



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**”), wish to provide an update to holders (“**Stapled Securityholders**”) of Acrophyte Hospitality Trust (“**ACRO-HT**”) stapled securities (“**Stapled Securities**”) following the announcement made on 30 May 2025 in relation to the ongoing strategic review being undertaken by the Managers.

The Managers have been in discussions with brand owners who are now strictly enforcing Asset Enhancement Initiatives (“**AEIs**”) to comply with brand standards and franchise terms. These AEIs were previously deferred during the COVID-19 pandemic to preserve cash during a period with a very uncertain business outlook.

The Managers’ preliminary assessment of ACRO-HT’s capital expenditure for FY2025 to FY2027 is approximately US\$100.0 million. In addition to regular maintenance and upkeep requirements, this amount comprises AEIs for 25 hotels out of ACRO-HT’s current portfolio of 33 hotels. The assessment is based on (i) the current condition of the hotels and (ii) the assumption that ACRO-HT continues to own these 33 hotels from FY2025 to FY2027. The amount also remains subject to revision considering ongoing uncertainties in United States (“**U.S.**”) trade and immigration policies which may exert additional inflationary pressures on the price levels of imported materials and labour costs. This may contribute to further increases in ACRO-HT’s preliminary assessment of the capital expenditure.

While asset divestment for relatively aged properties that require substantial capital expenditure e.g. Hyatt Place Detroit Auburn Hills, is a strategy that ACRO-HT has been pursuing, the process has been slow, with just four properties having been successfully divested since 2023. This is largely due to a combination of elevated interest rates and a large supply of hotels available and competing for sale.

Funding these capital expenditures will be a challenge for ACRO-HT

ACRO-HT currently faces various challenges in funding such significant capital expenditure:

- (i) ACRO-HT's hotels generated US\$22.7 million of net operating income for the second half of 2019, against total debt outstanding of US\$244.3 million as at end-December 2019. On the back of acquisitions and capital expenditure over the years, the debt level has increased by 32.8% to US\$324.5 million as at end-December 2024. However, operating income had risen marginally by 2.6% to US\$23.3 million for the second half of 2024. Relatively modest growth in earnings compared to the increase in leverage has constrained ACRO-HT's capacity to fund its capital expenditure.
- (ii) Subject to continuing compliance with financial covenants, the undrawn debt as at 31 December 2024 is less than US\$49.0 million, which is insufficient to fulfil the estimated capital expenditure requirements for FY2025 to FY2027.
- (iii) The weighted average all-in cost of debt for the financial year ended 31 December 2024 was 6.7%, exceeding the net property income yield of 6.1%. Furthermore, ACRO-HT already has an aggregate leverage ratio of 41.6% as at 31 December 2024. A continued reliance on debt to fund capital expenditure in a high interest rate environment will increase interest expenditure and further strain the cash resources of ACRO-HT.

Strategic Review

In view of the above, the Managers are therefore undertaking a comprehensive review of the strategy of ACRO-HT. As part of its review, the Managers are considering, among others, (i) a temporary suspension or reduction of distributions; (ii) options for equity fund raising; and/or (iii) a recalibration of the portfolio such as brand repositioning. The Managers are also in discussion with the Sponsor on the options for a transaction relating to the Stapled Securities.

At this point in time, the Managers are still reviewing the range of strategic options and there is no certainty that any transaction will materialise from such review. 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

23 June 2025

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 (formerly known as ARA US Hospitality Property Trust) and Acrophyte Hospitality Management Trust (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 33 select-service hotels with a total of 4,315 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.