) is not employed or has not been employed by the Managers or ACRO-HT or any of their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Managers or ACRO-HT or any of their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board.

³ This is in compliance with the requirements of the BTA/BTR where majority of the Board of Directors should be independent from management and business relationships with the Trustee-Manager; and any single Substantial Shareholder of the Trustee-Manager.

CORPORATE GOVERNANCE REPORT

Directors are expected to disclose to the Board any relationships with the Managers, its related corporation, its substantial shareholders, its officers or the substantial stapled securityholders, if any, which may affect their independence, as and when it arises, and each Independent Non-Executive Director has made such declarations whether there were any relationships or any instances that would otherwise deem him or her not to be independent. None of the Independent Non-Executive Directors has served for a continuous period of nine years or longer on the Board. The independence declarations have been duly reviewed by the Board. The Board has conducted its own assessment and has determined that the Independent Non-Executive Directors are independent as defined under the relevant regulations. Each of the Independent Non-Executive Directors has recused himself or herself from reviewing his or her own independence.

In FY2024, the Chairman of the Board is an Independent Non-Executive Director. Further, its current composition of Independent Non-Executive Directors has made up a majority of the Board, which is in line with the CG Code. The Board continuously reviews its composition to enhance its independence, by taking into consideration the following factors:

- (i) there are three Independent Non-Executive Directors and one Non-Independent Non-Executive Director, out of a total of four members as at 31 December 2024. Independent Non-Executive Directors make up a majority of the Board and Non-Executive Directors make up 100% of the Board;
- (ii) the Independent Non-Executive Directors have been assessed based on the independence criteria which include (a) length of service of not more than nine years, (b) independence from management and business relationships with the Managers and ACRO-HT, (c) independence from Substantial Shareholders of the Managers and Substantial Stapled Securityholders, and (d) other factors described in Principles 2 and 4 of this Report; and
- (iii) interested Director(s) are required to abstain from voting when passing Board resolutions and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

In FY2024, the Board has reviewed the Directors' independence declarations at year-end, and after conducting its own assessment, determined that Mr. Stephen Ray Finch, Mr. Randy Allan Daniels and Mr. Wong Choong Mann are independent and are free from any of the relationships stated in the CG Code, the Listing Manual, the SF(LCB)R and the BTA/BTR.

Mr. Lin Daqi is an investment manager and employee of Haiyi Holdings Pte. Ltd. ("**Haiyi**"), which is wholly-owned by Mr. Gordon Tang and Mrs. Celine Tang ("**Mr. and Mrs. Tang**"). Mr. and Mrs. Tang are Substantial Stapled Securityholders and own 100% of the shares in the REIT Manager and the Trustee-Manager and are the parents of Ms. Tang Jialei and Mr. Tang Jialin who wholly-own Acrophyte Limited, a controlling Stapled Securityholder. In light of the above relationships, Mr. Lin Daqi is considered a non-independent Director.

Further, for the purposes of Regulations 13E(b)(i)(F) and 13E(b)(ii) of the SF(LCB)R, the Board is satisfied that, as at the last day of FY2024, all non-independent Directors were able to act in the best interests of all the Stapled Securityholders of ACRO-HT as a whole.

The MAS has granted an exemption to the Trustee-Manager from compliance with Regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that non-compliance with these regulations is due to any Director of the Trustee-Manager being considered to be not independent from management and business relationships with the Trustee-Manager or from every Substantial Shareholder of the Trustee-Manager solely by virtue of such Director also being a Director of the REIT Manager.

All Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against their goals and objectives. Their views and opinions provide alternative perspectives to ACRO-HT's business and enable the Board to make informed and balanced decisions. Non-Executive Directors constructively provide inputs and enable the Board to interact and work with Management to establish strategies.

CORPORATE GOVERNANCE REPORT

Independent Composition (continued)

When reviewing Management's proposals or decisions, the Non-Executive Directors provide their objective judgment on business activities and transactions involving conflicts of interests and other complexities. The Non-Executive Directors and/or Independent Non-Executive Directors, meet without the presence of the Management regularly, as led by the Independent Non-Executive Directors, and the chairman of such meetings provides feedback and updates to the Board where necessary and as appropriate.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of industry expertise and experience. In particular, the Board's diversity policy strives to ensure that the Board as a whole has the requisite background, and diverse experience and knowledge in business, accounting and finance, and management skills critical to ACRO-HT's businesses. The Managers have adopted the Acrophyte Board Diversity Policy (the "Policy"), which has an established framework for setting the board diversity approach, including measurable objectives to ensure diversity of its composition. The selection process for Board candidates is structured to account for a range of diversity perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The current composition of the Board reflects a well-balanced mix of international and industry experience, along with expertise in related fields such as real estate, investing and finance. Gender and age diversity are also considered important aspects of diversity. Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interests of ACRO-HT and its Stapled Securityholders. The ultimate decision will be based on the merits and contributions that the selected candidates will bring to the Board and how they complement and expand the skills and experience of the Board as a whole, having regard to the overall balance and effectiveness of a diverse Board. The Managers are committed to implementing the Policy and will review the Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the CG Code, or as amended from time to time, and any other relevant legislation.

A healthy exchange of ideas and views between the Board and Management during regular meetings and updates enhances the management of ACRO-HT. This, together with a clear separation of the roles between the Chairman and the CEO, establishes a healthy and professional relationship between the Board and the Management.

In particular, (i) Mr. Stephen Ray Finch has considerable expertise in real estate management, investment and fund-raising, including work experience in REIT management and fund management, and having been involved in various real estate management trust and local and international debt securities offerings, (ii) Mr. Lin Daqi has considerable expertise in investments across various industries and geographies, (iii) Mr. Randy Allan Daniels has considerable real estate development expertise, including in-country expertise and networks for the United States real estate market, having served on the boards of various entities in the United States real estate industry and (iv) Mr. Wong Choong Mann brings with him considerable working experience in the civil service industry. The collective diversity, backgrounds and skillsets of the Board members serve to optimally support business growth as well as the effective and sound governance of ACRO-HT and its subsidiaries.

Based on the above assessment, the Board is of the view that the current composition of Directors, as a group, provides the appropriate balance and diversity of skills, knowledge and experience, to foster constructive debate and avoid groupthink. The current Board size is also appropriate, taking into consideration the nature and scope of ACRO-HT's operations. Furthermore, following the stepping down of the female Directors in FY2024, the Board will seek to appoint a female candidate in the following year, but the ultimate decision to onboard any director will be based on merit and contribution that the selected candidate will bring to the Board. The Board will continue to review its composition to ensure that it continues to adhere to the requirements under Rule 710A of the Listing Manual and Principle 2 of the CG Code. The Managers are accordingly of the view that its practice is consistent with the intent of Principle 2 of the CG Code as a whole.

Profiles of the Directors and other relevant information are set out on pages 34 to 36 of this Annual Report. There were no Alternate Directors appointed to the Board in FY2024.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of Chairman and CEO are separate and held by Mr. Stephen Ray Finch and Mr. Lee Jin Yong respectively, and the division of responsibilities between the Chairman and the CEO are established and set out in writing. The Chairman and the CEO are not immediate family members.

The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability. This ensures an appropriate balance of power, increased accountability and greater capacity of the Board for sound and independent decision-making.

The Chairman leads the Board and ensures that its members work together with Management in a constructive manner to address strategies, business operations and enterprise risk. The Chairman also ensures that there is effective communication with Stapled Securityholders and promotes a culture of openness and a high standard of corporate governance. The Chairman presides over the AGM each year and other Stapled Securityholders' meetings where he plays a pivotal role in fostering constructive dialogue between Stapled Securityholders, the Board and the Management. The CEO has full executive responsibilities over the business directions and day-to-day operational decisions in relation to the management of ACRO-HT in accordance with the objectives established by the Board. The CEO is an appointed representative approved by the MAS. Given that the Chairman is independent, the Board has considered that it is not necessary to appoint a lead independent director as the Chairman is available to Stapled Securityholders when they have concerns and for which contact through normal channels of communication with the Management is inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has not established a nominating committee (as required under Provision 4.1 of the CG Code) as taking into account the activities of ACRO-HT and its current Board composition, considers that the objectives of a nominating committee as required under Principle 4, are currently achieved by the Board in a manner consistent with the intent under Principle 4 of the CG Code. Therefore, a separate committee (as required under Provisions 4.1 and 4.2), comprising at least three Directors, a majority of whom, including the committee chairman or chairperson are independent, is not necessary. The Board has assessed its independence element under Principle 2 of the CG Code and is of the view that it can effectively perform the role of a nominating committee.

The Board performs the various functions of the nominating committee, including:

- tabling nominations for appointment and re-appointment to the Board;
- reviewing and taking into account the succession plans and framework for the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Managers ("Key Management Personnel");
- reviewing the structure, size, and composition of the Board;
- reviewing the process and criteria for the evaluation of the performance of the Board, the Audit and Risk Committee and the Directors;
- reviewing the overall performance and progress of the Board, the Audit and Risk Committee, and the Directors;
- reviewing the independence of Board members; and
- reviewing the training and professional development of the Board and the Directors and the relevant training and professional development programmes for the Board and the Directors.

The Board believes that it can achieve orderly succession and renewal through continuously reviewing the appropriate composition of the Board. The Board also has in place guidelines on the tenure of the Directors. These guidelines provided that an Independent Director should serve up to a period of nine years.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP (continued)

In terms of succession plans, the Board has in mind the Managers' strategic priorities and the factors affecting the long-term success of the Managers. Further, the Board aims to maintain an optimal Board composition by considering the trends affecting the Managers, reviewing the skills needed and identifying gaps, including whether there is an appropriate level of diversity of thought. In addition, the Board considers different time horizons for succession planning as follows: (i) long-term planning, to identify competencies needed for the Managers' strategy and objectives; (ii) medium-term planning, for the orderly replacement of Board members and Key Management Personnel, and (iii) contingency planning, for preparedness against sudden and unforeseen changes.

Process and Criteria for Appointment and Re-appointment of Directors

When reviewing and recommending the appointment and re-appointment of Directors, the Board takes into consideration the current Board's size and mix, and the principles outlined in the subsequent part of this Report. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of potential new candidates is evaluated by taking into account various factors, such as the current and mid-term needs and goals of ACRO-HT, the relevant experience, skillsets and background of the candidates and their potential contributions to ACRO-HT's business as may be determined by the Board, providing an appropriate balance and contribute to the balance and mix of skills, knowledge, experience, tenure and other aspects of diversity such as gender and age, of the Board, taking into consideration the nature and scope of ACRO-HT's operations. During the search and nomination process, appropriate candidates may be put forward, sought through contacts and recommendations by the Directors, or through external referrals where applicable.

The Board reviews each candidate's experience and ability to contribute to the guidance of the Managers in their management of ACRO-HT, as well as their time commitment, financial literacy, reputation and whether he or she is a fit and proper person in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which require the candidate to be competent, honest, to have integrity and be financially sound). The Board also determines whether its members as a whole have the skills, knowledge and experience required to achieve the objectives of ACRO-HT.

The Board approves the appointment of new Directors via Board resolution upon assessing the candidates' profiles and credentials. Once appointed, the Board ensures that new Directors are aware of their duties and obligations. For the re-appointment of Directors (where applicable), the Board assesses the relevant Directors' performance (i.e. attendance, preparedness, participation and candour) as disclosed under Principle 5 below. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate. No Board member is involved in any decisions relating to his or her own appointment or re-appointment.

Review of Director's Independence

The Board itself undertakes the role of determining the independence of the Directors (as required under Provision 4.4 of the CG Code) prior to the appointment and thereafter, annually with reference to the principles and provisions set out in the CG Code, other applicable laws and regulations, and the disclosures that Directors are required to make to the Board of any non-independent relationships or instances.

CORPORATE GOVERNANCE REPORT

Annual Review of Directors' Time Commitments

Although the Directors have other listed company board representations and principal commitments (as set out on pages 34 to 36 of the Annual Report), the Board has determined that each individual Director is able to and has been carrying out his or her duties and has devoted sufficient time and attention to his or her role as a Director and to the affairs of the Managers (as required under Provisions 1.5 and 4.5 of the CG Code) as part of the Board's assessment of the Director's performance as disclosed in Principle 5 below. In FY2024, the Directors attended Board meetings, had given feedback and participated constructively when discussing the activities of ACRO-HT. Their attendance record for FY2024 is set out on page 57 of this Annual Report. In addition, the Board has undergone self-assessment and has also procured written confirmations from the Directors stating that sufficient time and attention are given to the affairs of ACRO-HT, that they are able to carry out their duties as Directors of the Managers, and that they would address any competing time commitments that may arise, notwithstanding their multiple Board representations. The Board is of the view that such external appointments do not hinder the Directors from diligently discharging their duties.

In view of the above, the Managers are of the view that their practice is consistent with the intent of Principle 4 of the CG Code as the Board can effectively perform the role of the nominating committee as a whole.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board believes that performance of the Board, the Audit and Risk Committee, the Chairman and individual Directors are assessed and reflected in their proper guidance, diligent oversight, able leadership and support that they lend to Management (as described under Provision 5.1). The Board takes the lead to steer ACRO-HT in the appropriate direction under both favourable and challenging market conditions. Ultimately, the interests of ACRO-HT are safeguarded and reflected in the maximisation of Stapled Securityholders' value in the long-term performance of ACRO-HT.

As part of the Managers' commitment towards good corporate governance, the Board has implemented an objective performance criteria and a structured process to assess the performance and effectiveness of the Board as a whole and of the Board Committee, as well as the contribution by the Chairman and each individual Director (as required under Provision 5.1). This process is facilitated by the Company Secretary as an external facilitator and involves the use of confidential questionnaires which lay out the performance criteria determined by the Board. These criteria include an evaluation of the Board's oversight over the performance of ACRO-HT, the size and composition of the Board, overall governance and risk framework, Board meeting participation, access to information, as well as standards regarding individual Director's conduct, independence and performance, and the upkeep of their professional development. The results are aggregated and presented during the board meetings for overall analysis and where necessary, follow-up actions are taken to enhance the effectiveness of the Board in discharging its duties and responsibilities. Save as disclosed above, the Company Secretary does not have any other connection with ACRO-HT, the Managers or any of the Directors.

Based on the assessment of the Board and each individual Director's performance, the Board is satisfied with the overall performance of the Board, its Audit and Risk Committee, and each individual Director's performance in FY2024. The Board also receives feedback and will arrange an annual discussion amongst its members without the presence of Management.

The Managers are of the view that their practice is consistent with the intent of Principle 5 of the CG Code as the Board can effectively undertake a formal assessment of its effectiveness as a whole and that of its Board Committee and individual Directors.

CORPORATE GOVERNANCE REPORT

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES AND LEVEL AND MIX OF REMUNERATION

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and Key Management Personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Board has assessed its independence under Principle 2 and is of the view that the current composition of Directors provides it sufficient independence to effectively perform the role of a remuneration committee. Accordingly, the Board has considered that a separate remuneration committee, comprising at least three Directors, all of whom are Non-Executive Directors and a majority of whom, including the committee chairman are independent (as required under Provisions 6.1 and 6.2 of the CG Code), would not be necessary.

The Board has assessed the remuneration policies and practices of Acrophyte, including the termination terms, in lieu of reviewing specific remuneration packages for Key Management Personnel and the Directors (as required under Provisions 6.1 and 6.3). The Board has considered such remuneration policies, practices and termination terms (if any) to be fair and appropriate for ACRO-HT. In this respect, the Managers have adopted the remuneration policies and practices of Acrophyte, which has an established framework for the remuneration, compensation, benefits and succession planning for the Directors and Key Management Personnel of the Managers. While the Board may have access to independent remuneration consultants as and when required, no independent remuneration consultants were engaged during FY2024.

The Managers are of the view that their practice is consistent with the intent of Principle 6 of the CG Code as the Board can effectively perform the role of the remuneration committee as a whole.

Remuneration Framework

The Managers advocate a performance-based remuneration framework. In adopting the remuneration policies and practices of Acrophyte for both the Directors and Key Management Personnel, the Managers ensure that such remuneration policies take into account achieving the long-term success of ACRO-HT by:

- comprising a variable component of key performance indicators (“KPIs”) that are tied to the financial performance of ACRO-HT and individuals’ performance related to the organisational goals, thereby aligning with the interests of the Stapled Securityholders and other stakeholders and promoting the long-term success of ACRO-HT;
- comprising a fixed pay component that is benchmarked against the market to maintain competitiveness,

with the goal of attracting and retaining talented staff and Key Management Personnel to effectively manage ACRO-HT for the long term while considering the prevailing market conditions within the industry.

Link between Pay and Performance

A comprehensive and structured performance assessment is carried out annually for the CEO and Key Management Personnel of the Managers. At the start of the year, KPIs for the CEO and Key Management Personnel are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time-bound. The KPIs may be based on financial and non-financial metrics, such as performance related to the growth of net asset value and net property income. These KPIs serve to link rewards to an individual’s and ACRO-HT’s performance and deliver overall Stapled Securityholders’ value. A mid-year review is carried out to monitor the performance and relevance of these indicators and a year-end review is carried out to measure actual performance against the KPIs. The overall assessment is conducted using a rating scale, which is used to determine the variable year-end bonus for the CEO and the other Key Management Personnel.

CORPORATE GOVERNANCE REPORT

In addition to the base salary and a variable year-end bonus, designated Key Management Personnel of the Managers participate in a Performance Based Bonus Scheme (the “**PBBS**”). Under the PBBS, designated Key Management Personnel of the Managers may be entitled to a pool of incentive payments based on certain performance indicators linked to the growth of ACRO-HT and optimising the returns to Stapled Securityholders. The incentive payments are paid in cash and allocated amongst the designated Key Management Personnel based on various factors and conditions, including seniority, length of service, performance and contributions.

The remuneration of the CEO and the other Key Management Personnel is not linked to the gross revenue of ACRO-HT.

In FY2024, there were no termination, retirement and post-employment benefits granted to Directors, the CEO and Key Management Personnel.

Separate from the above remuneration payable by the Managers to the CEO and the other Key Management Personnel for FY2024, the designated Key Management Personnel of the Managers participated in ESR Group’s (“**ESR**”) Long Term Incentive Plan Scheme (“**LTIP**”) prior to Acrophyte AM’s acquisition of 100% of the shares in the REIT Manager and the Trustee-Manager from ARA Asset Management Limited (“**ARA**”), (as part of the ESR Group) on 9 July 2024. The objective of the LTIP was to retain talent following the completion of the earlier acquisition of ARA by ESR on 20 January 2022.

Following the acquisition of the shares in the Managers by Acrophyte AM, the designated Key Management Personnel no longer participated in the LTIP.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration of the Directors for FY2024 comprises the Directors’ fees which are paid entirely in cash by the Managers out of the fees which they received and are not borne by ACRO-HT. The details of the Directors’ remuneration are set out below:

Directors	Salary (\$\$)	Bonus (\$\$)	Directors’ Fees ⁽¹⁾ (\$\$)	Others (\$\$)	Total (\$\$)
Mr. Stephen Ray Finch	–	–	100,000	–	100,000
Mr. Randy Allan Daniels	–	–	83,279	–	83,279
Mr. Wong Choong Mann	–	–	70,000	–	70,000
Mr. Lin Daqi	–	–	–	–	–
Ms. Stefanie Yuen Thio ⁽²⁾	–	–	30,492	–	30,492
Ms. Cheryl Seow Bee Lian ⁽³⁾	–	–	20,219	–	20,219
Mr. Moses K Song ⁽⁴⁾	–	–	–	–	–

Note:

- (1) 100% of the Directors’ remuneration comprises fixed fees, and no variable or performance-related income or bonuses, benefits-in-kind, stock options, Stapled Securities-based incentives and awards, or any other long-term incentives were paid to the Directors.
- (2) Ms. Stefanie Yuen Thio stepped down as an Independent Non-Executive Director on 3 May 2024. Accordingly, her director’s fees have been pro-rated based on her length of service in FY2024.
- (3) Ms. Cheryl Seow Bee Lian stepped down as a Non-Independent Non-Executive Director on 27 May 2024. Accordingly, her director’s fees have been pro-rated based on her length of service in FY2024.
- (4) Mr. Moses K Song stepped down as a Non-Independent Non-Executive Director on 19 April 2024.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION (continued)

Directors' fees are established annually based on the Directors' responsibilities on the Board and the Audit and Risk Committee. The Board believes that the remuneration for Directors is appropriate to attract, retain and motivate the Directors taking into account the level of contribution and the industry practices and norms for Directors to provide stewardship of the Board, while being commensurate with their efforts, responsibilities and time spent. Each Director is paid a fixed fee, and no Director is involved in deciding his or her own remuneration.

The framework for determining the Directors' fees is shown in the table below:

Main Board	
Chairman	S\$80,000 per annum
Members	S\$50,000 per annum
Audit and Risk Committee	
Chairman or Chairperson	S\$40,000 per annum
Members	S\$20,000 per annum

Level and Mix of Remuneration of the CEO and other Top Key Management Personnel

The exact remuneration⁽¹⁾ and the breakdown in percentage terms of such remuneration paid to the CEO by the Managers for FY2024 are as follows:

Remuneration	Salary & Allowances ⁽²⁾	Variable/ Performance-related Bonus	Benefits in kind	Long-term Incentives ⁽¹⁾	Total
Lee Jin Yong	67%	33%	–	–	S\$1,125,817 ⁽³⁾

The REIT Manager only has three top Key Management Personnel (excluding the CEO) in FY2024.

The remuneration paid to or payable to each of the Key Management Personnel (excluding the CEO) by the Managers, in bands of S\$250,000, for FY2024 is as follows:

Remuneration Band and Names of Key Management Personnel (excluding CEO)	Salary & Allowances ⁽²⁾	Variable/ Performance-related Bonus	Benefits in kind	Long-term Incentives ⁽¹⁾	Total
Between S\$250,001 to S\$500,000					
Sim Chee Wah, Gregory ⁽⁴⁾	80%	19%	1%	–	100%
James Sung Jung ⁽³⁾	81%	19%	–	–	100%
Below S\$250,000					
Cheryl Yong ⁽⁵⁾	81%	19%	–	–	100%
Total remuneration of the Key Management Personnel for FY2024 (excluding CEO) (S\$)					S\$1,028,923

Note:

- (1) No stock options, share-based incentives and rewards, and other long-term incentives were granted by the Managers to the CEO and the other three Key Management Personnel.
- (2) Inclusive of Annual Wage Supplement, Singapore employer's Central Provident Fund contributions and US employer's 401K contributions.
- (3) Based on an exchange rate of US\$1.00 = S\$1.3387.
- (4) Sim Chee Wah, Gregory joined the Managers effective 1 June 2024.
- (5) Cheryl Yong joined the Managers effective 6 May 2024.

CORPORATE GOVERNANCE REPORT

The remuneration of the CEO and other employees of the Managers is paid out of the fees which the Managers received, and is not borne by ACRO-HT.

The Key Management Personnel were wholly remunerated in cash in FY2024.

In FY2024, there are no employees of the Managers who are Substantial Shareholders of the Managers or Substantial Stapled Securityholders, or immediate family members of a Director, the CEO, a Substantial Shareholder of the Managers or a Substantial Stapled Securityholder, and whose remuneration exceeds S\$100,000 during the year.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Effective risk management is a fundamental part of ACRO-HT's business strategy. Recognising and managing risks is central to the business and serves to protect Stapled Securityholders' interests and ACRO-HT's property. ACRO-HT operates within the overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved, and appropriate controls and measures are put in place before the Managers proceed with the execution.

Key risks, process owners, risk factors, mitigating actions and risk indicators are continuously identified, assessed and monitored by Management, as part of ACRO-HT's Enterprise Risk Management Framework (the "**ERM Framework**"), and are documented in the risk profile maintained by the Managers and reviewed quarterly by the Audit and Risk Committee and the Board. As a result, the Board determines the nature and extent of such risks identified in achieving ACRO-HT's strategic objectives and value creation.

The ERM Framework lays out the governing policies and procedures ensuring that the risk management and internal control systems provide reasonable assurance on the safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

Risk Management Committee

A separate risk management committee (the "**Risk Management Committee**") was established to assist the Audit and Risk Committee in assessing the adequacy and effectiveness of internal controls. The Risk Management Committee comprises the CEO; the Chief Financial Officer ("**CFO**"); the Director, Investments; the Assistant Director, Finance; and the Compliance Manager, and is headed by the CEO.

The Risk Management Committee meets regularly to review the risk profile of ACRO-HT. The Risk Management Committee reports to the Audit and Risk Committee on overall risk management matters during the quarterly Audit and Risk Committee meetings.

The Risk Management Committee identifies the material risks that ACRO-HT faces, including strategic, operational, financial, compliance and information technology risks, as well as climate-related risks, and sets out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes in the external business environment. The risk profile highlights the changes in risk assessment, the quantitative and qualitative factors affecting the inherent risk levels and the effectiveness of mitigating controls in managing the residual risks within the risk appetite approved by the Board.

