



MANULIFE US REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 27 March 2015 under the laws of the Republic of Singapore)

AGGREGATE LEVERAGE TO REMAIN WITHIN REGULATORY LIMIT BASED ON UPDATED ASSET VALUATIONS

Manulife US Real Estate Management Pte. Ltd., as manager of Manulife US Real Estate Investment Trust (“**Manulife US REIT**”, and the manager of Manulife US REIT, the “**Manager**”), would like to update that the real estate valuation of the portfolio of Manulife US REIT (based on the year end 2022 valuations) has declined by 10.9% or US\$237.4 million to US\$1,947.0 million (versus US\$2,184.4 million as at 31 December 2021).

The decline in valuations is largely due to the following factors:

- Higher discount rates and capitalisation rates for certain properties reflecting risks posed by the volatile macroeconomic environment as well as idiosyncratic risks at the property level (i.e., higher vacancy or weak submarket fundamentals).
- Continued weakening of occupational performance in the submarkets where the properties are located due to slowdown in demand and leasing activity, which is leading to higher concession package assumptions needed to attract new or retain tenants, giving rise to higher leasing costs.

Financial Impact

- **Aggregate Leverage within Regulatory 50% Limit:** Manulife US REIT’s expected aggregate leverage will be approximately 49% (taking into account additional borrowings, fair value changes in investment properties and certain projections in the value of other total assets from 30 June 2022 to 31 December 2022), while its projected interest coverage ratio as at 31 December 2022 will be approximately 3.1 times. Accordingly, the aggregate leverage of Manulife US REIT is within the regulatory 50% limit under Appendix 6 to the Code on Collective Investment Schemes (the “**Property Funds Appendix**”).
- **No Breach of Financial Covenants:** For the avoidance of doubt, the financial covenants in respect of the existing loans of Manulife US REIT are not expected to be breached despite the decline in valuation.
- **Impact on Net Asset Value:** Given that the valuation of the portfolio is a key determinant of Manulife US REIT’s net asset value as of 31 December 2022, the decline in valuation would result in Manulife US REIT’s net asset value decreasing by approximately US\$237.4 million or US\$0.13 per unit.

To maintain a sustainable capital structure, the Manager is exploring options to reduce the aggregate leverage of Manulife US REIT. As announced on 25 November 2022, Citigroup Global Markets Singapore Pte. Ltd. has been appointed by the strategic working group comprising the senior members of the Manager and the Board of the Manager, to undertake a review of a variety of options available to Manulife US REIT to enhance unitholder value.

More information on the valuation of each property as follows:

Property Name	Address	Valuation (US\$ million) (31 December 2021)	Valuation (US\$ million) (Year end 2022) ⁽⁵⁾	% Change
Figueroa	865 South Figueroa Street, Los Angeles, California	315.2 ⁽²⁾	211.0 ⁽¹⁾	(33.1)
Michelson	3161 Michelson Drive, Irvine, California	317.0 ⁽²⁾	292.0	(7.9)
Peachtree	1100 Peachtree Street NE, Atlanta, Georgia	212.9 ⁽²⁾	205.0	(3.7)
Plaza	500 Plaza Drive, Secaucus, New Jersey	106.0 ⁽²⁾	92.0	(13.2)
Exchange	10 Exchange Place, Jersey City, New Jersey	324.0 ⁽²⁾	290.0	(10.5)
Penn	1750 Pennsylvania Avenue NW, Washington, DC	177.3 ⁽²⁾	156.0	(12.0)
Phipps	3438 Peachtree Road NE, Atlanta, Georgia	216.0 ⁽²⁾	210.0	(2.8)
Centerpointe	4000 & 4050 Legato Road, Fairfax, Virginia	112.7 ⁽²⁾	101.0	(10.4)
Capitol	400 Capitol Mall, Sacramento, California	197.0 ⁽²⁾	190.0	(3.6)
Tanasbourne	3175 and 3188 NE Alocleck Drive and 3300 NE 83 rd Avenue, Hillsboro, Oregon	34.4 ⁽³⁾	33.5	(2.6)
Park Place	1650 and 1700 South Price Road, Chandler, Arizona	106.9 ⁽⁴⁾	103.0	(3.6)
Diablo	2900 South Diablo Way, Tempe, Arizona	65.0 ⁽⁴⁾	63.5	(2.3)
Total		2,184.4	1,947.0	(10.9)

Notes:

- (1) In the case of Figueroa, the valuation as at year end 2022 is reflective of the occupancy plans of the property's two largest tenants, Quinn Emmanuel and TCW Group, with the former executing a renewal and downsize while the latter plans to vacate at the end of their lease term (31 December 2023). Figueroa makes up 44% of the portfolio valuation decline as at year end 2022.

- (2) Valuation conducted by CBRE, Inc. as at 31 December 2021.
- (3) Valuation conducted by JLL Valuation & Advisory Services, LLC as at 1 November 2021 during the acquisition of the portfolio comprising Tanasbourne, Park Place and Diablo.
- (4) Valuation conducted by JLL Valuation & Advisory Services, LLC as at 9 November 2021 during the acquisition of the portfolio comprising Tanasbourne, Park Place and Diablo.
- (5) Valuation by JLL Valuation & Advisory Services, LLC.

Copies of the abovementioned independent valuation reports will be available for inspection at the Manager's registered office at 8 Cross Street, #16-03, Manulife Tower, Singapore 048424 during normal business hours, for three (3) months from the date of the announcement of the full year financial results for FY 2022, to be announced on or around 9 February 2023¹. Unitholders who wish to inspect the said reports are requested to contact us to make an appointment prior to your attendance at our office.

Unitholders are reminded to exercise caution when dealing in the units of Manulife US REIT. The Manager will provide an update as and when there are any material developments in accordance with the Listing Manual.

BY ORDER OF THE BOARD

William D. Gantt III
Chief Executive Officer

Manulife US Real Estate Management Pte. Ltd.

(Company Registration No. 201503253R)
As manager of Manulife US Real Estate Investment Trust
30 December 2022

IMPORTANT NOTICE

This announcement 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 REIT 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 Manager, DBS Trustee Limited (as trustee of Manulife US REIT) or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. 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. The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.

¹ The valuation report is subject to audit review by Manulife US REIT's auditors. Accordingly, the valuation report would only be available from the date of the announcement of the full year financial results for FY 2022.