ACROPHYTE HOSPITALITY TRUST

A stapled group comprising:

ACROPHYTE HOSPITALITY PROPERTY TRUST
(a real estate investment trust constituted on 24 September 2018 under the laws of the Republic of Singapore) managed by
Acrophyte Hospitality Trust Management Pte. Ltd.

ACROPHYTE HOSPITALITY MANAGEMENT TRUST
(a business trust constituted on 29 October 2018 under the laws of the Republic of Singapore) managed by
Acrophyte Hospitality Business Trust Management Pte. Ltd.

PRESS RELEASE

CAPITAL EXPENDITURE REQUIREMENTS AND SUSPENSION OF DISTRIBUTIONS

Singapore, 6 August 2026 – Acrophyte Hospitality Trust Management Pte. Ltd, in its capacity as manager of Acrophyte Hospitality Property Trust ("**ACRO-REIT**"), and Acrophyte Hospitality Business Trust Management Pte. Ltd., as trustee-manager of Acrophyte Hospitality Management Trust ("**ACRO-BT**") (collectively known as the "**Managers**"), wish to update holders of stapled securities in Acrophyte Hospitality Trust ("**ACRO-HT**") ("**Stapled Securityholders**") on i) ACRO-HT's capital expenditure requirements and the measures considered to fund them, and ii) the Managers' decision to suspend distributions to Stapled Securityholders.

1. The Capital Expenditure Obligation

During the COVID-19 pandemic, ACRO-HT deferred hotel renovations to preserve liquidity for working capital that created significant backlog of overdue renovations.

In late 2024, Hyatt enforced strict compliance of its brand standards and franchise terms ("**Brand-Mandated Renovations**"). As announced on 23 June 2025, the Managers' preliminary assessment estimated US$100 million of capital expenditure over FY2025 to FY2027 to complete the Brand-Mandated Renovations, the ongoing required portfolio maintenance and any operational related equipment replacement ("**Capital Expenditures**"). Non-compliance with brand standards and franchise terms may result in default notices, penalty fees and, ultimately, termination of the franchise agreements, which would be detrimental to our asset value.

Renovation scope and spending to date

- **FY2025:** approximately US$30.5 million spent that included Brand-Mandated Renovations for seven hotels and additional portfolio maintenance across the REIT portfolio.
- **FY2026:** approximately US$26.6 million of Capital Expenditures to be incurred across six hotels.
- **FY2027:** approximately US$45.0 million of Capital Expenditures to be incurred for the remaining nine hotels.

The above estimates reflect increases in imported materials and labor costs, due to the macroeconomic environment, which includes changes in trade and immigration policies in the U.S. and conflicts in the Middle East. As at 30 June 2026, ACRO-HT had US$26.0 million in cash, of which approximately US$4.5 million was reserved for hotel operating requirements. Accordingly, the remaining cash is insufficient to fund the Capital Expenditures of US$26.6m for FY2026 and US$45.0 million for FY2027.

2. Current Funding Measures and Their Limitations

The Managers have implemented, and continue to pursue, a range of capital preservation measures to fund the Capital Expenditures. Notwithstanding these efforts, ACRO-HT's available resources remain insufficient to meet the Capital Expenditures given their magnitude and brand-imposed deadline. Each measure, together with its respective limitations, is described below.

Divestment of assets

ACRO-HT has actively pursued asset divestments as a key source of funding the Capital Expenditures. However, the execution and the timing of the divestments have been unpredictable due to regulatory pricing threshold and prevailing market conditions:

- **Regulatory pricing floor:** Under the MAS Code on Collective Investment Schemes, dispositions must be priced not less than 90% of an independent valuation dated within the preceding six months. In a challenging transaction environment where comparable trades are limited, such valuations often lag prevailing market conditions, and for under-performing assets, the transaction value may not align with the valuer's opinion. Where transaction prices fall short of valuations, ACRO-HT is unable to transact below the 90% threshold, hampering the ability to timely fund the Capital Expenditures.
- **Subdued transaction market:** Due to the elevated interest rate environment, U.S transaction activity has slowed considerably since 2023. From 2022 to 2025, ACRO-HT has divested ten hotels, five of which were sold in 2022 during a favorable interest rate environment. However, over the last three-year period ACRO-HT has only managed to sell five assets. Continuing its portfolio optimization strategy, ACRO-HT divested two non-core hotels in March 2026 and July 2026.

Furniture, fixtures and equipment ("FF&E") reserve

ACRO-HT established an FF&E Reserve commencing at 4% of revenue in FY2022 and subsequently increased to 6% of revenue in FY2025, with the objective of partially funding ongoing capital expenditure requirements. However, the accumulated and incremental amounts are materially falling short for these ongoing funding requirements.