CORPORATE GOVERNANCE REPORT

Risk Management Committee (continued)

The CEO and his management team are primarily responsible for maintaining the internal controls and risk management systems. Risks are proactively identified and addressed. The ownership of these risks lies with the respective departmental heads with the Board providing oversight. The Internal Auditors conduct reviews of the adequacy and effectiveness of the risk profiles and material internal controls, addressing financial, operational, compliance and information technology controls, as part of the audit plan approved by the Audit and Risk Committee. In addition, the External Auditors perform tests of certain controls relevant to the preparation of ACRO-HT's financial statements. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit and Risk Committee. The Audit and Risk Committee and the Board review the adequacy and effectiveness of ACRO-HT's risk management and internal control systems.

Role of the Board and the Audit and Risk Committee

The Board and the Audit and Risk Committee believe that the internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures put in place to manage the risks are adequate and effective and the residual risks are acceptable.

For the financial year in review, the Board has received written assurances (the **"Written Assurances"**) (a) from the CEO and the CFO that the financial records have been properly maintained and that the financial statements give a true and fair view of ACRO-HT's operations and finances; and (b) from the CEO and other Key Management Personnel who have responsibility regarding various aspects of risk management and internal controls, that ACRO-HT's risk management and internal control systems are adequate and effective.

In addition, an Internal Assessment Checklist (the **"1207(10) Checklist"**) which captures the requirements under Rule 1207(10) of the Listing Manual is used by Management as a guide to assess the adequacy of internal controls. The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit and Risk Committee, in conjunction with the reports submitted by the Internal Auditors and External Auditors, as well as the Written Assurances from the CEO and the CFO to give assurance on the state of internal controls.

For FY2024, the Board is satisfied with the adequacy and effectiveness of ACRO-HT's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature, scale and complexity of the Managers' operations. The Board arrived at this assessment based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the Internal Auditors and the External Auditors, together with the Management's confirmation on the adequacy and effectiveness of the internal controls. The Audit and Risk Committee has concurred with the Board's assessment. In addition, the Audit and Risk Committee has reviewed and is satisfied with the adequacy of resources and qualifications of the Managers' Key Management Personnel who are performing accounting, financial reporting and compliance roles.

The Managers have maintained proper records of the discussions and decisions of the Board and the Audit and Risk Committee.

Whistle-Blowing Policy

Pursuant to the Whistle-Blowing Policy which has been put in place, the Audit and Risk Committee is responsible for oversight and monitoring of whistle-blowing and reviews arrangements by which staff of the Managers or any other persons may, in confidence, raise their concerns to the Audit and Risk Committee about possible improprieties in matters of financial reporting or such other matters relating to the Managers and its officers in a responsible and effective manner. The policy protects the complainant from reprisal or victimisation when he/she raises any concern in good faith and without malice. A feedback channel on ACRO-HT's website allows any complainant to raise in strict confidence possible improprieties or concerns directly to the Audit and Risk Committee (with such complaints copied to the Compliance Manager) of the REIT Manager and helps to facilitate an independent investigation of any matter raised and allow appropriate follow-up action as required. Through such feedback channel on ACRO-HT's website, the identity of the whistleblower is kept confidential to ensure protection of the whistleblower against detrimental or unfair treatment.

CORPORATE GOVERNANCE REPORT

The objective of the Whistle-Blowing Policy, as approved by the Audit and Risk Committee, is to ensure that arrangements are in place for independent investigation of such concerns and allow appropriate follow-up actions to be taken.

The Audit and Risk Committee is guided by the Whistle-Blowing Policy to ensure proper conduct and closure of investigations, including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the Internal Auditors based on instructions from the Audit and Risk Committee.

The identity of the complainant is kept confidential except for circumstances where it is required by law for such identity to be revealed. The outcome of each investigation is reported to the Audit and Risk Committee.

Details of the Whistle-Blowing Policy and arrangements are posted on ACRO-HT's website. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are circulated to all new incoming staff and also covered as part of the staff's annual declaration of compliance.

No whistle-blowing concerns were reported for FY2024.

AUDIT AND RISK COMMITTEE

Principle 10: The Board has an audit committee which discharges its duties objectively.

The Board has established an Audit and Risk Committee to assist the Board in discharging its corporate governance responsibilities and assisting the Board to oversee the risk management of ACRO-HT. The Audit and Risk Committee's role is to assist the Board in ensuring the integrity of financial reporting and that sound internal controls are put in place. In adhering to best practices of corporate governance and pursuant to Section 15 of the BTA and Regulation 13 of the BTR, all members of the Audit and Risk Committee of ACRO-BT (including the Audit and Risk Committee Chairman) are Independent Non-Executive Directors.

The Audit and Risk Committee currently comprises three Independent Non-Executive Directors, namely:

- Mr. Randy Allan Daniels (Chairman)
- Mr. Stephen Ray Finch (Member)
- Mr. Wong Choong Mann (Member)

The members of the Audit and Risk Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit and Risk Committee Chairman and members are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr. Randy Allan Daniels has extensive experience in real estate investments and is currently Managing Director of Pickwick Capital Partners LLC, a company which specialises in the placement of foreign investment in real estate development projects in the United States. Mr. Stephen Ray Finch has extensive experience in the financial sector, including structuring and offerings of real estate investment trusts and debt securities, asset securitisations and business trusts. He also has experience in the fund management industry, and is currently the Managing Partner of Colfaxridge LLP, a business consultancy firm. Mr. Wong Choong Mann has a wealth of experience in the public sector, including as Director (Investigations) at the Corrupt Practices Investigation Bureau and has conducted investigations into offences of corruption in both the public and private sectors.

In compliance with the CG Code, the Audit and Risk Committee does not comprise any former partner or director of the incumbent External Auditors (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and in any case, (b) for as long as they hold any financial interest in the auditing firm or auditing corporation.

Four Audit and Risk Committee meetings were held in FY2024.

CORPORATE GOVERNANCE REPORT

AUDIT AND RISK COMMITTEE (continued)

The Audit and Risk Committee is guided by its written terms of reference which defines its duties and scope of authority. The duties of the Audit and Risk Committee include:

- reviewing financial statements and formal announcements relating to financial performance and reviewing significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Managers and ACRO-HT's risk management and internal controls, including financial, operational, compliance, environmental and information technology controls;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- making recommendations to the Board on (i) the proposals to Stapled Securityholders on the appointment, re-appointment and removal of the External Auditors, and (ii) reviewing the proposed fees for the External Auditors and authorising the Managers to fix the remuneration and terms of engagement of the External Auditors for the financial year;
- reviewing the audit plans and reports of the External Auditors and Internal Auditors and considering the effectiveness of actions or policies taken by Management on the recommendations and observations;
- reviewing the adequacy, effectiveness, independence, objectivity, scope and results of the External Auditors annually, taking into consideration the nature and extent of non-audit services performed by External Auditors;
- meeting with the External Auditors and Internal Auditors, without the presence of Management, at least annually;
- reviewing the adequacy and effectiveness, independence, scope and results of the Managers' and ACRO-HT's internal audit function, at least annually;
- ensuring at least annually that the internal audit function is adequately resourced and has appropriate standing with the Managers and ACRO-HT;
- approving the appointment, re-appointment and removal, as well as remuneration of the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the CIS Code (including the Property Funds Appendix);
- reviewing the Whistle-Blowing Policy and arrangements by which employees of the Managers and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;
- reviewing and discussing with the External Auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on ACRO-HT's operating results or financial position and Management's response; and
- reviewing Interested Person Transactions (as defined below) and conflicts of interest, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" and the provisions of the Property Funds Appendix relating to "interested party transactions" (**"Interested Person Transactions"**).

CORPORATE GOVERNANCE REPORT

The Audit and Risk Committee has the authority to investigate any matters within its terms of reference. The Audit and Risk Committee is entitled to full access and co-operation from Management and has the discretion to invite any Director or any Key Management Personnel of the Managers to attend its meetings. The Audit and Risk Committee has full access to resources and is provided with regular updates from external professionals to keep abreast of changes in accounting and regulatory standards.

The Audit and Risk Committee meets with the External Auditors, and with the Internal Auditors, in each case without the presence of Management, at least annually. In FY2024, the Audit and Risk Committee met with the Internal Auditors and External Auditors without the presence of Management. The Internal Auditors and External Auditors may request to meet the Audit and Risk Committee if they consider a meeting necessary. Both the Internal Auditors and External Auditors have confirmed that they had full access to and had received the co-operation and support of Management, with no restrictions placed on the scope of their audits.

The Audit and Risk Committee has reviewed and approved the Internal Auditors' and External Auditors' audit plans to ensure that they were sufficiently comprehensive in scope and addressed the internal controls of ACRO-HT. All audit findings and recommendations by the Internal Auditors and External Auditors were forwarded to the Audit and Risk Committee for discussion at the meetings. The Audit and Risk Committee discussed with the External Auditors significant financial reporting matters, in particular the key audit matters associated with the valuation of property, plant and equipment. The Audit and Risk Committee concurs with the External Auditors on the key audit matters.

During FY2024, the Audit and Risk Committee performed reviews of the quarterly business updates, and the half-yearly and full year financial statements of ACRO-HT. In the process, the Audit and Risk Committee reviewed the key areas of management judgement in relation to adequate provisioning and disclosure, accounting policies, key audit matters and any significant changes made which have a material impact on the financials. The External Auditors also presented their audit results report to the Audit and Risk Committee, covering the audit focus areas and key audit matters findings.

In connection with the ERM Framework under risk management, the approach taken in identifying and assessing risks and internal controls in the risk profile will be maintained by Management and presented to the Audit and Risk Committee for review.

The Audit and Risk Committee have also conducted a review of all non-audit services provided by Ernst & Young LLP ("EY"), the External Auditors of ACRO-HT, an auditing firm registered with the Accounting and Corporate Regulatory Authority, and noted that no non-audit services were provided by the External Auditors in FY2024. The aggregate amount of audit and non-audit fees paid/payable to the External Auditors for FY2024 is disclosed on page 149 of this Annual Report.

The Audit and Risk Committee is satisfied that the resources and experience of the audit partner of EY and his team are adequate to meet their audit obligations, given the size, nature, operations and complexity of ACRO-HT and its subsidiaries. The Audit and Risk Committee have assessed the performance of the External Auditors based on factors such as performance and quality of their audit and independence. The External Auditors have also confirmed their independence in writing to the Audit and Risk Committee.

The Audit and Risk Committee, with the concurrence of the Board, has recommended the appointment of EY as the external auditors of ACRO-HT at the forthcoming AGM. The Managers, on behalf of ACRO-HT, confirm that it has complied with the requirements of Rules 712 and 715 read with 716 of the Listing Manual in respect of the suitability of the auditing firms of ACRO-HT and its significant subsidiaries.

The Audit and Risk Committee have reviewed the Whistle-Blowing Policy which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit and Risk Committee is satisfied that these arrangements are in place for concerns to be raised and investigated independently and for appropriate follow-up actions to be taken.

On a quarterly basis, Management reports details of the Interested Person Transactions to the Audit and Risk Committee. All Interested Person Transactions together with the Register of Interested Person Transactions had been reviewed by the Audit and Risk Committee.

CORPORATE GOVERNANCE REPORT

Internal Audit Function

The Managers maintain a robust system of internal controls and risk management framework to safeguard ACRO-HT's property and Stapled Securityholders' interests and to provide reasonable assurance against misstatement of loss, ensure maintenance of reliable and proper accounting records and compliance with relevant legislation.

For FY2024, the internal audit function of the Managers was outsourced to the Internal Auditors, Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited (the "**Internal Auditors**"). The Internal Auditors are independent of Management and report directly to the Audit and Risk Committee on audit matters and to Management on administrative matters.

The primary reporting line of the internal audit function is to the Audit and Risk Committee, which also decides on the appointment, termination and remuneration of the auditing firm, as the internal audit function is outsourced. The Audit and Risk Committee is satisfied that the Internal Auditors had met the standards set by internationally recognised professional bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit and Risk Committee has assessed the adequacy of the Internal Auditors and is of the view that the Internal Auditors had the relevant qualifications, appropriate standing within the Managers and adequate resources to perform their functions effectively. The Internal Auditors had also maintained their independence from the activities that they audit and had unfettered access to all ACRO-HT's documents, records, properties and personnel, including the Audit and Risk Committee. The Audit and Risk Committee approves the appointment, removal, evaluation and fees of the Internal Auditors, and conducts an assessment of the Internal Auditors' performance during re-appointments.

The Internal Auditors conduct audits to evaluate the effectiveness of the risk management and internal control systems in ACRO-HT, which include financial, operational, compliance and information technology as well as climate-related risk. The Internal Auditors plan the internal audit schedules in consultation with, but independent of, the Management and the plan is submitted to the Audit and Risk Committee for approval. The internal audit plan adopts a risk-based approach covering all business of ACRO-HT and support functions of the Managers and hotel managers. The audit assignments cover the design and operating effectiveness of the internal controls, as well as compliance with the stated policies and procedures. Any material non-compliance or lapses in internal controls together with corrective measures and the status of implementation are reported to the Audit and Risk Committee. The Internal Auditors also report to the Audit and Risk Committee on the status of the corrective or improvement measures undertaken by Management.

In addition to the work performed by the Internal Auditors, the External Auditors also perform tests of certain controls that are relevant to the preparation of ACRO-HT's financial statements, and they report significant deficiencies of internal controls, if any, to the Audit and Risk Committee.

Pursuant to Rule 1207(10C) of the Listing Manual, the Audit and Risk Committee have assessed and is satisfied with the adequacy, effectiveness, independence, scope and results of ACRO-HT's internal audit function.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS AND ENGAGEMENT WITH SHAREHOLDERS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

CORPORATE GOVERNANCE REPORT

The Managers uphold a strong culture of continuous disclosure and transparent communication with Stapled Securityholders and the investing community. In the spirit of the disclosure requirements under the Listing Manual, the Managers are committed to actively engaging and keeping all Stapled Securityholders and stakeholders informed of the performance and changes in ACRO-HT's business, which would materially affect the price of the Stapled Securities, on a timely basis. The Managers' Investor Relations and Disclosure Policy allows for an ongoing exchange of views so as to actively engage and promotes regular, effective and fair communication through timely and full disclosure of material information by way of public releases or announcements on the SGX-ST via SGXNET, and on ACRO-HT's website (www.acrophytetrust.com).

ACRO-HT's website provides Stapled Securityholders with comprehensive information required to make well-informed investment decisions. Information on ACRO-HT's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "News/Announcements" link within "Media", which shows current and past announcements, financial results and annual reports, (2) "Stock Info" link within "Investor Relations" which shows ACRO-HT's stock fundamentals and historical stock price and (3) "Contact Us" link which includes email alerts and contact details. The Whistle-Blowing Policy can also be found under the "Whistle Blowing" link. Finance or Investor Relations personnel of the Managers facilitates communication with Stapled Securityholders, institutional investors, analysts and media representatives. Stapled Securityholders can post their queries and feedback to the dedicated investor relations contact via email.

Stapled Securityholders are notified in advance of the date of release of ACRO-HT's financial results through an announcement on the SGX-ST via SGXNET. Since FY2020, ACRO-HT changed its financial reporting from quarterly to half-yearly, having fulfilled the requirements under the Listing Manual. In lieu of the first and third financial quarters detailed financial result announcements, the Managers prepare investors' presentation slides which include assets/portfolio performance and summarised financial information ("**Investors Slides**"). The Investors Slides are published on ACRO-HT's website as well as announced via SGXNET. The Managers conduct regular briefings for analysts and media representatives, which generally coincide with the release of ACRO-HT's quarterly business and operational updates, half-yearly and full year financial results. During these briefings, the Managers present ACRO-HT's most recent performance. In line with the Managers' objective of transparent communication, briefing materials are also simultaneously released on the SGX-ST via SGXNET and made available on ACRO-HT's website.

In FY2024, Management provided institutional investors and analysts with publicly available information through group presentations, one-on-one meetings and conference calls. Management strives to maintain regular dialogue with retail investors and keep them updated on developments through participations in seminars and symposiums, timely announcements on the SGX-ST via SGXNET, ACRO-HT's website and the general media, in order to ensure a level playing field.

Conduct of general meetings

Stapled Securityholders are informed of meetings through notices accompanied by Annual Reports or circulars sent to them. All Stapled Securityholders are entitled to receive the annual reports at least 14 days prior to the AGM. The Managers ensure that Stapled Securityholders are able to participate effectively and vote at the general meetings of Stapled Securityholders ("**Stapled Securityholders' meetings**"). In this regard, the Stapled Securityholders' meetings are generally convened in a wholly physical format (subject to compliance with any prevailing applicable regulatory requirements) and held in central locations which are easily accessible by public transportation. Stapled Securityholders are invited at such meetings to put forth any questions they may have on the resolutions to be debated and decided upon.

The Managers have not implemented absentia voting methods such as voting via email or fax (as recommended under Provision 11.4) due to security, integrity and other pertinent considerations. Stapled Securityholders may appoint up to two proxies to attend, speak and vote, on their behalf, at general meetings through proxy forms made available to the Stapled Securityholder on SGX-ST's website and ACRO-HT's website. A Stapled Securityholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than one proxy to attend and vote. As such, Stapled Securityholders have opportunities to communicate their views on matters affecting ACRO-HT even if they are not in attendance at general meetings. The Managers are accordingly of the view that their practice is consistent with the intent of Principle 11 of the CG Code as a whole.

CORPORATE GOVERNANCE REPORT

Conduct of general meetings (continued)

At the Stapled Securityholders' meetings, each distinct issue is proposed as a separate resolution, with full information for each item in the agenda for the meeting provided in the notice of the meeting unless the issues are interdependent and linked so as to form one significant proposal, in which case the reasons and material implications of such bundling of issues will be explained in the notice of the meeting. Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution.

Stapled Securityholders are invited to put forth any questions they may have on the resolutions to be debated and decided upon, and the Board of Directors of the Managers, Management and External Auditors will be in attendance at these meetings to address questions raised by Stapled Securityholders.

Voting at general meetings will be conducted by way of electronic poll voting for all the Stapled Securityholders/proxies present at the meeting for all resolutions proposed at the general meetings. Stapled Securityholders/proxies will be briefed on the voting and vote tabulation procedures involved in conducting a poll before the meeting proceeds. This allows all Stapled Securityholders present or represented at the meetings to vote on a "one Stapled Security, one vote" basis. There will be no option to participate virtually. An independent scrutineer will be appointed to validate the proxy forms submitted by the Stapled Securityholders and the vote tabulation procedures.

The voting results of all votes cast for or against each resolution are disclosed at each general meeting with respective percentages and these details announced through SGXNET after the meeting.

Minutes of the Stapled Securityholders' meetings recording the substantial and relevant comments or queries from Stapled Securityholders and the corresponding responses provided from the Board and Management are prepared and made publicly available on the ACRO-HT's website as soon as practicable.

The AGM held on 19 April 2024 was convened in the manner set out above.

ACRO-HT's Distribution Policy

ACRO-REIT's distribution policy is to distribute at least 90.0% of its distribution income and ACRO-BT's distribution policy is to distribute at least 90.0% of its distributable income for each financial year, 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 declared, unless he/she elects otherwise.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Managers recognise the importance of maintaining positive stakeholder relationships and adopting an inclusive approach in the management and engagement of ACRO-HT's stakeholders, which include Stapled Securityholders, government and regulatory authorities, employees and third-party hotel managers and hotel guests. The Managers' strategy is to ensure active engagement and frequent communication with the relevant stakeholders through various engagement channels including meetings, forums and dialogues, general meetings and announcements, investor conferences, employee and hotel guests' satisfaction surveys.

CORPORATE GOVERNANCE REPORT

ACRO-HT issued its sustainability report for FY2023 on 30 April 2024, in accordance with the requirements set out in Practice Note 7.6 of the Listing Manual. The FY2024 Sustainability Report, which will be released by end April 2025, will outline ACRO-HT's ESG initiatives and performance from the financial, socioeconomic compliance, community, and environmental perspective. The report is prepared in accordance with the relevant frameworks and guidelines such as the Global Reporting Initiative ("**GRI**") Universal Standards 2021, the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations, the United Nations Sustainable Development Goals ("**UN SDGs**"), Rules 711A and 711B of the Listing Manual and the MAS Guidelines on Environmental Risk Management for Asset Managers ("**EnRM**") published by MAS in December 2020.

The Board has set a strategic direction in ensuring good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources. The Managers believe in the importance of integrating sustainability into its business strategies and operations in achieving sustainable economic growth and delivering long-term value for Stapled Securityholders.

Stakeholders will be able to access ACRO-HT's sustainability reports on ACRO-HT's website under "Publications" within "Investor Relations" and provide any feedback relating to ESG matters.

(F) ADDITIONAL EXEMPTIONS IN THE LISTING MANUAL

The Managers note the exemptions under Practice Note 4.2 of the Listing Manual, which provides that Rules 210(5)(d)(iv), 210(5)(e) and 720(5) of the Listing Manual do not apply to a REIT and Business Trust as long as the REIT and Business Trust continue to comply with the SFA and BTA/BTR provisions and the regulations and notices made thereunder which substantively addresses the requirements under these rules. Under the SFA and BTA/BTR provisions, the Managers must act in the best interest of all Stapled Securityholders as a whole and give priority to their interests over the Managers' own interests and the interests of the shareholders of the Managers in the event of a conflict. The SFA and BTA/BTR provisions also stipulate the requirements for the composition of the Board, circumstances where Directors' appointment shall be endorsed by Stapled Securityholders, establishment of an Audit and Risk Committee, and the criteria by which a Director of the REIT Manager and Trustee-Manager is considered independent. In this regard, the Managers have complied with all the relevant provisions under the SFA and BTA/BTR for FY2024.

DEALINGS IN STAPLED SECURITIES

The Managers have adopted the Personal Dealing and the Handling of Inside Information Policy to guide its Directors, Key Management Personnel and employees (collectively referred to as the "**Managers' Personnel**") in respect of dealings in Stapled Securities.

This policy prohibits the Managers' personnel from dealing in such Stapled Securities (i.e. not to deal on short-term considerations):

1. during the "black-out period" which is defined as two weeks prior to the quarterly release of Investors Slides (i.e. at Quarter 1 and 3) and one month before the date of announcement of half-year and full year financial results and (where applicable) any property valuations, and ending on the date of announcement of the relevant results or property valuations; and
2. at any time whilst in possession of unpublished material or price-sensitive information.

The Managers' personnel are also prohibited from communicating price-sensitive information to any persons and to avoid, and be seen to avoid, actual or potential conflict between personal interest and their duty to the Stapled Securityholders. The Managers had confirmed that the Managers' Personnel have adhered to the policy for dealing in the Stapled Securities for FY2024.

CORPORATE GOVERNANCE REPORT

DEALINGS IN STAPLED SECURITIES (continued)

The Managers make announcements on the SGX-ST in respect of any changes to their stapled securityholding interest in ACRO-HT within one business day.

The Managers shall not deal in Stapled Securities during the period commencing two weeks before the public announcement of ACRO-HT's quarterly business updates and one month before the public announcement of half-yearly and full year financial results respectively and (where applicable) any property valuations, and ending on the date of announcement of the said information. The Managers confirmed that they have complied with Rule 1207(19) of the Listing Manual.

DEALING WITH CONFLICTS OF INTEREST

The REIT Manager has instituted the following procedures to deal with potential conflict of interest issues:

1. the REIT Manager shall be a dedicated manager to ACRO-REIT and will not manage any other REIT which invests in the same type of properties as ACRO-REIT;
2. all key executive officers will be employed and will work exclusively for the REIT Manager and will not hold other executive positions in other firms;
3. all resolutions in writing of the Directors in relation to matters concerning ACRO-REIT must be approved by a majority of the Directors, including at least one Independent Non-Executive Director;
4. at least a majority of the Board shall comprise Independent Non-Executive Directors;
5. in respect of matters in which a Director or his associates have an interest, direct or indirect, the interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors of the REIT Manager and must exclude such interested Director;
6. in respect of matters in which Acrophyte and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Acrophyte and/or its subsidiaries to the Board to represent their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors and must exclude nominee Directors of Acrophyte and/or its subsidiaries;
7. save as to resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the unitholders of ACRO-REIT convened to approve any matter in which the REIT Manager and/or any of its associates has an interest, and for so long as the REIT Manager is the manager of ACRO-REIT, the controlling shareholders of the REIT Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of the holders of ACRO-REIT Units convened to consider a matter in respect of which the relevant controlling shareholders of the REIT Manager and/or of any of its associates have an interest; and

CORPORATE GOVERNANCE REPORT

8. it is also provided in the ACRO-REIT Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the REIT-Trustee for and on behalf of ACRO-REIT with an “interested person” (as defined in the Listing Manual) or an “interested party” (as defined in the Property Funds Appendix) (collectively, an “**Interested Person**”) of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the REIT-Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the REIT-Trustee, on behalf of ACRO-REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. The Directors will have a duty to ensure that the REIT Manager so complies. Notwithstanding the foregoing, the REIT Manager shall inform the REIT-Trustee as soon as it becomes aware of any breach of any agreement entered into by the REIT-Trustee for and on behalf of ACRO-REIT with an Interested Person of the REIT Manager and the REIT-Trustee may take such action as it deems necessary to protect the rights of the unitholders of ACRO-REIT and/or which is in the interests of the unitholders of ACRO-REIT. Any decision by the REIT Manager not to take action against an Interested Person of the REIT Manager shall not constitute a waiver of the REIT-Trustee’s right to take such action as it deems fit against such Interested Person.

