



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.**

ANNOUNCEMENT

The Board of Directors of each of Acrophyte Hospitality Trust Management Pte. Ltd., in its capacity as manager of Acrophyte Hospitality Property Trust, and Acrophyte Hospitality Business Trust Management Pte. Ltd., in its capacity as trustee-manager of Acrophyte Hospitality Management Trust (collectively known as the “**Managers**”), refers holders (“**Stapled Securityholders**”) of Acrophyte Hospitality Trust (“**ACRO-HT**”) stapled securities (“**Stapled Securities**”) to the announcements dated 30 May 2025, 23 June 2025, 23 July 2025 and 25 August 2025 in relation to the ongoing strategic review being undertaken by the Managers (the “**Previous Announcements**”).

Following the Previous Announcements, DBS Bank Ltd. (“**DBS**”) was appointed by the Board of Directors to assist the Managers in conducting the strategic review. The Managers, with DBS’ assistance, are assessing a range of strategic options considering the substantial capital expenditure needs of ACRO-HT.

The Managers wish to provide an update on the status of the strategic review below:

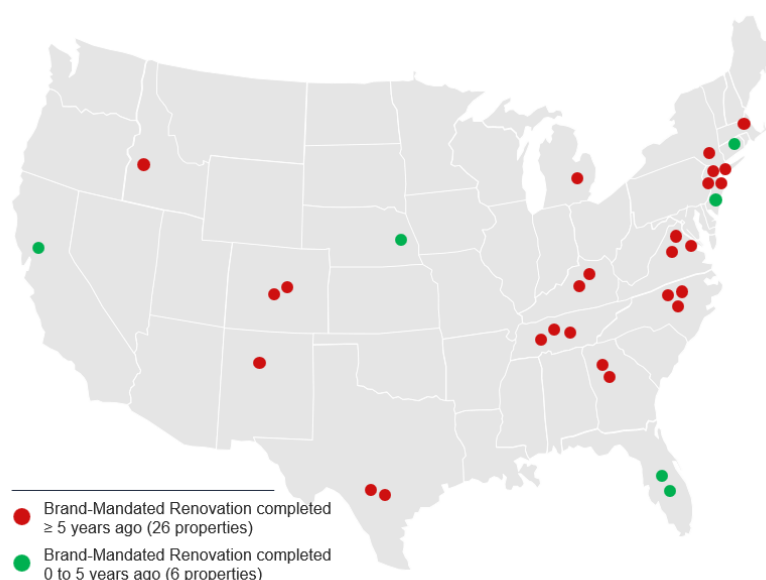
1. **Based on latest discussions with brand owners and management estimates, capital expenditures arising from brand-mandated renovations and ongoing building maintenance and equipment replacement requirements are expected to cost approximately US\$100 million in the financial year ending 31 December 2025 (“FY2025”) up to the financial year ending 31 December 2027 (“FY2027”)**

Brand owners have started to strictly enforce brand-mandated renovation requirements (“**Brand-Mandated Renovations**”) to comply with brand standards and franchise terms. These expenditures were previously deferred during the COVID-19 pandemic as available cash was prioritised for interest payments and working capital needs in view of significant business uncertainty. This deferment has resulted in a backlog of Brand-Mandated Renovations. Non-compliance with the brand standards and franchise terms may result in default notices by the

brands, penalty fees and/or franchise termination (which may have a negative impact on the value of ACRO-HT's portfolio).

The Managers' preliminary assessment of ACRO-HT's capital expenditures for FY2025 to FY2027 is approximately US\$100 million ("**Capital Expenditures**"). This amount comprises (a) Brand-Mandated Renovations for 26 hotels out of ACRO-HT's current portfolio of 32 hotels; and (b) ongoing building maintenance and equipment replacement requirements. The assessment is based on: (i) the current condition of the hotels; (ii) the last renovation date of the hotels; (iii) renovation pricing guidelines from the brands; (iv) pricing information from the six (6) hotels that were renovated in 2024; and (v) the assumption that ACRO-HT continues to own these 32 hotels¹ from FY2025 to FY2027. The amount also remains subject to revision considering ongoing uncertainties in trade and immigration policies of the United States of America ("**United States**" or "**US**"), which may exert additional inflationary pressures on the price levels of imported materials and labour costs respectively. These may contribute to further increases in ACRO-HT's preliminary assessment of the Capital Expenditures.

