



SIAS Dialogue Session with Manulife US REIT

6 December 2023, 12:00 p.m.

Register at <https://sias.org.sg/MUST>

Unitholders whose units are not held directly under CDP, please instruct your custodian/ nominee to cast your votes by 6/7 December 2023.

As at the date of the Circular, Unitholders should note that not all the 12 Lenders have obtained the necessary approvals in relation to the restructuring of the Existing Facilities and the waivers in relation to the breach based on the terms as set out in the Circular. The remaining Lenders who have not yet obtained the necessary approvals are still in the process of obtaining their internal approval based on their meeting schedules. In the event that any one of the remaining Lenders does not obtain their internal approval, the Master Restructuring Agreement would not be entered into. In such a situation, the consensual loan restructuring based on the terms as set out in the Circular would not proceed, and the Lenders have the right to accelerate the payment of all of the loans immediately. While the Manager is currently targeting to obtain approval of all Lenders before the EGM, there may be approvals that come in after the EGM. As at the date of the Circular, while no assurance can be given, nothing has come to the attention of the Manager that any of the Lenders have issues with executing the contemplated Master Restructuring Agreement.



Important Notice

This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Manulife US Real Estate Investment Trust (Manulife US REIT or MUST) in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of units in Manulife US REIT (Units) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manulife US Real Estate Management Pte. Ltd., as manager of Manulife US REIT (the Manager), DBS Trustee Limited (as trustee of Manulife US REIT) or any of their respective affiliates. The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.

This presentation may contain forward-looking statements that involve risks, uncertainties and assumptions. 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. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

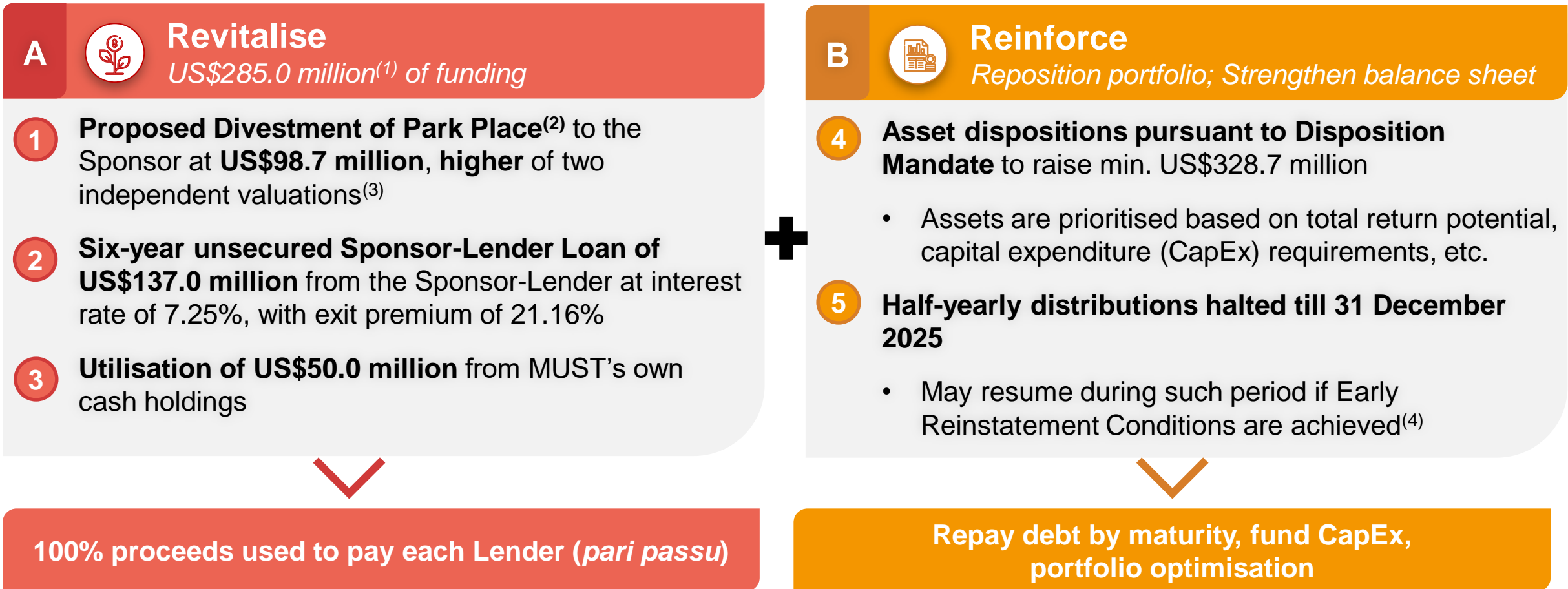
Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of management on future events. Any information contained in this presentation is current as at 29 November 2023.