The Directors of the Managers owe fiduciary duties to ACRO-REIT and ACRO-BT to act in the best interests of ACRO-REIT and ACRO-BT (subject to the overriding best interests of the Stapled Securityholders as a whole), in relation to decisions affecting ACRO-REIT and ACRO-BT when they are voting as a member of the Board. In addition, the Directors and executive officers of the Managers are expected to act with integrity at all times.

Information on the conflicts policy which the Trustee-Manager has instituted to deal with conflicts of interest that may arise in managing ACRO-BT can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) on pages 80 to 86 of this Annual Report.

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

The REIT Manager has established internal control procedures to ensure that all Interested Person Transactions will be undertaken on an arm’s length basis and on normal commercial terms and are not prejudicial to the interests of ACRO-HT and its Stapled Securityholders. As a general rule, the REIT Manager must demonstrate to the Audit and Risk Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from independent parties not related to the REIT Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The REIT Manager maintains a register to record all Interested Person Transactions which are entered into by ACRO-REIT and the basis thereof, including any quotations from unrelated parties and independent valuations on which they are entered into. The REIT Manager incorporates into its internal audit plan a review of all Interested Person Transactions entered into by ACRO-REIT.

CORPORATE GOVERNANCE REPORT

Review Procedures for Interested Person Transactions (continued)

In addition, the following procedures will be undertaken:

1. transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of the value of ACRO-REIT's latest audited net tangible assets will be subject to review by the Audit and Risk Committee at regular intervals;
2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of ACRO-REIT's latest audited net tangible assets will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made with third parties which are unrelated to the REIT Manager; and
3. transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Person during the same financial year (each equal to or exceeding S\$100,000 in value)) equal to or exceeding 5.0% of the value of ACRO-REIT's latest audited net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by unitholders of ACRO-REIT at a meeting duly convened.

Where matters concerning ACRO-REIT relate to transactions entered into or to be entered into by the REIT-Trustee with an Interested Person, the REIT-Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis and are on normal commercial terms, are not prejudicial to the interest of ACRO-REIT and its unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the REIT-Trustee has the ultimate discretion under the ACRO-REIT Trust Deed to decide whether or not to enter into a transaction involving an Interested Person of the REIT Manager or ACRO-REIT. If the REIT-Trustee is to enter into any agreement with an Interested Person of the REIT Manager or ACRO-REIT, the REIT-Trustee will review the terms of such agreement to ensure compliance with the requirements relating to Interested Person Transactions in the Property Funds Appendix and/or the Listing Manual (in each case, as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and SGX-ST to apply to real estate investment trusts.

ACRO-REIT will announce any Interested Person Transactions in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions (each equal to or exceeding S\$100,000 in value) entered into with the same Interested Person during the same financial year, is 3.0% or more of ACRO-REIT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the annual report for that financial year.

Information on the measures and procedures put in place by the Trustee-Manager to manage potential Interested Person Transactions relating to ACRO-BT can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) on pages 80 to 86 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Role of the Audit and Risk Committee of ACRO-REIT for Interested Person Transactions and Internal Control Procedures

The Audit and Risk Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with. In addition, the REIT-Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix and the Listing Manual have been complied with. The Audit and Risk Committee will periodically review all Interested Person Transactions to ensure compliance with the REIT Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and the Listing Manual. The review will include the examination of the nature of the transaction and its supporting documents, or such other data deemed necessary by the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he/she is required to abstain from participating in the review and approval process in relation to that transaction.

The Managers will disclose in ACRO-HT's Annual Report the aggregate value of Interested Person Transactions conducted during the relevant financial year.

Information on the role of the Audit and Risk Committee of the Trustee-Manager to manage potential Interested Person Transactions relating to ACRO-BT can be found in the Statement on the Policies and Practices in Relation to the Management and Governance of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) on pages 80 to 86 of this Annual Report.

Material Contracts

There are no material contracts entered into by ACRO-HT or any of its subsidiaries that involve the interests of the CEO, any Director or any controlling Stapled Securityholder, except as disclosed in this Annual Report.

STATEMENT OF POLICIES AND PRACTICES OF ACRO-BT

Apart from the corporate governance practices disclosed above, the Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of ACRO-BT (as described in section 87(1) of the BTA) in respect of FY2024, which is set out on pages 80 to 86 of this Annual Report.

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) ("**ACRO-REIT**") holds the income-producing hospitality assets, while Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) ("**ACRO-BT**") is the master lessee which manages and operates these assets.

Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.) is the trustee-manager of ACRO-BT (the "**Trustee-Manager**") and its board of directors (the "**Trustee-Manager Board**") has the dual responsibilities of safeguarding the interests of the unitholders of ACRO-BT (the "**ACRO-BT Unitholders**"), and managing the business conducted by ACRO-BT. The Trustee-Manager has general power of management over the business and assets of ACRO-BT and its main responsibility is to manage ACRO-BT's assets and liabilities for the benefit of the ACRO-BT Unitholders as a whole. The Trustee-Manager is required to prioritise the ACRO-BT Unitholders' interests over those of the Trustee-Manager and its shareholders in the event of a conflict of interest.

The Trustee-Manager Board is also required to exercise due care to comply with the relevant provisions of all applicable legislations and regulations, the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the trust deed constituting ACRO-BT dated 29 October 2018 (as amended and supplemented from time to time) (the "**ACRO-BT Trust Deed**"), the stapling deed dated 17 April 2019 (as amended and supplemented from time to time) (the "**Stapling Deed**") and all relevant contracts entered into by the Trustee-Manager Board on behalf of ACRO-BT.

Pursuant to the Stapling Deed, ACRO-BT is stapled together with ACRO-REIT to form Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust) ("**ACRO-HT**"). ACRO-REIT is constituted by a trust deed dated 24 September 2018 (as amended) (the "**ACRO-REIT Trust Deed**") and is managed by Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.) (the "**REIT Manager**") and together with the Trustee-Manager, the "**Managers**").

The Trustee-Manager, in exercising its powers and carrying out its duties as trustee-manager of the ACRO-BT, is required to, and will:

- treat the ACRO-BT Unitholders who hold the ACRO-BT units ("**ACRO-BT Units**") in the same class fairly and equally and ACRO-BT Unitholders who hold ACRO-BT Units in different classes (if any) fairly;
- ensure that all payments out of the ACRO-BT trust property (the "**ACRO-BT Trust Property**") are made in accordance with the Business Trusts Act (the "**BTA**"), the ACRO-BT Trust Deed and the Stapling Deed;
- report to the MAS any contravention of the BTA or Business Trusts Regulations ("**BTR**") by any other person that:
 - (i) relates to ACRO-BT; and
 - (ii) has had, has or is likely to have, a material adverse effect on the interests of all the ACRO-BT Unitholders, or any class of ACRO-BT Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the ACRO-BT Trust Property is properly accounted for; and
- ensure that the ACRO-BT Trust Property is kept distinct from the property held in its own capacity.

In addition, the Trustee-Manager will:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of ACRO-BT in accordance with the BTA, the ACRO-BT Trust Deed and the Stapling Deed;
- act in the best interests of all the ACRO-BT Unitholders as a whole and give priority to the interests of all ACRO-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all ACRO-BT Unitholders as a whole and its own interests;

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

- not make improper use of any information acquired by virtue of its position as the Trustee-Manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the ACRO-BT Unitholders;
- hold the ACRO-BT Trust Property on trust for all ACRO-BT Unitholders as a whole in accordance with the terms of the ACRO-BT Trust Deed;
- adhere with the business scope of ACRO-BT as set out in the ACRO-BT Trust Deed;
- review Interested Person Transactions (as defined in the Listing Manual and the BTA) in relation to ACRO-BT;
- review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of ACRO-BT out of the ACRO-BT Trust Property and ensure that fees and expenses charged to ACRO-BT are appropriate and in accordance with the ACRO-BT Trust Deed; and
- comply with the BTA and the Listing Manual.

The MAS has granted the Trustee-Manager an exemption from compliance with Section 10(2)(a) of the BTA to the extent that Section 10(2)(a) of the BTA requires the Trustee-Manager to act in the best interests of the ACRO-BT Unitholders as a whole only, and an exemption for the Directors of the Trustee-Manager from compliance with Section 11(1)(a) of the BTA to the extent that Section 11(1)(a) of the BTA requires the Directors of the Trustee-Manager to take reasonable steps to ensure that the Trustee-Manager acts in the best interests of the ACRO-BT Unitholders as a whole only, in each case subject to the conditions that:

1. the Trustee-Manager shall ensure that the ACRO-BT Units remain stapled to the units of ACRO-REIT; and
2. the Trustee-Manager and the Directors of the Trustee-Manager shall act in the best interests of all the stapled securityholders of ACRO-HT (the “**Stapled Securityholders**”) as a whole.

The Trustee-Manager has also adopted a set of corporate governance practices as set out on pages 52 to 79 of this Annual Report.

ACRO-BT Trust Property Properly Accounted For

To ensure that the ACRO-BT Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity, the accounting records of ACRO-BT are kept separate and distinct from the accounting records of the Trustee-Manager. Different bank accounts are maintained for the Trustee-Manager in its capacity as trustee-manager of ACRO-BT and in its own capacity. Regular internal reviews are also carried out to ascertain that all ACRO-BT Trust Property has been fully accounted for.

Each of the financial statements of ACRO-BT and the Trustee-Manager are also kept separate and distinct and are duly audited by External Auditors on an annual basis to ensure that the ACRO-BT Trust Property is properly accounted for and the ACRO-BT Trust Property is kept distinct from the property of the Trustee-Manager held in its own capacity.

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

Adherence to Business Scope

The Trustee-Manager Board reviews and approves all authorised businesses undertaken by ACRO-BT so as to ensure its adherence to the business scope under the ACRO-BT Trust Deed. Such authorised businesses include:

- (i) the management or operation of hospitality assets;
- (ii) the acquisition, disposition and ownership of Authorised Investments (as defined in the ACRO-BT Trust Deed), and all activities, concerns, functions and matters reasonably incidental thereto;
- (iii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of Authorised Investments, and all activities, concerns, functions and matters reasonably incidental thereto; and
- (iv) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (ii) and (iii) above, including the management and/or leasing of the Authorised Investments.

Management provides regular updates to the Trustee-Manager Board and its Audit and Risk Committee about potential projects that it is looking into on behalf of ACRO-BT and the Trustee-Manager Board, and the Audit and Risk Committee ensures that all such projects are within the permitted business scope under the ACRO-BT Trust Deed. Prior to the carrying out of any significant business transactions, the Trustee-Manager Board, the Audit and Risk Committee and/or Management will have careful regard to the provisions of the ACRO-BT Trust Deed and when in doubt, will seek advice from professional advisers.

Potential Conflicts of Interest

The Trustee-Manager is not involved in any other businesses other than managing ACRO-BT. All potential conflicts of interest, as and when they arise, will be identified by the Board and Management, and will be reviewed accordingly.

The Trustee-Manager has instituted, among others, the following procedures to deal with issues of conflicts of interest:

- 1. the Trustee-Manager will not manage any other business trust which invests in the same type of properties as ACRO-BT;
- 2. all key executive officers will be working exclusively for the Managers and will not hold executive positions in other entities, save for any wholly-owned subsidiaries of the Managers;
- 3. all resolutions in writing of the Directors of the Trustee-Manager in relation to matters concerning ACRO-BT must be approved by at least a majority of the Directors of the Trustee-Manager (excluding any interested Director), including at least one Independent Director;
- 4. a majority of the Trustee-Manager Board shall comprise Independent Directors;
- 5. in respect of matters in which a Director of the Trustee-Manager or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors of the Trustee-Manager and must exclude such interested Director;
- 6. in respect of matters in which Acrophyte and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Acrophyte and/or its subsidiaries to the Board of the Trustee-Manager to represent their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors of Trustee-Manager and must exclude nominee Directors of Acrophyte and/or its subsidiaries;

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

7. where matters concerning ACRO-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of ACRO-BT with an Interested Person (as defined in the Listing Manual and the BTA) of the Trustee-Manager (which would include relevant associates thereof) or ACRO-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of ACRO-BT and ACRO-BT Unitholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or the ACRO-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to business trusts;
8. save as to resolutions relating to the removal of the Trustee-Manager, the Trustee-Manager and its associates are prohibited from voting or being counted as part of a quorum for a meeting of the ACRO-BT Unitholders convened to approve any matter in which the Trustee-Manager and/or any of its associates has an interest, and for so long as the Trustee-Manager is the trustee-manager of ACRO-BT, the controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of ACRO-BT Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Trustee-Manager and/or any of its associates have an interest; and
9. it is also provided in the ACRO-BT Trust Deed that if the Trustee-Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee-Manager for and on behalf of ACRO-BT with an Interested Person of the Trustee-Manager, the Trustee-Manager shall be obliged to consult with a reputable law firm who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee-Manager, on behalf of ACRO-BT, has a *prima facie* case against the party allegedly in breach under such agreement, the Trustee-Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Trustee-Manager (including the Independent Directors) will have a duty to ensure that the Trustee-Manager so complies.

Interested Person Transactions

(i) Exempted Agreements

The entry into and the fees and charges payable by ACRO-BT under the ACRO-BT Trust Deed, the Stapling Deed, as well as the entry into and the fees and charges payable by ARA USH Chicago Tenant, LLC (a subsidiary of ACRO-BT) under the Hotel Management Agreement, which each constitutes an Interested Person Transaction, are deemed to have been specifically approved by Stapled Securityholders upon their purchase of the stapled securities in ACRO-HT ("**Stapled Securities**") at the initial public offering of ACRO-HT, and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect ACRO-BT. However, the renewal of such agreements or amendments thereof will be subject to Rules 905 and 906 of the Listing Manual.

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

Interested Person Transactions (continued)

(ii) Present and Ongoing Interested Person Transactions

ACRO-BT is regulated by the Listing Manual and the BTA in relation to Interested Person Transactions. Depending on the materiality of the transaction, ACRO-BT may be required to make a public announcement, or to make a public announcement of and to obtain prior approval of the Stapled Securityholders for an Interested Person Transaction. If necessary, the Trustee-Manager may make a written statement in accordance with the resolution of the Trustee-Manager Board and signed by at least two Directors on behalf of the Trustee-Manager Board certifying that, among other things, the relevant Interested Person Transaction is not detrimental to the interests of all Stapled Securityholders as a whole, based on the circumstances at the time of the transaction, and the CEO may make a written statement certifying that he is not aware of any violation of duties of Trustee-Manager that would have a materially adverse effect on the business of ACRO-BT and the interests of all Stapled Securityholders as a whole.

Trustee-Manager may in the future seek an annual general mandate from the Stapled Securityholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with Interested Persons, and all transactions conducted under such a general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such an annual general mandate, the Trustee-Manager may appoint an independent financial adviser to render an opinion as to whether the methods or procedures for determining the transaction prices contemplated under the annual general mandate are sufficient, in an effort to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of ACRO-BT and the Stapled Securityholders.

The Trustee-Manager has established an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on an arm's length basis and are on normal commercial terms; and
- will not be prejudicial to the interests of ACRO-BT and its minority Stapled Securityholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by ACRO-BT. The Trustee-Manager will also incorporate into its internal audit plan, a review of all Interested Person Transactions entered into by ACRO-BT.

Where matters concerning ACRO-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of ACRO-BT with an Interested Person of the Trustee-Manager (which would include relevant associates thereof) or ACRO-BT, the Trustee-Manager is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on an arm's length basis and are on normal commercial terms;
- are not prejudicial to the interests of ACRO-BT and its minority Stapled Securityholders; and
- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or ACRO-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

ACRO-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, individually or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of ACRO-BT's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in ACRO-HT's Annual Report for the relevant financial year.

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

Fees and expenses charged to ACRO-BT are appropriate and in accordance with the ACRO-BT Trust Deed (read with the Stapling Deed)

Management Fees

Pursuant to the ACRO-BT Trust Deed and the Stapling Deed, the total base fee payable to the Managers ("**Total Base Fee**") is 10.0% per annum of the Distributable Income of ACRO-HT (as defined in the ACRO-REIT Trust Deed, the ACRO-BT Trust Deed and the Stapling Deed) and calculated before accounting for the Total Base Fee and the Total Performance Fee (as defined below).

The total performance fee payable to the Managers ("**Total Performance Fee**") is based on 25.0% of the increase in distribution per Stapled Security ("**DPS**") in a financial year over the DPS in the preceding financial year (calculated before accounting for the Total Performance Fee but after accounting for the base fee payable in each financial year) multiplied by the weighted average number of Stapled Securities in issue for such financial year.

For as long as ACRO-REIT is stapled to ACRO-BT, the Total Base Fee and Total Performance Fee shall be apportioned between the Trustee-Manager and the REIT Manager in such proportion as may be agreed between the Managers from time to time.

The management fee, comprising the Total Base Fee and the Total Performance Fee, is payable to the Managers in the form of cash and/or Stapled Securities in such proportion and for such period as may be determined by the Managers.

Acquisition and Divestment Fees

The Trustee-Manager is also entitled to receive an acquisition fee at the rate of up to a maximum of 1.0% of the acquisition price of any real estate and its operations purchased by ACRO-HT (pro-rated if applicable to the proportion of ACRO-BT's interest).

The Trustee-Manager is also entitled to a divestment fee at the rate of up to a maximum of 0.5% of the sale price of any divestment directly or indirectly by ACRO-HT (pro-rated if applicable to the proportion of ACRO-BT's interest).

The acquisition and/or divestment fee (as the case may be) is payable to the Trustee-Manager in the form of cash and/or Stapled Securities as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager provided that in respect of any acquisition and sale or divestment of real estate assets from/to Interested Persons, such a fee should be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued to the Trustee-Manager as its acquisition or divestment fee shall not be sold within one year from the date of their issuance.

Trustee Fees

Pursuant to the terms of the ACRO-BT Trust Deed, the trustee fee payable to the Trustee-Manager is 0.02% per annum of the ACRO-BT Trust Property excluding intergroup balance (as defined in the ACRO-BT Trust Deed), subject to a minimum fee of US\$10,000 per month. The trustee fee is payable to the Trustee-Manager in arrears on a monthly basis in the form of cash.

For the purpose of calculating the Trustee-Manager's trustee fee, if ACRO-BT holds only a partial interest in any of the ACRO-BT Trust Property, such ACRO-BT Trust Property shall be pro-rated in proportion to the partial interest held.

Any increase in the rate or any change in structure of the Trustee-Manager's management fee, trustee fee, acquisition fee or divestment fee, must be approved by an extraordinary resolution passed at a meeting of ACRO-BT Unitholders duly convened and held in accordance with the provisions of the ACRO-BT Trust Deed.

STATEMENT OF POLICIES AND PRACTICES

in relation to the Management and Governance of Acrophyte Hospitality Management Trust
(formerly known as ARA US Hospitality Management Trust)

Hotel Management Fees

Under the Hotel Management Agreements, ARA US Hospitality Management, Inc. (the “**Hotel Manager**”) will be paid a fee equivalent to 3.0% of total revenue of the hotels in cash. The Hotel Manager will separately pay fees to third-party hotel operators. On 9 July 2024, Acrophyte Asset Management Pte. Ltd. (“**Acrophyte AM**”) completed its acquisition of 100% of the shares in the REIT Manager and the Trustee-Manager, from ARA Asset Management Limited (as part of the ESR Group) (the “**Acquisition of Managers**”). Acrophyte AM is a wholly-owned subsidiary of Acrophyte Pte. Ltd. (“**Acrophyte**” or the “**Sponsor**”), the sponsor of ACRO-HT. Following the Acquisition of Managers, the Hotel Manager is no longer an Interested Person to the Managers or the Sponsor.

The table below sets out the fees earned by the Trustee-Manager for FY2024 and the Hotel Manager in FY2024 prior to the Acquisition of the Managers:

Fee	Amount (US\$'000)	% in cash	% in Stapled Securities
Trustee-Manager			
- Base fees	286	100%	-
- Trustee fees	120	100%	-
The Hotel Manager			
- Hotel management fees	2,517 ⁽¹⁾	100%	-

Note 1: Prior to the Acquisition of Managers, the Hotel Manager paid US\$2.274 million out of its hotel management fees to the third-party hotel operators. Following the Acquisition of Managers, the Hotel Manager is no longer an Interested Person to the Managers or the Sponsor.

Expenses charged to ACRO-BT

The Trustee-Manager Board will put in place measures, including reviews by internal and external auditors, to ensure that the expenses payable to the Trustee-Manager out of the ACRO-BT Trust Property are appropriate and in accordance with the ACRO-BT Trust Deed. For the financial year ended 31 December 2024, save for the fees set out above, there were no expenses paid to the Trustee-Manager out of the ACRO-BT Trust Property.

Compliance with the BTA and Listing Manual

The Company Secretary and the Trustee-Manager monitor ACRO-BT's compliance with the BTA and the Listing Manual. The Trustee-Manager has an internal compliance manual which serves to summarise all the applicable rules and regulations as well as key internal policies and processes which ACRO-BT needs to comply with. The manual will be consistently updated whenever there are changes to the rules and regulations as well as policies and processes, and this will help Management to ensure that applicable rules and regulations are being complied with.

The Trustee-Manager will also engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual.

STATEMENT ON COMPOSITION OF THE BOARD OF DIRECTORS

of the ACRO-BT Trustee-Manager

The Board of Directors of Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.), the trustee-manager of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) (the “**Trustee-Manager**”) has, following its review, determined that each of the following Directors is independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager:

- Mr. Stephen Ray Finch
- Mr. Randy Allan Daniels
- Mr. Wong Choong Mann

Mr. Lin Daqi is considered a non-independent Director.

The Board has, following its review, determined Mr. Lin Daqi to be non-independent from the substantial shareholder of the Trustee-Manager pursuant to Regulation 4(2)(b) of the BTR. Mr. Lin Daqi is an Investment Manager and employee of Haiyi Holdings Pte Ltd (“**Haiyi**”), which is wholly-owned by Mr. Gordon Tang and Mrs. Celine Tang (“**Mr. and Mrs. Tang**”). Mr. and Mrs. Tang are Substantial Stapled Securityholders and own 100% of the shares in the REIT Manager and the Trustee-Manager and are the parents of Ms. Tang Jialei and Mr. Tang Jialin who wholly-own Acrophyte Limited, a controlling Stapled Securityholder. Accordingly, Mr. Lin Daqi is deemed to be non-independent from the substantial stapled securityholder of ACRO HT under the CG Code and Regulation 13E of the SF(LCB)R.

RISK MANAGEMENT

The Managers recognise that effective and proactive risk management is an important part of ACRO-HT's business strategy. The Board and the Audit and Risk Committee are responsible for ensuring that the Managers establish robust risk management policies and procedures to safeguard ACRO-HT's assets and address its strategic, operational, financial, compliance, technology and climate-related risks. The Board and the Audit and Risk Committee are also responsible for determining the Managers' overall risk strategy. A risk management committee (the "**Risk Management Committee**") was established to assist the Audit and Risk Committee in assessing the adequacy and effectiveness of internal controls. The Risk Management Committee comprises the CEO; CFO; Assistant Director, Finance; Director, Investments; and the Compliance Manager.

The Managers adopt an enterprise-wide approach in making risk-based strategies and decisions across respective functions. The Managers identify potential issues and events that may affect ACRO-HT, and manage risks to an acceptable level and within risk appetite as approved by the Board and Audit and Risk Committee. The risk management approach provides assurance to the Board that the system of risk management and internal controls are adequate and effective in mitigating the identified risks. ACRO-HT's Enterprise Risk Management Framework (the "**ERM Framework**") is adapted from ISO 31000 International Risk Management Standards, COSO Internal Control-Integrated Framework (the "**COSO Framework**") and best practices from the Task-Force on Climate-related Financial Disclosure ("**TCFD**"). The ERM Framework provides a holistic and consistent process for identifying, assessing, monitoring and reporting of risks and aims to drive risk accountability and ownership at all levels of the organisation.

