



MANULIFE US REAL ESTATE INVESTMENT TRUST

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

RESTRUCTURING OF MANULIFE US REIT'S EXISTING FACILITIES THROUGH A RECAPITALISATION PLAN TO REDUCE AGGREGATE LEVERAGE

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**") refers to its announcement dated 18 July 2023 relating to the breach of a financial covenant contained in the Existing Facilities (as defined in Item 1 (*Facility Agreements*) of the Key Recapitalisation Terms (as defined herein)) and wishes to announce that following heavy negotiations amongst the Manager, The Manufacturers Life Insurance Company (the "**Sponsor**") and the lenders of the Existing Facilities (collectively, the "**Lenders**"), the key terms for the waiver of the breach of the financial covenant and the restructuring of the Existing Facilities pursuant to a holistic funding plan put together by the Manager to revitalise and reinforce Manulife US REIT (the "**Recapitalisation Plan**"), comprising:

- (a) aggregate funding by the Sponsor of US\$235.7 million via:
 - (1) the acquisition of the Property pursuant to the Proposed Divestment (each as defined herein); and
 - (2) the granting of the Sponsor-Lender Loan (as defined herein);
- (b) utilisation of US\$50.0 million from Manulife US REIT's own cash holdings; and
- (c) raising minimum aggregate net sale proceeds of US\$328.7 million from the asset dispositions pursuant to the Disposition Mandate (as defined herein),

are summarised below and further elaborated in the table in **Appendix A** of this announcement (the "**Key Recapitalisation Terms**"), which would strengthen Manulife US REIT's balance sheet and create sufficient liquidity to fund essential capital expenditure budgeted for the financial year ending 31 December 2024 ("**FY2024**") and the financial year ending 31 December 2025 ("**FY2025**").

The holders of units in Manulife US REIT ("Units", and the holders of Units, the "Unitholders") should note that certain terms of the restructuring of the Existing Facilities (which includes the Lenders' waiver of the breach of the financial covenant) pursuant to the Recapitalisation Plan are conditional upon the approval of Unitholders of all three of the Resolutions (as defined herein). In the event that

Unitholders do not approve any 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.

In such a situation, Manulife US REIT does not have sufficient cash to repay all of the Existing Facilities and would need to conduct an expedited liquidation of its portfolio. In addition, not passing the Resolutions effectively means that Unitholders would be voting to put control of Manulife US REIT in the hands of the Lenders. If the Resolutions fail to be passed, the Lenders will control the outcome of Manulife US REIT and have the right to call the outstanding debt due under the Existing Facilities and may make an application to liquidate Manulife US REIT, thereby also forcing an expedited liquidation. As U.S. office transaction volumes remain sluggish and hampered by, among other things, limited financing options, it would not be in the best interests of Unitholders to conduct an expedited sale of Manulife US REIT's portfolio.

As at the date of this announcement, 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 issued to Unitholders for the purposes of seeking approval of the Unitholders for the Resolutions (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 new master restructuring agreement to be entered into between the Sponsor, the Sponsor-Lender, all Lenders and the Debtor (as defined herein) (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 extraordinary general meeting of Unitholders ("EGM") to be held on 14 December 2023 (Thursday) at 2.30 p.m. (Singapore time), there may be approvals that come in after the EGM. As at the date of this announcement, 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.

2. RECAPITALISATION PLAN AND ADDITIONAL PLANS TO REDUCE MANULIFE US REIT'S LEVERAGE

2.1 Recapitalisation Plan

The Key Recapitalisation Terms are summarised as follows:

- (i) The proposed divestment of the property known as Park Place located at 1650 & 1700 South Price Road, Chandler, Arizona, United States 85286 (the "**Property**") from Hancock S-REIT Chandler LLC (the "**Vendor**"), an indirect wholly-owned subsidiary of Manulife US REIT, to John Hancock Life Insurance Company (U.S.A.) (the "**Purchaser**") (the "**Proposed Divestment**"), an indirect wholly-owned subsidiary of the Sponsor for approximately US\$98.7 million (the "**Divestment Consideration**").

- (ii) The proposed granting of an unsecured loan by the Sponsor or an affiliate (as lender of the Sponsor-Lender Loan) (“**Sponsor-Lender**”) to Manulife US REIT of US\$137.0 million (the “**Sponsor-Lender Loan Amount**”), for a period of six years at an interest rate of 7.25%, paid quarterly (the “**Sponsor-Lender Loan**”), with an exit premium of up to 21.16% of the Sponsor-Lender Loan Amount payable by Manulife US REIT to the Sponsor-Lender upon maturity of the Sponsor-Lender Loan (the “**Exit Premium**”). The total interest payable by Manulife US REIT to the Sponsor-Lender pursuant to the Sponsor-Lender Loan is up to US\$89.4 million (including the Exit Premium) (the “**Sponsor-Lender Loan Interest Amount**”).
- (iii) Approximately US\$98.0 million ¹ from the Proposed Divestment, US\$137.0 million ² from the Sponsor-Lender Loan and US\$50.0 million from Manulife US REIT’s own cash holdings will be used to pay down approximately US\$285.0 million in debt on a *pari passu* basis based on the outstanding debt owed to each Lender.
- (iv) All loan maturities of the Existing Facilities are to be extended by one year.
- (v) Pursuant to the disposition mandate to authorise the Manager to dispose of the Existing Properties³ held by Manulife US REIT, the terms of which are set out in paragraph 6.3 below (the “**Disposition Mandate**”), Manulife US REIT shall procure the sale of certain Tranche 1 Assets and/or Tranche 2 Assets (each as defined herein) to third parties to raise minimum aggregate net sale proceeds of US\$328.7 million by 30 June 2025, and to apply the sale proceeds from the sale of such assets to pay the pre-approved capital expenditure of Manulife US REIT and to repay the outstanding debt owed to the Lenders in accordance with Item 5(g) (*Application of sale proceeds from a Tranche 1 Asset or Tranche 2 Asset*) of the Key Recapitalisation Terms. The sale of the Tranche 1 Assets and/or the Tranche 2 Assets may be halted if the conditions as set out at Item 15 (*Early Reinstatement*) of the Key Recapitalisation Terms (collectively, the “**Early Reinstatement Conditions**”) are achieved.
- (vi) Half-yearly distributions to Unitholders are to be halted till 31 December 2025. The distributions may resume during such period if the Early Reinstatement Conditions