Distribution retention

Prior to FY2024 (excluding FY2020 and FY2021 when distributions were suspended due to the COVID-19 pandemic), ACRO-HT made 100% of its Distributable Income to Stapled Securityholders. Commencing in FY2024, the Managers retained 10% of Distributable Income to build capital reserves and reduce the funding gap. Again, the retentions were materially insufficient for the ongoing funding requirements.

Limitations of existing funding measures

While these measures have strengthened ACRO-HT's funding position and reduced part of the funding gap, they are collectively insufficient to fully fund the Capital Expenditures.

Asset divestments are subject to regulatory pricing requirements and prevailing market conditions, making both the timing and proceeds of disposals inherently uncertain. In addition, the FF&E Reserve and the partial retention of Distributable Income accumulate gradually over time, whereas the Brand-Mandated Renovations must be completed within fixed timelines imposed by the hotel brands. Consequently, the available funding from these measures remains insufficient to meet the scale and timing of the required Capital Expenditures.

3. Additional Funding Alternatives and Their Limitations

Additional debt

ACRO-HT has limited debt headroom to fund the Capital Expenditures, and the Managers do not recommend taking on additional debt for the following reasons:

- **Gearing limit:** ACRO-HT's aggregate leverage is approximately 44%, approaching the 50% aggregate leverage limit under Appendix 6 of the Code on Collective Investment Schemes. In addition, considering the financial covenants under ACRO-HT's existing debt agreements, and the limited debt headroom, any further downward revaluation of the portfolio could trigger a breach of the gearing limit for ACRO-HT.
- **Cost of debt:** ACRO-HT's weighted average cost of debt of approximately 6.1% per annum (as at 30 June 2026) exceeds ACRO-HT's distribution yield based on the prevailing unit price and FY2025 distributions. Any further debt-funded capital expenditure would be dilutive to distributable income.

Debt paydown covenant

Separately, approximately 78.3% of the portfolio (by valuation) was pledged as collateral to ACRO-HT's lenders. As a result, any sale proceeds from divestment must first pay down the associated mortgage amount before any surplus can be redeployed towards the Capital Expenditures. As an alternative funding source, the Managers have engaged ACRO-HT's lenders to restructure or modify ACRO-HT's existing loan facilities. The objective is to renegotiate the terms which would allow such sale proceeds to be first applied towards the Capital Expenditures. These discussions are ongoing, and therefore uncertain the lenders will agree to the Managers' proposals; in any event, restructuring the existing debt would not, by itself, be sufficient to fund the Capital Expenditures but will weigh on to financing costs.

Equity fund raising

Equity fund raising remains an option to be exercised if asset divestments prove too difficult or ACRO-HT's operating performance should fall far short of expectations. However, Stapled Securityholders and the market should be aware of the following considerations associated with this option:

- **Dilutive impact:** Any equity fund raising would likely need to be priced at a discount to the prevailing market price. Given that ACRO-HT's stapled securities are already trading at a significant discount to book value, an equity issuance would result in significant dilution to existing Stapled Securityholders.
- **Ownership restriction:** A rights issue would likely need to be underwritten by ACRO-HT's Sponsor (the "**Sponsor**") to provide fundraising certainty. This could require the Sponsor to increase its unitholding beyond ACRO-HT's current ownership limit. While Sponsor may agree to underwrite the rights issue, a waiver may be sought to avoid the operation of the ownership restriction provisions, there can be no assurance that such a waiver would be obtained.
- **U.S. REIT status and tax considerations:** An increase in the Sponsor's unitholding could adversely affect (i) the U.S. REIT status of ACRO-HT's underlying U.S. property-holding subsidiary, and (ii) the tax-exempt treatment of cross-border interest payments supporting the repatriation of cash flows from ACRO-HT's U.S. operations back to Singapore. Should the U.S. REIT status cease to apply, or the tax-exempt treatment no longer be available, the subsidiary could become subject to U.S. corporate income tax, and withholding tax could also apply to such interest payments, reducing the cash available for distribution to Stapled Securityholders and adversely affecting Stapled Securityholders.

4. Decision and Rationale for Suspension of Distributions

As stated in the Managers' responses to substantial and relevant pre-AGM questions dated 27 April 2026 (the "**AGM Q&A**"), distributions would be assessed taking into account a range of factors, including ACRO-HT's financial position, operating performance, capital requirements and financing obligations.

Following a further review of these factors, and in view of ACRO-HT's significant capital expenditures, the upcoming loan extension and amendment requirements, the limitations of the capital preservation measures and the constraints of additional funding alternatives, the boards of the Managers have approved the suspension of distributions to Stapled Securityholders effective 1H 2026. The suspension is expected to remain in place until 2H 2028. Should market conditions allow, the Managers may recommence distributions at an earlier date than currently planned.