Over 80% of ACRO-HT's properties completed Brand-Mandated Renovations more than 5 years ago

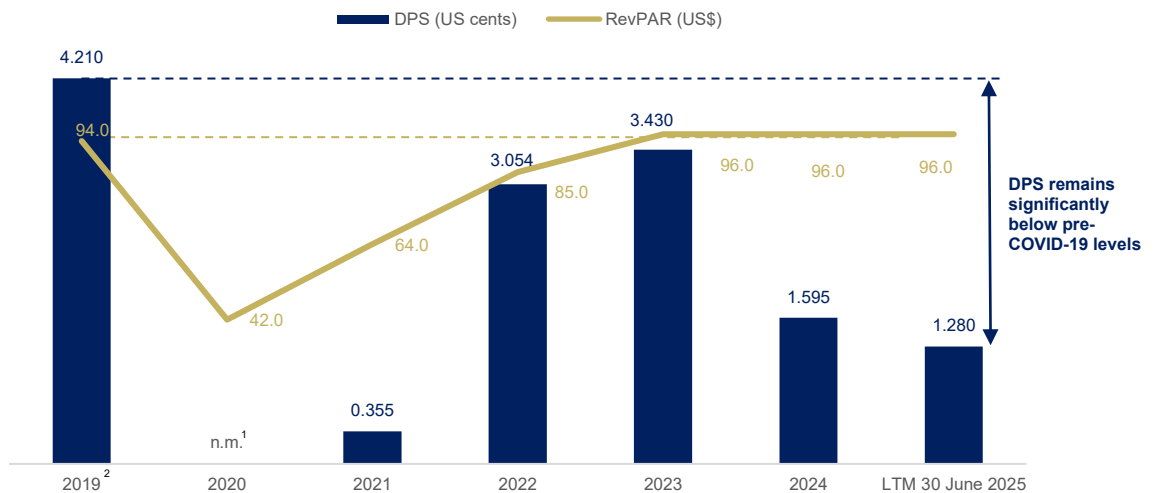


Source: ACRO-HT filings; period of last renovation calculated as of 31 December 2024

2. **Before evaluating the possible options and solutions to address the Capital Expenditures, it is important to consider ACRO-HT's current situation and the additional uncertainties it faces, including structural constraints to growth**
 - (a) **ACRO-HT's distribution per Stapled Security ("DPS") remains significantly below pre-COVID-19 levels despite a recovery in revenue per available room ("RevPAR")**

¹ Accounts for the sale of Hyatt Place Detroit Auburn Hills, Michigan which was completed on 10 September 2025.

Average RevPAR across ACRO-HT's portfolio and reported DPS from FY2019 to the last 12 months ended 30 June 2025



Source: ACRO-HT filings

Note: 1. Refers to non-material

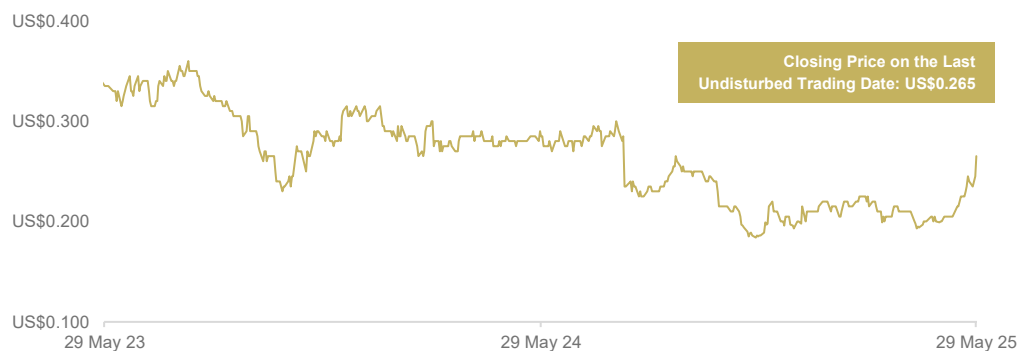
2. Distribution of 4.21 US cents in 2019 only covers the period between 9 May 2019 (being ACRO-HT's initial public offering date) and 31 December 2019