1 It is agreed with the Lenders that (i) Manulife US REIT will pay the total cost of the Proposed Divestment of approximately US\$0.7 million (the “**Total Divestment Cost**”) with the Divestment Consideration; and (ii) US\$98.0 million (instead of the Divestment Consideration of US\$98.7 million) will be utilised from the Proposed Divestment to repay the Lenders on a *pari passu* basis.

2 It is agreed with the Lenders that (i) Manulife US REIT will bear the transaction costs for the Sponsor-Lender Loan out of its internally generated cashflow; and (ii) the Sponsor-Lender Loan Amount of US\$137.0 million will be wholly used to refinance US\$137.0 million of Existing Facilities on a *pari passu* basis.

3 “**Existing Properties**” means the Tranche 1 Assets, the Tranche 2 Assets and the Tranche 3 Assets (each as defined herein), collectively, comprising the property known as Capitol located at 400 Capitol Mall, Sacramento, California, United States 95814 (“**Capitol**”), the property known as Centerpointe located at 4000 & 4050 Legato Road, Fairfax, Virginia, United States 22033 (“**Centerpointe**”), the property known as Diablo located at 2900 South Diablo Way, Tempe, Arizona, United States 85282 (“**Diablo**”), the property known as Exchange located at 10 Exchange Place, Jersey City, New Jersey, United States 07302 (“**Exchange**”), the property known as Figueroa located at 865 South Figueroa Street, Los Angeles, California, United States 90015 (“**Figueroa**”), the property known as Peachtree located at 1100 Peachtree Street, Atlanta, Georgia, United States 30309 (“**Peachtree**”), the property known as Penn located at 1750 Pennsylvania Avenue NW, Washington, D.C., United States 20006 (“**Penn**”), the property known as Plaza located at 500 Plaza Drive, Secaucus, New Jersey, United States 07094 (“**Plaza**”), the property known as Phipps located at 3438 Peachtree Road, Atlanta, Georgia, United States 30326 (“**Phipps**”) and the property known as Michelson located at 3161 Michelson Drive, Irvine, California, United States 92612 (“**Michelson**”).

are achieved. See paragraph 2.3 below in relation to the tax implications arising from the halting of distributions.

- (vii) Lenders are to waive all past and existing breaches in the respective Facility Agreements.
- (viii) Temporary relaxation of financial covenants up to the earlier of 31 December 2025 and the Early Reinstatement Conditions are achieved as follows: (a) the Unencumbered Gearing⁴ being not more than 80% (compared to 60%) and (b) the Bank ICR being no less than 1.5 times (compared to 2.0 times)⁵.
- (ix) Unless approval of Sponsor-Included Majority Lenders⁶ is obtained:
 - (a) DBS Trustee Limited, in its capacity as trustee of Manulife US REIT (the “**Trustee**”) (as debtor under the Master Restructuring Agreement and the Sponsor-Lender Loan Agreement (as defined herein)) (the “**Debtor**”) shall not acquire any real properties; and
 - (b) the Debtor shall not incur any further financial indebtedness or refinance any existing financial indebtedness. This sub-paragraph (b) does not apply to any prepayment of the Existing Facilities and the Sponsor-Lender Loan in accordance with the Master Restructuring Agreement.

See **Appendix A** below for further details on the Key Recapitalisation Terms.

2.2 Steps taken to Explore all Alternatives prior to the Recapitalisation Plan

The Manager has explored and exhausted various alternatives to address both the breach of the financial covenant in the Existing Facilities and the decline in the real estate valuation of the portfolio of Manulife US REIT (including a transaction with strategic investor(s) and mergers), and the Recapitalisation Plan based on the Key Recapitalisation Terms is the best workable solution to address the breach of the financial covenant. Reference is made to Manulife US REIT’s announcements dated 15 March 2023, 17 March 2023, 27 March 2023, 12 April 2023 and 24 May 2023, wherein it was announced that the Manager had considered and evaluated a number of other potential options including further divestment of assets, mergers with other similar platforms, equity fund raising and strategic transactions with third parties involving the recapitalisation of Manulife US REIT.

The Sponsor’s involvement via the Proposed Divestment and the Sponsor-Lender Loan is also one of the Lenders’ requirements to reduce their total loan risk for their agreement to waive the breach of the financial covenant in the Existing Facilities.

4 “Unencumbered Gearing” means the percentage of consolidated total unencumbered debt to consolidated total unencumbered assets.

5 See Item 8 (*Temporary Amendments to Financial Covenants*) of the Key Recapitalisation Terms for the definition of Bank ICR. The Unencumbered Gearing and the Bank ICR will be tested at the end of each 12-month time period ending on 31 December 2024 and 31 December 2025, by reference to the audited annual financial statements and unaudited half-yearly financial statements of Manulife US REIT.

6 “**Sponsor-Included Majority Lenders**” means a Lender or Lenders and the Sponsor-Lender to whom total outstanding debt owed collectively by the Debtor constitutes more than 66.67% of the total outstanding debt owed collectively by the Debtor to all Lenders and the Sponsor-Lender collectively, and where there are only the Lenders of the US\$90M Facility and of the US\$225M Facility (each as defined herein) (collectively, “**2027 Existing Lenders**”) remaining as Lenders, “**Sponsor-Included Majority Lenders**” shall mean the Sponsor-Lender and all of such 2027 Existing Lenders.