Holders of Units (Unitholders) have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the SGX-ST). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the circular to Unitholders dated 29 November 2023 (the Circular).

What is the Recapitalisation Plan?

A holistic funding plan to revitalise and reinforce MUST



- (1) After taking into account the Total Divestment Cost which comprises the estimated professional and other fees and expenses of approximately US\$0.7 million incurred or to be incurred by MUST in connection with the Proposed Divestment.
- (2) "Park Place" means the property known as Park Place located at 1650 & 1700 South Price Road, Chandler, Arizona, United States 85286.
- (3) The open market values of Park Place as at 30 June 2023 determined by JLL and as at 11 October 2023 determined by Colliers and stated in their valuation reports dated 30 June 2023 and 26 October 2023 are US\$98.7 million and US\$94.0 million, respectively. Please refer to Appendix A of the Circular for further details on the Independent Valuers' respective valuations of Park Place.
- (4) If (i) Consolidated Total Liabilities to Consolidated Deposited Properties is no more than 45%; or (ii) Consolidated Total Liabilities to Consolidated Deposited Properties is more than 45% but not more than 50%, and Interest Coverage Ratio is more than 2.5 times, and there are no potential events of default continuing for at least one financial quarter. Please refer to paragraph 3.1 of the Letter to Unitholders in the Circular for more details.

Has the Board & Management explored all alternative options?

Alternative options not value additive or involve high execution risk

Key Challenges

- **U.S. office sector headwinds**
 - Post-COVID work patterns impacting leasing demand
 - Valuations declined 21.1% year-on-year⁽¹⁾
- **Rising interest rate and high aggregate leverage**
 - Limited financing options
 - Transaction volume fell 69%⁽²⁾



Strategic Options

- **Asset dispositions:** Interest rate hikes and limited buyer access to credit financing resulted in halted asset dispositions
- **Equity fund raising:** Low market capitalisation; banks' inability to underwrite (Sponsor's Unitholding capped at 9.8%)
- **Strategic transactions:** A number of interested parties awaiting outcome of Recapitalisation Plan
- **Potential mergers:** Elevated execution risks; high aggregate leverage unaddressed
- **External lenders:** New loans / credit not available

Recapitalisation Plan offers best possible solution to address breach of financial covenants, provides liquidity and longer runway to strengthen MUST

What concessions are the Lenders offering⁽¹⁾?

Sponsor's support is instrumental in successful negotiations with Lenders; provides longer runway for MUST

1 Waiver of past and existing breaches

- Waiver, among others, of all past and existing breaches of terms of respective Facility Agreements (financial covenants, cross default, etc.)

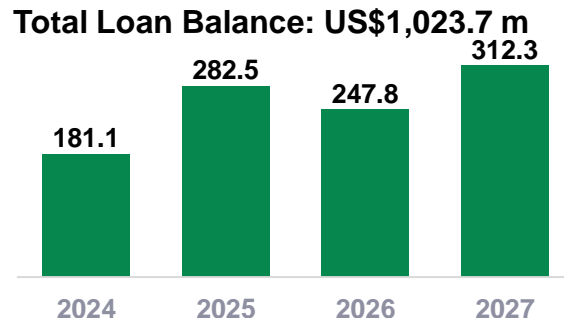
2 Temporary relaxation of financial covenants till 31 December 2025

	Pre-Recapitalisation Plan	Post-Recapitalisation Plan
Unencumbered Gearing ⁽²⁾	60%	80%
Bank ICR ⁽³⁾	2.0x	1.5x

