



MANULIFE US REAL ESTATE INVESTMENT TRUST

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

DIVESTMENT OF PROPERTY KNOWN AS TANASBOURNE LOCATED IN, HILLSBORO, OREGON

1. INTRODUCTION

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**"), is pleased to announce that Manulife US REIT, through its indirect wholly owned subsidiary, Hancock S-REIT PORTLAND LLC (the "**Vendor**"), has today entered into a purchase and sale agreement (the "**PSA**") with John Hancock Life Insurance Company (U.S.A.) (the "**Purchaser**"), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase (the "**Divestment**"), the property known as Tanasbourne¹ located in Hillsboro, Oregon (the "**Property**"). Completion of the Divestment has simultaneously occurred today.

The Purchaser is an indirect wholly owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**"). As at the date of this announcement, the Sponsor is a controlling shareholder of the Manager. Accordingly, the Purchaser is for the purposes of Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and Paragraph 5 of Appendix 6 of the Code of Collective Investment Schemes (the "**Property Funds Appendix**") (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of Manulife US REIT. Therefore, the Divestment constitutes an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix.

2. INFORMATION ON THE PROPERTY

The Property, located in Hillsboro, Oregon, is a 132,851 square foot office campus comprising three flex-office buildings constructed between 1986 to 1995 and refurbished in 2015, 2017 and 2020. As at 31 December 2022, the Property is 100.0% occupied with a weighted average leased to expiry of 3.8 years.

¹ The full address of the Property is 3300 N.E. 83rd Avenue, 3175 N.E. Alcock Drive and 3188 N.E. Alcock Drive, Hillsboro, Oregon.

3. PRINCIPAL TERMS OF THE DIVESTMENT

3.1 Consideration and Valuation

The consideration paid in relation to the Property by the Purchaser was based on the agreed value of US\$33.5 million (the “**Agreed Value**”) subject to closing settlement adjustments comprising, among others, rents, taxes or charges which may have accrued or been incurred prior to the date of closing, but not received or paid at that date (the “**Consideration**”). The Agreed Value was arrived at on a willing buyer willing seller basis by taking the higher of two valuations of the Property. The Manager commissioned an independent property valuer, JLL Valuation & Advisory Services, LLC (“**JLL**”), and DBS Trustee Limited, in its capacity as trustee of Manulife US REIT (the “**Trustee**”), commissioned another independent property valuer, Colliers International Valuation & Advisory Services, LLC (“**Colliers**”), to value the Property. Using the income capitalisation approach which consists of the discounted cash flow method and direct capitalisation method, JLL valued the Property at US\$33.5 million as at 31 December 2022 and Colliers valued the Property at US\$32.36 million as at 15 March 2023.

In accordance with the trust deed constituting Manulife US REIT dated 27 March 2015 (as amended, supplemented and/or restated from time to time) (the “**Trust Deed**”), the Manager was entitled to a divestment fee of approximately US\$0.2 million, being 0.5% of the Consideration. However, to support Manulife US REIT, the Manager waived its divestment fee in relation to the Divestment.

3.2 Principal Terms of the PSA

The principal terms of the PSA include, amongst others, the following:

- (i) customary provisions relating to the Divestment, including limited representations and warranties, indemnities and pre-completion covenants;
- (ii) the Property was sold subject to, among others, existing licences, leases, service, maintenance or supply contracts and the Permitted Exceptions (as defined in the PSA) for the Property, and with the Property in its “as-is, where is” condition; and
- (iii) to the extent that the Vendor’s representations, covenants and warranties under the PSA survive the closing, they will survive for a period of 270 days, and the maximum amount for which the Vendor shall be liable in the aggregate, and for which Purchaser shall have the right to assert claims against the Vendor arising out of any and all indemnities, misrepresentations or breaches of any covenant or warranty by the Vendor under the PSA or in any closing document shall not exceed the sum of US\$675,000.00.