The Manager is of the opinion that the Recapitalisation Plan is the best possible solution to address the breach of the financial covenant in the Existing Facilities and for the recapitalisation of Manulife US REIT as each of the other options which the Manager had explored was not viable for the reasons set out below:

- (a) Asset dispositions continue to be challenging with the prevailing negative sentiment around the U.S. office sector. Factors such as the rising interest rate environment, uncertainty around tenant space requirements as well as limited buyer access to credit financing have contributed to low levels of capital market activity in the U.S. office sector which makes sizeable asset dispositions difficult, especially in the more challenged submarkets. Selling assets quickly in such a climate is challenging and would result in lower sale proceeds compared to the Recapitalisation Plan which provides for a sale period of up to at least 30 June 2025. Since April 2022, the Manager had attempted to undertake a total of three asset dispositions, all of which were halted due to interest rate hikes and limited credit financing which affected the potential buyers.
- (b) Equity fund raising at the current Unit price will be difficult given Manulife US REIT's low market capitalisation. There are also considerations around banks' ability to underwrite any such equity fund raising given the Sponsor's unitholding in Manulife US REIT ("**Unitholding**") is capped at 9.8%⁷. For the same reason, while the Manager has explored the option of a further subscription of Units by the Sponsor, such option is not feasible due to Manulife US REIT's tax structure. Furthermore, equity markets are currently volatile due to macroeconomic uncertainties and high interest rates that may not be conducive for equity fund raisings.
- (c) As for strategic transactions with third parties involving the recapitalisation of Manulife US REIT, the ability and suitability of such parties to reposition Manulife US REIT for future growth were assessed taking into consideration the following criteria: (i) U.S. real estate presence and track record, (ii) financial strength and commitment to Manulife US REIT, (iii) any other existing conflicts of interest and (iv) ability to provide Manulife US REIT access to an identified pipeline to effect a potential pivot strategy. A total of over 40 parties comprising real estate funds, investment firms, and corporates with real estate exposure globally were contacted for such strategic transactions, of which, a number of such parties continue to express interest but are awaiting the outcome of the Recapitalisation Plan.
- (d) In terms of potential mergers, it was concluded that execution risks were elevated in this current market environment, and this option did not address the current issue of high aggregate leverage given that there would be no immediate capital injection into Manulife US REIT.
- (e) The Manager had reached out to external lenders, but new loans were not forthcoming. The Manager had also reached out to debt advisory firms to source for alternative sources of loans but was advised that credit was not available.

⁷ Unitholders (including the Sponsor) and all other persons are prohibited from directly or indirectly owning in excess of 9.8% of the outstanding Units for Manulife US REIT's subsidiaries to qualify and maintain their status as U.S. real estate investment trusts ("**REITs**").

2.3 Halting of Distributions

As mentioned above, the halting of distributions is one of the conditions of the Recapitalisation Plan. As originally contemplated and as implemented since the listing of Manulife US REIT, interest income received by the Singapore subsidiaries from the United States subsidiaries of Manulife US REIT was distributed to the Unitholders as part of the half-yearly distribution cycle. In furtherance of this structure, systems and processes for the cross-border interest were instituted to comply with and minimise applicable United States income tax withholding.

As a result of the halting of distributions, the applicable cross-border interest from the United States is not slated to be distributed to the Unitholders until 31 December 2025 (unless the Early Reinstatement Conditions are achieved earlier) and therefore different United States income tax withholding rules (including United States information reporting rules) are expected to apply. Pursuant to these different rules for retained cross-border interest, in general the Manager expects that the cash tax burden of withholding upon the cross-border United States interest received (but not timely distributed to Unitholders) will fall upon Manulife US REIT itself (rather than the Unitholders individually), and may be at rates as high as 43% upon amounts retained by Manulife US REIT and allocable to Unitholders who fail to supply the United States withholding forms and certificates. The tax would be based on the proportion of Unitholders who fail to supply the United States withholding forms and certificates multiplied by the interest income received by the Singapore subsidiaries from the United States subsidiaries of Manulife US REIT. Manulife US REIT bears this tax while distributions to Unitholders are halted. Historically, on average 1.5% of the Unitholders based on Unitholdings fail to supply the United States withholding forms and certificates. In a normal distribution cycle (that is, when interest is distributed to Unitholders), Manulife US REIT would be able to reduce the payment to a Unitholder that fails to supply the United States withholding form and certificate by the amount of withholding, so that the noncompliant Unitholder would bear the burden of the withholding tax. While distributions are halted, interest income from the United States subsidiaries will still be paid to Manulife US REIT. However, as interest income is not paid out to Unitholders, Manulife US REIT will have to bear the tax. If all Unitholders were to submit their valid United States withholding forms and certificates, there would not be any tax implications arising from the halting of distributions. However, as indicated above, historically, on average 1.5% of the Unitholders based on Unitholdings do not submit a valid United States withholding form and certificate. If Unitholders continue their historic practice of supplying the United States withholding forms and certificates (principally, the U.S. Internal Revenue Service (“**US IRS**”) Form W-8 that is requested of all Unitholders in connection with their acquisition of Units) at the same levels of compliance as in the past, the Manager expects this aggregate economic cash burden on Manulife US REIT to be minimal. The Manager will continue its historic practice of gathering United States withholding exemption forms and certificates from Unitholders. All withholding tax would be paid over to the US IRS, and the remainder of interest payments net of withholding tax would be at the disposal of Manulife US REIT while distributions are halted.

