TRANSCRIPT
Manulife US REIT's Growth and Value Up Plan Analyst Briefing
Date: 1 December 2025, Monday

On the Panel:
Mr John Casasante, Chief Executive Officer and Chief Investment Officer
Mr Mushtaque Ali, Chief Financial Officer

Mr John Casasante: Thank you for attending our briefing on MUST's Growth and Value Up Plan on such short notice. I'm sure by now you are familiar with our strategic roadmap comprising the three phases of stabilisation, recovery and growth.

Under the stabilisation phase, we have made substantial progress, having raised US$273 million from the divestments of Capitol, Plaza and Peachtree, achieving 83% of the minimum sale target of US$328.7 million. With net proceeds from divestments and cash from balance sheet, we have repaid US$317 million of debt. We just have US$36 million of loans maturing in 2026. We are at a pivotal point in executing our recovery and growth plan, which we call the Growth and Value Up Plan, and I will elaborate on this in the next slide.

Even when the Recapitalisation Plan was proposed in 2023, we never intended to just sell assets to pay down borrowings, but to position ourselves on a path to growth for the long term. The Growth and Value Up Plan is about disposing assets that are weighing down our balance sheet without meaningful upside potential and using part of the proceeds to buy higher yielding, less capital-intensive, non-office assets. Therefore, we would like to seek unitholder support to position MUST for recovery and growth.

To that end, we have also negotiated with the lenders for certain MRA concessions. The goal of the Growth and Value Up Plan is to revitalise the portfolio to improve its diversification, long-term value creation, so that we can exit our MRA and resume income distributions as soon as possible.

We have broadened our investment mandate beyond the U.S. office sector to principally invest in income-producing real estate in the U.S. and Canada, as well as real estate-related assets. Based on listing rules, we are required to provide one month's notice to investors on the change of our investment mandate, and no unitholder approval is required. In other words, the broadened mandate will be effective 1 January 2026.

Our focus will be on industrial assets, living sector assets, as well as retail assets in the U.S. and Canada. We aim to revitalise our portfolio through the sale of up to three office assets, with proceeds to be used to acquire new assets, repay debt, and fund capital expenditures, tenant incentives and leasing costs.

Our end goal is to lower MUST's aggregate leverage and provide a future runway for growth. Unitholders' support for the two resolutions is a critical part of MUST's discussions with the lenders. We have negotiated with the lenders to grant certain concessions, namely a six-month extension of MUST's deadline to meet the minimum sales target of US$328.7 million, a temporary relaxation of the unencumbered gearing covenant from 60% to 80% until 30 June 2026, and the bank ICR from 2.0 times to 1.5 times until 31 December 2026.

As of today, not all of our lenders have obtained the necessary approvals to grant the MRA concessions. The remaining lenders are still in the process of obtaining their internal approvals based on their credit committee's meeting schedules.

Two resolutions will be tabled at the EGM. Resolution 1 is the disposition mandate, which allows us to dispose of up to three existing properties to raise not more than US$350 million. Resolution 2 is the acquisition mandate, which allows us to make acquisitions and investments in one or more initial focus assets not exceeding US$600 million.

Both resolutions are inter-conditional, which means they are linked, and unitholders will have to approve both for any of them to pass. In other words, you can't support one resolution and not the other because they are part of an integrated plan where divestment proceeds are used to pay down debts and recycled into the assets I have already outlined.

More specifically, how does the Growth and Value Up Plan benefit MUST and its unitholders? Firstly, it enables MUST to revitalise its portfolio under the broadened investment mandate. A diversified portfolio enhances cash flow stability against market volatility and sector-specific challenges. It gives MUST the strategic flexibility to grow its portfolio and increase long-term returns for unitholders.

Secondly, it gives MUST a competitive advantage as sellers and buyers as we pivot into other asset classes, since speed and execution certainly are critical to achieve best outcomes for unitholders. Not having to conduct an EGM for every transaction will help to reduce administrative time and expenses, and in a competitive market, reduce the risk of losing the deal because others could act faster. This is key for us to achieve the best pricing for both acquisitions and dispositions.

Thirdly, we are making acquisitions at leverage ratios of 40% and below. This will help reduce our aggregate leverage, improve cash flows and credit profile, and pave the way for us to exit the MRA.

These are some of the key terms of the disposition and acquisition mandates. Safeguards have been set in place under the mandates to ensure discipline when we dispose and acquire assets, to ensure that they are conducted in a manner that is in the best interest of unitholders.