Key risks and mitigating controls are identified, assessed and monitored by the Risk Management Committee and reported to the Audit and Risk Committee on a bi-annual (or more frequently if the business environment warrants) basis. The risk profiles highlight any changes in risk assessments and trends, factors affecting the inherent risk levels and mitigating controls to arrive at the residual risk levels, which are within the risk appetite or tolerance approved by the Board. In addition, the Managers have engaged internal auditors to perform a review of the risk profile as part of the internal audit plan approved by the Audit and Risk Committee, providing reasonable assurance to the Audit and Risk Committee on the adequacy and effectiveness of the risk management and internal control systems.

The key risks identified include but are not limited to:

STRATEGIC RISK

Strategic risks relate to the sustainable long-term growth of ACRO-HT. The Managers proactively manage ACRO-HT's asset portfolio to maximise returns, through acquisitions, proactive asset enhancements, as well as divesting of non-core and/or mature assets at an opportune time.

All investment proposals are subject to a rigorous, disciplined and thorough evaluation process according to the relevant investment criteria including, but not limited to, alignment to ACRO-HT's investment mandate, ESG objectives, asset quality, location, yield accretion, total expected returns, growth potential and sustainability of asset performance, taking into account the existing economic and financial market conditions.

In addition, asset enhancement initiatives are initiated when necessary to ensure that ACRO-HT's properties remain competitive and profitable. The Managers have established a robust assessment and selection process, as well as implemented procedures to monitor and track capital expenditures. The Managers also closely monitored the impact of property valuations on the gearing ratio of ACRO-HT.

The Managers adopt a bottom-up approach to identify divestment targets that rank lowest in profitability, cashflow yield metrics, operating in sub-markets with deteriorating demand and skilled labour availability, and require a high amount of capital improvement cost relative to value.

RISK MANAGEMENT

OPERATIONAL RISK

ACRO-HT relies on the Hotel Manager and the outsourced third-party hotel operators for the day-to-day running of operations at its properties. It reduces its operational risks by engaging reputable hotel operators with established track records. The Managers and the Hotel Manager have put in place robust processes to manage the hotel operators and align their interests, such as active and regular oversight of the performance of the hotels and benchmarking the hotels' performance vis-a-vis their competitive sets.

A business continuity plan is in place to mitigate the risk of interruptions or catastrophic loss to operations arising from unanticipated events such as outbreak of contagious diseases and natural disasters. In addition, ACRO-HT's properties are properly and adequately insured in accordance with current industry practices.

Human capital risk is mitigated by maintaining a robust human resource policy and processes including careful screening of staff, fair and reasonable remuneration in line with local market conditions, personal development and training opportunities to enhance staff progression and retention. In addition, the Managers also recognise that human capital is key to the business and has put in place measures on talent management, including succession planning, periodic benchmarking of staff remuneration, performance-based rewards. The Hotel Manager also works closely with its outsourced third-party hotel operators to address the human capital risk at the hotel property level to ensure that the hotels are properly managed and meet customers' expectations.

FINANCIAL RISK

The Managers believe that financial prudence is integral to business sustainability and adopts a disciplined financial management approach by maintaining a strong balance sheet and robust capital management. The Managers actively and closely monitors ACRO-HT's financial risks and capital structure under both normal and stressed conditions. The Managers maintain an efficient use of cash and debt facilities to ensure sufficient liquidity to finance its operations and meet its financial obligations, working capital and capital expenditure commitments. It is the Managers' intention to diversify funding sources and spread out the maturity profile of borrowings. Borrowings are refinanced early, where possible, to reduce refinancing risk and lengthen debt maturity. On an ongoing basis, the Managers also closely monitored the impact of property valuations, property performance and borrowings on the key financial metrics of ACRO-HT, such as aggregate leverage ratio and interest coverage ratio. The Managers are required to adhere to the bank covenants stipulated in loan agreements, as well as abide by the requirements set out in the Property Funds Appendix issued by the MAS.

Interest rate risk is monitored on a continuing basis with the objective of limiting ACRO-HT's exposure to movements in interest rates through interest rate swaps. In the current high interest rate environment, the Managers proactively seek to mitigate interest rate risks and, as at 31 December 2024, approximately 47.5% of its borrowings are hedged at fixed rates. Moreover, ACRO-HT is not subject to significant credit risk or foreign currency exposures.

RISK MANAGEMENT

TECHNOLOGY RISK

The Managers acknowledge the rising threats posed by cyber-attacks which have become increasingly more prevalent and sophisticated. The Manager outsources and relies on a third-party IT service provider for technological support. The IT service provider has been certified for ISO22301, ISO27001, ISO9001 and ISO20000 and continuously assesses the adequacy of the computer systems and implements improvements to the platforms. There are multiple layers of security incorporated across the IT landscape. Periodic IT security trainings are conducted for new and existing employees to raise IT security awareness on the evolving threats landscape such as spotting potential phishing attempts and simulated phishing exercises. Technical implementations such as Microsoft Defender for Vulnerability Management, antivirus, firewalls, monitoring and alerts and Multi-Factor Authentication are also applied to reduce the varying risk of cyber security attacks across the IT spectrum. Policies and processes governing information availability, confidentiality and security are also implemented and updated periodically. In addition, an IT disaster recovery plan is in place and tested annually to ensure that the Managers' business recovery objectives are met in the event of a disaster and the information proprietary is kept safe.

The Managers also reviewed the System and Organisations Controls ("**SOC**") reports received from the third-party hotel operators. In the SOC reports, independent service auditors of the hotel operators provide an independent assessment on among other things, the description of certain aspects of the IT General Computer Control Environment, and express a fair opinion on effectiveness and adequacy on the design of the system controls. Based on the independent assessments, the Managers are able to obtain a level of assurance on the effectiveness and adequacy of the hotel operators' system controls and processes.

COMPLIANCE RISK

ACRO-HT is subject to applicable laws and regulations of the various jurisdictions in which it operates, including the Listing Manual, the SFA, the BTA, the CG Code, the CIS Code and tax rulings issued by the Inland Revenue Authority of Singapore. The REIT Manager, being a Capital Markets Services Licence holder, is required to comply with the conditions of the Capital Markets Services Licence for REIT Management issued by the MAS as well as the various requirements imposed on such licence holder under the SFA and its regulation. The Managers have put in place policies and procedures with the necessary checklists to facilitate compliance with the applicable laws and regulations in its day-to-day business processes and do not tolerate any breaches in regulatory compliance. The Managers work closely with external legal professionals and internal compliance support on legal and regulatory matters. The Managers stay well informed of the latest developments in the relevant laws and regulations through training and attending relevant seminars. The Manager has put in place a Whistle Blowing Policy to provide a safe and transparent process for employees and external parties to report concerns about possible improprieties and/or obstructive actions. The policy ensures that individuals who raise concerns in good faith and without malice are protected from reprisal or victimization. A feedback channel on ACRO-HT's website facilitates confidential reporting to the Audit and Risk Committee, with complaints also sent to the Compliance Manager for independent investigation and follow-up. The Audit and Risk Committee ensures proper conduct, closure of investigations, and protection of the whistleblower's identity, except where required by law. Investigation outcomes are reported to the Audit and Risk Committee, and information on Whistle Blowing Policy can be found on pages 68 to 69 of this Annual Report and on ACRO-HT's website.

CLIMATE-RELATED RISK

The Managers acknowledge the increasing expectations from the regulators and investors on environmental risk management of ACRO-HT and have taken reasonable and progressive steps to assess and address the climate-related risks. The Managers have also undertaken gap analysis and developed a climate risk register. Where material risks are identified, mitigating controls have been/will be put in place to address these risks. The Managers are also currently working closely with external consultants on other sustainability-related reporting requirements and compliance. The Board and the Audit and Risk Committee, in their regular meetings, review the environmental, social and governance issues pertinent to ACRO-HT, including climate-related or environmental risks. Please refer to ACRO-HT Sustainability Report FY2024, which will be released by end April 2025, for more details.

REPORT OF THE TRUSTEE

of Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust)

DBS Trustee Limited (the “**REIT Trustee**”) is under a duty to take into custody and hold the assets of Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) (“**ACRO-REIT**”) held by it or through its subsidiaries (collectively, the “**ACRO-REIT Group**”) in trust for the Stapled Securityholders. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the REIT Trustee shall monitor the activities of Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.) (the “**REIT Manager**”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 24 September 2018 (as amended) (the “**ACRO-REIT Trust Deed**”) between the REIT Manager and the REIT Trustee in each annual accounting period; and report thereon to Stapled Securityholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed the ACRO-REIT Group during the period covered by these financial statements set out on pages 101 to 176, in accordance with the limitations imposed on the investment and borrowing powers set out in the ACRO-REIT Trust Deed.

**For and on behalf of the REIT Trustee,
DBS Trustee Limited**

Chan Kim Lim
Director

27 March 2025

REPORT OF THE MANAGER

of Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust)

In the opinion of the directors of Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.) (the “**REIT Manager**”), the Manager of Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) (“**ACRO-REIT**”), the accompanying consolidated financial statements of ACRO-REIT and its subsidiaries (“**ACRO-REIT Group**”) set out on pages 101 to 176, comprising the statement of financial position, statement of comprehensive income, statement of movements in stapled securityholders’ funds, and cash flow statement of the ACRO-REIT Group and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial position of the ACRO-REIT Group as at 31 December 2024, the financial performance, movements in stapled securityholders’ funds and cash flows of the ACRO-REIT Group for the year ended on that date, in accordance with the Singapore Financial Reporting Standards (International) and the provisions of the ACRO-REIT Trust Deed between DBS Trustee Limited (the “**REIT Trustee**”) and the REIT Manager dated 24 September 2018 (as amended). At the date of this statement, there are reasonable grounds to believe that the ACRO-REIT Group will be able to meet their financial obligations as and when they materialise.

**For and on behalf of the REIT Manager,
Acrophyte Hospitality Trust Management Pte. Ltd.**

Stephen Ray Finch
Chairman and Independent Non-Executive Director

27 March 2025

REPORT OF THE TRUSTEE-MANAGER

of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust)

The directors of Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.) (the “**Trustee-Manager**”), the Trustee-Manager of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) (“**ACRO-BT**”) and its subsidiaries (collectively, the “**ACRO-BT Group**”), are pleased to submit this report to the Stapled Securityholders of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust) (“**ACRO-HT**” or the “**Stapled Group**”), together with the audited financial statements of ACRO-BT Group for the financial year ended 31 December 2024.

Directors

The directors of the Trustee-Manager in office at the date of this report are as follows:

Stephen Ray Finch (Chairman)
Randy Allan Daniels
Wong Choong Mann
Lin Daqi

Arrangements to enable Directors to acquire Stapled Securities and debentures

Neither at the end of nor at any time during the financial year ended 31 December 2024 was the Trustee-Manager a party to any arrangement whose object was to enable any or all Directors of the Trustee-Manager to acquire benefits by means of the acquisition of stapled securities, or debentures, of ACRO-HT.

Directors' interest in Stapled Securities or debentures

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Business Trusts Act 2004 (the “**Act**”), particulars of interest of director who held office at the end of the financial year (including those held by their spouses and children below 18 years of age) in Stapled Securities of ACRO-HT are as follows:

	Direct Interest		Deemed Interest	
	Holdings at beginning of the year	Holdings at end of the year	Holdings at beginning of the year	Holdings at end of the year
Stephen Ray Finch	–	–	160,000	160,000
Lin Daqi	88,000	88,000	–	–

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in Stapled Securities of ACRO-HT either at the beginning of the financial year or at the end of the financial year.

There were no changes in the abovementioned interests of ACRO-HT between the end of the financial year and 21 January 2025.

Directors' contractual benefits

During the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by ACRO-HT or a related corporation with the director, or with a firm of which such director is a member or with a company in which such director has a substantial financial interest, except as disclosed in the financial statements.

REPORT OF THE TRUSTEE-MANAGER

of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust)

Options

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued Stapled Securities in ACRO-HT; and
- (ii) no Stapled Securities issued by virtue of any exercise of option to take up unissued Stapled Securities of ACRO-HT.

As at the end of the financial year, there were no unissued Stapled Securities of ACRO-HT under options.

Audit and Risk Committee

The members of the Audit and Risk Committee (“**ARC**”) at the date of this statement are:

- Randy Allan Daniels (Chairman) – Independent Non-Executive Director
- Stephen Ray Finch – Independent Non-Executive Director
- Wong Choong Mann – Independent Non-Executive Director

The Audit and Risk Committee performs the functions specified in Section 201B of the Act, the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX Listing Manual**”) and the Code of Corporate Governance.

The Audit and Risk Committee has held four meetings since the last report of the Trustee-Manager. In performing its functions, the Audit and Risk Committee met with ACRO-HT’s external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the ACRO-HT’s internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by Trustee-Manager’s officers to the internal and external auditors;
- half-yearly financial information and annual financial statements of ACRO-HT prior to their submission to the Board of Directors of the Trustee-Manager for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors.

In appointing our auditors for the ACRO-HT, we have complied with Rules 712 and 715 of the SGX Listing Manual.

The ARC has recommended to the Board of Directors the appointment of Ernst & Young LLP as the independent external auditor of the Trust at the forthcoming annual general meeting of ACRO-HT.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

REPORT OF THE TRUSTEE-MANAGER

of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust)

Statement by the Trustee-Manager

In our opinion:

- (a) the accompanying consolidated financial statements of the ACRO-BT Group, set out on pages 101 to 176, are drawn up so as to give a true and fair view of the financial position of the ACRO-BT Group as at 31 December 2024, the financial performance, movements in stapled securityholders' funds and cash flows of the ACRO-BT Group for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International) ("**SFRS(I)**");
- (b) the accompanying consolidated financial statements of the ACRO-HT set out on pages 101 to 176, are drawn up so as to give a true and fair view of the financial position of the ACRO-HT as at 31 December 2024, and the financial performance, distributable income, movements in stapled securityholders' funds and cash flows of the ACRO-HT for the year ended on that date in accordance with the SFRS(I) and the provision of stapling deed of ACRO-HT between DBS Trustee Limited (the "**REIT Trustee**"), Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.) (the "**REIT Manager**") and the Trustee-Manager dated 17 April 2019 (as amended);
- (c) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of ACRO-BT Group, the liabilities of the ACRO-BT Group as and when they fall due; and
- (d) at the date of this statement, there are reasonable grounds to believe that the ACRO-HT will be able to pay its debts as and when they fall due.

In accordance with Section 86(2) of the Act, the directors of the Trustee-Manager further certify that:

- fees or charges paid or payable out of the trust property to the Trustee-Manager are in accordance with ACRO-BT's trust deed dated 29 October 2018 (as amended);
- interested person transactions are not detrimental to the interests of all the Stapled Securityholders as a whole based on the circumstances at the time of the transaction; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the ACRO-BT Group or on the interests of all the Stapled Securityholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**For and on behalf of the Board of Directors of the Trustee-Manager,
Acrophyte Hospitality Business Trust Management Pte. Ltd.**

Stephen Ray Finch

Chairman and Independent Non-Executive Director

Lin Daqi

Non-Executive Director

27 March 2025

STATEMENT BY THE CHIEF EXECUTIVE OFFICE

of the Trustee-Manager of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust)

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the ACRO-BT Group or on the interests of all the Stapled Securityholders of ACRO-BT as a whole.

Lee Jin Yong
Chief Executive Officer

27 March 2025

INDEPENDENT AUDITOR'S REPORT

Stapled Securityholders of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust)

Report on the audit of the financial statements

Opinion

We have audited:

- (i) the consolidated financial statements of Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) ("**ACRO-REIT**") and its subsidiaries (the "**ACRO-REIT Group**"), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of movements in stapled securityholders' funds and cash flow statement of the ACRO-REIT Group for the year then ended, and notes to the financial statements, including material accounting policy information;
- (ii) the consolidated financial statements of Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) ("**ACRO-BT**") and its subsidiaries (the "**ACRO-BT Group**"), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of movements in stapled securityholders' funds and cash flow statement of the ACRO-BT Group for the year then ended, and notes to the financial statements, including material accounting policy information; and
- (iii) the consolidated financial statements of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of distributable income, statement of movements in stapled securityholders' funds and cash flow statement of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust) for the year then ended, and notes to the financial statements, including material accounting policy information;

as set out on pages 101 to 176. Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust), which comprises the ACRO-REIT Group and the ACRO-BT Group, is hereinafter referred to as "**ACRO-HT**" or the "**Stapled Group**".

In our opinion:

- (a) the accompanying consolidated financial statements of the ACRO-REIT Group present fairly, in all material respects, the financial position of the ACRO-REIT Group as at 31 December 2024 and the financial performance, movements in stapled securityholders' funds and cash flows of the ACRO-REIT Group for the year ended on that date in accordance with the Singapore Financial Reporting Standards (International) ("**SRFS(I)s**");
- (b) the accompanying consolidated financial statements of the ACRO-BT Group are properly drawn up in accordance with the provisions of the Business Trust Act 2004 (the "**Act**") and the SFRS(I)s so as to give a true and fair view of the financial position of the ACRO-BT Group as at 31 December 2024 and the financial performance, movements in stapled securityholders' funds and cash flows of the ACRO-BT Group for the year ended on that date; and
- (c) the accompanying consolidated financial statements of the Stapled Group are properly drawn up in accordance with the provisions of the SFRS(I)s so as to give a true and fair view of the financial position of the Stapled Group as at 31 December 2024 and the financial performance, distributable income, movements in stapled securityholders' funds and cash flows of the Stapled Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Stapled Securityholders of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of property, plant and equipment

The Stapled Group has hotel properties which are classified as property, plant and equipment and are stated at revalued amount of US\$687.1 million as at 31 December 2024. These hotel properties accounted for 88.0% of the Stapled Group's total assets.

As disclosed in Note 4, valuations of hotel properties are sensitive to changes in the significant unobservable inputs, particularly those relating to, discount rates and capitalisation rates. The extent of estimation uncertainty and judgement is further impacted by volatility in the relevant market and economic conditions. Accordingly, we have identified this as a key audit matter.

The REIT Manager uses external appraisers to support its determination of the individual fair value of the hotel properties. Our audit procedures included, amongst others, an assessment of the Stapled Group's process relating to the selection of the external appraisers, the determination of the scope of work of the appraisers, and a review of the valuation reports issued by the external appraisers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate valuation specialists to assist us in assessing the reasonableness of the valuation model and the reasonableness of the key assumptions and estimates by reference to historical rates and market data. Our procedures included checking the property related data used by the external appraisers, assessing the appropriateness of the valuation techniques and basis for the significant assumptions and estimates used, including key valuation adjustments made by the external appraisers in response to the changes in market and economic conditions. We assessed the overall reasonableness of the movements in fair value of the hotel properties. We also assessed the adequacy of disclosures in Note 4 and Note 5 to the consolidated financial statements.

Other information

Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.), the Trustee-Manager of ACRO-BT (the "**Trustee-Manager**") and Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.), the REIT Manager of ACRO-REIT (the "**REIT Manager**") are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Stapled Securityholders of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust)

Responsibilities of the REIT Manager for the financial statements

The REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the ACRO-REIT Group in accordance with the SFRS(I)s, and for such internal controls as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the REIT Manager is responsible for assessing the ability of the ACRO-REIT Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to terminate the ACRO-REIT Group or to cease the operations of the ACRO-REIT Group, or has no realistic alternative but to do so.

The REIT Manager's responsibilities include overseeing the financial reporting process of the ACRO-REIT Group and the Stapled Group.

Responsibilities of the Trustee-Manager for the financial statements

The Trustee-Manager is responsible for the preparation of the consolidated financial statements of the ACRO-BT Group and Stapled Group that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the ability of the ACRO-BT Group and Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to terminate the ACRO-BT Group and Stapled Group or to cease the operations of the ACRO-BT Group and Stapled Group, or has no realistic alternative but to do so.

The Trustee-Manager's responsibilities include overseeing the financial reporting process of the ACRO-BT Group and Stapled Group.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group.

INDEPENDENT AUDITOR'S REPORT

Stapled Securityholders of Acrophyte Hospitality Trust (formerly known as ARA US Hospitality Trust)

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager and the Trustee-Manager.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the REIT Manager and the Trustee-Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the REIT Manager and the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the REIT Manager and the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the REIT Manager and the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of ACRO-BT have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chen Wee Teck, Nelson.

Ernst & Young LLP
*Public Accountants and
Chartered Accountants*

Singapore
27 March 2025

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
		2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Non-current assets							
Investment properties	4	688,231	708,789	-	-	-	-
Property, plant and equipment	5	-	-	45,646	83,236	729,426	745,027
Intangible assets	6	-	-	423	449	423	449
Loans to related corporation	7	-	-	294,000	294,000	-	-
Derivative financial assets	13	585	-	-	-	585	-
Deferred tax assets	8	-	-	12,380	13,868	12,380	13,868
		688,816	708,789	352,449	391,553	742,814	759,344
Current assets							
Inventories		-	-	406	440	406	440
Trade and other receivables	9	24,734	9,812	22,794	22,550	6,150	3,448
Loans to related corporation	7	31,084	29,390	-	-	-	-
Cash and cash equivalents	10	18,751	6,314	12,824	13,737	31,575	20,051
Assets held for sale	11	-	6,860	-	341	-	7,201
Derivative financial assets	13	-	1,360	-	-	-	1,360
		74,569	53,736	36,024	37,068	38,131	32,500
Total assets		763,385	762,525	388,473	428,621	780,945	791,844
Non-current liabilities							
Loans from related corporation	7	294,000	294,000	-	-	-	-
Loans and borrowings	12	242,550	319,612	8,644	9,671	248,004	324,826
Derivative financial liabilities	13	-	1,294	-	-	-	1,294
Deferred tax liabilities	8	18,161	18,786	-	-	18,161	18,786
Other payables	14	125	125	-	-	125	125
		554,836	633,817	8,644	9,671	266,290	345,031
Current liabilities							
Loans from related corporation	7	-	-	31,084	29,390	-	-
Loans and borrowings	12	75,134	151	1,581	45,131	75,258	195
Trade and other payables	14	27,943	23,011	30,647	24,472	14,868	18,541
Tax payable		296	246	326	276	622	522
		103,373	23,408	63,638	99,269	90,748	19,258
Total liabilities		658,209	657,225	72,282	108,940	357,038	364,289
Net assets		105,176	105,300	316,191	319,681	423,907	427,555
Represented by:							
Stapled Securityholders' funds		105,176	105,300	316,191	319,681	423,907	427,555
Stapled Securities in issue ('000)	15	580,103	578,212	580,103	578,212	580,103	578,212
Net asset value per Stapled Security (US\$)	16					0.73	0.74

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
		2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Revenue	17	54,580	55,203	168,778	175,496	168,778	175,496
Operating expenses	21	(267)	(453)	(108,936)	(113,092)	(109,203)	(113,545)
Gross operating profit		54,313	54,750	59,842	62,404	59,575	61,951
Hotel management fee		-	-	(5,061)	(5,253)	(5,061)	(5,253)
Property taxes		(6,142)	(5,496)	11	(525)	(6,131)	(6,021)
Insurance		(1,243)	(1,160)	(1,460)	(1,288)	(2,703)	(2,449)
Rental and other expenses		(826)	(171)	(8,352)	(9,465)	(1,343)	(557)
Net property income		46,102	47,923	44,980	45,873	44,337	47,671
Other income	18	-	32	-	-	-	32
Depreciation and amortisation	5, 6	-	-	(53,078)	(51,206)	(29,241)	(28,858)
REIT Manager and Trustee- Manager's management fees	19	(857)	(1,566)	(285)	(522)	(1,143)	(2,088)
Trustee-Manager's trustee fee		-	-	(120)	(120)	(120)	(120)
REIT Trustee's fee		(111)	(118)	-	-	(111)	(118)
Other trust expenses		(1,380)	(1,266)	(1,565)	(1,223)	(3,014)	(2,535)
Net finance (costs)/income	20	(47,873)	(40,892)	24,105	22,713	(22,761)	(15,790)
Net (loss)/income for the year before tax and fair value changes		(4,119)	4,113	14,037	15,515	(12,053)	(1,806)
Net change in fair value of investment properties	4	5,031	(28,617)	-	-	-	-
Net change in fair value of assets held for sale		(2,130)	(1,301)	-	-	-	(1,374)
Net loss on disposition of property, plant and equipment		-	-	(499)	(74)	-	-
Revaluation of property, plant and equipment	5	-	-	-	-	(11,925)	(11,182)
Net (loss)/income for the year before tax	21	(1,218)	(25,805)	13,538	15,441	(23,978)	(14,362)
Taxation	22	575	2,518	(1,538)	1,017	286	3,219
Net (loss)/income for the year after tax		(643)	(23,287)	12,000	16,458	(23,692)	(11,143)
Other comprehensive income Items that will not be reclassified subsequently to profit or loss:							
Revaluation of property, plant and equipment	5	-	-	-	-	36,264	3,031
Deferred tax effects relating to revaluation of property, plant and equipment	22	-	-	-	-	(1,249)	316
Items that are or may be reclassified subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges		519	(7,283)	-	-	519	(7,283)
Total comprehensive (loss)/ income for the year		(124)	(30,570)	12,000	16,458	11,842	(15,079)
Earnings per Stapled Security (US cents)							
Basic and diluted	23					(4.09)	(1.93)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF DISTRIBUTABLE INCOME