4. RATIONALE FOR THE DIVESTMENT

The rationale for the Divestment is as follows:

- (i) As at 31 December 2022, Manulife US REIT's aggregate leverage was 48.8%. Given Manulife US REIT's aggregate leverage levels, the Manager is seeking to maximise liquidity to provide the optionality of using cash balances to fund capital expenditure which are necessary as part of leasing, instead of funding via debt and increasing interest costs.
- (ii) Completing this will provide immediate additional liquidity and will allow the Manager to operate the portfolio with greater flexibility.
- (iii) More meaningful dispositions continue to be explored but will be difficult to execute in the near-term due to challenges in the US market. Availability of credit continues to be limited for US buyers thus resulting in low interest for any asset dispositions.
- (iv) The Divestment also demonstrates Sponsor's support and provides certainty during this volatile period for Manulife US REIT.

5. USE OF SALE PROCEEDS AND FINANCIAL EFFECTS OF THE DIVESTMENT

5.1 Use of sale proceeds

After taking into account the Divestment related expenses, the net proceeds from the Divestment are approximately US\$33.1 million. The resulting net loss from the Divestment is approximately US\$0.4 million. The net proceeds of the Divestment will be used at Manager's discretion for working capital, funding capital expenditure or repaying debt.

5.2 Pro forma financial effects

The *pro forma* financial effects of the Divestment on the distribution per unit of Manulife US REIT ("Unit", and the distribution per Unit, the "DPU") and the net asset value ("NAV") per Unit presented below are strictly for illustrative purposes only and are prepared based on the audited financial statements of Manulife US REIT for the financial year ended 31 December 2022 ("FY2022") and the respective assumptions set out below.

5.2.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Divestment on the DPU for FY2022, as if the Divestment was completed on 1 January 2022, are as follows:

(i) If 100% of net proceeds are used for working capital purposes	Before the Divestment	After the Divestment
DPU before retention (US cents)	4.97	4.83
DPU dilution (%) ⁽¹⁾	N.A.	(2.9)

Note:

(1) Subject to rounding difference.

(ii) If 100% of net proceeds are used to repay debt⁽¹⁾	Before the Divestment	After the Divestment
DPU before retention (US cents)	4.97	4.90
DPU dilution (%) ⁽²⁾	N.A.	(1.5)

Notes:

(1) Based on assumption that sale proceeds were used to pare down US\$33.1 million of borrowings.

(2) Subject to rounding difference.

5.2.2 *Pro Forma NAV per Unit*

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Divestment on the NAV per Unit as at 31 December 2022, as if the Divestment was completed on 31 December 2022, are as follows:

	Before the Divestment	After the Divestment
NAV (US\$'000)	1,020,316	1,019,956
Units issued and to be issued ('000)	1,798,425	1,798,425
NAV per Unit (US\$) ⁽¹⁾	0.57	0.57

Note:

(1) Subject to rounding difference.

5.2.3 *Pro Forma Aggregate Leverage*

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Divestment on the Manulife US REIT's aggregate leverage on 31 December 2022, assuming that the Divestment was completed on 31 December 2022, are as follows:

(i) If 100% of the net proceeds are used for working capital purposes	Before the Divestment	After the Divestment
Gross borrowings (US\$'000)	1,032,700	1,032,700
Total assets (US\$'000)	2,115,850	2,115,488
Gearing (%) ⁽¹⁾	48.8	48.8

Note:

(1) Subject to rounding difference.

(ii) If 100% of the net proceeds are used to repay debt	Before the Divestment	After the Divestment
Gross borrowings (US\$'000)	1,032,700	999,562
Total assets (US\$'000)	2,115,850	2,082,350
Gearing (%) ⁽¹⁾	48.8	48.0

Note:

(1) Subject to rounding difference.

6. INTERESTED PERSON TRANSACTIONS AND NON-DISCLOSEABLE TRANSACTION

6.1 Interested person transaction under the Listing Manual and interested party transaction under the Property Funds Appendix

As at the date of this announcement, the Purchaser is an indirect wholly owned subsidiary of the Sponsor. The Sponsor is therefore regarded as a “controlling shareholder” of the Manager for the purposes of both Chapter 9 of the Listing Manual and the Property Funds Appendix.