Notably, in order to improve our ICR and leverage, the acquisition mandate requires that the ICR of each acquisition must be at least 1.6 times, so long as MUST's aggregate leverage is more than 50%. Under the mandate, acquisitions must also be funded with 40% debt or less. And if additional debt is taken, the aggregate leverage has to decrease post-acquisition, and the total debt incurred shall not exceed US$800 million. For your reference, as of 30 September this year, MUST's aggregate leverage was 56.2% and ICR was 1.6 times, and the outstanding total debt was US$559 million.

As mentioned earlier, we have broadened our investment mandate to revitalise the portfolio and to explore other asset classes beyond office, such as industrial, living sector and retail assets in the U.S. and Canada. We believe that these asset classes offer attractive yields, low capital expenditure requirements, and/or increased capital appreciation potential. A diversified portfolio helps to hedge against market volatility and sector-specific challenges. We also selected Canada as a new market, given its strong alignment with the U.S. real estate fundamentals, as well as the Sponsor's established local presence in Canada.

Generally speaking, the initial focus asset subsectors offer higher yields, lower capital expenditure requirements, more resilient growth prospects, and are better aligned with evolving market dynamics than office.

Industrial assets exhibit one of the strongest risk-adjusted yields due to firm capitalisation rates and demand growth fuelled by structural tailwinds, such as near-shoring and evolving supply chains. They also generally see lower turnover and lease-up costs, as tenants are more likely to renew, given these assets' strategic locations and the functionality that benefits the tenants to be more efficient in their operations. This shifts the leverage to landlords when negotiating leases and allows these tenants to be more sticky come renewal time.

Living sector assets, such as multifamily residential, also deliver high risk-adjusted yields due to historic undersupply and resilient tenant retention. There's also a prevailing preference for home renting over home ownership in these markets, and their yearly lease renewals allow rents to be marked to market on an annual basis, hence serving as an effective hedge against any potential inflation.

Retail assets offer compelling risk-adjusted yields, historically low vacancy rates, robust rent growth, and resilient tenant demand. Grocery-anchored and experience centres, in particular, provide stability across market cycles.

In this slide, we just wanted to share the expertise and experience that the Sponsor, as well as the Chairman and senior management of the Manager, have in the industrial, living sector and retail asset sectors. As you can see from the charts, Manulife Investment Management Real Estate, which manages the Sponsor's and third-party assets, manages a diversified multi-sector portfolio of investments comprising of office, industrial, living sector and retail, spanning across the U.S., Canada and Asia Pacific. We will be able to leverage the deep expertise and on-the-ground capabilities of our Sponsor Manulife, as we make inroads into these new real estate sectors in the U.S. and Canada. Mushtaque, the CFO, and I combined have close to 60 years of experience in these sectors.

We would therefore like to urge unitholders to give us their support so that management can unlock new opportunities for growth through recycling office assets to acquire higher-yielding assets and increase long-term returns for unitholders. As mentioned earlier, receiving this support would be instrumental in obtaining lenders' MRA concessions. This will give us more time until June 2026 to meet the minimum sales target, and together with the Growth and Value Up Plan, will pave the way for MUST to exit the MRA.

The disposition and acquisition mandates will also allow us to quickly seize and execute on disposition and acquisition opportunities to achieve the best outcomes. Sales proceeds can then be efficiently recycled into acquiring initial focus assets to revitalise the portfolio, repay debt, and fund other working capital needs. Furthermore, since one of the conditions for us to exit the MRA is to bring our ICR and aggregate leverage to healthier levels, acquiring properties at lower leverage ratios will also improve MUST's cash flow and credit profile, enabling us to resume sustainable cashflow distributions, supported by a more resilient portfolio and cash position.

To this end, our directors have recommended that unitholders vote in favour of both resolutions. All directors who hold units in MUST will be voting at the EGM in favour of both resolutions 1 and 2.

Both resolutions 1 and 2, the disposition mandate and the acquisition mandate, respectively, are inter-conditional, meaning unitholders need to support both resolutions.

If both resolutions are approved at the EGM and lenders grant the MRA concessions, it will give us more time to meet the minimum sales target. We will also be able to execute the Growth and Value Up Plan to revitalise MUST's portfolio.

However, if either of the resolutions fails to obtain unitholders' approval, not only may lenders not grant the MRA concessions, they will also have the right to accelerate payment of the US$559 million of loans outstanding immediately after 31 December, 2025, and MUST will risk a liquidation of its portfolio at distressed prices to meet these obligations.

This slide shows some important dates relating to the EGM to take note of. Our EGM is scheduled for 16 December 2025.

This brings me to the end of my presentation.