Accordingly, notwithstanding that the distributions have been halted, Unitholders should continue to supply the United States withholding forms and certificates (principally, the US IRS Form W-8 that is requested of all the Unitholders in connection with their acquisition of Units).

The United States income tax withholding rules described above are complex, and the Manager will work with its United States tax advisors regarding aspects that may be factually or legally uncertain, including making provision for financial statement impact as and when appropriate. That said, the adverse impacts are expected to be modest if and to the extent Unitholders continue their historic levels of compliance with the United States withholding forms and certificates.

(See Item 6 (*Halt Distributions to Unitholders*) of the Key Recapitalisation Terms for further details on the halting of distributions.)

2.4 Approval of Unitholders arising from the Recapitalisation Plan

Unitholders should note that while the details of the restructuring of the Existing Facilities pursuant to the Recapitalisation Plan are set out in this announcement and the Circular, such details are for Unitholders' information only when considering the Resolutions and Unitholders' approval is not being sought for all the terms of the Recapitalisation Plan (other than those that are in relation to the Resolutions).

Unitholders should note that certain terms of the restructuring of the Existing Facilities (which includes the Lenders' waiver of the breach of the financial covenant) pursuant to the Recapitalisation Plan are conditional upon the approval of Unitholders of all three of the Resolutions. In the event that Unitholders do not approve any 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.

In such a situation, Manulife US REIT does not have sufficient cash to repay all of the Existing Facilities and would need to conduct an expedited liquidation of its portfolio. In addition, not passing the Resolutions effectively means that Unitholders would be voting to put control of Manulife US REIT in the hands of the Lenders. If the Resolutions fail to be passed, the Lenders will control the outcome of Manulife US REIT and have the right to call the outstanding debt due under the Existing Facilities and may make an application to liquidate Manulife US REIT, thereby also forcing an expedited liquidation. As U.S. office transaction volumes remain sluggish and hampered by, among other things, limited financing options, it would not be in the best interests of Unitholders to conduct an expedited sale of Manulife US REIT's portfolio.

As at the date of this announcement, 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 this announcement, 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.

2.5 Long-term plan for Manulife US REIT

The execution of the Recapitalisation Plan stated above and an expected stabilisation of the market environment in the next few years will allow the Manager to assess Manulife US REIT's capital requirements and also put Manulife US REIT in a more stable footing to execute its pivot strategy into assets that may (i) offer better return potential going forward; (ii) secure long-term tenant demand; and (iii) be less capital intensive. These in turn may potentially allow Manulife US REIT to resume distributions to Unitholders.

That said, based on the Recapitalisation Plan stated above, the expected aggregate leverage of Manulife US REIT could remain elevated. As the Tranche 1 Assets selected for sale are identified by the Manager to be the key focus of the sale and are unlikely to provide strong economic returns, the ability to sell them close to book value could be challenging. Notwithstanding this, while an equity fund raising could reduce aggregate leverage to a greater degree, the Manager is of the opinion that this is not in the interest of Unitholders given the current low market capitalisation of Manulife US REIT and the uncertainties around capital market conditions. As the Manager hopes to preserve as much Unitholder value as possible, it therefore selected the path of buying time and disposing of the Existing Properties (excluding the Property) before re-approaching Unitholders for any sort of equity fund raising.

The Recapitalisation Plan is just the first step of building a foundation that will put Manulife US REIT on a path to growth for the long-term. The Manager may re-approach Unitholders for an equity fund raising in the future, but only after divesting the Tranche 1 Assets and/or the Tranche 2 Assets. This will help Manulife US REIT revert to its target aggregate leverage levels and is also in-line with the Manager's aim to grow Manulife US REIT's asset base via accretive acquisitions that provide strong returns after it has strengthened its balance sheet.

Whether an equity fund raising is required also depends on the sale proceeds raised from the dispositions of the Existing Properties, the valuations of Manulife US REIT's assets going forward and the dilutive effect for existing Unitholders. Any such decision will be made at the appropriate time after the asset dispositions, taking into account all relevant circumstances, including but not limited to the prevailing conditions of equity markets, the interest rate environment, the distributions per Unit ("**DPU**") and the best interests of Manulife US REIT and the Unitholders.

2.6 Summary of Approvals Sought

Arising from the above-mentioned agreement with the Lenders to waive the breach of the financial covenant and restructure the Existing Facilities pursuant to the Recapitalisation Plan, the Manager is seeking approval from Unitholders for the following resolutions (collectively, the "**Resolutions**"):

- (i) **Resolution 1:** the Proposed Divestment to the Sponsor (Ordinary Resolution⁸);

⁸ "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in

- (ii) **Resolution 2:** the proposed Sponsor-Lender Loan granted by the Sponsor-Lender (Ordinary Resolution); and
- (iii) **Resolution 3:** the proposed adoption of the Disposition Mandate (Ordinary Resolution).

Unitholders should note that Resolution 1 (the Proposed Divestment), Resolution 2 (the Sponsor-Lender Loan) and Resolution 3 (the Disposition Mandate) are inter-conditional. 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.

In connection with the above, the Manager wishes to announce that the Circular has also been issued today.

3. RATIONALE AND BENEFITS OF THE RECAPITALISATION PLAN TO UNITHOLDERS

As mentioned above, Manulife US REIT experienced a 14.6% decline in fair market value of its portfolio in the first half of 2023 which increased its aggregate leverage to approximately 57% as at 30 June 2023. This has resulted in (i) the breach of a financial covenant contained in the Existing Facilities, which states that Manulife US REIT must at all times ensure and procure that the Unencumbered Gearing for any measurement period (being a period of 12 months ending on the last day of each financial half-year of Manulife US REIT) is not more than 60% and (ii) the aggregate leverage of Manulife US REIT exceeding the aggregate leverage limit of 50% as set out in Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**CIS Code**”, and Appendix 6 of the CIS Code, the “**Property Funds Appendix**”).