While ACRO-HT's RevPAR has already recovered beyond pre-COVID-19 levels, extraneous factors such as inflationary cost pressures, supply shortages, labour shortages, wage increases, increases in insurance costs and increases in debt costs (due to rising interest rates) continue to represent headwinds to performance. As a result, ACRO-HT's DPS remains significantly below pre-COVID-19 levels.

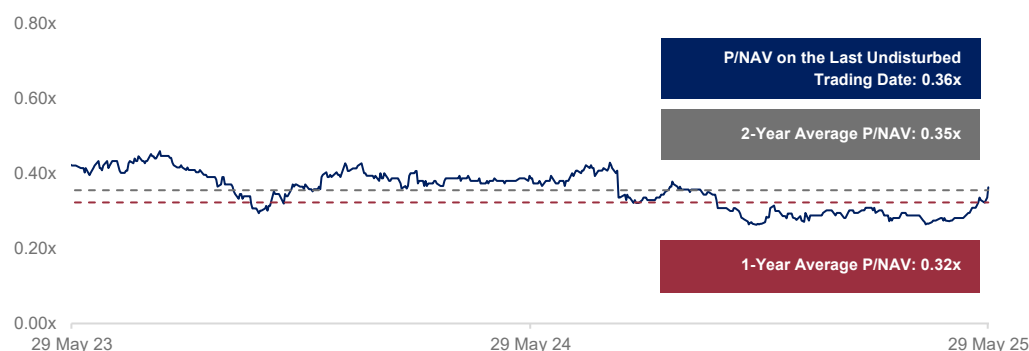
It should be noted that the distribution of 4.21 US cents in 2019 covers only the period from the initial public offering of ACRO-HT on 9 May 2019 to 31 December 2019, whereas from 2020 onwards, the distributions were made on a full-year basis. The chart therefore compares a partial year in 2019 against subsequent full years, yet the DPS for the full years remains lower than that of the shorter 2019 period.

(b) The trading performance of the Stapled Securities has been weak for the past two (2) years and it is trading at a steep discount to its net asset value ("NAV")

Stapled Security price chart of ACRO-HT in the last 2 years



Trailing price-to-NAV ratio ("P/NAV") chart of ACRO-HT in the last 2 years



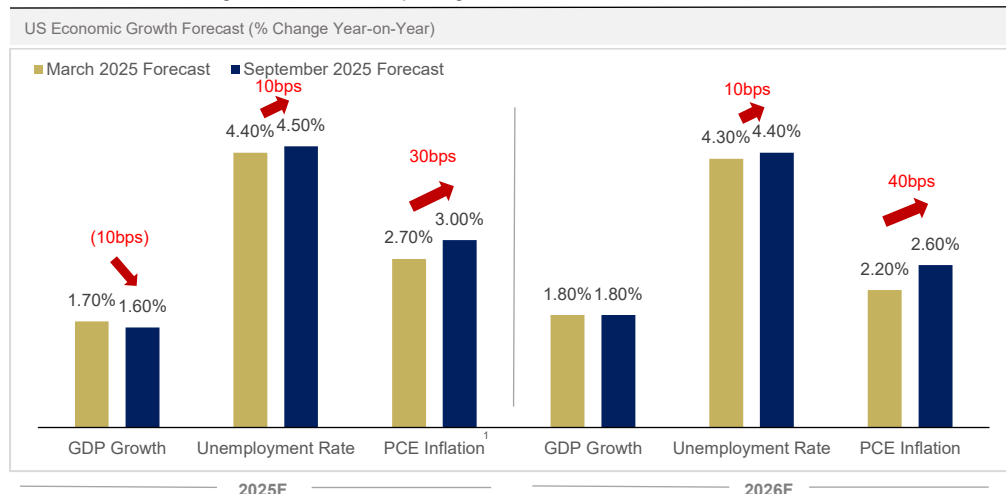
Source: Bloomberg L.P. as of 29 May 2025 (the "Last Undisturbed Trading Date")

The trading price of the Stapled Securities has trended down, closing at US\$0.265 as of the Last Undisturbed Trading Date. ACRO-HT is trading at a significant discount to its NAV with a trailing one (1)-year average P/NAV of 0.32x, which represents a discount of 68% to its NAV.