For the financial year ended 31 December 2024

	Stapled Group	
	2024	2023
	US\$'000	US\$'000
Net loss for the year after tax	(23,692)	(11,143)
Add/(Less): Distribution adjustments		
- Depreciation and amortisation	29,241	28,858
- Amortisation of debt-related transaction costs	1,571	664
- Interest expenses on lease liabilities	61	50
- Manager's fees paid/payable in Stapled Securities	-	1,044
- Deferred tax credits	(386)	(3,419)
- Revaluation of property, plant and equipment	11,925	11,182
- Net change in fair value of assets held for sale	-	1,374
- Others ⁽¹⁾	(8,438)	(8,775)
Net distribution adjustments	33,974	30,978
Amount available for distribution	10,282	19,835
Less:		
Amount retained for general corporate and working capital ⁽²⁾	(1,028)	-
Distribution amount to Stapled Securityholders (after retention)	9,254	19,835
Distribution per Stapled Security (DPS) (US cents)	1.772	3.430
Distribution per Stapled Security (DPS) (after retention) (US cents)	1.595	3.430

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

⁽²⁾ ACRO-REIT's distribution policy is to distribute at least 90% of its distribution income for each financial year on a semi-annual basis and ACRO-BT's distribution policy is to distribute at least 90% of its distribution income for each financial year on a semi-annual basis, subject to the provisions in the Stapling Deed. In FY2024, 10% of the total amount available for distribution was retained for general corporate and working capital purposes.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

For the financial year ended 31 December 2024

	ACRO-REIT Group				
	Stapled Securities	Issue costs	Hedging reserve (Note 29)	Revenue reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2024	178,762	(9,437)	66	(64,091)	105,300
Total loss for the year attributable to Stapled Securityholders, net of tax	-	-	-	(643)	(643)
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges	-	-	519	-	519
Total other comprehensive income	-	-	519	-	519
Total comprehensive income for the year, net of tax	-	-	519	(643)	(124)
At 31 December 2024	178,762	(9,437)	585	(64,734)	105,176
At 1 January 2023	178,240	(9,437)	7,349	(40,804)	135,348
Total loss for the year 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 other comprehensive income	-	-	(7,283)	-	(7,283)
Total comprehensive income for the year, net of tax	-	-	(7,283)	(23,287)	(30,570)
Contribution by Stapled Securityholders					
REIT Manager's management fees paid/payable in Stapled Securities	522	-	-	-	522
Total contribution by Stapled Securityholders	522	-	-	-	522
At 31 December 2023	178,762	(9,437)	66	(64,091)	105,300

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

For the financial year ended 31 December 2024

	ACRO-BT Group			
	Stapled Securities US\$'000	Issue costs US\$'000	Revenue reserve US\$'000	Total US\$'000
At 1 January 2024	288,273	(6,587)	37,995	319,681
Total income for the year attributable to Stapled Securityholders, net of tax	-	-	12,000	12,000
Contribution by and distribution to Stapled Securityholders				
Distribution to Stapled Securityholders	(4,334)	-	(11,156)	(15,490)
Total contribution by and distribution to Stapled Securityholders	(4,334)	-	(11,156)	(15,490)
At 31 December 2024	283,939	(6,587)	38,839	316,191
At 1 January 2023	305,816	(6,587)	21,537	320,766
Total income for the year attributable to Stapled Securityholders, net of tax	-	-	16,458	16,458
Contribution by and distribution to Stapled Securityholders				
Distribution to Stapled Securityholders	(18,065)	-	-	(18,065)
Trustee-Manager's management fees paid/payable in Stapled Securities	522	-	-	522
Total contribution by and distribution to Stapled Securityholders	(17,543)	-	-	(17,543)
At 31 December 2023	288,273	(6,587)	37,995	319,681

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

For the financial year ended 31 December 2024

	Stapled Group					Total US\$'000
	Stapled Securities	Issue costs	Hedging reserve (Note 29)	Revaluation reserve (Note 29)	Revenue reserve	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At 1 January 2024	467,032	(16,024)	66	143,350	(166,869)	427,555
Total loss for the year attributable to Stapled Securityholders, net of tax	-	-	-	-	(23,692)	(23,692)
Other comprehensive income						
Revaluation of property, plant and equipment	-	-	-	36,264	-	36,264
Transfer revaluation surplus to retained earnings from assets derecognized	-	-	-	(12,176)	12,176	-
Deferred tax effects relating to revaluation of property, plant and equipment	-	-	-	(1,249)	-	(1,249)
Effective portion of changes in fair value of cash flow hedges	-	-	519	-	-	519
Total other comprehensive income	-	-	519	22,839	12,716	35,534
Total comprehensive income for the year, net of tax	-	-	519	22,839	(11,516)	11,842
Contribution by and distribution to Stapled Securityholders						
Distribution to Stapled Securityholders	(4,334)	-	-	-	(11,156)	(15,490)
Total contribution by and distribution to Stapled Securityholders	(4,334)	-	-	-	(11,156)	(15,490)
At 31 December 2024	462,698	(16,024)	585	166,189	(189,541)	423,907

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN STAPLED SECURITYHOLDERS' FUNDS

For the financial year ended 31 December 2024

	Stapled Group					
	Stapled Securities	Issue costs	Hedging reserve (Note 29)	Revaluation reserve (Note 29)	Revenue reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023	484,054	(16,024)	7,349	140,003	(155,726)	459,656
Total loss for the year attributable to Stapled Securityholders, net of tax	-	-	-	-	(11,143)	(11,143)
Other comprehensive income						
Revaluation of property, plant and equipment	-	-	-	3,031	-	3,031
Deferred tax effects relating to revaluation of property, plant and equipment	-	-	-	316	-	316
Effective portion of changes in fair value of cash flow hedges	-	-	(7,283)	-	-	(7,283)
Total other comprehensive income	-	-	(7,283)	3,347	-	(3,936)
Total comprehensive income for the year, net of tax	-	-	(7,283)	3,347	(11,143)	(15,079)
Contribution by and distribution to Stapled Securityholders						
Distribution to Stapled Securityholders	(18,065)	-	-	-	-	(18,065)
REIT Manager's and Trustee-Manager's management fees paid/payable in Stapled Securities	1,043	-	-	-	-	1,043
Total contribution by and distribution to Stapled Securityholders	(17,022)	-	-	-	-	(17,022)
At 31 December 2023	467,032	(16,024)	66	143,350	(166,869)	427,555

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the financial year ended 31 December 2024

	Note	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
		2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Cash flows from operating activities							
Net (loss)/income before tax		(1,218)	(25,805)	13,538	15,442	(23,978)	(14,362)
Adjustments for:							
Allowance for expected credit loss		-	-	58	8	58	8
Amortisation of intangible assets	6	-	-	26	25	26	25
Depreciation of property, plant and equipment	5	-	-	53,052	51,181	29,215	28,833
Net change in fair value of investment properties	4	(5,031)	28,617	-	-	-	-
Net finance costs/(income)	20	47,873	40,892	(24,105)	(22,713)	22,761	15,790
Net gain on derecognition of right-of-use asset and lease liability		-	-	(75)	(52)	-	-
Net change in fair value of assets held for sale		2,130	1,301	-	-	-	1,374
Net loss on disposition of property, plant and equipment		-	-	499	74	-	-
Manager's base fee paid/payable in Stapled Securities		-	522	-	521	-	1,044
Revaluation of property, plant and equipment	5	-	-	-	-	11,925	11,182
Operating income before working capital changes		43,754	45,527	42,993	44,486	40,007	43,894
Changes in working capital:							
Inventories		-	-	34	(49)	34	(49)
Trade and other receivables		(159)	(1,738)	(2,666)	2,751	(2,756)	1,783
Trade and other payables		(2,125)	(1,773)	1,524	1,502	(2,050)	(515)
Net cash generated from operating activities		41,470	42,016	41,885	48,690	35,235	45,113
Cash flows from investing activities							
Interest received		62	2,322	17,048	40,700	44	337
Acquisition of investment property/property, plant and equipment		-	(28,697)	-	(1,028)	-	(29,725)
Proceeds from disposition of assets held for sale		35,361	7,675	2,000	234	37,361	7,880
Payment for capital expenditure		(4,205)	(3,586)	(16,257)	(15,455)	(20,462)	(19,041)
Amount due from related corporations (non-trade)		(13,618)	(1,610)	11,960	(10,126)	-	-
Issuance of loans to related corporation		(4,000)	(21,450)	-	-	-	-
Proceeds from loans to related corporation		2,306	24,313	-	-	-	-
Net cash generated from/ (used in) investing activities		15,906	(21,033)	14,751	14,325	16,943	(40,549)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the financial year ended 31 December 2024

Note	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Cash flows from financing activities						
Proceeds from loans and borrowings	23,000	268,632	-	5,175	23,000	273,800
Repayment of loans and borrowings	(26,500)	(265,125)	-	(5,470)	(26,500)	(270,588)
Proceeds from loans from related corporation	-	-	4,000	21,450	-	-
Repayment of loans from related corporation	-	-	(2,306)	(24,313)	-	-
Payment of transaction costs relating to new loan facilities	-	(4,546)	-	-	-	(4,546)
Payment of lease liabilities	(189)	(189)	(46,860)	(46,294)	(304)	(325)
Interest paid	(38,032)	(55,743)	(384)	(2,257)	(21,360)	(15,409)
Distribution to Stapled Securityholders	-	-	(15,490)	(18,065)	(15,490)	(18,065)
Amount due to related corporation - non-trade	(3,218)	5,324	3,491	6,854	-	-
Net cash used in financing activities	(44,939)	(51,647)	(57,549)	(62,920)	(40,654)	(35,133)
Net increase/(decrease) in cash and cash equivalents	12,437	(30,664)	(913)	95	11,524	(30,569)
Cash and cash equivalents at the beginning of the year	6,314	36,978	13,737	13,642	20,051	50,620
Cash and cash equivalents at the end of the year	18,751	6,314	12,824	13,737	31,575	20,051

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The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

1. GENERAL INFORMATION

Acrophyte Hospitality Trust is a stapled group comprising Acrophyte Hospitality Property Trust (formerly known as ARA US Hospitality Property Trust) ("**ACRO-REIT**") and its subsidiaries (the "**ACRO-REIT Group**") and Acrophyte Hospitality Management Trust (formerly known as ARA US Hospitality Management Trust) ("**ACRO-BT**") and its subsidiaries (the "**ACRO-BT Group**") (collectively, the "**ACRO-HT**" or the "**Stapled Group**").

ACRO-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 24 September 2018 (the "**ACRO-REIT Trust Deed**") between Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.) (the "**REIT Manager**") and DBS Trustee Limited (the "**REIT Trustee**"). The ACRO-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 ACRO-REIT held by it or through its subsidiaries in trust for the holders of units in ACRO-REIT. ACRO-BT is a business trust constituted by a trust deed dated 29 October 2018 (the "**ACRO-BT Trust Deed**") and is managed by Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.) (the "**Trustee-Manager**") (the "**REIT Manager**" and together with the "**Trustee-Manager**", defined as the "**Managers**"). The units in each of ACRO-REIT and ACRO-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 Acrophyte Hospitality Trust (the "**Stapled Security**") comprises a unit in ACRO-REIT (the "**ACRO-REIT Unit**") and a unit in ACRO-BT (the "**ACRO-BT Unit**").

With effect from 2 October 2024, the name of the Stapled Group was changed from ARA US Hospitality Trust to Acrophyte Hospitality Trust, the name of ACRO-REIT was changed from ARA US Hospitality Property Trust to Acrophyte Hospitality Property Trust and the name of ACRO-BT was changed from ARA US Hospitality Management Trust to Acrophyte Hospitality Management Trust.

Acrophyte Hospitality 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 the ACRO-REIT Group involve investing primarily, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purpose, located in the United States of America (the "**U.S.**" or "**United States**"), as well as real estate-related assets in connection to the foregoing.

The principal activities of the ACRO-BT Group involve investing in a portfolio of real estate primarily used for hospitality and/or hospitality-related purposes, located in the U.S., 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 ACRO-REIT Group relate to ACRO-REIT and its subsidiaries. The consolidated financial statements of the ACRO-BT Group relate to ACRO-BT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to the ACRO-REIT Group combined with the ACRO-BT Group.

Several service agreements are in place in relation to the management of ACRO-REIT and ACRO-BT and its property operations. The fee structures of these services are as follows:

(a) REIT Manager's and Trustee-Manager's management fees

Pursuant to Clauses 14.1 and 14.2 of the Stapling Deed, the Managers are entitled to the following management fees:

- a total base fee of 10.0% per annum of the distributable income of the Stapled Group and calculated before accounting for the total base fee and the total performance fee; and
- a performance fee of 25.0% of the increase in distribution per Stapled Security ("**DPS**") in a financial year over the DPS in the preceding financial year (calculated before accounting for the total performance fee but after accounting for the base fee payable to the Managers out of the total deposited property of the Stapled Group in each financial period or year) multiplied by the weighted average number of Stapled Securities in issue for such financial period or year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

1. GENERAL INFORMATION (continued)

(a) REIT Manager's and Trustee-Manager's management fees (continued)

The management fee is payable in the form of cash and/or Stapled Securities as the Managers may elect, and in such proportion and for such period as may be determined by the Managers. For financial year ended 31 December 2024, the management fees were or would be paid in cash.

(b) REIT Trustee's fee

Pursuant to Clause 15.3 of the ACRO-REIT Trust Deed, the REIT Trustee's fee shall not exceed 0.1% per annum based on the ACRO-REIT's deposited property, subject to a minimum of S\$10,000 per month, excluding out-of-pocket expenses and applicable taxes.

(c) Trustee-Manager's trustee fee

Pursuant to Clause 14.3 of the ACRO-BT Trust Deed, the Trust-Manager's fee shall not exceed 0.02% per annum of the value of ACRO-BT's property, excluding intergroup balance (as defined in the ACRO-BT Trust Deed) of the ACRO-BT, subject to a minimum fee of US\$10,000 per month.

(d) Hotel Manager's management fee

Under the hotel management agreement entered into between ACRO-BT, through its subsidiaries and hotel manager, a related company of the ACRO-BT's Trustee-Manager (the "**Hotel Manager**"), the Hotel Manager will be paid a fee equivalent to 3.0% of total operating revenue of the hotel properties.

2. BASIS OF PREPARATION

2.1 Going concern

The financial statements of the ACRO-BT Group have been prepared on a going concern basis notwithstanding the net current liabilities position of US\$27,614,000 as at 31 December 2024 (2023: US\$62,201,000). ACRO-BT Group has undrawn committed credit facilities of US\$50,000,000 as at 31 December 2024 (2023: US\$46,500,000) and the ACRO-REIT has undertaken to provide financial support to ACRO-BT Group for the next twelve months from the date of the Report of the Trustee-Manager to enable the ACRO-BT Group to continue as a going concern and to meet the liabilities of ACRO-BT Group as and when they fall due.

2.2 Statement of compliance

The financial statements of the ACRO-REIT Group have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and the provisions of the ACRO-REIT Trust Deed.

The financial statements of the ACRO-BT Group have been prepared in accordance with SFRS(I), the applicable requirements of the Business Trust Act 2004 and the provisions of the ACRO-BT Trust Deed.

The financial statements of the Stapled Group have been prepared in accordance with the SFRS(I) and the provisions of the Stapling Deed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. BASIS OF PREPARATION (continued)

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as described below.

2.4 Functional and presentation currency

These financial statements are presented in United States dollars, which is the functional currency of the ACRO-REIT, ACRO-BT and ACRO-HT. All financial information presented in United States dollars has been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 within the next financial year are included in the following note:

Note 4 – Valuation of investment properties

Note 5 – Valuation of property, plant and equipment

Note 25 – Valuation of financial instruments

Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Managers have an established control framework with respect to the measurement of fair values. Significant fair value movements, including Level 3 fair values, will be reported directly to the Chief Executive Officer ("CEO") of the Managers.

The Managers regularly review significant unobservable inputs and valuation adjustments included in the fair value measurements. If third party information, such as valuation of properties by external property valuers, is used to measure fair value, then the Managers assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. BASIS OF PREPARATION (continued)

2.5 Use of estimates and judgements (continued)

Measurement of fair values (continued)

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 year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4 – Valuation of investment properties

Note 5 – Valuation of property, plant and equipment

Note 25 – Valuation of financial instruments

2.6 Changes in material accounting policies

New standards and amendments

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group have applied the following SFRS(I)s and amendments to SFRS(I) for the first time for the annual period beginning on 1 January 2024:

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied by the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group consistently to all periods presented in these financial statements, except as explained in Note 2.6, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

(ii) Property acquisitions and business combinations

At the time of acquisition, the ACRO-REIT Group/ACRO-BT Group/Stapled Group considers whether each acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the Managers consider whether significant processes such as strategic management and operational processes, are acquired.

Where significant processes are acquired, the acquisition is considered an acquisition of business and accounted for as stated above. Where the acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

(iii) Subsidiaries

Subsidiaries are entities controlled by either the ACRO-REIT Group or the ACRO-BT Group. The ACRO-REIT Group and the ACRO-BT Group control an entity when they are exposed to or has rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies of the ACRO-REIT Group or the ACRO-BT Group.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group.

3.2 Foreign currencies

(i) Foreign currency transactions

Items included in the financial statements of each entity in the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “functional currency”).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.2 Foreign currencies (continued)

(i) Foreign currency transactions (continued)

Transactions in foreign currencies are translated to the respective functional currencies of the entities in the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3.3 Property, plant and equipment

(i) Recognition and measurement

Properties are classified either as investment properties or property, plant and equipment in the statement of financial position. In assessing whether a property is classified as an investment property or property, plant and equipment, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group take into consideration several factors including, but not limited to, the business model, the extent of ancillary services provided, the power that the ACRO-REIT Group/ACRO-BT Group/Stapled Group has to make significant operating and financing decisions regarding the operations of the property and the significance of its exposure to variations in the net cash flows of the property. The factors above are considered collectively, together with the facts and circumstances of each lease, in determining the classification of a property.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Certain of the ACRO-REIT Group's, ACRO-BT Group's and Stapled Group's property, plant and equipment acquired through interest in subsidiaries, are accounted for as acquisition of assets.

Subsequent to recognition, freehold land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses while other plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on the revaluation is recognised in other comprehensive income ("OCI"), except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss, in which case the credit to that extent is recognised in profit or loss. Any deficit on revaluation is recognised in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in OCI.

The accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. A transfer from revaluation surplus to revenue reserve is made in full upon the disposal of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. The revaluation surplus included in Stapled Securityholders' funds in respect of an item of property, plant and equipment measured using revaluation model, is transferred directly to Stapled Securityholders' funds upon disposal of the property, plant and equipment.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the ACRO-REIT Group/ACRO-BT Group/Stapled Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land and capital work in progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are available for use.

The estimated useful lives for the property, plant and equipment are as follows:

Leasehold land	8 years
Buildings	7 years to 40 years
Motor vehicles	1 year to 5 years
Furniture, fixtures and equipment	1 year to 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the ACRO-REIT Group/ACRO-BT Group/Stapled Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the ACRO-REIT Group/ACRO-BT Group/Stapled Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses (continued)

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The ACRO-REIT Group, the ACRO-BT Group or the Stapled Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the ACRO-REIT Group, the ACRO-BT Group or the Stapled Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

(iii) Derecognition (continued)

Interest rate benchmark reform (continued)

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group apply the policies on accounting for modifications to the additional changes.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the ACRO-REIT Group/ACRO-BT Group/Stapled Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits that are subject to an insignificant risk of changes in their fair values, and are used by the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group in the management of its short-term commitments.

(vi) Derivative financial instruments and hedge accounting

The ACRO-REIT Group and the Stapled Group hold derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The ACRO-REIT Group and the Stapled Group designate certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the ACRO-REIT Group and the Stapled Group documents the risk management objective and strategy for undertaking the hedge. The ACRO-REIT Group and the Stapled Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The ACRO-REIT Group and the Stapled Group designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in 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.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

3.6 Leases

At inception of a contract, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of land, buildings and motor vehicles, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group by the end of the lease term or the cost of the right-of-use asset reflects that the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently stated as cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property and are carried at fair value in accordance with Note 3.4.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the ACRO-REIT Group's, the ACRO-BT Group's and the Stapled Group's incremental borrowing rate. Generally, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group use the lessee's incremental borrowing rate as the discount rate.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise one or more of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are reasonably certain to exercise as an extension option, and penalties for early termination of a lease unless the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group change its assessment of whether it will exercise extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The ACRO-BT Group and Stapled Group presents right-of-use assets, that do not meet the definition of investment property, in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The ACRO-REIT Group presents right-of-use assets in 'investment properties' and lease liabilities in 'loans and borrowings' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

As a lessee (continued)

Short-term leases and leases of low-value assets

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the ACRO-REIT Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the ACRO-REIT Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the ACRO-REIT Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the ACRO-REIT Group considers certain indicators such as whether the lease was for the major part of the economic life of the asset.

The ACRO-REIT Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.7 Intangible assets

(i) **Intangible assets**

Intangible assets that are acquired and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) **Amortisation**

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Franchise licenses	19 to 27 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.8 Inventories

Inventories comprise principally food and beverage and other hotels related consumable stocks. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.9 Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's accounting policies.

Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent write down of the asset to fair value less costs of disposal are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.10 Impairment

(i) Non-derivative financial assets

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group recognise loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost.

Loss allowances of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are measured on either of the following bases:

- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group apply the simplified approach to provide for ECL for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group apply the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group consider a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the ACRO-REIT Group, the ACRO-BT Group and Stapled Group in full, without recourse by the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- the financial asset is 90 days past due;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group on terms that the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the ACRO-REIT Group's, the ACRO-BT Group's and the Stapled Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the ACRO-REIT Group's, the ACRO-BT Group's and the Stapled Group's non-financial assets, other than deferred tax assets, investment properties, and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.10 Impairment (continued)

(ii) **Non-financial assets (continued)**

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (groups of CGUs), and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Stapled Securityholders' funds

Stapled Securityholders' funds of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group represent the stapled securityholders' interest in the ACRO-REIT Group's, the ACRO-BT Group's and the Stapled Group's net assets upon termination respectively. Stapled Securityholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of stapled securities. The expenses are deducted directly against the Stapled Securityholders' funds.

3.12 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.13 Revenue

(i) **Rental income from operating leases**

Rental income under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

(ii) **Room revenue, food and beverage sales and revenue related to ancillary operations**

Revenue from the rental of guestrooms and ancillary operations is recognised when the services are rendered to the customer. Revenue from food and beverage sales is recognised when the goods are delivered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Finance income and finance costs

The ACRO-REIT Group's, the ACRO-BT Group's and the Stapled Group's finance income and finance costs include:

- interest income;
- interest expense; and
- amortisation of debt-related transaction costs.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised either directly in equity or OCI.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group have determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.15 Tax (continued)

Current tax assets and liabilities are offset only if certain criteria are met. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that
 - is not a business combination and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that the ACRO-REIT Group, the ACRO-BT Group or the Stapled Group are able to control the timing of reversal of the temporary difference and it is not probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the ACRO-REIT Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised in the foreseeable future; such reductions are reversed when probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group have obtained tax rulings from the Inland Revenue Authority of Singapore (“IRAS”) in relation to Singapore income tax treatment of certain income from properties located overseas.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.16 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the net income after tax attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the net income after tax attributable to Stapled Securityholders and the weighted average number of Stapled Securities outstanding, adjusted for the effects of all dilutive potential Stapled Securities.

3.17 Segment reporting

An operating segment is a component of the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components of the Stapled Group.

All operating segments' operating results are reviewed regularly by the Board of Directors of the Managers ("**Boards**") 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.

Segment results that are reported to the Boards include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, tax expenses, trust expenses, finance income, finance costs and related assets and liabilities.

Segment capital expenditure is the total cost incurred on property, plant and equipment during the year.

4. INVESTMENT PROPERTIES

	ACRO-REIT Group	
	2024 US\$'000	2023 US\$'000
At beginning of the financial year	708,789	720,633
Acquisitions	-	28,697
Capital expenditure	4,205	3,586
Remeasurement of right-of-use asset	(151)	1
Reclassification to assets held for sale (Note 11)	(29,643)	(15,511)
Fair value changes	5,031	(28,617)
At end of the financial year	688,231	708,789

Security

As at 31 December 2024, investment properties of the ACRO-REIT Group with a fair value (based on valuation reports) of US\$523.7 million (2023: US\$548.3 million) were pledged as security to secure bank facilities obtained from financial institutions (see Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. INVESTMENT PROPERTIES (continued)

Measurement of fair value

(i) Fair value hierarchy

As at 31 December 2024, the carrying amounts of 33 portfolio hotels were stated at fair value, which was determined based on independent valuations undertaken by HVS Consulting & Valuation (2023: Newmark Valuation & Advisory). The external property valuers have appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

The fair value measurement of investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used (see Note 2.5). Reconciliations from the beginning balances to the ending balances for Level 3 fair value measurements are set out in the table above.