As such, the Purchaser (being an associate² of a controlling shareholder of the Manager) is (for the purposes of the Listing Manual) considered an “interested person” of Manulife US REIT and (for the purposes of the Property Funds Appendix) considered an “interested party” of Manulife US REIT. Therefore, the Divestment constitutes an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix. However, as the Consideration (aggregated with the value of all transactions entered into with the same interested person during the current financial year) is US\$33.7 million (being 3.3% of Manulife US REIT’s latest net tangible asset (“**NTA**”) and NAV for FY2022) which is less than 5% of Manulife US REIT’s latest NTA and NAV for FY2022, approval of the unitholders of Manulife US REIT (“**Unitholders**”) in respect of the Divestment is not required under the Listing Manual and the Property Funds Appendix.

6.2 Existing Interested Person Transactions

As at the date of this announcement, the interested person transactions entered into between (i) Manulife US REIT and (ii) Manulife Financial Corporation (“**MFC**”), the Sponsor (which is a wholly-owned subsidiary of MFC) and their subsidiaries and associates during the course of the current financial year amount to US\$0.2 million which comprises 0.02% of the audited NTA of Manulife US REIT as at 31 December 2022 and does not take into account the Divestment. Save as disclosed above, Manulife US REIT has not entered into any interested person transactions with any other interested person for the same financial year.

7. AUDIT AND RISK COMMITTEE STATEMENT

Having regard to the rationale for the Divestment as set out in paragraph 4 above, audit and risk committee of the Manager is of the opinion that the Divestment is on normal commercial terms and is not prejudicial to the interests of Manulife US REIT and its minority Unitholders.

2 As defined in the Listing Manual and the Property Funds Appendix.

8. OTHER INFORMATION

8.1 Interests of Directors and Substantial Unitholders³

Mr Stephen James Blewitt is the Interim Chairman and non-executive director of the Manager and the Global Head of Private Markets for Manulife Financial Corporation. Mr Michael Floyd Dommermuth is a non-executive director of the Manager and the Executive Vice President, Head of Wealth and Asset Management, Asia of Manulife Financial Corporation.

As at the date of this announcement, certain director(s) of the Manager (the “**Directors**”) collectively hold an aggregate direct and indirect interest in 843,364 Units. Further details of the interests in Units of Directors and Substantial Unitholders are set out below.

Based on the Register of Directors’ Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the date of this announcement:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Mr Stephen James Blewitt	-	-	-	-	-	-
Professor Koh Cher Chiew Francis ⁽²⁾	50,000	0.003	-	-	50,000	0.003
Ms Veronica Julia McCann ⁽³⁾	793,364	0.045	-	-	793,364	0.045
Dr Choo Kian Koon	-	-	-	-	-	-
Mrs Karen Tay Koh	-	-	-	-	-	-
Mr Michael Floyd Dommermuth	-	-	-	-	-	-

Notes:

- (1) The percentage of unitholding is calculated based on the total number of 1,776,565,421 Units in issue as at the date of this announcement.
- (2) The 50,000 Units are jointly owned by Professor Koh Cher Chiew Francis and his spouse, Ms Chan Wah Mei.
- (3) The 793,364 Units are jointly owned by Ms Veronica Julia McCann and her spouse, Mr Steven John Baggott.