(c) Macro headwinds and an uncertain economic climate in the United States are expected to impact economic growth and consumer spending

Geopolitical tensions, persistent global inflation and the possibility of a recession contribute to an uncertain economic climate. Ongoing issues such as the United States-China trade war and the Russia-Ukraine conflict have intensified recession risks and added to economic uncertainty.

Forecasts for US economic growth and consumer spending in 2025F and 2026F have been revised downwards in 2Q25



Source: Federal Open Market Committee

Note: 1. PCE inflation refers to the rate of inflation for personal consumption expenditure. Food and energy expenditure is excluded from the computation of PCE inflation.

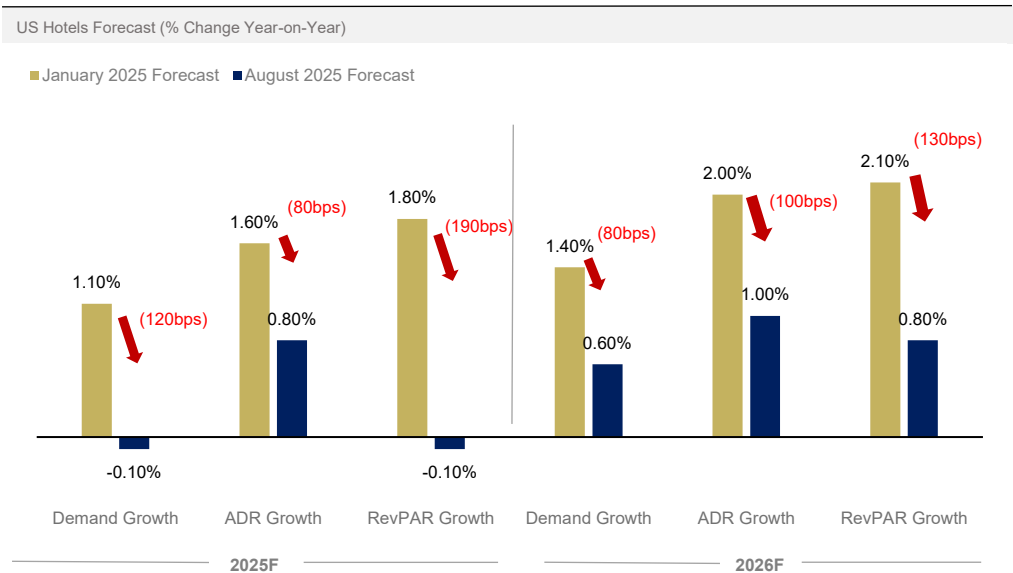
The United States' gross domestic product ("GDP") growth forecast has been revised downwards from 1.70% to 1.60% for 2025, and to remain flat at 1.80% for 2026. The weakening trajectory in labour market fundamentals and projected increase in inflation

will have an impact on consumer spending, especially consumer discretionary spending such as domestic travel and hotel stays.

(d) Moderating economic growth and consumer spending have contributed to a downward revision of all key growth metrics for the United States hospitality sector across 2025 and 2026

Growth in the United States hospitality sector has been projected to slow down across 2025 and 2026, as shown by the downward revision of analyst forecasts across key metrics.