	2024 US\$'000	2023 US\$'000
Fair value of investment properties (based on valuation reports)	687,122	707,529
Add: Carrying amount of right-of-use assets	1,109	1,260
Carrying amount of investment properties	688,231	708,789

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair values of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	2024	2023
Discounted cash flows	Discount rates	10.00%-10.50%	10.00%-11.25%
	Terminal capitalisation rates	7.50%-9.00%	7.50%-9.42%

Inter-relationship between key unobservable inputs and fair value measurement

The significant unobservable inputs used in the fair values measurement of investment properties are discount rates and terminal capitalisation rates. An increase/(decrease) in discount rate and terminal capitalisation rate in isolation would result in a lower/(higher) fair value.

The valuers have considered the income capitalisation – discounted cash flows approach (2023: income capitalisation – discounted cash flows approach) in arriving at the fair value as at the reporting date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of properties include market-corroborated discount rate and terminal capitalisation rate.

In relying on the valuation reports, the Managers have exercised their judgement and are satisfied that the valuation methods and estimates are reflective of current market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US\$'000	Motor vehicles US\$'000	Furniture, fixtures and equipment US\$'000	Capital work-in- progress US\$'000	Total US\$'000
ACRO-BT Group					
At cost					
At 1 January 2023	190,484	491	84,980	956	276,911
Additions	6,079	143	6,141	10,325	22,688
Reclassification to assets held for sale (Note 11)	-	-	(1,493)	-	(1,493)
Remeasurement of right-of-use assets	6,550	-	-	-	6,550
Derecognition of right-of-use assets	(3,324)	-	-	-	(3,324)
At 31 December 2023 and 1 January 2024	199,789	634	89,628	11,281	301,332
Additions	-	354	16,257	-	16,611
Reclassification	-	-	9,184	(9,184)	-
Reclassification to assets held for sale (Note 11)	-	-	(4,406)	-	(4,406)
Remeasurement of right-of-use assets	2,045	-	-	-	2,045
Derecognition of right-of-use assets	(11,237)	(47)	-	-	(11,284)
At 31 December 2024	190,597	941	110,663	2,097	304,298
ACRO-BT Group					
Accumulated depreciation and impairment losses					
At 1 January 2023	112,504	364	57,266	-	170,134
Depreciation	42,788	129	8,264	-	51,181
Reclassification to assets held for sale (Note 11)	-	-	(844)	-	(844)
Derecognition of right-of-use assets	(2,375)	-	-	-	(2,375)
At 31 December 2023 and 1 January 2024	152,917	493	64,686	-	218,096
Depreciation	43,403	96	9,553	-	53,052
Reclassification to assets held for sale (Note 11)	-	-	(2,344)	-	(2,344)
Derecognition of right-of-use assets	(10,105)	(47)	-	-	(10,152)
At 31 December 2024	186,215	542	71,895	-	258,652
Carrying amounts					
At 31 December 2023	46,872	141	24,942	11,281	83,236
At 31 December 2024	4,382	399	38,768	2,097	45,646

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	At valuation		At cost				
	Freehold land US\$'000	Buildings US\$'000	Leasehold land US\$'000	Motor vehicles US\$'000	Furniture, fixtures and equipment US\$'000	Capital work in progress US\$'000	Total US\$'000
Stapled Group							
At valuation/cost							
At 1 January 2023	77,779	641,352	1,796	491	53,041	956	775,415
Additions	2,527	29,764	-	143	6,141	10,325	48,900
Reclassification to assets held for sale (Note 11)	(2,389)	(15,280)	-	-	(1,493)	-	(19,162)
Revaluation differences recognised in							
- OCI	-	3,031	-	-	-	-	3,031
- Profit or loss	-	(11,182)	-	-	-	-	(11,182)
Elimination of accumulated depreciation on revaluation	-	(18,125)	-	-	-	-	(18,125)
At 31 December 2023 and 1 January 2024	77,917	629,560	1,796	634	57,689	11,281	778,877
Additions	-	4,205	-	354	16,257	-	20,816
Reclassification	-	-	-	-	9,184	(9,184)	-
Reclassification to assets held for sale (Note 11)	(3,322)	(30,208)	-	-	(4,406)	-	(37,936)
Derecognition of right-of-use assets	-	-	-	(47)	-	-	(47)
Revaluation differences recognised in							
- OCI	-	36,264	-	-	-	-	36,264
- Profit or loss	-	(11,925)	-	-	-	-	(11,925)
Elimination of accumulated depreciation on revaluation	-	(15,358)	-	-	-	-	(15,358)
At 31 December 2024	74,595	612,538	1,796	941	78,724	2,097	770,691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

	At valuation		At cost				
	Freehold land US\$'000	Buildings US\$'000	Leasehold land US\$'000	Motor vehicles US\$'000	Furniture, fixtures and equipment US\$'000	Capital work in progress US\$'000	Total US\$'000
Stapled Group Accumulated depreciation							
At 1 January 2023	-	-	453	364	25,327	-	26,144
Depreciation	-	20,283	157	129	8,264	-	28,833
Reclassification to assets held for sale (Note 11)	-	(2,158)	-	-	(844)	-	(3,002)
Elimination of accumulated depreciation on revaluation	-	(18,125)	-	-	-	-	(18,125)
At 31 December 2023 and 1 January 2024	-	-	610	493	32,747	-	33,850
Depreciation	-	19,409	157	96	9,553	-	29,215
Reclassification to assets held for sale (Note 11)	-	(4,051)	-	-	(2,344)	-	(6,395)
Derecognition of right-of-use assets	-	-	-	(47)	-	-	(47)
Elimination of accumulated depreciation on revaluation	-	(15,358)	-	-	-	-	(15,358)
At 31 December 2024	-	-	767	542	39,956	-	41,265
Carrying amounts							
At 31 December 2023	77,917	629,560	1,186	141	24,942	11,281	745,027
At 31 December 2024	74,595	612,538	1,029	399	38,768	2,097	729,426

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Security

As at 31 December 2024, the property, plant and equipment of the ACRO-BT Group and the Stapled Group with carrying amount of US\$32.5 million and US\$556.2 million respectively (2023: US\$26.5 million and US\$574.8 million) were pledged as security to secure bank facilities obtained from financial institutions (see Note 12).

Measurement of fair value

Hotel properties comprise of freehold land and building. As at 31 December 2024, the carrying amount of hotel properties is US\$687.1 million (2023: US\$707.5 million). The fair values of the hotel properties were determined by external property valuers, HVS Consulting & Valuation (2023: Newmark Valuation & Advisory), and relevant information are disclosed in Note 4 to the financial statements.

6. INTANGIBLE ASSETS

	ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Franchise licenses				
Cost				
At 1 January and 31 December	548	548	548	548
Accumulated amortisation				
At 1 January	99	74	99	74
Amortisation	26	25	26	25
At 31 December	125	99	125	99
Carrying amounts				
At 1 January	449	474	449	474
At 31 December	423	449	423	449

7. LOANS TO/(FROM) RELATED CORPORATION

Non-current

Loans to/(from) related corporation relates to the ten-year term loan facilities granted by the ACRO-BT Group to ACRO-REIT Group pursuant to the US\$272 million loan agreement dated 17 April 2019 and the US\$22 million loan agreement dated 1 December 2019. The loans are unsecured and payable in full on 9 May 2029 and 10 December 2029, and bear interest of 9.00% (2023: 9.00%) and 9.50% (2023: 9.50%) per annum, respectively. The amounts are to be settled in cash.

Current

Loans to/(from) related corporation relate to short-term loans extended by the ACRO-REIT Group to the ACRO-BT Group. The loans are unsecured, repayable in 2025 (2023: in 2024) and bear interest of 1.68% to 5.46% (2023: 1.68% to 4.47%) per annum. The amounts are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

8. DEFERRED TAX ASSETS/(LIABILITIES)

	As at 1 January 2023 US\$'000	Recognised in profit or loss (Note 22) US\$'000	Recognised in other comprehensive income (Note 22) US\$'000	As at 31 December 2023 US\$'000	Recognised in profit or loss (Note 22) US\$'000	Recognised in other comprehensive income (Note 22) US\$'000	As at 31 December 2024 US\$'000
ACRO-BT Group							
Deferred tax assets							
Tax losses carried forward	15,137	(1,224)	-	13,913	716	-	14,629
Property, plant and equipment	(2,386)	2,341	-	(45)	(2,204)	-	(2,249)
	12,751	1,117	-	13,868	(1,488)	-	12,380
ACRO-REIT Group							
Deferred tax liabilities							
Investment properties	(21,405)	2,619	-	(18,786)	625	-	(18,161)
Stapled Group							
Deferred tax assets							
Tax losses carried forward	15,137	(1,224)	-	13,913	716	-	14,629
Property, plant and equipment	(2,386)	2,341	-	(45)	(2,204)	-	(2,249)
	12,751	1,117	-	13,868	(1,488)	-	12,380
Deferred tax liabilities							
Property, plant and equipment	(21,405)	2,302	317	(18,786)	1,874	(1,249)	(18,161)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	2024 US\$'000	2023 US\$'000
Stapled Group		
Deferred tax assets	12,380	13,868
Deferred tax liabilities	(18,161)	(18,786)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

9. TRADE AND OTHER RECEIVABLES

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Trade receivables	-	-	2,469	232	2,469	232
Allowance for expected credit loss	-	-	(22)	(32)	(22)	(32)
	-	-	2,447	200	2,447	200
Amounts due from related corporations:						
- trade	1,593	1,510	-	-	-	-
- non-trade	19,700	6,082	1,425	13,233	-	-
Interest receivables from related corporations	1,424	296	17,388	7,793	-	-
Deposits	-	-	61	61	61	61
Other receivables	1,046	908	130	148	1,328	1,056
	23,763	8,796	21,451	21,435	3,836	1,317
Prepayments	971	1,016	1,343	1,115	2,314	2,131
	24,734	9,812	22,794	22,550	6,150	3,448

Related corporations refer to the ACRO-REIT Group and the ACRO-BT Group.

The ACRO-REIT Group's properties are leased to the ACRO-BT Group under a master lease arrangement. The exposure of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group to credit risk and impairment losses for trade receivables is disclosed in Note 25.

Non-trade amounts due from related corporations relate to advances to related corporations. These amounts are unsecured, interest-free and repayable on demand. The amounts are to be settled in cash.

10. CASH AND CASH EQUIVALENTS

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Cash at bank and in hand	10,725	6,314	12,824	13,737	23,549	20,051
Fixed deposits	8,026	-	-	-	8,026	-
	18,751	6,314	12,824	13,737	31,575	20,051

Fixed deposits are made for varying periods depending on immediate cash requirements and earn interest at respective short-term deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. ASSETS HELD FOR SALE

	Note	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
		2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
At beginning of the financial year		6,860	325	341	-	7,201	295
Reclassification from investment properties/property, plant and equipment	4, 5	29,643	15,511	2,062	649	31,541	16,160
Net change in fair value of assets held for sale		(2,130)	(1,301)	-	-	-	(1,374)
Net loss on disposition of property, plant and equipment		-	-	(499)	(74)	-	-
Sale completed during the financial year		(34,373)	(7,675)	(1,904)	(234)	(38,742)	(7,880)
At end of the financial year		-	6,860	-	341	-	7,201

On 8 May 2024, the Stapled Group entered into conditional purchase and sale agreements with a purchaser to sell Hyatt House Philadelphia Plymouth Meeting, Philadelphia, Pennsylvania ("**HHPM**") and Hyatt House Shelton, Connecticut ("**HHS**") for a total consideration of US\$31.0 million. Accordingly, the above-mentioned hotels were classified as assets held for sale as at 30 April 2024. Sale of HHPM was subsequently completed on 16 July 2024 and sale of HHS was subsequently completed on 7 October 2024.

On 27 November 2023, the Stapled Group entered into conditional purchase and sale agreement with a purchaser to sell Hyatt Place Pittsburgh Airport ("**HPPA**") for US\$7.7 million. Accordingly, HPPA was classified as assets held for sale as at 30 November 2023. Sale of HPPA was subsequently completed on 25 March 2024.

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

In 2021, the Stapled Group received an unsolicited offer for a portion of an unused land of approximately 105,000 sq ft of Hyatt House Morristown (the "**Excess Land**") from an adjacent property owner. The Excess Land does not contribute any economic value to the hotel and its sale will not affect existing hotel operations. The Stapled Group commissioned an independent valuer, Newmark Knight Frank to conduct a valuation of the Excess land, with the land appraised at US\$325,000 arrived using the sales comparison approach. Sale of the Excess Land was completed on 14 March 2023 at the sale consideration at \$325,0000.

The fair value measurement for assets held for sale (before costs of disposal) for the ACRO-REIT Group, ACRO-BT Group and the Stapled Group have been categorised as level 3 fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Non-current						
Secured bank loans	244,325	244,325	5,175	5,175	249,500	249,500
Unsecured bank loans	-	78,500	-	-	-	78,500
Lease liabilities	975	1,108	3,469	4,496	1,254	1,147
	245,300	323,933	8,644	9,671	250,754	329,147
Less: Transaction costs capitalised	(2,750)	(4,321)	-	-	(2,750)	(4,321)
	242,550	319,612	8,644	9,671	248,004	324,826
Current						
Unsecured bank loans	75,000	-	-	-	75,000	-
Lease liabilities	134	151	1,581	45,131	258	195
	75,134	151	1,581	45,131	75,258	195

The Stapled Group have in place the following loan facilities:

- US\$257.5 million (2023: US\$257.5 million) secured term loan and letter of credit facilities;
- US\$75.0 million (2023: US\$75.0 million) unsecured term loan facility; and
- US\$50 million (2023: US\$50.0 million) million unsecured revolving facilities.

Under the terms of the loan facilities, the Stapled Group is required to comply with the following financial covenants requirements by the lending financial institutions ("**Financial Covenants**") at the end of each financial quarter:

- Aggregate Leverage to Deposited Property of the Stapled Group shall not exceed the Aggregate Leverage Limit as set out in the Property Funds Appendix;
- Total consolidated networth shall not at any time be less than the agreed amount between the Stapled Group and the lending financial institutions; and
- Interest coverage ratio computed based on EBITDA over interest expense.

The Stapled Group has complied with these Financial Covenants throughout the reporting period and as at 31 December 2024.

Secured term loan

As at 31 December 2024, the Stapled Group has drawn down US\$249.5 million (2023: US\$249.5 million) of the secured facilities. The facilities are secured on the following:

- mortgages, assignment of leases and rents, security agreement and fixture fittings over the 26 (2023: 28) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
31 December 2024				
ACRO-REIT Group				
Secured bank loans	6.32 – 7.25	2026-2027	244,325	241,597
Unsecured bank loans	6.36 – 7.10	2025 ⁽¹⁾ -2026	75,000	74,978
Lease liabilities	3.28	2031	1,229	1,109
			320,554	317,684
ACRO-BT Group				
Secured bank loans	6.47 – 7.25	2027	5,175	5,175
Lease liabilities	2.30 – 6.50	2025-2028	5,577	5,050
			10,752	10,225
Stapled Group				
Secured bank loans	6.32 – 7.25	2026-2027	249,500	246,772
Unsecured bank loans	6.36 – 7.10	2025 ⁽¹⁾ -2026	75,000	74,978
Lease liabilities	2.30 – 7.08	2026-2031	1,678	1,512
			326,178	323,262

Note 1: The unsecured bank loans maturing in 2025 have been refinanced on 28 February 2025 for further three years.

31 December 2023				
ACRO-REIT Group				
Secured bank loans	5.94 – 7.24	2026-2027	244,325	240,156
Unsecured bank loans	6.06 – 7.09	2025-2026	78,500	78,348
Lease liabilities	3.28	2031	1,418	1,259
			324,243	319,763
ACRO-BT Group				
Secured bank loans	5.93 – 7.24	2027	5,175	5,175
Lease liabilities	2.30 – 6.50	2024-2028	51,140	49,627
			56,315	54,802
Stapled Group				
Secured bank loans	5.93 – 7.24	2026-2027	249,500	245,331
Unsecured bank loans	6.06 – 7.09	2025-2026	78,500	78,348
Lease liabilities	2.30 – 6.10	2026-2031	1,575	1,342
			329,575	325,021

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities US\$'000	Bank borrowings US\$'000	Interest payable (Note 14) US\$'000	Amount due to related corporation - non-trade (Note 14) US\$'000	Total US\$'000
ACRO-REIT Group					
At 1 January 2024	1,259	318,504	8,009	8,430	336,202
Changes from financing cash flows					
Proceeds from loans and borrowings	-	23,000	-	-	23,000
Repayment of loans and borrowings	-	(26,500)	-	-	(26,500)
Payment of lease liabilities	(189)	-	-	-	(189)
Interest paid	-	-	(38,032)	-	(38,032)
Repayment of advances from related corporation	-	-	-	(3,218)	(3,218)
Total changes from financing cash flows	(189)	(3,500)	(38,032)	(3,218)	(44,939)
Other changes					
Liability-related					
Interest expense	39	-	47,470	-	47,509
Amortisation of transaction costs related to loans and borrowings	-	1,571	-	-	1,571
Total liability-related other changes	39	1,571	47,470	-	49,080
At 31 December 2024	1,109	316,575	17,447	5,212	340,343

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Lease liabilities US\$'000	Bank borrowings US\$'000	Interest payable (Note 14) US\$'000	Amount due to related corporation - non-trade (Note 14) US\$'000	Total US\$'000
ACRO-REIT Group					
At 1 January 2023	1,405	318,879	22,137	3,106	345,527
Changes from financing cash flows					
Proceeds from loans and borrowings	-	268,632	-	-	268,632
Repayment of loans and borrowings	-	(265,125)	-	-	(265,125)
Payment of transaction costs relating to new loan facilities	-	(4,546)	-	-	(4,546)
Payment of lease liabilities	(189)	-	-	-	(189)
Interest paid	-	-	(55,743)	-	(55,743)
Advances from related corporation	-	-	-	5,324	5,324
Total changes from financing cash flows	(189)	(1,039)	(55,743)	5,324	(51,647)
Other changes					
Liability-related					
Interest expense	43	-	41,615	-	41,658
Amortisation of transaction costs related to loans and borrowings	-	664	-	-	664
Total liability-related other changes	43	664	41,615	-	42,322
At 31 December 2023	1,259	318,504	8,009	8,430	336,202

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Lease liabilities US\$'000	Bank borrowings US\$'000	Loans from related corporation US\$'000	Interest payable (Note 14) US\$'000	Amount due to related corporation - non-trade (Note 14) US\$'000	Total US\$'000
ACRO-BT Group						
At 1 January 2024	49,627	5,175	29,390	301	11,299	95,792
Changes from financing cash flows						
Proceeds from loans from related corporation	-	-	4,000	-	-	4,000
Repayment of loans from related corporation	-	-	(2,306)	-	-	(2,306)
Payment of lease liabilities	(46,860)	-	-	-	-	(46,860)
Interest paid	-	-	-	(384)	-	(384)
Proceeds of advances from related corporation	-	-	-	-	3,491	3,491
Total changes from financing cash flows	(46,860)	-	1,694	(384)	3,491	(42,059)
Other changes						
Liability-related						
Interest expense	1,030	-	-	1,507	-	2,537
Recognition of lease liability	354	-	-	-	-	354
Remeasurement of existing leases	2,045	-	-	-	-	2,045
Derecognition of lease liability	(1,146)	-	-	-	-	(1,146)
Total liability-related other changes	2,283	-	-	1,507	-	3,790
At 31 December 2024	5,050	5,175	31,084	1,424	14,790	57,523

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Lease liabilities US\$'000	Bank borrowings US\$'000	Loans from related corporation US\$'000	Interest payable (Note 14) US\$'000	Amount due to related corporation - non-trade (Note 14) US\$'000	Total US\$'000
ACRO-BT Group						
At 1 January 2023	81,806	5,470	32,253	1,096	4,445	125,070
Changes from financing cash flows						
Proceeds from loans and borrowings	-	5,175	-	-	-	5,175
Proceeds from loans from related corporation	-	-	21,450	-	-	21,450
Repayment of loans and borrowings	-	(5,470)	-	-	-	(5,470)
Repayment of loans from related corporation	-	-	(24,313)	-	-	(24,313)
Payment of lease liabilities	(46,294)	-	-	-	-	(46,294)
Interest paid	-	-	-	(2,257)	-	(2,257)
Proceeds of advances from related corporation	-	-	-	-	6,854	6,854
Total changes from financing cash flows	(46,294)	(295)	(2,863)	(2,257)	6,854	(44,855)
Other changes						
Liability-related						
Interest expense	2,395	-	-	1,462	-	3,857
Recognition of lease liability	6,222	-	-	-	-	6,222
Remeasurement of existing leases	6,550	-	-	-	-	6,550
Derecognition of lease liability	(1,052)	-	-	-	-	(1,052)
Total liability-related other changes	14,115	-	-	1,462	-	15,577
At 31 December 2023	49,627	5,175	29,390	301	11,299	95,792

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. LOANS AND BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Lease liabilities US\$'000	Bank borrowings US\$'000	Interest payable (Note 14) US\$'000	Total US\$'000
Stapled Group				
At 1 January 2024	1,342	323,679	219	325,240
Changes from financing cash flows				
Proceeds from loans and borrowings	-	23,000	-	23,000
Repayment of loans and borrowings	-	(26,500)	-	(26,500)
Payment of lease liabilities	(304)	-	-	(304)
Interest paid	-	-	(21,360)	(21,360)
Total changes from financing cash flows	(304)	(3,500)	(21,360)	(25,164)
Other changes				
Liability-related				
Interest expense	61	-	21,200	21,261
Recognition of lease liability	413	-	-	413
Amortisation of transaction costs related to loans and borrowings	-	1,571	-	1,571
Total liability-related other changes	474	1,571	21,200	23,245
At 31 December 2024	1,512	321,750	59	323,321
Stapled Group				
At 1 January 2023	1,523	324,349	215	326,087
Changes from financing cash flows				
Proceeds from loans and borrowings	-	273,800	-	273,800
Repayment of loans and borrowings	-	(270,588)	-	(270,588)
Payment of transaction costs relating to new loan facilities	-	(4,546)	-	(4,546)
Payment of lease liabilities	(325)	-	-	(325)
Interest paid	-	-	(15,409)	(15,409)
Total changes from financing cash flows	(325)	(1,334)	(15,409)	(17,068)
Other changes				
Liability-related				
Interest expense	50	-	15,413	15,463
Recognition of lease liability	94	-	-	94
Amortisation of transaction costs related to loans and borrowings	-	664	-	664
Total liability-related other changes	144	664	15,413	16,221
At 31 December 2023	1,342	323,679	219	325,240

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	ACRO-REIT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Non-current assets				
Interest rate swaps	585	-	585	-
Current assets				
Interest rate swaps	-	1,360	-	1,360
Non-current liabilities				
Interest rate swaps	-	1,294	-	1,294

The ACRO-REIT Group and the Stapled Group use interest rate swaps to manage its exposure to interest rate risks.

As at 31 December 2024, an aggregate of US\$154.0 million of loan (2023: US\$244.3 million) has been hedged with a termination date of 29 September 2027 (2023: 28 February 2024).

14. TRADE AND OTHER PAYABLES

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Trade payables	1,902	1,419	9,809	8,762	8,565	10,604
Amounts due to related corporations:						
- trade	-	-	1,679	1,510	-	-
- non-trade	5,212	8,430	14,790	11,299	-	-
Amounts due to related parties - trade	216	616	94	128	310	744
Other payables	125	125	583	560	708	685
Interest payable	17,447	8,009	1,424	301	59	219
Accruals	3,166	4,537	2,268	1,912	5,351	6,414
	28,068	23,136	30,647	24,472	14,993	18,666
Non-current	125	125	-	-	125	125
Current	27,943	23,011	30,647	24,472	14,868	18,541
	28,068	23,136	30,647	24,472	14,993	18,666

Related parties refer to the REIT Manager, Trustee-Manager and its related entities. Related corporations refer to ACRO-REIT Group and ACRO-BT Group.

Non-trade amounts due to the related corporations relate to advances from related corporations. These amounts are unsecured, interest-free, repayable on demand and are to be settled in cash.