3 A “**Substantial Unitholder**” means a person who has an interest in Units constituting not less than 5.0% of the total number of Units in issue.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at the date of this announcement are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Manulife Financial Asia Limited ⁽²⁾	1	n.m. ⁽⁶⁾	162,254,652	9.13	162,254,653	9.13
Manulife Holdings (Bermuda) Limited ⁽³⁾	-	-	162,254,653	9.13	162,254,653	9.13
The Manufacturers Life Insurance Company ⁽⁴⁾	-	-	162,254,653	9.13	162,254,653	9.13
Manulife Financial Corporation ⁽⁵⁾	-	-	162,254,653	9.13	162,254,653	9.13

Notes:

- (1) The percentage of unitholding is calculated based on the total number of 1,776,565,421 Units in issue as at the date of this announcement.
- (2) Manulife (International) Limited ("MIL") is a wholly-owned subsidiary of Manulife International Holdings Limited ("MIHL"). MIHL is therefore deemed interested in MIL's direct interest in 84,657,792 Units. Manulife Financial Asia Limited ("MFAL") wholly owns (i) MIHL and is deemed to be interested in MIHL's deemed interest in 84,657,792 Units, (ii) Manufacturers Life Reinsurance Limited ("MLRL") and is deemed to be interested in MLRL's direct interest in 65,007,467 Units, and (iii) Manulife US Real Estate Management Pte. Ltd. ("MUSREM") and is deemed to be interested in MUSREM's direct interest in 12,589,393 Units.
- (3) MFAL is a wholly-owned subsidiary of Manulife Holdings (Bermuda) Limited ("MHBL"). MHBL is therefore deemed interested in (i) MFAL's direct interest in 1 Unit; and (ii) MFAL's deemed interest in 162,254,652 Units.
- (4) MHBL is a wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "Sponsor"). The Sponsor is therefore deemed interested in MHBL's deemed interest in 162,254,653 Units.
- (5) The Sponsor is a wholly-owned subsidiary of Manulife Financial Corporation ("MFC"). MFC is therefore deemed interested in the Sponsor's deemed interest in 162,254,653 Units.
- (6) Not meaningful.

Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Divestment.

8.2 Directors' Service Contracts

No person is proposed to be appointed as a Director in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

8.3 Disclosure under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by Manulife US REIT. Such transactions are classified into the following categories: (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases or comparison set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual:

- (a) NAV of the assets to be disposed of, compared with the issuer's NAV;

- (b) the net profits attributable to the assets disposed of, compared with the issuer's net profits; and
- (c) the aggregate value of the consideration received, compared with the issuer's market capitalisation.

The relative figures for the Divestment using the applicable bases of comparison described above are set out in the table below.

Comparison of:	Divestment (US\$ million)	Manulife US REIT (US\$ million)	Relative figure (%)
<u>Rule 1006(a)</u> NAV of the asset to be disposed of, compared with Manulife US REIT's NAV	33.5	1,020.3 ⁽¹⁾	3.3
<u>Rule 1006(b)</u> Net profits attributable to the asset disposed of, compared with Manulife US REIT's net profits	1.4	(147.8) ⁽¹⁾	(1.0)
<u>Rule 1006(c)</u> Aggregate value of the consideration ⁽²⁾ to be received, compared with Manulife US REIT's market capitalisation ⁽³⁾	33.5	323.7	10.3

Notes:

- (1) Based on the audited financial statements of Manulife US REIT Group for FY2022.
- (2) For the purposes of computation under Rule 1006(c), the aggregate consideration received by Manulife US REIT is the aggregate sale consideration for the Property, excluding divestment related costs.
- (3) Based on 1,776,565,421 Units in issue and the weighted average price of US\$0.1822 per Unit on the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 11 April 2023, being the market day preceding the date of entry into the PSA.

Based on the relative figures as computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual, and taking into account Rule 1014(3), the Divestment is classified as a discloseable transaction under Chapter 10 of the Listing Manual.

8.4 Documents Available for Inspection

Copies of the PSA and the valuation reports of JLL and Colliers are available for inspection with prior appointment during normal business hours at the registered office of the Manager at 8 Cross Street, #16-03, Manulife Tower, Singapore 048424 from the date of this announcement up to and including the date falling three months after the date of this announcement.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Manulife US REIT is in existence.

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

12 April 2023

IMPORTANT NOTICE

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The value of 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, the Trustee 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. 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 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.