The suspension of distributions is considered necessary for the following reasons:

- **Capital preservation:** Suspending distributions is a necessary capital preservation measure to supplement the existing funding measures, reduce the funding gap, strengthen ACRO-HT's financial flexibility and support the completion of the Brand-Mandated Renovations.
- **Support for loan extension and amendments:** Retaining distributions strengthens ACRO-HT's balance sheet and improves its negotiating position in discussions with lenders regarding the restructuring or amendments of its existing loan facilities.
- **Maintaining divestment discipline:** The Managers will continue to optimize the portfolio but require more time to divest only the non-core hotels at the right price.
- **Managing gearing:** Any divestment proceeds applied towards the Capital Expenditures rather than debt repayment, would effectively be funding Capital Expenditures with debt. As a result, ACRO-HT's gearing would remain elevated over the suspension period. Retaining distributions would offset ACRO-HT's reliance on debt and reduce the risk of breaching the gearing limit and aggregate leverage limit.

In summary, the Capital Expenditures required to complete the Brand-Mandated Renovations are substantial, and debt funding is not a viable means of meeting this requirement given ACRO-HT's limited headroom and elevated cost of debt. Asset divestments have been the key source of funding to date but are an unreliable source within the required renovation deadline. The FF&E Reserve and partial distribution retention have provided some relief but are insufficient in scale. In conclusion, the Managers consider it necessary to supplement the current measures by fully retaining distributions that would otherwise be paid to Stapled Securityholders, while preserving equity fund raising as a contingency option should the need arise.

The Managers recognize that the suspension of distributions will adversely affect Stapled Securityholders in the near term. However, the impact of failing to complete the Capital Expenditures on a timely basis would lead to brand default notices, penalty fees and ultimately franchise termination, a severe detriment to asset value leading to more significant loss to ACRO-HT and the interests of Stapled Securityholders.

5. Regulatory and Tax Considerations

Distribution policy

ACRO-HT's stated policy, as set out in the Trust Deeds and the Prospectus, is to distribute 90% of Distributable Income, subject to prevailing circumstances. Distributions may only be declared where the Managers, in consultation with DBS Trustee Limited, in its capacity as trustee of ACRO-REIT (the "**Trustee**"), are satisfied that ACRO-HT has met its liabilities immediately after the relevant distribution, in accordance with the Property Funds Appendix to the Code on Collective Investment Schemes and the Business Trusts Act 2004.

Tax considerations

There are no adverse tax implications arising from a temporary suspension of distributions in U.S. and Singapore.

Legal considerations

The suspension of distributions has been approved by the boards of the Managers. The Managers will continue to comply with all applicable obligations under the Trust Deeds and relevant regulations and will provide Stapled Securityholders with further updates as and when there are material developments.

Caution in trading

Stapled Securityholders and potential investors are advised to read this announcement and any further announcements by the Managers carefully. Stapled Securityholders and potential investors should exercise caution when dealing or trading in the stapled securities of ACRO-HT. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser.

James Sung Jung
Chief Executive Officer
6 August 2026

For enquiries, please contact:
Investor Relations
Email: ir-enquiry@acrophyte.com

ABOUT ACROPHYTE HOSPITALITY TRUST

Listed on the Singapore Exchange on 9 May 2019, Acrophyte Hospitality Trust ("**ACRO-HT**") is a hospitality stapled group comprising Acrophyte Hospitality Property Trust ("**ACRO-REIT**") and Acrophyte 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. As at the date of this announcement, ACRO-HT's portfolio comprises 30 upscale select-service hotels with a total of 3,938 rooms across 16 states in the United States.

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

ABOUT THE SPONSOR

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

Tang Organization is a multinational conglomerate company with businesses in property development and property investment, construction (building construction, civil infrastructure, environmental and sustainability, prefabrication technology and procurement), hospitality, as well as education.

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

IMPORTANT NOTICE

The value of the stapled securities in Acrophyte Hospitality Trust ("**Stapled Securities**") (where each Stapled Security comprises 1 unit in ACRO-REIT stapled to 1 unit in ACRO-BT), and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers, DBS Trustee Limited, in its capacity as trustee of the ACRO-REIT, or any of their respective affiliates.

An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the market are not necessarily indicative of the future or likely performance of Acrophyte Hospitality Trust. The forecast financial performance of Acrophyte Hospitality Trust is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

The directors of the Managers (including any director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this announcement are fair and accurate and that there are no other material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading. The directors of the Managers jointly and severally accept responsibility accordingly.