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's exposures to liquidity risk related to trade and other payables are disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 '000	2023 '000	2024 '000	2023 '000	2024 '000	2023 '000
Stapled Securities in issue						
At 1 January	580,103	569,199	580,103	569,199	580,103	569,199
REIT Manager/ Trustee-Manager's management fees paid in Stapled Securities	-	9,013	-	9,013	-	9,013
At 31 December	580,103	578,212	580,103	578,212	580,103	578,212
Stapled Securities to be issued						
REIT Manager/ Trustee-Manager's management fees payable in Stapled Securities	-	1,891	-	1,891	-	1,891
At 31 December	-	1,891	-	1,891	-	1,891
Stapled Securities issued and to be issued as at 31 December (Note 16)	580,103	580,103	580,103	580,103	580,103	580,103

- (i) 7,663,000 Stapled Securities and 1,350,000 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 2023 to 30 June 2023 respectively. The Stapled Securities were issued at a unit price of US\$0.36 per Stapled Security.
- (ii) 1,891,000 Stapled Securities were 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. The Stapled Securities were issued at a unit price of US\$0.31 per Stapled Security.

Each ACRO-REIT unit is stapled together with an ACRO-BT unit under the terms of a stapling deed dated 17 April 2019 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in ACRO-REIT and ACRO-BT.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

Each ACRO-REIT unit and ACRO-BT unit carry the same voting rights.

Capital management

The Managers' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Managers monitor the yield, which is defined as net property income from the property divided by the latest valuation for the property, on the properties acquired. The Managers also monitor the level of distributions made to holders of Stapled Securities.

The Managers seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16. NET ASSET VALUE PER STAPLED SECURITY

	Note	2024	2023
Net asset value per Stapled Security is based on:			
Net assets attributable to Stapled Securityholders (US\$'000)		423,907	427,555
Total issued and to be issued Stapled Securities ('000)	15	580,103	580,103
Net asset value per Stapled Security (US\$)		0.73	0.74

17. REVENUE

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024	2023	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from contracts with customers						
Room revenue	-	-	158,282	165,918	158,282	165,918
Other operating revenue	-	-	10,496	9,578	10,496	9,578
Other revenue						
Rental revenue	54,580	55,203	-	-	-	-
	54,580	55,203	168,778	175,496	168,778	175,496
Revenue from contracts with customers						
Timing of revenue recognition						
Products and services transferred over time	-	-	158,282	165,918	158,282	165,918
Products and services transferred at a point in time	-	-	10,496	9,578	10,496	9,578
	-	-	168,778	175,496	168,778	175,496

Rental revenue of ACRO-REIT

Rental revenue for the ACRO-REIT Group relates to rental income received/receivable from the ACRO-BT Group.

Under the terms of the master lease agreements for the properties, the ACRO-REIT Group is entitled to a fixed rent component and a variable rent component computed based on a certain percentage of the revenue. The fixed rent component is adjusted annually to incorporate average consumer price index ("CPI") changes during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18. OTHER INCOME

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Other income	-	32	-	-	-	32

19. REIT MANAGER'S AND TRUSTEE-MANAGER'S MANAGEMENT FEES

Included in the REIT Manager's and Trustee-Manager's management fees is an aggregate of nil (2023: 3,240,000) Stapled Securities, amounting to US\$nil (2023: US\$1,044,000), that were issued or issuable to the REIT Manager and Trustee-Manager as satisfaction of 50% of the REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities, at an average stapled security price of US\$nil (2023: US\$0.32) per Stapled Security.

20. NET FINANCE (COSTS)/INCOME

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Finance income						
Interest income under the effective interest method on:						
- deposits with financial institutions	46	330	-	-	46	330
- loan to related corporation	1,162	1,093	26,643	26,570	-	-
- others	-	7	26	-	25	7
	1,208	1,430	26,669	26,570	71	337
Finance costs						
Financial liabilities measured at amortised cost:						
- interest expense:						
- loans from banks	(20,828)	(15,045)	(372)	(369)	(21,200)	(15,413)
- loan from related corporation	(26,643)	(26,570)	(1,162)	(1,093)	-	-
- lease liabilities	(39)	(43)	(1,030)	(2,395)	(61)	(50)
- amortisation of transaction costs	(1,571)	(664)	-	-	(1,571)	(664)
	(49,081)	(42,322)	(2,564)	(3,857)	(22,832)	(16,127)
Net finance (costs)/income	(47,873)	(40,892)	24,105	22,713	(22,761)	(15,790)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

21. NET (LOSS)/INCOME FOR THE YEAR BEFORE TAX

Net (loss)/income for the year before tax is arrived at after charging the following items:

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Room expenses	-	-	46,113	48,212	46,113	48,212
Other operating expenses	-	-	4,127	4,802	4,127	4,802
Administrative and general expenses	218	404	16,239	16,467	16,457	16,871
Sales and marketing expenses	-	-	13,647	13,682	13,647	13,682
Franchise fee	-	-	8,175	8,555	8,175	8,555
Property operations and maintenance expenses	-	-	13,865	14,044	13,865	14,044
Utilities	49	49	6,770	7,330	6,819	7,379
Operating expenses	267	453	108,936	113,092	109,203	113,545
Auditor's remuneration paid/payable to:						
- Auditor of the stapled group ⁽¹⁾	350	349	350	349	700	698
Internal audit fee	41	36	41	37	82	73
Allowance for expected credit loss	-	-	58	8	58	8
Operating expenses arising from rental of investment properties	8,478	7,280	-	-	-	-

Note 1: There are no non-audit fees paid to auditors for the year ended 31 December 2024 and 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. TAXATION

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Tax recognised in profit or loss						
Current tax expense						
Current year tax expense	50	100	50	100	100	200
	50	100	50	100	100	200
Deferred tax (credit)/expense						
Tax effect of tax loss carry forward	-	-	(716)	1,224	(716)	1,224
Origination and reversal of temporary differences of properties	(625)	(2,618)	2,204	(2,341)	330	(4,643)
	(625)	(2,618)	1,488	(1,117)	(386)	(3,419)
	(575)	(2,518)	1,538	(1,017)	(286)	(3,219)
Tax recognised in other comprehensive income						
Deferred tax (credit)/expense						
Origination and reversal of temporary differences of properties	-	-	-	-	1,249	(316)
Tax (credit)/expense	(575)	(2,518)	1,538	(1,017)	963	(3,535)

Reconciliation of effective tax rate

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Net (loss)/income for the year before tax	(1,218)	(25,805)	13,538	15,441	(23,978)	(14,362)
Tax using the Singapore tax rate of 17% (2023: 17%)	(207)	(4,386)	2,301	2,625	(4,076)	(2,442)
Effect of tax rates in foreign jurisdictions	(68)	(1,489)	2,116	524	(1,972)	(1,187)
Tax-exempt income	(9,476)	(9,570)	(4,529)	(4,517)	-	-
Non-deductible expenses	9,176	12,927	1,650	351	5,762	410
	(575)	(2,518)	1,538	(1,017)	(286)	(3,219)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. TAXATION (continued)

Reconciliation of effective tax rate (continued)

Uncertainties exist with respect to the interpretation of complex tax regulations in the jurisdictions in which the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group operate, and the amount and timing of future taxable income. Given the span of tax regulations which may apply to the various taxable entities within the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group, the cross-border and long-term nature and complexity of the contractual arrangements, and the conditions to the tax rulings which have been obtained, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions recorded or require new or additional tax provisions to be recorded. The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group establish provisions, based on reasonable estimates, for anticipated tax liabilities or possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations between the taxable entities involved and the relevant tax authority, and anticipated future changes in the tax laws that may have a direct impact on any tax ruling or favourable tax treatment relied upon. Such instances may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the respective entities involved.

23. EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security is based on:

	2024 US\$'000	2023 US\$'000
Net loss for the year attributable to Stapled Securityholders	(23,692)	(11,143)
	Number of Stapled Securities	
	2024 '000	2023 '000
Weighted average number of Stapled Securities used in arriving at basic and diluted earnings per Stapled Security:		
- issued Stapled Securities at the beginning of the year	578,212	569,199
- issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	1,580	6,942
- to be issued as payment of REIT Manager's and Trustee-Manager's management fees payable in Stapled Securities	-	5
	579,792	576,146
Earnings per Stapled Security ("EPS") (US cents)		
Basic	(4.09)	(1.93)
Diluted	(4.09)	(1.93)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24. OPERATING SEGMENTS

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 of Directors of the Managers. 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 segments relative to other entities that operate within the same industry.

Information about reportable segments

	Hyatt US\$'000	Marriott US\$'000	Hilton US\$'000	Total US\$'000
Stapled Group 2024				
Revenue	141,302	21,830	5,646	168,778
Reportable segment net property income	31,760	8,419	4,158	44,337
Depreciation of property, plant and equipment	(24,007)	(4,173)	(1,035)	(29,215)
Amortisation of intangible assets	-	(26)	-	(26)
Revaluation of property, plant and equipment	(11,925)	-	-	(11,925)
Unallocated items:				
- REIT Manager's and Trustee-Manager's management fees				(1,143)
- Trustee-Manager's trustee fees				(120)
- REIT Trustee's fees				(111)
- Other trust expenses				(3,014)
- Net finance costs				(22,761)
- Taxation				286
Net loss for the year				(23,692)
Assets and liabilities				
Reportable segment assets	563,633	111,071	31,505	706,209
Reportable segment liabilities	(261,267)	(79,703)	(218)	(341,188)
Other segmental information				
Acquisition of and capital expenditure on property, plant and equipment	18,612	2,152	52	20,816
Allowance for expected credit loss	58	-	-	58

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

	Hyatt US\$'000	Marriott US\$'000	Hilton US\$'000	Total US\$'000
Stapled Group				
2023				
Revenue	150,226	21,042	4,228	175,496
Reportable segment net property income	37,752	7,685	2,234	47,671
Other income	-	-	32	32
Depreciation of property, plant and equipment	(24,237)	(3,896)	(700)	(28,833)
Amortisation of intangible assets	-	(25)	-	(25)
Net change in fair value of assets held for sale	(1,374)	-	-	(1,374)
Revaluation of property, plant and equipment	(11,182)	-	-	(11,182)
Unallocated items:				
- REIT Manager's and Trustee-Manager's management fees				(2,088)
- Trustee-Manager's trustee fees				(120)
- REIT Trustee's fees				(118)
- Other trust expenses				(2,535)
- Net finance costs				(15,790)
- Taxation				3,219
Net loss for the year				(11,143)
Assets and liabilities				
Reportable segment assets	618,200	108,732	30,041	756,973
Reportable segment liabilities	(264,464)	(76,377)	(359)	(341,200)
Other segmental information				
Acquisition of and capital expenditure on property, plant and equipment	17,481	1,683	29,736	48,900
Allowance for expected credit loss	8	-	-	8

Reconciliations of reportable segment assets and liabilities

	2024 US\$'000	2023 US\$'000
Assets		
Total assets for reportable segments	706,209	756,973
Other unallocated amounts	74,736	34,871
	780,945	791,844
Liabilities		
Total liabilities for reportable segments	341,188	341,200
Other unallocated amounts	15,850	23,089
	357,038	364,289

Geographical segments

No geographical information is presented as the Stapled Group operates in the United States only.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT

Overview

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group have exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the exposure of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group to each of the above risks, their objectives, policies and procedures for measuring and managing risk, and their management of capital.

Risk management framework

Risk management is integral to the whole business of the Stapled Group, comprising ACRO-REIT Group and ACRO-BT Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The REIT Manager and the Trustee-Manager continually monitor the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit and Risk Committee of the Managers assist the Boards in reviewing the effectiveness of the Stapled Group's material internal controls, including those relating to financial, operational and compliance.

In addition, the Audit and Risk Committee of the Managers also assist the Boards in discharging its duties with respect to maintaining an effective control environment that reflects both the established risk appetite and the business objectives of the Stapled Group. The Audit and Risk Committees oversee how management monitors compliance with the Stapled Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Stapled Group.

Credit risk

Credit risk is the risk of financial loss to the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's receivables from customers.

The carrying value of financial assets in the statement of financial position represents the maximum exposure of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group to credit risk.

Impairment losses on financial assets recognised in profit or loss were as follows:

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Allowance for expected credit loss	-	-	58	8	58	8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables

ACRO-BT Group and Stapled Group

The hotel operators which manage the hotels under the ACRO-BT Group perform credit evaluations on certain customers before accepting reservations and monitor their balances on an on-going basis.

ACRO-REIT Group

Trade receivables relate to amounts due from ACRO-BT Group arising from the master lease arrangements for hotel properties.

Exposure to credit risk

As at the reporting date, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group believes there is little or no credit risk inherent in its trade receivables, based on payment behaviours.

Expected credit loss assessment

Trade receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 31 December 2023:

	Gross carrying amount US\$'000	Expected credit loss allowance US\$'000	Credit impaired
ACRO-REIT Group			
2024			
Not past due	1,593	-	No
2023			
Not past due	1,510	-	No
ACRO-BT Group			
2024			
Not past due	1,677	-	No
Past due 31 - 60 days	519	-	No
Past due 61 - 90 days	191	-	No
Past due over 90 days	82	(22)	Yes
	2,469	(22)	
2023			
Not past due	-	-	No
Past due 31 - 60 days	-	-	No
Past due 61 - 90 days	180	-	No
Past due over 90 days	52	(32)	Yes
	232	(32)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Expected credit loss assessment (continued)

Trade receivables (continued)

	Gross carrying amount US\$'000	Expected credit loss allowance US\$'000	Credit impaired
Stapled Group			
2024			
Not past due	1,677	-	No
Past due 31 - 60 days	519	-	No
Past due 61 - 90 days	191	-	No
Past due over 90 days	82	(22)	Yes
	2,469	(22)	
2023			
Not past due	-	-	No
Past due 31 - 60 days	-	-	No
Past due 61 - 90 days	180	-	No
Past due over 90 days	52	(32)	Yes
	232	(32)	

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group use an allowance matrix to measure the ECLs of trade receivables.

Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's view of economic conditions over the expected lives of the receivables.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
At 1 January	-	-	32	93	32	93
Allowance for expected credit loss	-	-	58	8	58	8
Amount utilised	-	-	(68)	(69)	(68)	(69)
At 31 December	-	-	22	32	22	32

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Expected credit loss assessment (continued)

Cash and cash equivalents and derivative financial assets

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group held cash and cash equivalents of US\$18,751,000, US\$12,824,000 and US\$31,575,000 respectively at 31 December 2024 (2023: US\$6,314,000, US\$13,737,000 and US\$20,051,000 respectively), and the ACRO-REIT Group and the Stapled Group held derivative financial assets of US\$585,000 (2023: US\$1,360,000). The cash and cash equivalents and derivative financial assets are held with reputable bank and financial institution counterparties which are regulated. Investments and transactions involving derivative financial instruments are only allowed with counterparties with sound credit ratings.

Impairment on cash and cash equivalents are assessed based on the 12-month expected loss basis and reflects the short maturities of the exposures. The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowance on cash and cash equivalents is negligible.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. It is the Stapled Group's policy to enter into financial instruments with credit worthy counterparties. The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group do not expect to incur material credit losses on these financial assets.

Non-trade amount due from related corporation and loan to related corporation

At 31 December 2024, the ACRO-REIT Group held non-trade and interest receivable from its related corporation and loan to related corporation of US\$21,124,000 (2023: US\$6,378,000) and US\$31,084,000 (2023: US\$29,390,000), and the ACRO-BT Group held non-trade and interest receivable from its related corporation and loan to related corporation of US\$18,813,000 (2023: US\$21,026,000) and US\$294,000,000 (2023: US\$294,000,000) respectively. There is no significant increase in credit risk for these exposures. Impairment on these balances has been measured on the 12-month expected credit loss basis. The amount of the allowance is insignificant.

Liquidity risk

Liquidity risk is the risk that the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Managers monitor their liquidity risk and maintain a level of cash and cash equivalents deemed adequate to finance the ACRO-REIT Group's and the ACRO-BT Group's operations and to mitigate the effects of fluctuations in cash flows. The REIT Manager also monitors and observes the Property Funds Appendix concerning limits on total borrowings. As at the end of the financial year, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group maintain several credit facilities (Note 12).

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group has contractual commitments to incur capital expenditure (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	Note	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash outflow/(inflow)		
				Within 1 year US\$'000	Between 1 to 5 years US\$'000	More than 5 years US\$'000
ACRO-REIT Group						
2024						
Non-derivative financial liabilities						
Loans from related corporation	7	294,000	410,907	26,570	384,337	-
Loans and borrowings	12	317,684	355,354	95,466	259,604	284
Trade and other payables	14	28,068	28,068	27,943	-	125
		639,752	794,329	149,979	643,941	409
2023						
Non-derivative financial liabilities						
Loans from related corporation	7	294,000	437,405	26,570	410,835	-
Loans and borrowings	12	319,763	381,547	22,861	358,402	284
Trade and other payables	14	23,136	23,136	23,011	-	125
		636,899	842,088	72,442	769,237	409
ACRO-REIT Group						
2024						
Derivative financial liabilities						
Interest rate swaps used for hedging	13	-	-	-	-	-
2023						
Derivative financial liabilities						
Interest rate swaps used for hedging	13	1,294	1,564	(409)	1,973	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

		Cash outflow/(inflow)				
	Note	Carrying amount US\$'000	Contractual cash flows US\$'000	Within 1 year US\$'000	Between 1 to 5 years US\$'000	More than 5 years US\$'000
ACRO-BT Group						
2024						
Non-derivative financial liabilities						
Loans from related corporation	7	31,084	31,084	31,084	-	-
Loans and borrowings	12	10,225	11,671	2,181	9,490	-
Trade and other payables	14	30,647	30,647	30,647	-	-
		71,956	73,402	63,912	9,490	-
2023						
Non-derivative financial liabilities						
Loans from related corporation	7	29,390	29,390	29,390	-	-
Loans and borrowings	12	54,802	57,715	46,489	11,226	-
Trade and other payables	14	24,472	24,472	24,472	-	-
		108,664	111,577	100,351	11,226	-
Stapled Group						
2024						
Non-derivative financial liabilities						
Loans and borrowings	12	323,262	361,898	95,948	265,666	284
Trade and other payables	14	14,993	14,993	14,868	-	125
		338,255	376,891	110,816	265,666	409
2023						
Non-derivative financial liabilities						
Loans and borrowings	12	325,021	388,278	23,286	364,708	284
Trade and other payables	14	18,666	18,666	18,541	-	125
		343,687	406,944	41,827	364,708	409

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

	Note	Carrying amount US\$'000	Contractual cash flows US\$'000	Cash outflow/(inflow)		
				Within 1 year US\$'000	Between 1 to 5 years US\$'000	More than 5 years US\$'000
Stapled Group						
2024						
Derivative financial liabilities						
Interest rate swaps used for hedging	13	-	-	-	-	-
2023						
Derivative financial liabilities						
Interest rate swaps used for hedging	13	1,294	1,564	(409)	1,973	-

The maturity analyses show the contractual undiscounted cash flows of the ACRO-REIT Group's, the ACRO-BT Group's and the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. The disclosure represents the contractual undiscounted cash flows relating to derivative financial instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates changes.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the profit or loss of the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

The ACRO-REIT Group and the Stapled Group enter into derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit and Risk Committee of the Managers. Generally, the ACRO-REIT Group and the Stapled Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's business are not exposed to significant currency risk as the portfolio of properties are located in the United States and the cash flows from the properties are denominated in US\$, which is the functional currency of the entities within the ACRO-REIT Group and ACRO-BT Group. The loans and borrowings are made in the same currency as the assets in order to manage the foreign currency risk.

Interest rate risk

The REIT Manager's and the Trustee-Manager's strategy to manage the risk of potential interest rate volatility from floating rate loans and borrowings is through the use of interest rate hedging instruments. The Managers will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

The ACRO-REIT Group and the Stapled Group determine the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates, maturities and the notional amounts.

The ACRO-REIT Group and the Stapled Group assess whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty's and the ACRO-REIT Group's and the Stapled Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates or interest rate benchmark between the swaps and the borrowings.

Interest rate derivative financial instruments in respect of the ACRO-REIT Group and the Stapled Group's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the ACRO-REIT Group's and the Stapled Group's policy. Generally, the maturities of these interest rate derivative financial instruments follow the maturities of the related borrowings. The ACRO-REIT Group and the Stapled Group hold interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOFR as at the reporting date.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments based on their nominal amounts was as follows:

	ACRO-REIT Group		Nominal amount ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Fixed rate instruments						
Financial assets	31,084	29,390	294,000	294,000	-	-
Financial liabilities	(294,000)	(294,000)	(31,084)	(29,390)	-	-
	(262,916)	(264,610)	262,916	264,610	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Exposure to interest rate risk (continued)

	ACRO-REIT Group		Nominal amount ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Variable rate instruments						
Financial liabilities	(319,325)	(322,825)	(5,175)	(5,175)	(324,500)	(328,000)
Effect of interest rate swaps	154,000	244,300	-	-	154,000	244,300
	(165,325)	(78,525)	(5,175)	(5,175)	(170,500)	(83,700)

As at 31 December 2024, an aggregate of US\$154.0 million of loan (2023: US\$244.3 million) has been hedged with a termination date of 29 September 2027 (2023: 28 February 2024).

Fair value sensitivity analysis for fixed rate instruments

The ACRO-REIT Group and the Stapled Group do not account for any fixed rate financial assets and liabilities at FVTPL and the ACRO-REIT Group and the Stapled Group do not designate derivative interest swaps as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) Stapled Securityholders' funds and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Stapled Securityholders' funds	
	100 bp increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp decrease US\$'000
ACRO-REIT Group				
2024				
Variable rate instruments	(3,193)	3,193	-	-
Interest rate swaps	-	-	4,008	(4,008)
Cash flow sensitivity (net)	(3,193)	3,193	4,008	(4,008)
2023				
Variable rate instruments	(3,228)	3,228	-	-
Interest rate swaps	-	-	3,058	(3,191)
Cash flow sensitivity (net)	(3,228)	3,228	3,058	(3,191)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Exposure to interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or loss		Stapled Securityholders' funds	
	100 bp increase US\$'000	100 bp decrease US\$'000	100 bp increase US\$'000	100 bp decrease US\$'000
ACRO-BT Group				
2024				
Variable rate instruments	(52)	52	-	-
Cash flow sensitivity (net)	(52)	52	-	-
2023				
Variable rate instruments	(52)	52	-	-
Cash flow sensitivity (net)	(52)	52	-	-
Stapled Group				
2024				
Variable rate instruments	(3,245)	3,245	-	-
Interest rate swaps	-	-	4,008	(4,008)
Cash flow sensitivity (net)	(3,245)	3,245	4,008	(4,008)
2023				
Variable rate instruments	(3,280)	3,280	-	-
Interest rate swaps	-	-	3,058	(3,191)
Cash flow sensitivity (net)	(3,280)	3,280	3,058	(3,191)

Cash flow hedges

At the reporting date, the ACRO-REIT Group and the Stapled Group held the following instruments to hedge exposures to changes in interest rates.