3 All loan maturities of Existing Facilities extended by one year

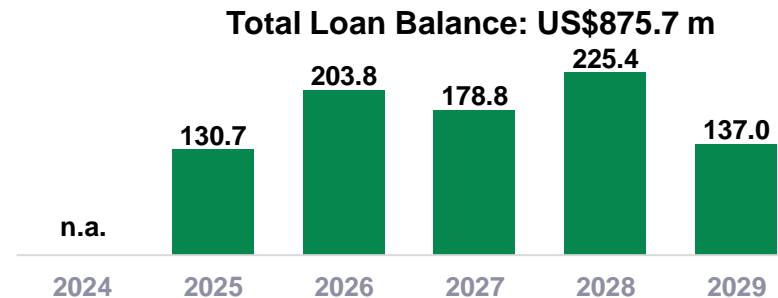
- Manager has **~19 months** to execute asset dispositions
- Ability to focus on portfolio optimisation

Debt Maturity Profile as at 30 September 2023 (US\$ m)



Weighted Average Debt Maturity: 2.3 years

Following Debt Repayment Funded by Proposed Divestment, US\$50.0 m Cash and Sponsor-Lender Loan⁽⁴⁾ (US\$ m)



Weighted Average Debt Maturity: 3.7 years

- (1) As mentioned on the cover page of the Circular and at paragraph 3.4 of the Letter to Unitholders in the Circular, not all the 12 Lenders have obtained the necessary approvals in relation to the restructuring of the Existing Facilities. In the event that any one of the remaining Lenders does not obtain their internal approval, the Master Restructuring Agreement would not be entered into. See the cover page of the Circular and paragraph 3.4 of the Letter to Unitholders in the Circular for further details.
- (2) Percentage of consolidated total unencumbered debt to consolidated total unencumbered assets.
- (3) Ratio of Consolidated EBITDA to Consolidated Interest Expense.
- (4) This includes the debt repayment funded by US\$98.0 million from the Proposed Divestment, US\$137.0 million from the Sponsor-Lender Loan and US\$50.0 million from Manulife US REIT's own cash holdings, as part of the Key Recapitalisation Terms to pay down US\$285.0 million in debt. For the avoidance of doubt, this excludes debt repayment funded by proceeds from future asset dispositions in 2024.

What are the Sponsor-Lender Loan terms & is it on arms-length basis?

IFA's opinion: Terms are not prejudicial to MUST and minority Unitholders

Loan amount & term

US\$137.0 million, 6 years

Interest rate & Exit Premium

7.25% p.a.; Exit Premium of 21.16% on maturity
Effective interest rate of ~10% p.a.⁽¹⁾

Use of proceeds

Paydown outstanding debt to each Lender on a *pari passu* basis

IFA: Effective interest rate ~10% p.a. **falls reasonably** within the Broadly Comparable Debt Instruments' interest rate ranges⁽²⁾:

Broadly Comparable Debt Instruments ⁽²⁾	Indicative interest rate ranges ⁽²⁾
US Corporate Debt Yield Index, with a S&P credit rating of BB and below	7.05% to 14.42% p.a.
Non-investment grade unsecured Bonds (5 to 7 years)	15.3% to 15.5% p.a. (avg mid-point)
Other publicly sourced debt comparables	9.56% to 14.90% p.a.

Opinion of Independent Financial Adviser (IFA)⁽²⁾

– Deloitte & Touche Corporate Finance Pte Ltd

- The Sponsor-Lender Loan is on **normal commercial terms** and is **not prejudicial** to the interests of Manulife US REIT and its minority Unitholders, given the specific circumstances facing Manulife US REIT⁽³⁾.
- Is of the opinion that the Independent Directors may recommend that the Unitholders vote in favour of the Sponsor-Lender Loan.

(1) Effective interest rate is the rate that exactly discounts future cash payments through the tenor of the loan. Purely for illustrative purposes only, taking into account the Exit Premium, an effective interest rate of approximately 10% per annum is derived. Please refer to paragraph 6.1 of the Letter to Unitholders in the Circular for more details.