The breach of the financial covenant in the Existing Facilities resulted in the Lenders having the right under the terms of the Existing Facilities to accelerate repayment of the Existing Facilities, effectively forcing an expedited liquidation of Manulife US REIT’s portfolio. This outcome would not be in the best interests of Unitholders given the limited capital market activity in the U.S. commercial sector, which may potentially lead to distressed sale prices of Manulife US REIT’s assets which would have a significant negative impact on disposition proceeds.

The Manager, together with the Sponsor and the Lenders, has negotiated the best possible outcome for the Recapitalisation Plan to strengthen Manulife US REIT’s balance sheet and create sufficient liquidity to fund essential capital expenditure budgeted for FY2024 and FY2025. The Recapitalisation Plan will raise proceeds in the following manner, which the Manager intends to use as follows:

accordance with the provisions of the trust deed constituting Manulife US REIT dated 27 March 2015, as amended, varied, supplemented and/or restated from time to time (the “**Trust Deed**”).

(i) The Sponsor’s commitment and support through its aggregate funding of US\$235.7 million via the Proposed Divestment and the Sponsor-Lender Loan.

- (a) One of the key components that helped deliver a successful outcome with the Lenders to agree to waive the breach of the financial covenant and restructure the Existing Facilities is the Sponsor’s commitment and support in acquiring the Property pursuant to the Proposed Divestment and the granting of the Sponsor-Lender Loan, which provided for an aggregate funding of US\$235.7 million into Manulife US REIT. Given the limited credit appetite for U.S. commercial real estate, the equivalent of a Sponsor-Lender Loan of US\$137.0 million would have been very difficult to obtain in the open market from an arm’s length third-party lender. Currently, there is limited debt funding available as origination volumes have declined year-on-year for the first half of 2023 by 67% and 81% for the commercial mortgage-backed securities lending market for all U.S. property types and the U.S. office sector, respectively⁹. The Manager acknowledges that obtaining a comparable loan in the open market would have been challenging for Manulife US REIT to obtain for the aforementioned reasons and as evidenced from the Manager’s attempts to reach out to external lenders as discussed in paragraph 2.2(e) above.
- (b) The Purchaser’s acquisition of the Property for the Divestment Consideration of US\$98.7 million is at its open market value as at 30 June 2023 determined by JLL (as defined herein), being US\$4.7 million or 5.0% greater than the second independent valuation by Colliers (as defined herein).
- (c) Additionally, as the Sponsor had also provided US\$33.5 million of support in the form of the acquisition of Tanasbourne pursuant to the Tanasbourne Divestment¹⁰ earlier in April 2023, together with its aggregate funding of US\$235.7 million via the Proposed Divestment and the Sponsor-Lender Loan, the total quantum of the Sponsor’s commitment and support is US\$269.2 million, or nearly 1.5 times the current market capitalisation of Manulife US REIT as at 22 November 2023, being the latest practicable date prior to the issuance of the Circular (the “**Latest Practicable Date**”).

(ii) Reduction of bank loan exposure through the repayment of US\$285.0 million in debt 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.

- (a) US\$50.0 million of Manulife US REIT’s own cash holdings, together with US\$98.0 million from proceeds of the Proposed Divestment will be used to pay down Existing Facilities on a *pari passu* basis, thus reducing total indebtedness from US\$1,023.7 million as at 30 September 2023 to

⁹ Source: Commercial mortgage-backed security origination volume by property type in the U.S. – first half of 2023 versus first half of 2022, Green Street data as at 1 November 2023.

¹⁰ “**Tanasbourne Divestment**” means the sale by Manulife US REIT of Tanasbourne to John Hancock Life Insurance Company (U.S.A.), as announced and completed on 12 April 2023 for US\$33.5 million.

US\$875.7 million.

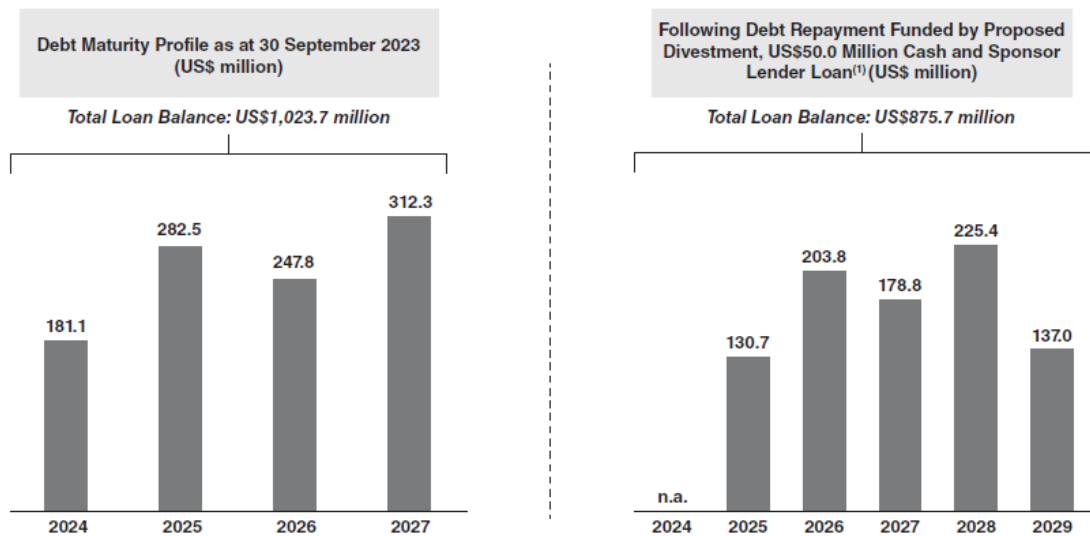
- (b) The Sponsor-Lender Loan Amount will also be wholly used to refinance US\$137.0 million of Existing Facilities on a *pari passu* basis. Although total indebtedness remains at US\$875.7 million, the Lenders' exposure to Manulife US REIT is further reduced with US\$137.0 million of bank loan exposure now taken on by the Sponsor.
- (iii) **Minimum aggregate net sale proceeds of US\$328.7 million from the sale of any of the Existing Properties to be utilised towards funding pre-approved capital expenditure and debt repayment.**
 - (a) To strengthen Manulife US REIT's portfolio, the Manager and Lenders have performed a thorough portfolio analysis and identified certain Tranche 1 Assets and Tranche 2 Assets for sale pursuant to the Disposition Mandate in order to improve the quality of Manulife US REIT's portfolio. Factors taken into consideration in the analysis include the occupancy risk, capital expenditure requirements and total return potential (collectively, the "Identified Factors").
 - (b) In addition to the Tranche 1 Assets and the Tranche 2 Assets, extending the Disposition Mandate to all Existing Properties also allows the Manager to sell the Tranche 3 Assets expeditiously, should the Manager be approached with an offer that benefits Unitholders.
 - (c) In accordance with the payment waterfall set out at Item 5(g) (*Application of sale proceeds from a Tranche 1 Asset or Tranche 2 Asset*) of the Key Recapitalisation Terms, the proceeds from the sale of the Tranche 1 Assets and the Tranche 2 Assets will be prioritised towards payment of pre-approved capital expenditure of Manulife US REIT and any relevant subsidiaries, and thereafter, to repay the amount of outstanding debt owing to the Lenders under the Existing Facilities.
 - (d) The Manager also intends to apply the sale proceeds from the sale of the Tranche 3 Assets (if it were to take place) in the same manner as described in paragraph 3(iii)(c) above.