Expectations and forecasts for the US hotel industry have been cut across the board for 2025F and 2026F



Due to the uncertainty around tariffs, inflation and labour costs and availability due to immigration policies, the United States lodging industry is facing declining demand and cost challenges. On the domestic front, businesses are cutting travel and training due to economic uncertainty. Leisure demand has also softened and become more price sensitive as inflation concerns and job security issues have impacted consumer discretionary spending. In addition, inbound international travel has declined due to United States trade policy and uncertainty regarding border and immigration policies. Tourism Economics projects a 9.4% decline in international visitor arrivals for 2025, representing a substantial setback to the full recovery of international visits to the United States.²

As a result, CoStar and Tourism Economics have downgraded their growth projections for US hotel RevPAR to -0.1%, 190 basis points below their estimates at the start of 2025.³ Baird noted that industry-wide RevPAR growth is currently running approximately 200 – 250 basis points below their initial 2025 forecasts.⁴

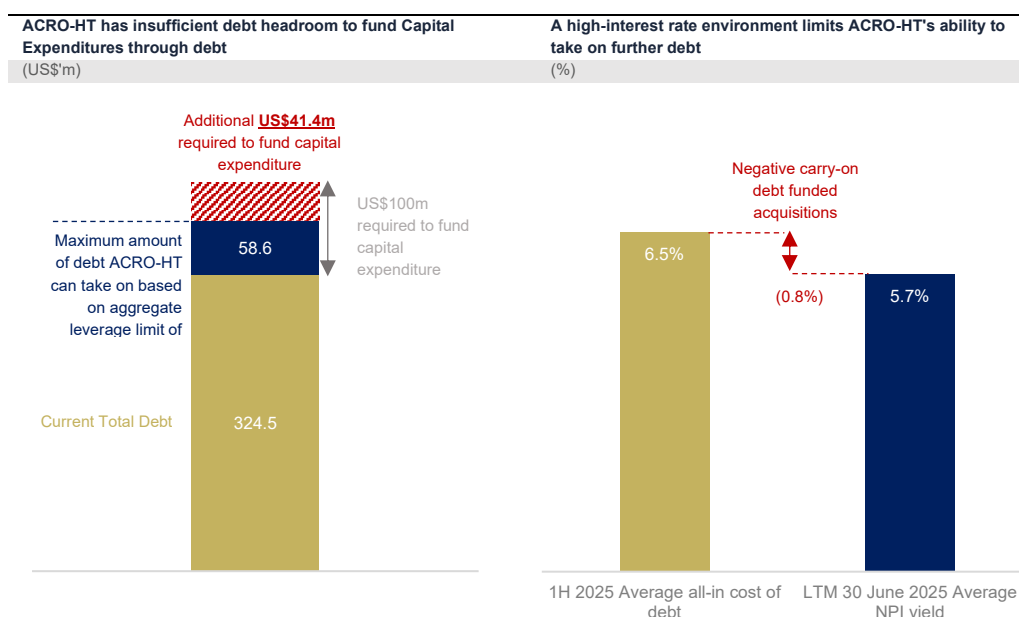
² <https://www.tourismeconomics.com/press/in-the-news/us-rolls-up-welcome-mat-for-international-travel/>.

³ <https://str.com/press-release/costar-tourism-economics-lower-us-hotel-growth-forecast>.

⁴ Robert W. Baird & Co., Hospitality Monthly dated 13 August 2025.

3. **The Managers are considering various options for addressing the Capital Expenditures taking into account the above-mentioned challenges**

- (a) **Debt fundraising.** This would involve ACRO-HT taking on additional debt. However, there are limitations on debt financing:



Source: ACRO-HT filings as of 31 December 2024 and 30 June 2025

- ACRO-HT has insufficient debt headroom to fund Capital Expenditures through debt.** ACRO-HT's current aggregate leverage ratio is 42.4% as at 30 June 2025. Given the aggregate leverage limit of 50% under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the maximum amount of additional debt that ACRO-HT can take on is 7.6% (amounting to approximately US\$58.6 million). It should be noted that the actual debt headroom may be even lower once financial covenant requirements of existing debt agreements are considered. Nonetheless, even if ACRO-HT takes on additional debt up to the aggregate leverage limit of 50%, there would still be a shortfall of approximately US\$41.4 million required to fund the Capital Expenditures.
 - A high-interest rate environment may limit ACRO-HT's ability to take on further debt.** Taking on additional debt at current rates may increase interest expenditure and further strain the cash resources of ACRO-HT. The weighted average all-in cost of debt as at 30 June 2025 exceeded the average net property income yield for the last 12 months ended 30 June 2025 by approximately 0.8%, which may result in a negative carry on any new debt-funded acquisitions.
- (b) **Equity fundraising.** This will involve equity fundraising by ACRO-HT via a renounceable rights issue, non-renounceable preferential offering (i.e. a cash call to all Stapled Securityholders) and/or private placement. However, any such equity fundraising may be challenging due to the following:

- Such equity fundraisings are typically done at a discount to current market price, which may be dilutive to the current Stapled Securityholders.
- Further, it may be difficult to secure the requisite underwriting needed to raise funds at a reasonable discount to current market price for the following reasons:
 - (i) Thin trading liquidity – the average daily trading volume of Stapled Securities is 0.06% of the total Stapled Securities outstanding, against the average of constituents of the Straits Times Index of 0.26%⁵.
 - (ii) ACRO-HT is already trading at a steep discount to its latest reported NAV – its trailing one (1)-year average P/NAV is 0.32x⁶.
- It may be challenging for Tang Organization Pte. Ltd., the sponsor of ACRO-HT (the “**Sponsor**”), to backstop such equity fundraising for the following reasons:
 - (1) If the Sponsor increases its holdings of Stapled Securities to 30% or more, the obligation to make a mandatory general offer will be triggered (unless the Sponsor is able to obtain a waiver of such obligation from the Securities Industry Council).
 - (2) ACRO-HT’s portfolio is held through a US real estate investment trust (“**US REIT**”). To qualify and maintain its status as a US REIT for US tax purposes, ACRO-HT cannot be closely held⁷. Given the current stake in the Stapled Securities held by the Sponsor and its ultimate beneficial owners is 28.26%, any further increase could potentially result in the US REIT requirements not being met if the 5/50 rule is breached.
 - (3) Thus, even if a waiver of the obligation to make a mandatory general offer is obtained, a rights issue backstopped by the Sponsor may not be viable as it could affect the current tax structure, which may trigger higher tax liabilities for ACRO-HT and have a negative impact on distributable income⁸.
- (c) **Recalibration of portfolio.** This would involve a repositioning of ACRO-HT's portfolio by rebranding properties at a lower chain scale or price tier, in order to reduce the amount of Capital Expenditures required. While this may reduce the amount of the Capital Expenditures, properties at a lower price tier may generate lower revenues and hence negatively impact ACRO-HT's cash flows.

⁵ Source: Capital IQ. For the one (1) year period up to and including the Last Undisturbed Trading Date. Trading volume for ACRO-HT excludes the 110,200,640 Stapled Securities acquired by Acrophyte Limited announced on 27 May 2025 and completed on 9 July 2025.

⁶ Up to the Last Undisturbed Trading Date.

⁷ This refers to the 5/50 requirement, where five (5) or fewer individuals, directly or indirectly, generally cannot own more than 50% of the value of the US real estate investment trust (“**REIT**”).

⁸ If the ownership limit requirement is not satisfied, a subsidiary of ACRO-HT may lose its status as a REIT for United States tax purposes where such subsidiary would otherwise qualify. In addition, the shareholding requirement under the portfolio interest exemption (“**PIE**”) rules would need to be re-evaluated and tested. If the shareholding requirement is not satisfied due to the rights issue, then the PIE otherwise enjoyed by the subsidiary of ACRO-HT may be lost.

- (d) **Divestment of selected assets to fund the Capital Expenditures.** ACRO-HT has explored the divestment of individual assets in the past, but progress has proven to be slow. ACRO-HT divested five (5) hotels in 2022 when the transaction market was robust and interest rates were significantly lower. However, between 2023 and 2024, ACRO-HT has only been able to sell four (4) hotels. In 2025, ACRO-HT has only managed to divest one (1) hotel.