(2) It is important that you read the above in conjunction with the full text and context of the Circular and the IFA Letter, which can be found in Appendix B of the Circular. You are advised against relying solely on this extract which is only meant to draw attention to the recommendations of the IFA.

(3) Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Sponsor-Lender Loan (including the entry into the Sponsor-Lender Loan Agreement) is based on normal commercial terms and is not prejudicial to the interests of Manulife US REIT and its minority Unitholders, given the specific circumstances facing Manulife US REIT.

Why is a **Disposition Mandate**⁽¹⁾ necessary and how does it work?

Provides competitive edge as seller; focus CapEx on “winning” assets

Rationale

- Reduce administrative time, inconvenience and expenses incurred for asset dispositions; without need for EGMs
- Disciplined asset disposition process preserves long-term Unitholder value
- Pay down debt as required by Lenders and fund CapEx
- Repositioning portfolio reduces non-value-added CapEx and strengthens quality of MUST’s remaining assets

Process / Minimum price

- Independent valuation to be commissioned by Trustee before each asset sale⁽²⁾
- Assets to be sold at no less than 90% of the independent valuation obtained
- Assets categorised in order of priority and focus for sale⁽³⁾

Expiration of Disposition Mandate (*whichever is earliest*)

- 31 December 2025;
- Aggregate net sale proceeds from the sale of any of the Existing Properties exceed US\$328.7 million; or
- If the Early Reinstatement Conditions are achieved⁽⁴⁾

(1) Please refer to paragraph 7 of the Letter to Unitholders in the Circular for more details on the Disposition Mandate.

(2) The independent valuations are to be dated no earlier than two months prior to the entry into the sale and purchase agreement for such asset.

(3) Please refer to paragraph 7.1 of the Letter to Unitholders in the Circular for further details on the Manager’s portfolio analysis.

(4) If (i) Consolidated Total Liabilities to Consolidated Deposited Properties is no more than 45%; or (ii) Consolidated Total Liabilities to Consolidated Deposited Properties is more than 45% but not more than 50%, and Interest Coverage Ratio is more than 2.5 times, and there are no potential events of default continuing for at least one financial quarter. Please refer to paragraph 3.1 of the Letter to Unitholders in the Circular for more details.

Factors considered to prioritise assets for sale

Portfolio analysis conducted to tier assets

**Tranche 1 assets
(28.4% of Portfolio⁽¹⁾)**



**Centerpointe
Diablo
Figueroa
Penn**

Occupancy Risk	CapEx Requirements	Total Return Potential
High	High	Low

**Tranche 2 assets
(43.3% of Portfolio⁽¹⁾)**



**Capitol
Exchange
Peachtree
Plaza**

Medium	Medium to High	Medium
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**Tranche 3 assets
(28.3% of Portfolio⁽¹⁾)**



**Michelson
Phipps**

Low	Low to Medium	Medium to High
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Legend: Positive ■ ■ ■ Negative

(1) Based on the valuations of the Existing Properties as at 30 June 2023 set out in the table at paragraph 7.2 of the Letter to Unitholders in the Circular. For the avoidance of doubt, this excludes the valuation of Park Place.

How does Recapitalisation Plan impact MUST financially?

First step of building a foundation that will put MUST on a path to growth for the long-term

	1H FY2023 Unaudited Financial Statements	After the Proposed Divestment	After the Proposed Divestment and the Sponsor-Lender Loan	After the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions
Gross Borrowings (US\$ '000)	1,023,700 ⁽¹⁾	925,700	875,700 ⁽²⁾	654,500
Total Assets (US\$ '000)	1,812,475 ⁽¹⁾	1,713,775	1,660,022	1,325,348
Aggregate Leverage (%)	56.5	54.0	52.8	49.4
NAV Per Unit (US\$)	0.40	0.40	0.40	0.34

Note: Please refer to paragraph 9 of the Letter to Unitholders in the Circular for more details on financial information of the Proposed Divestment, the Sponsor-Lender Loan and the Disposition Mandate.