The rationale and benefits of the Recapitalisation Plan to Unitholders are as follows:

- (a) **Obtaining the Lenders' waiver of the breach of the financial covenant and the execution of the Recapitalisation Plan provide a longer runway for Manulife US REIT in view of continued headwinds in the U.S. office sector.**
 - (i) Manulife US REIT obtaining the Lenders' waiver of the breach of the financial covenant in the Existing Facilities removes the immediate concerns of the Lenders potentially commencing action to accelerate loan repayment which will in turn trigger an expedited liquidation of Manulife US REIT's portfolio.
 - (ii) Restructuring of the Existing Facilities pursuant to the Recapitalisation Plan will also involve the following:
 - (1) a temporary relaxation of financial covenants (e.g. Unencumbered

Gearing and Bank ICR) until 31 December 2025; and

- (2) the one-year extension of loan maturities of the Existing Facilities and the provision of the Sponsor-Lender Loan with a tenor of six years will extend Manulife US REIT's weighted average loan maturity from 2.3 years as at 30 September 2023 to 3.7 years. Importantly, the Recapitalisation Plan removes all refinancing requirements in 2024, with the next loan tranche maturing in May 2025, thereby allowing the Manager to focus on optimising Manulife US REIT's portfolio.



Note:

- (1) 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.

- (iii) In view of the continued headwinds in the U.S. office sector, the Recapitalisation Plan provides the Manager with a longer runway of approximately 19 months until 30 June 2025 to dispose of the Tranche 1 Assets and/or the Tranche 2 Assets (as required by the Lenders as a requirement to the restructuring of the Existing Facilities) in an orderly manner with the objective of maximising disposition proceeds by avoiding expedited asset dispositions at distressed prices.

- (b) The Disposition Mandate will provide the Manager a competitive edge as seller and the flexibility to maximise disposition proceeds to further repay indebtedness, fund capital expenditure to rejuvenate the remaining assets held by Manulife US REIT and strengthen its portfolio.**

- (i) While the sale of the Tranche 1 Assets and/or the Tranche 2 Assets is a requirement by the Lenders to the restructuring of the Existing Facilities, the Manager also requires the Disposition Mandate for the following

reasons:

- (1) Cognisant of the challenges of equity fund raising and disposing assets in the current U.S. office climate, the Manager aims to maximise the value of each asset disposed given the urgency of generating liquidity for Manulife US REIT and the difficulty of raising equity for repayment of maturing loans and/or other operational purposes.
 - (2) The Disposition Mandate will also provide the Manager a competitive edge as seller, flexibility to maximise disposition proceeds and a more certain asset disposition process without the need to convene separate EGMs for Unitholders' approval for each sale of the Tranche 1 Assets, the Tranche 2 Assets and/or the Tranche 3 Assets (if the relevant approval from the Lenders is obtained). This in turn reduces the administrative time, inconvenience and expenses incurred for asset dispositions and improves the efficiency and probability of completing asset dispositions, as it reduces the possibility of potential buyers declining to pursue the sale or factoring in a lower purchase price to reflect the risk of a sale being subject to Unitholders' approval via EGMs.
 - (3) The expedited sale of the Tranche 1 Assets, the Tranche 2 Assets and/or the Tranche 3 Assets (if the relevant approval from the Lenders is obtained) pursuant to the Disposition Mandate allows for swifter reduction of Manulife US REIT's non-value-added capital expenditure and increase in liquidity, which in turn help to reposition Manulife US REIT's portfolio and strengthen the quality of Manulife US REIT's remaining assets.
- (ii) The Lenders have agreed to make various concessions, including the extension of loan maturities of the Existing Facilities in exchange for the sale of the Tranche 1 Assets and/or the Tranche 2 Assets, and the Disposition Mandate is essential for the Manager to be able to execute such sale of the Tranche 1 Assets and/or the Tranche 2 Assets within the agreed timeframe. It will be exceedingly challenging, and potentially impossible, for the Manager to achieve the intended outcomes of the restructuring of the Existing Facilities without the Disposition Mandate.
- (c) **Successful execution of the Recapitalisation Plan will determine the size of the equity fund raising required to achieve Manulife US REIT's optimal aggregate leverage level, resume distributions to Unitholders and effect a potential pivot strategy.**
- (i) Upon execution and completion of the Recapitalisation Plan, the illustrative *pro forma* aggregate leverage of Manulife US REIT will be 49.4%.
 - (ii) The Manager is of the view that this will provide Unitholders (as well as any potential strategic investor) clarity on the amount of equity fund raising required to enable Manulife US REIT to further deleverage to its optimal

aggregate leverage level, resume distributions to Unitholders and effect a potential pivot strategy.