A piecemeal sale of assets to fund the Capital Expenditures, which requires completion within a specified timeline, may not be practical at this stage due to US capital and transaction market conditions. Assuming that it is practical to do so, such piecemeal divestments would shrink ACRO-HT's asset base, while listing and compliance costs (which are fixed) will comprise an increasing percentage of overall distributable income, thereby eroding ACRO-HT's DPS and NAV over time. Further, ACRO-HT's existing debt agreements require proceeds arising from any divestment of pledged hotels to be applied towards payment of the underlying debt instead of being used to fund the Capital Expenditures, which may further erode ACRO-HT's DPS and NAV.

- (e) **Options for a transaction relating to the Stapled Securities or the entire portfolio.** As a listed platform, ACRO-HT faces numerous limitations in respect of the options listed above, taking into account the very substantial Capital Expenditures that must be addressed within a specific timeline. Therefore, the Managers remain in discussions with the Sponsor on a potential transaction relating to the Stapled Securities. Additionally, the Managers intend to appoint a US-based broker to identify and initiate discussions with credible parties on their potential interest in the portfolio.

While the federal funds rate was recently cut by 25 basis points, there was previously an increase of 500 basis points in 2022. Prior to that rate hike, portfolio sales represented nearly 60% of all US hotel transactions in 2021. In contrast, in the past three (3) years, portfolio sales have decreased, representing only 11% of total US hotel transactions⁹. For ACRO-HT, since the progress of the divestment of individual assets has proven to be slow, potential interest in the portfolio may be limited as well.

- (f) **Temporary suspension or reduction of distributions.** As an interim measure and to supplement the other options outlined above, the Managers are also contemplating a temporary suspension or reduction of distributions. This would involve a retention of up to 100% of ACRO-HT's distributable income for the purpose of funding the Capital Expenditures, and consequently, distributions to Stapled Securityholders would be suspended or reduced. For illustrative purposes, distribution amounts¹⁰ for the financial year ended 31 December 2024 and the trailing 12 months were approximately US\$9.3 million and US\$7.4 million respectively.

⁹ JLL Hotels & Hospitality Research, US Hotel Investment Trends, State of the Lodging Industry (first half of 2025).

¹⁰ This refers to distributions paid out by ACRO-HT and received by Stapled Securityholders.

Stapled Securityholders should be advised that the strategic review and concurrent assessment of strategic options is still in process. Stapled Securityholders should also note that there is no certainty that any transaction will materialise from these discussions.

The Managers will, in compliance with their obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited, make the appropriate announcement(s) in due course in the event of any material development which warrants disclosure.

Stapled Securityholders are advised to refrain from taking any action in respect of their Stapled Securities which may be prejudicial to their interests, and to exercise caution when dealing in such Stapled Securities. In the event that Stapled Securityholders wish to deal in their Stapled Securities, they should consult their professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

ACROPHYTE HOSPITALITY TRUST MANAGEMENT PTE. LTD.

(Company registration no. 201829676W)

As manager of Acrophyte Hospitality Property Trust

ACROPHYTE HOSPITALITY BUSINESS TRUST MANAGEMENT PTE. LTD.

(Company registration no. 201829682G)

As trustee-manager of Acrophyte Hospitality Management Trust

Lee Jin Yong

Chief Executive Officer

27 September 2025

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 (formerly known as ARA US Hospitality Trust) ("**ACRO-HT**") is a hospitality stapled group comprising Acrophyte Hospitality Property Trust ("**ACRO-REIT**") (formerly known as ARA US Hospitality Property Trust) and Acrophyte Hospitality Management Trust ("**ACRO-BT**") (formerly known as ARA US Hospitality Management Trust). ACRO-HT invests in income-producing real estate assets used primarily for hospitality purposes located in the United States. As at the date of this announcement, ACRO-HT's portfolio comprises 32 select-service hotels with a total of 4,188 rooms across 17 states in the United States.

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

ABOUT THE SPONSOR

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

Tang Organization (formerly known as Chip Eng Seng Corporation Ltd. or Acrophyte Pte. 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.

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 and serviced residence operator in Singapore.

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

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.