(1) For illustrative purposes, this includes the effect of the \$9.0 million good faith debt repayment made in August 2023 from Manulife US REIT's own cash holdings. 1H FY2023 Unaudited Financial Statements gross borrowings and total assets are US\$1,032.7 million and US\$1,821.5 million, respectively.

(2) For illustrative purposes, this includes the effect of the debt repayment of US\$50.0 million from Manulife US REIT's own cash holdings, as part of the Key Recapitalisation Terms to pay down US\$285.0 million in debt.

What does the **transaction** bring to Unitholders?



Obtaining **Lenders' waiver of breach** of financial covenant and execution of Recapitalisation Plan provide a **longer runway** for MUST in view of continued headwinds in the U.S. office sector



Disposition Mandate provides flexibility to **maximise disposition proceeds** to repay indebtedness and fund CapEx to rejuvenate MUST's remaining assets and **strengthen its portfolio**



Recapitalisation Plan provides **clarity on the amount of equity fund raising required to achieve MUST's optimal aggregate leverage level, resume distributions and effect a pivot strategy**

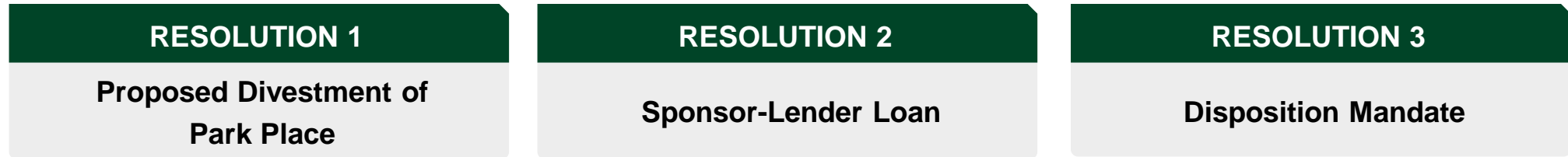
What do the Independent Directors recommend?

- The Proposed Divestment, Sponsor-Lender Loan and Disposition Mandate are on normal commercial terms and are not prejudicial to the interests of MUST and its minority unitholders.
- The Independent Directors recommend that Unitholders vote in favour of Resolutions 1, 2 and 3.
- All of the Independent Directors who hold Units will be voting at the EGM in favour of Resolutions 1, 2 and 3.



What must happen for Recapitalisation Plan to be voted through?

There are two potential outcomes



The three Resolutions are inter-conditional⁽¹⁾

Potential outcomes

Outcome 1

Unitholders approve ALL THREE Resolutions:

- Lenders grant waiver and relaxation of financial covenants in the Existing Facilities
- Manager executes Recapitalisation Plan