Overall, the Recapitalisation Plan demonstrates the Sponsor's and the Lenders' support, is an important step forward for the Manager to fund the liquidity needs of Manulife US REIT and allows Manulife US REIT to deleverage to its optimal aggregate leverage level. In addition, the Recapitalisation Plan also allows the Manager to focus on its long-term plan of pursuing and executing a potential business pivot into assets that may (i) offer better return potential going forward; (ii) secure long-term tenant demand; and (iii) be less capital intensive.

4. DETAILS OF THE PROPOSED DIVESTMENT

4.1 Description of the Property

The Property is an office campus comprising two class A office buildings which has a net lettable area ("**NLA**") of 274,700 square feet ("**sq ft**") of space.

The table below sets out a summary of selected information on the Property as at 30 June 2023 (unless otherwise indicated).

Location	1650 & 1700 South Price Road, Chandler, Arizona
NLA (sq ft)	274,700
Acquisition Price (US\$ million)	106.0
Valuation by JLL as at 30 June 2023 (US\$ million)	98.7
Valuation by Colliers as at 11 October 2023 (US\$ million)	94.0

4.2 Divestment Consideration and Valuation

The Divestment Consideration payable by the Purchaser in connection with the Proposed Divestment of US\$98.7 million, subject to closing and post-closing adjustments in the ordinary course of business, was arrived at on a willing-buyer and willing-seller basis taking into account the two independent valuations of the Property by the Independent Valuers (as defined herein). The Divestment Consideration will be paid to the Vendor fully in cash.

The Manager has commissioned an independent property valuer, JLL Valuation & Advisory Services, LLC ("**JLL**"), and the Trustee has commissioned another independent property valuer, Colliers International Valuation & Advisory Services, LLC ("**Colliers**", and together with JLL, the "**Independent Valuers**"), to value the Property. The open market values of the Property 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 15 November 2023 are US\$98.7 million and US\$94.0 million, respectively.

In arriving at the open market values of the Property, the Independent Valuers have valued the Property based on the income capitalisation approach which consists of the discounted cash flow method and direct capitalisation method as well as the sales comparison approach.

The Sponsor has agreed to acquire the Property at the higher of the two independent valuations.

4.3 Estimated Total Divestment Cost

The Total Divestment Cost comprises the estimated professional and other fees and expenses of approximately US\$0.7 million incurred or to be incurred by Manulife US REIT in connection with the Proposed Divestment.

In accordance with the Trust Deed, the Manager was entitled to a divestment fee of approximately US\$0.49 million, being 0.5% of the Divestment Consideration. However, to support Manulife US REIT, the Manager has waived its divestment fee in relation to the Proposed Divestment. The Manager intends to pay the Total Divestment Cost with the Divestment Consideration.

4.4 Purchase and Sale Agreement

The Manager wishes to announce that in connection with the Proposed Divestment and as part of the terms of the Recapitalisation Plan, Manulife US REIT, through the Vendor, its indirect wholly-owned subsidiary, has today (Singapore time) entered into a purchase and sale agreement with the Purchaser in relation to the Proposed Divestment (the “**Purchase and Sale Agreement**”).

The principal terms of the Purchase and Sale Agreement include, amongst others, the following:

- 4.4.1 customary provisions relating to the Proposed Divestment, including limited representations and warranties, indemnities and pre-completion covenants;
- 4.4.2 the Property is being sold subject to, among others, existing licences, leases, service, maintenance or supply contracts and the Permitted Exceptions (as defined in the Purchase and Sale Agreement) for the Property, and with the Property in its “as-is, where is” condition;
- 4.4.3 to the extent that the Vendor’s representations, covenants and warranties under the Purchase and Sale Agreement 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 the 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 Purchase and Sale Agreement or in any closing document shall not exceed the sum of US\$2.5 million;
- 4.4.4 the Purchaser’s obligation to acquire the Property is subject to certain conditions, including: (a) performance of the Vendor’s obligations under the Purchase and Sale Agreement in all material respects; (b) delivery of acceptable tenant or seller estoppels from or for all three tenants; (c) subject to agreed-to exceptions, the accuracy of the Vendor’s representations in all material respects; (d) the irrevocable commitment by the specified title company, subject only to payment of the premium, to issue a title insurance policy for the Property insuring that fee simple title to the Property is vested in the Purchaser; (e) no tenant bankruptcies; (f) no uncured events of default or failure to pay rent by any tenant; and (g) the execution of the Master Restructuring Agreement;

- 4.4.5 the Purchaser's liability to pay to the Vendor liquidated damages for failure or refusal to purchase the Property in violation of the Purchaser's obligations under the Purchase and Sale Agreement for any reason other than a default by the Vendor under the Purchase and Sale Agreement is capped at US\$300,000; and
- 4.4.6 the Vendor's obligation to sell the Property is also subject to certain conditions, including: (a) the Purchaser's performance of its obligations under the Purchase and Sale Agreement in all material respects; (b) the accuracy of the Purchaser's representations in all material respects; (c) the approval of the Unitholders for the Proposed Divestment at an EGM; and (d) the execution of the Master Restructuring Agreement.