	Maturity		
	Within 1 year	Between 1 to 5 years	More than 5 years
ACRO-REIT Group and Stapled Group			
2024			
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of US\$)	-	154,000	-
Average fixed interest rate	-	3.84%	-
2023			
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of US\$)	244,325	85,000	-
Average fixed interest rate	2.44%	3.98%	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Cash flow hedges (continued)

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness US\$'000	Hedging reserve US\$'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US\$'000
ACRO-REIT Group and Stapled Group			
2024			
Interest rate risk			
Variable-rate instruments	-	585	-
2023			
Interest rate risk			
Variable-rate instruments	-	66	-

The ACRO-REIT Group and the Stapled Group's derivative transactions that are not transacted on an exchange are entered into under ISDA Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the ACRO-REIT Group and the Stapled Group or the counterparties. In addition, the ACRO-REIT Group and the Stapled Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Fair values

Accounting classifications and fair values

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 fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US\$'000	Fair value - hedging instruments US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
ACRO-REIT Group									
31 December 2024									
Financial assets measured at fair value									
Derivative financial assets	13	-	585	-	585	-	585	-	585
Financial assets not measured at fair value									
Loans to related corporation	7	31,084	-	-	31,084				
Trade and other receivables ⁽¹⁾	9	23,763	-	-	23,763				
Cash and cash equivalents	10	18,751	-	-	18,751				
		73,598	-	-	73,598				
Financial liabilities not measured at fair value									
Loans from related corporation	7	-	-	(294,000)	(294,000)	-	(294,722)	-	(294,722)
Loans and borrowings ⁽²⁾	12	-	-	(316,575)	(316,575)				
Trade and other payables	14	-	-	(28,068)	(28,068)				
		-	-	(638,643)	(638,643)				

⁽¹⁾ Excluding prepayments

⁽²⁾ Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Fair values (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US\$'000	Fair value - hedging instruments US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
ACRO-REIT Group									
31 December 2023									
Financial assets measured at fair value									
Derivative financial assets	13	-	1,360	-	1,360	-	1,360	-	1,360
Financial assets not measured at fair value									
Loans to related corporation	7	29,390	-	-	29,390				
Trade and other receivables ⁽¹⁾	9	8,796	-	-	8,796				
Cash and cash equivalents	10	6,314	-	-	6,314				
		44,500	-	-	44,500				
Financial liabilities measured at fair value									
Financial derivative liabilities	13	-	(1,294)	-	(1,294)	-	1,294	-	1,294
Financial liabilities not measured at fair value									
Loans from related corporation	7	-	-	(294,000)	(294,000)	-	(294,849)	-	(294,849)
Loans and borrowings ⁽²⁾	12	-	-	(318,504)	(318,504)				
Trade and other payables	14	-	-	(23,136)	(23,136)				
		-	-	(635,640)	(635,640)				

⁽¹⁾ Excluding prepayments

⁽²⁾ Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Fair values (continued)

Accounting classifications and fair values (continued)

		Carrying amount			Fair value			
	Note	Financial assets at amortised cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
ACRO-BT Group								
31 December 2024								
Financial assets not measured at fair value								
Loans to related corporation	7	294,000	-	294,000	-	294,722	-	294,722
Trade and other receivables ⁽¹⁾	9	21,451	-	21,451				
Cash and cash equivalents	10	12,824	-	12,824				
		328,275	-	328,275				
Financial liabilities not measured at fair value								
Loans from related corporation	7	-	(31,084)	(31,084)				
Loans and borrowings ⁽²⁾	12	-	(5,175)	(5,175)				
Trade and other payables	14	-	(30,647)	(30,647)				
		-	(66,906)	(66,906)				

⁽¹⁾ Excluding prepayments

⁽²⁾ Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Fair values (continued)

Accounting classifications and fair values (continued)

		Carrying amount			Fair value			
	Note	Financial assets at amortised cost US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
ACRO-BT Group								
31 December 2023								
Financial assets not measured at fair value								
Loans to related corporation	7	294,000	-	294,000	-	294,849	-	294,849
Trade and other receivables ⁽¹⁾	9	21,435	-	21,435				
Cash and cash equivalents	10	13,737	-	13,737				
		329,172	-	329,172				
Financial liabilities not measured at fair value								
Loans from related corporation	7	-	(29,390)	(29,390)				
Loans and borrowings ⁽²⁾	12	-	(5,175)	(5,175)				
Trade and other payables	14	-	(24,472)	(24,472)				
		-	(59,037)	(59,037)				

⁽¹⁾ Excluding prepayments

⁽²⁾ Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Fair values (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US\$'000	Fair value - hedging instruments US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Stapled Group									
31 December 2024									
Financial assets measured at fair value									
Financial derivative assets	13	-	585	-	585	-	585	-	585
Financial assets not measured at fair value									
Trade and other receivables ⁽¹⁾	9	3,836	-	-	3,836				
Cash and cash equivalents	10	31,575	-	-	31,575				
		35,411	-	-	35,411				
Financial liabilities not measured at fair value									
Loans and borrowings ⁽²⁾	12	-	-	(321,750)	(321,750)				
Trade and other payables	14	-	-	(14,993)	(14,993)				
		-	-	(336,743)	(336,743)				

⁽¹⁾ Excluding prepayments

⁽²⁾ Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Fair values (continued)

Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US\$'000	Fair value - hedging instruments US\$'000	Other financial liabilities US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Stapled Group									
31 December 2023									
Financial assets measured at fair value									
Financial derivative assets	13	-	1,360	-	1,360	-	1,360	-	1,360
Financial assets not measured at fair value									
Trade and other receivables ⁽¹⁾	9	1,317	-	-	1,317				
Cash and cash equivalents	10	20,051	-	-	20,051				
		21,368	-	-	21,368				
Financial liabilities measured at fair value									
Financial derivative liabilities	13	-	(1,294)	-	(1,294)	-	1,294	-	1,294
Financial liabilities not measured at fair value									
Loans and borrowings ⁽²⁾	12	-	-	(323,679)	(323,679)				
Trade and other payables	14	-	-	(18,666)	(18,666)				
		-	-	(342,345)	(342,345)				

⁽¹⁾ Excluding prepayments

⁽²⁾ Excluding lease liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

25. FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values.

ACRO-REIT Group, ACRO-BT Group and Stapled Group

Financial instruments measured at fair value

Type	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.

Financial instruments not measured at fair value

Type	Valuation technique
Loans to/(from) related corporation	The fair values of loans to/(from) related corporation are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The fair value of the ACRO-REIT Group, ACRO-BT Group and the Stapled Group's non-current loans and borrowings with floating interest rate approximate their fair value.

26. LEASES

Leases as lessee

The ACRO-REIT Group leases land, the ACRO-BT Group leases land, buildings, and motor vehicles and the Stapled Group leases land and motor vehicles. The leases typically run for a period of 4 to 65 years. For certain leases, the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are restricted from entering into any sub-lease arrangements.

Under the terms of the master lease agreements for the properties, the ACRO-BT Group pays fixed rent and variable rent computed based on a certain percentage of the revenue to the ACRO-REIT Group. The fixed rent component is adjusted annually to incorporate average consumer price index ("CPI") changes during the year. ACRO-BT Group remeasures the lease liability annually to incorporate changes in the fixed rent arising from CPI changes.

Information about leases for which the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group are the lessee is presented below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26. LEASES (continued)

Leases as lessee (continued)

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property is presented as property, plant and equipment.

	ACRO-BT Group		Stapled Group	
	Land and buildings US\$'000	Motor vehicles US\$'000	Leasehold land US\$'000	Motor vehicles US\$'000
2024				
Balance at 1 January	46,872	141	1,186	141
Additions to right-of-use assets	-	354	-	354
Remeasurement of right-of-use assets	2,045	-	-	-
Depreciation charge for the year	(43,403)	(96)	(157)	(96)
Derecognition of right-of-use assets	(1,132)	-	-	-
Balance at 31 December	4,382	399	1,029	399
2023				
Balance at 1 January	77,980	127	1,343	127
Additions to right-of-use assets	6,079	143	-	143
Remeasurement of right-of-use assets	6,550	-	-	-
Depreciation charge for the year	(42,788)	(129)	(157)	(129)
Derecognition of right-of-use assets	(949)	-	-	-
Balance at 31 December	46,872	141	1,186	141

Right-of-use assets of the ACRO-REIT Group are presented as investment properties (see Note 4).

Amounts recognised in profit or loss

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Interest on lease liabilities	39	43	1,030	2,395	61	50
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-	-	4,726	8,842	-	-
Expenses relating to short-term leases	-	-	17	16	17	16

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26. LEASES (continued)

Leases as lessee (continued)

Amounts recognised in statement of cash flows

	2024 US\$'000	2023 US\$'000
ACRO-REIT Group		
Total cash outflow for leases	(189)	(189)
ACRO-BT Group		
Total cash outflow for leases	(46,860)	(46,294)
Stapled Group		
Total cash outflow for leases	(304)	(325)

Extension options

Land leases contain extension options exercisable by the ACRO-REIT Group and the Stapled Group before the end of the non-cancellable contract period. Where practicable, the ACRO-REIT Group and the Stapled Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the ACRO-REIT Group and the Stapled Group and not by the lessors. The ACRO-REIT Group and the Stapled Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The ACRO-REIT Group and the Stapled Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

The ACRO-REIT Group leases out its investment properties to the ACRO-BT Group. All leases are classified as operating leases from a lessor perspective.

Operating lease

The ACRO-REIT Group leases out its investment properties. The ACRO-REIT Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The ACRO-REIT Group is exposed to changes in residual value at the end of the lease term, the ACRO-REIT Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the investment properties.

Rental income from investment properties recognised by the ACRO-REIT Group during the year was US\$54,580,000 (2023: US\$55,203,000).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2024 US\$'000	2023 US\$'000
Within one year	1,700	47,169
Between one and five years	3,428	4,919
	5,128	52,088

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements. The fixed rent component is adjusted annually to incorporate average consumer price index ("CPI") changes during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. COMMITMENTS

Capital commitments

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Capital expenditure contracted but not provided for	264	2,245	1,908	11,714	2,172	13,959

28. RELATED PARTY TRANSACTIONS

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	ACRO-REIT Group		ACRO-BT Group		Stapled Group	
	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000	2024 US\$'000	2023 US\$'000
Related entities						
REIT Manager's and Trustee-Manager's management fees paid/payable	857	1,566	285	522	1,143	2,088
Trustee-Manager's trustee fee paid/payable	-	-	120	120	120	120
REIT Trustee's fees paid/payable	111	118	-	-	111	118
Hotel management fee paid/payable	-	-	5,061	5,253	5,061	5,253
Acquisition fee paid/payable	-	290	-	-	-	290
Divestment fee paid/payable	194	40	-	-	194	40
Reimbursement of expenses (paid on behalf by REIT Manager and Trustee-Manager)	40	59	40	88	80	147
Related corporations						
Rental expenses paid/payable	-	-	54,580	55,203	-	-
Rental income received/receivable	54,580	55,203	-	-	-	-
Interest expenses paid/payable	26,643	26,570	1,162	1,093	-	-
Interest income received/receivable	1,162	1,093	26,643	26,570	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. RESERVES

(a) Revaluation reserve

Revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(b) Hedging reserve

Hedging reserve represents the effective portion of the cash flow hedge relationship incurred as at the reporting date.

30. SUBSIDIARIES

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2024 %	2023 %
Subsidiaries of ACRO-REIT			
ARA USH Investment Holding, LLC ⁽¹⁾	United States	100	100
ARA USH Chicago, LLC ⁽¹⁾	United States	100	100
ARA USH Blue Runner, LLC ⁽¹⁾	United States	100	100
ARA AC Raleigh North Hills, LLC ⁽¹⁾	United States	100	100
ARA CY San Antonio Rim, LLC ⁽¹⁾	United States	100	100
ARA RI San Antonio Rim, LLC ⁽¹⁾	United States	100	100
ARA CS LLC ⁽¹⁾	United States	100	100
Subsidiaries of ACRO-BT			
ARA TRS Management Limited ⁽¹⁾	Cayman Islands	100	100
ARA USH Chicago Tenant, LLC ⁽¹⁾	United States	100	100
ARA USH Blue Runner Tenant, LLC ⁽¹⁾	United States	100	100
ARA CS Tenant LLC ⁽¹⁾	United States	100	100

⁽¹⁾ Audited by EY LLP Singapore for consolidation purpose

31. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the ACRO-REIT Group's, ACRO-BT Group's and the Stapled Group's financial statements are disclosed below. The ACRO-REIT Group, the ACRO-BT Group and the Stapled Group intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments*
- SFRS(I) 18 *Presentation and Disclosure in the Financial Statements*
- SFRS(I) 19 *Subsidiaries without Public Accountability: Disclosures*
- Annual Improvements to SFRS(I)s – Volume 11
- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

These amendments to SFRS(I)s are not expected to have any significant impact on the ACRO-REIT Group, the ACRO-BT Group and the Stapled Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

32. SUBSEQUENT EVENTS

On 27 February 2025, the Managers approved a distribution of 0.848 US cents per Stapled Security for the period from 1 July 2024 to 31 December 2024 to be paid on 28 March 2025.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2024 were authorized for issue by the REIT Manager, the Trustee-Manager, and the REIT Trustee on 27 March 2025.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 19 March 2025

There were 580,102,394 Stapled Securities (one vote per Stapled Security) in issue as at 19 March 2025. Each Stapled Security comprises one unit in ACRO-REIT and one unit in ACRO-BT. There is only one class of units in each of ACRO-REIT and ACRO-BT.

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

SIZE OF HOLDINGS	NO. OF STAPLED SECURITYHOLDERS	%	NO. OF STAPLED SECURITIES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	498	14.98	475,646	0.08
1,001 – 10,000	1,624	48.86	11,244,150	1.94
10,001 – 1,000,000	1,178	35.44	69,838,700	12.04
1,000,001 AND ABOVE	24	0.72	498,543,898	85.94
TOTAL	3,324	100.00	580,102,394	100.00

TWENTY LARGEST STAPLED SECURITYHOLDERS

NO.	NAME	NO. OF STAPLED SECURITIES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	153,636,840	26.48
2	DBS NOMINEES (PRIVATE) LIMITED	81,951,800	14.13
3	RAFFLES NOMINEES (PTE.) LIMITED	70,951,160	12.23
4	OCBC SECURITIES PRIVATE LIMITED	58,481,200	10.08
5	PHILLIP SECURITIES PTE LTD	47,698,698	8.22
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	14,691,100	2.53
7	UOB KAY HIAN PRIVATE LIMITED	12,507,600	2.16
8	SUN LAP FONG	9,039,000	1.56
9	ABN AMRO CLEARING BANK N.V.	8,678,700	1.50
10	TOH ONG TIAM	6,744,200	1.16
11	GOI SENG HUI	5,681,800	0.98
12	HSBC (SINGAPORE) NOMINEES PTE. LTD.	4,999,800	0.86
13	DB NOMINEES (SINGAPORE) PTE LTD	3,163,200	0.55
14	YIM CHEE CHONG	3,075,000	0.53
15	CHONG GEORGE	2,760,000	0.48
16	IFAST FINANCIAL PTE. LTD.	2,464,200	0.42
17	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	2,239,400	0.39
18	MAYBANK SECURITIES PTE. LTD.	2,010,300	0.35
19	BANK OF CHINA NOMINEES (PTE) LTD	1,700,000	0.29
20	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,350,000	0.23
TOTAL		493,823,998	85.13

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 19 March 2025

SUBSTANTIAL STAPLED SECURITYHOLDERS' INTERESTS

Based on the register of Substantial Stapled Securityholders (based on statutory notifications filed by such persons or entities with the Managers and information available to the Managers as at 19 March 2025), the list of Substantial Stapled Securityholders are as follows:

Name	Number of Stapled Securities		% of Stapled Securities
	Direct	Deemed	
Acrophyte Limited	110,200,640	-	18.99
Mr. Tang Jialin, Pacific International Capital Inc. Limited and Ms. Tang Jialei ¹	-	110,200,640	18.99
Tang Gordon @ Tang Yigang and Celine Tang @ Chen Huaidan ²	53,750,000	-	9.27
Yang Shi Ying	45,454,600	-	7.84
Yu Duan	47,007,100	-	8.10

Notes:

1. Mr. Tang Jialin holds 100% of the shares of Pacific International Capital Inc. Limited ("**PICI**"), which, in turn, collectively holds 100% of the shares in Acrophyte Limited with Ms. Tang Jialei. As a result, Mr. Tang Jialin, Ms. Tang Jialei and PICI are deemed to be interested in the Stapled Securities held by Acrophyte Limited.
2. Mr. Gordon Tang is the spouse of Mrs. Celine Tang. The 53,750,000 Stapled Securities are held jointly by Mr. Gordon Tang and Mrs. Celine Tang.

PUBLIC FLOAT

Rule 723 of the Listing Manual of the SGX-ST requires that at least 10% of the total number of issued securities that is listed on the SGX-ST is at all times held by the public. Based on the information available to the Managers as at 19 March 2025, approximately 56% of Acrophyte Hospitality Trust's listed securities were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

ADDITIONAL INFORMATION

INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL AND BUSINESS TRUSTS ACT) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS (COLLECTIVELY, "INTERESTED PERSON TRANSACTIONS")

The aggregate value of all Interested Person Transactions which were entered into during the financial year ended 31 December 2024 (excluding transactions less than S\$100,000) are listed below.

Name of Interested Person	Nature of Relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions of less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
ESR Group and its associates ^(Note 1)	Controlling shareholder of the Managers and controlling stapled securityholder, and its subsidiaries and associates		
Acrophyte Hospitality Trust Management Pte. Ltd. (formerly known as ARA Trust Management (USH) Pte. Ltd.)	REIT Manager	139	-
Acrophyte Hospitality Management, Inc (formerly known as ARA USH Management, Inc)	Subsidiary of REIT Manager	260	-
Acrophyte Hospitality Business Trust Management Pte. Ltd. (formerly known as ARA Business Trust Management (USH) Pte. Ltd.)	Trustee-Manager	180	-
ARA US Hospitality Management, Inc	Subsidiary of the ESR Group	2,517	-
		3,096	-

Note 1: ESR Group ceased to be Interested Person w.e.f. 9th July 2024.

ADDITIONAL INFORMATION

Name of Interested Person	Nature of Relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions of less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
Acrophyte Group ^(Note 2)	Controlling shareholder of the Managers and controlling stapled securityholder, and its subsidiaries and associates		
Acrophyte Hospitality Trust Management Pte. Ltd.	ACRO-REIT Manager	244	-
Acrophyte Hospitality Management, Inc	Subsidiary of ACRO-REIT Manager	408	-
Acrophyte Hospitality Business Trust Management Pte. Ltd.	ACRO-BT Trustee-Manager	226	-
		878	-
DBS Trustee Limited	ACRO-REIT Trustee	111	-
		4,085	-

Note 2: w.e.f. 9th July 2024.

For the purpose of the disclosure, the full contract sum was used when an interested person transaction had a fixed term and contract value, while the annual amount incurred and/or accrued was used when the contract had an indefinite term or where the total contract value was not specified.

The Managers were formerly wholly-owned subsidiaries of ARA Asset Management Limited ("**ARA**"), part of the ESR Group. On 9 July 2024, Acrophyte Asset Management Pte. Ltd. ("**Acrophyte AM**") completed the acquisition of the 100% interest in the ACRO-REIT Manager and the ACRO-BT Trustee-Manager, respectively from ARA ("**Acquisition of Managers**"). Acrophyte AM is a wholly-owned subsidiary of Acrophyte Pte. Ltd. ("**Acrophyte**" or the "**Sponsor**"), the sponsor of ACRO-HT. Pursuant to the Acquisition of Managers, the Managers became wholly-owned subsidiaries of Acrophyte AM, part of the Acrophyte Group.

The aggregate value of interested person transactions for the full financial year ended 31 December 2024 under review (excluding transactions of less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) with the ACRO-REIT Manager, subsidiary of ACRO-REIT Manager and the ACRO-BT Trustee-Manager were US\$383,000, US\$668,000 and US\$406,000, respectively.

ADDITIONAL INFORMATION

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGERS

The Managers are committed to delivering value to the stakeholders of ACRO-HT, in addition to their key responsibilities of managing and maintaining the long-term interests of all Stapled Securityholders. The Managers are entitled to the following fees for the management of ACRO-HT, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management and investor relations:

Management Fee

The management fees make up a substantial portion of the Managers' total remuneration for the provision of on-going management services. These services cover functions such as asset management, investment management, capital management, accounting, legal, compliance and investor relations, rendered by a licensed REIT manager and a professional trustee-manager on a full time and dedicated basis. Pursuant to Clauses 14.1 and 14.2 of the Stapling Deed, the Managers are entitled to the following management fees:

(i) Base Fee

The total base fee ("**Total Base Fee**") is calculated based on 10.0% per annum of the distributable income of ACRO-HT and calculated before accounting for the Total Base Fee and the Total Performance Fee (as defined below). The Total Base Fee is recurring and enables the Managers to cover operational and administrative overheads incurred in the management of the portfolio.

(ii) Performance Fee

The total performance fee ("**Total Performance Fee**") is calculated based on 25.0% of the increase in distribution per Stapled Security ("**DPS**") in a financial year over the DPS in the preceding financial year (calculated before accounting for the Total Performance Fee but after accounting for the Total Base Fee payable to the Managers out of the total deposited property of ACRO-HT in each financial period or year) multiplied by the weighted average number of Stapled Securities in issue for such financial period or year. The Total Performance Fee aligns the interests of the Managers with Stapled Securityholders. By implementing and executing on the key strategies identified, the Managers will be compensated for delivering sustainable and growing DPS. If there is no growth in DPS from the immediately preceding financial year, no performance fee is payable.

The management fee is payable in the form of cash and/or Stapled Securities as the Managers may elect, in such proportion to the Managers or any person which the Managers may designate and for such period as may be determined by the Managers.

Since the IPO of ACRO-HT, the Managers had consistently received 50% of the Base Fee and Performance Fee in the form of cash and 50% in Stapled Securities. On 20 March 2024, the Managers had elected to receive payment of 100% of the Total Base Fee for the calendar quarters commencing 1 April 2024 in the form of cash and 100% of the Total Performance Fee for the financial years commencing on 1 January 2024 in the form of cash.

Acquisition Fee and Divestment Fee

In addition, the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) is entitled to receive:

- (i) an Acquisition Fee (as defined in Clause 15.2 of the ACRO-REIT Trust Deed and Clause 14.2 of the ACRO-BT Trust Deed) at the rate of 1.0% (or such lower percentage as may be determined by the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) in their absolute discretion); and
- (ii) a Divestment Fee (as defined in Clause 15.2 of the ACRO-REIT Trust Deed and Clause 14.2 of the ACRO-BT Trust Deed) at the rate of 0.5%.

ADDITIONAL INFORMATION

Acquisition Fee and Divestment Fee (continued)

The Acquisition Fee and Divestment Fee serve to compensate the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) for the time, effort and cost spent by the management team in (for the case of an acquisition) sourcing, evaluating and executing new investments to grow ACRO-REIT or ACRO-BT (as applicable) and (for the case of a divestment) facilitating to unlock the underlying value of existing properties where they have reached a stage which offers limited scope for further growth. The ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns and achieving the investment objectives of ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as applicable).

The Divestment Fee is lower than the Acquisition Fee because there is generally less work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for a disposal. As the Divestment Fee for all disposals is the same, the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) will also be incentivised to sell a property at the best price.

The Acquisition Fee and Divestment Fee are payable to the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) or to any person which they may designate or nominate in the form of cash and/or Stapled Securities (as the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) may elect) provided that in respect of any acquisition or divestment of real estate assets from/to related parties, such a fee should be in the form of Stapled Securities at prevailing market price(s) instead of cash. The Stapled Securities issued as Acquisition Fee or Divestment Fee should not be sold within one year from the date of their issuance.

Development Management Fee

The ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) are also entitled to receive Development Management Fee (as defined in Clause 15.5 of the ACRO-REIT Trust Deed and Clause 14.4 of the ACRO-BT Trust Deed) equivalent to 3.0% of total project costs incurred in a development project undertaken by the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) on behalf of ACRO-REIT or ACRO-BT.

The Development Management Fee is payable in equal monthly instalments over the construction period of each development project based on the ACRO-REIT Manager's or ACRO-BT Trustee-Manager's (as the case may be) best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs is finalised.

The Development Management Fee allows the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be) to recover the cost of providing resources to manage the development projects, which is outside the scope of the usual operations of the ACRO-REIT Manager or the ACRO-BT Trustee-Manager (as the case may be). This serves to incentivise them to undertake development projects that will enhance returns for Stapled Securityholders, thereby aligning their interests with that of Stapled Securityholders.

Hotel Management Fee

Under the hotel management agreement entered into between ACRO-BT, through its subsidiaries and the hotel manager, ARA US Hospitality Management, Inc. (the "**Hotel Manager**"), the Hotel Manager will be paid a fee equivalent to 3.0% of total revenue of the hotel properties.

The fee payable to the Hotel Manager seeks to compensate the Hotel Manager for having the overall responsibility of the management and operation of the hotels. In turn, the Hotel Manager outsources the day-to-day management of the hotels to third-party professional hotel operators, and the Hotel Manager will be responsible for monitoring the performance of such third-party hotel operators. The hotel management fee payable to the Hotel Manager is pegged to the total operating revenues of the respective hotels and ensure that the Hotel Manager's interests are aligned with those of ACRO-HT.

ADDITIONAL INFORMATION

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	US\$'000
Total operating expenses ¹	158,070
Net assets	423,907
Percentage of total operating expenses to net assets	37.3%

Note:

¹ Comprising property expenses and trust expenses, including all fees and charges paid/payable to the ACRO-REIT Trustee, ACRO-REIT Manager, ACRO-REIT Trustee-Manager and related parties. Excludes finance cost.

The total operating expenses incurred by ACRO-HT amounted to approximately US\$158.1 million, equivalent to 37.3% of ACRO-HT's net assets as at 31 December 2024.

CORPORATE DIRECTORY

MANAGERS

REIT-Manager of ACRO-REIT

Acrophyte Hospitality Trust Management Pte. Ltd.

Trustee-Manager of ACRO-BT

Acrophyte Hospitality Business Trust Management Pte. Ltd.

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BOARD OF DIRECTORS

Stephen Ray Finch

Chairman and Independent
Non-Executive Director

Randy Allan Daniels

Independent Non-Executive Director

Wong Choong Mann

Independent Non-Executive Director

Lin Daqi

Non-Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Randy Allan Daniels

Chairman

Stephen Ray Finch

Member

Wong Choong Mann

Member

REIT TRUSTEE

DBS Trustee Limited

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AUDITOR

Ernst & Young LLP

Public Accountants and Chartered Accountants
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Partner-In-Charge:

Chen Wee Teck, Nelson

(appointed with effect from 27 April 2023)

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STOCK EXCHANGE QUOTATION

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Acrophyte Hospitality Trust

SGX Counter Code:

XZL

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