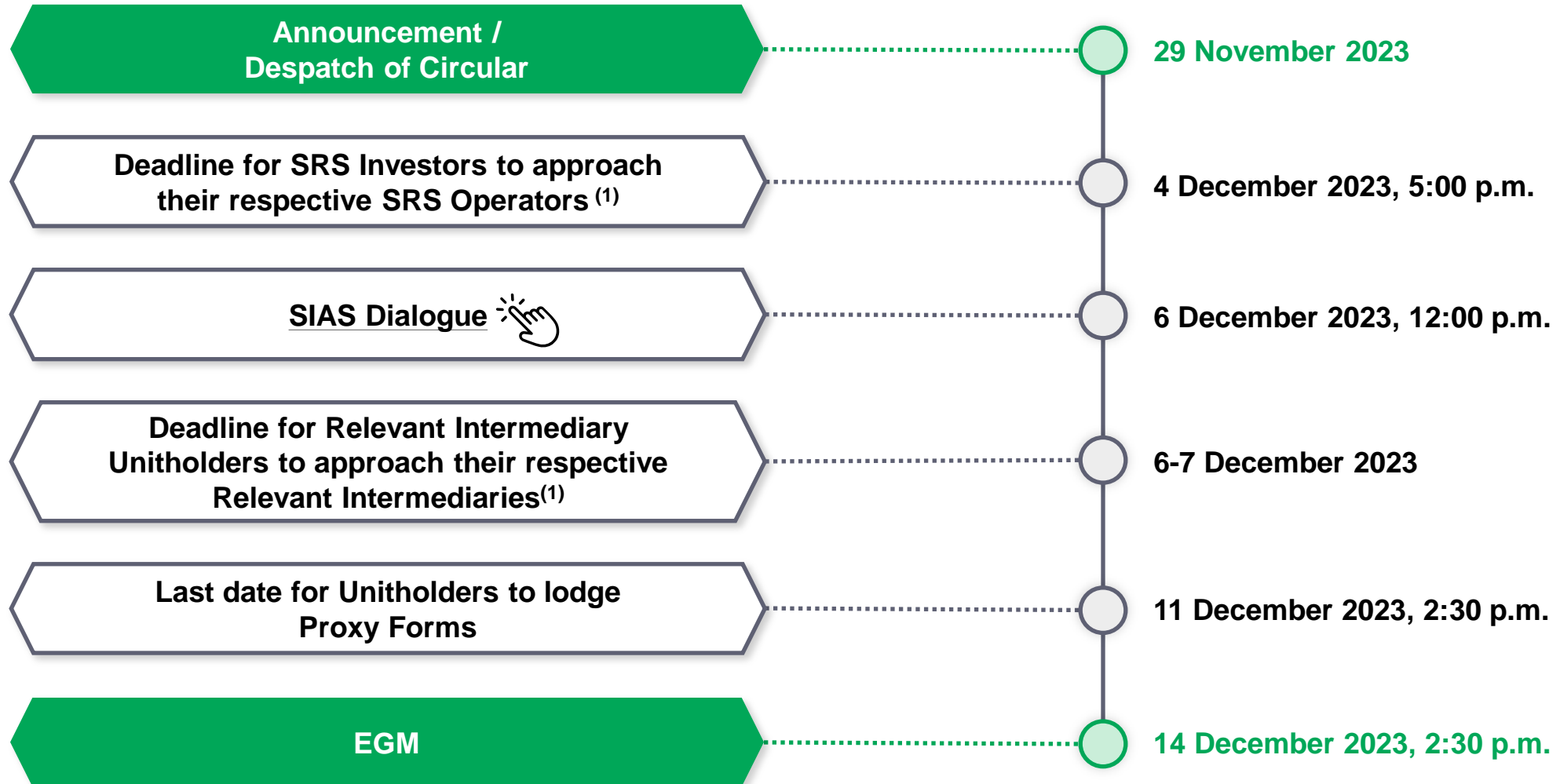
Outcome 2

Unitholders do not approve ANY ONE of the Resolutions:

- The Existing Facilities would remain in breach and the Lenders have the right to accelerate the payment of all US\$1,023.7 million of loans immediately
- Liquidation of MUST's portfolio at distressed prices may be required

(1) In the event that (i) Resolution 2 (the Sponsor-Lender Loan) or Resolution 3 (the Disposition Mandate) does not pass, the Manager will not proceed with the Proposed Divestment; (ii) Resolution 1 (the Proposed Divestment) or Resolution 3 (the Disposition Mandate) does not pass, the Manager will not proceed with the Sponsor-Lender Loan; or (iii) Resolution 1 (the Proposed Divestment) or Resolution 2 (the Sponsor-Lender Loan) does not pass, the Manager will not proceed with the Disposition Mandate.

EGM and important dates



Our ESG pillars

Building Resilience



Reducing environmental impact of our properties and supporting the transition to a net zero economy

People First



Prioritising the health and well-being of our employees, tenants and the local community

Driving Sustainable Growth



Sustainable allocation of capital, robust governance framework and proactive risk management practices


Thank You!

For enquiries, please contact:

Ms Caroline Fong

Deputy CEO, Chief Investor Relations and Sustainability Officer

 carol_fong@manulifeusreit.sg

 (65) 6801 1066

Manulife US Real Estate Management Pte. Ltd.

(Company registration no. 201503253R)

8 Cross Street, #16-03 Manulife Tower, Singapore 048424

<https://www.manulifeusreit.sg>