5. DETAILS OF THE SPONSOR-LENDER LOAN

5.1 Sponsor-Lender Loan Agreement

The Manager wishes to announce that in connection with the Sponsor-Lender Loan and as part of the terms of the Recapitalisation Plan, Manulife US REIT has today (Singapore time) entered into a loan agreement with the Sponsor-Lender in relation to the Sponsor-Lender Loan (the "**Sponsor-Lender Loan Agreement**"). Pursuant to the Sponsor-Lender Loan, the Sponsor-Lender will provide a US\$137.0 million loan for a period of six years at an interest rate of 7.25%, paid quarterly, with the Exit Premium of up to 21.16% of the Sponsor-Lender Loan Amount payable by the Debtor to the Sponsor-Lender upon maturity of the Sponsor-Lender Loan. Purely for illustrative purposes only, taking into account the Exit Premium, an effective interest rate¹¹ of approximately 10% per annum is derived. The effective interest rate is just to illustrate the interest payable if the Exit Premium is paid across the loan tenor but for the avoidance of doubt, for the duration of the Sponsor-Lender Loan, the annual interest rate payable is 7.25% and the Exit Premium is only paid at the end upon maturity of the Sponsor-Lender Loan.

See **Appendix B** below for the principal terms of the Sponsor-Lender Loan Agreement.

5.2 Announcement pursuant to Rule 704(31) of the Listing Manual

- (i) Pursuant to Rule 704(31) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**"), the Sponsor-Lender Loan Agreement includes a condition (the "**Relevant Condition**") that provides that it would be an event of default if the Manager is not or ceases to be (directly or indirectly) wholly-owned by:
- (A) the Sponsor; or
 - (B) any successor of Sponsor by merger with any corporation which is wholly-owned by Manulife Financial Corporation ("**MFC**") (the current ultimate holding company of Sponsor), a company incorporated in Canada, provided that that successor corporation is wholly-owned by MFC.
- (ii) The level of facilities of Manulife US REIT and its subsidiaries (the "**Manulife US REIT Group**") which may be affected by a breach (including facilities which will be affected as a result of cross defaults) of the Relevant Condition is US\$1,180.0

¹¹ Effective interest rate is the rate that exactly discounts future cash payments through the tenor of the loan.

million¹² as at the date of this announcement. As at the date of this announcement, the Relevant Condition has not been breached.

6. DETAILS OF THE DISPOSITION MANDATE

6.1 Introduction

As part of the terms of the Recapitalisation Plan, subject to the approval of Unitholders, the Manager proposes the adoption of the Disposition Mandate, to authorise the Manager to dispose of the Existing Properties from the date of approval of Resolution 3 to 31 December 2025. The terms of the Disposition Mandate are wider than the terms of the Recapitalisation Plan which requires the sale of certain Tranche 1 Assets and/or Tranche 2 Assets to raise minimum aggregate net sale proceeds of US\$328.7 million by 30 June 2025 (see Item 5(e) (*Minimum Sale Targets*) of the Key Recapitalisation Terms) as the Disposition Mandate will, subject to the requisite approval of the Lenders having been obtained¹³, allow Manulife US REIT to sell the Tranche 3 Assets should the Manager be approached with an offer that benefits Unitholders.

After discussions between the Manager, the Sponsor and the Lenders, the Manager has classified the Existing Properties in the following categories in terms of order of priority and focus for the Manager to execute asset dispositions pursuant to the Disposition Mandate to raise minimum aggregate net sale proceeds of US\$328.7 million. The Manager took into consideration various factors in the portfolio analysis, including the Identified Factors:

- (i) **Tranche 1 Assets:** Centerpointe, Diablo, Figueroa and Penn (collectively, the “**Tranche 1 Assets**”), being assets identified by the Manager to be the key focus of the sale.
- (ii) **Tranche 2 Assets:** Capitol, Exchange, Peachtree and Plaza (collectively, the “**Tranche 2 Assets**”), being assets which the Manager may explore selling.
- (iii) **Tranche 3 Assets:** Phipps and Michelson (collectively, the “**Tranche 3 Assets**”), being assets which are not the focus of the sale, but the Manager may explore such sale of if the situation and opportunity arise and such sale is beneficial to Unitholders.

The Manager’s portfolio analysis on the classification of the Existing Properties based on the above categories in terms of order of priority and focus for the Manager to execute asset dispositions pursuant to the Disposition Mandate is as follows:

12 This includes all the existing drawn facilities of the Manulife US REIT Group of US\$1,023.7 million, all the existing undrawn facilities of the Manulife US REIT Group of US\$19.3 million, as well as the Sponsor-Lender Loan Amount of US\$137.0 million.

13 As the loan restructuring does not cover the sale of the Tranche 3 Assets, any sale would need to be in accordance with the terms of the existing Facility Agreements, including, if such a sale is not permitted under the relevant Facility Agreement, obtaining the requisite level of approval in such Facility Agreement to provide the waiver for the sale.

Existing Properties	Factor taken into consideration		
	Occupancy Risk	Capital Expenditure Requirements	Total Return Potential
Tranche 1 Assets (28.4% of Manulife US REIT's portfolio ⁽¹⁾)	High	High	Low
Tranche 2 Assets (43.3% of Manulife US REIT's portfolio ⁽¹⁾)	Medium	Medium to High	Medium
Tranche 3 Assets (28.3% of Manulife US REIT's portfolio ⁽¹⁾)	Low	Low to Medium	Medium to High

Note:

(1) Based on the valuations of the Existing Properties as at 30 June 2023 set out in the table at paragraph 6.2 below. For the avoidance of doubt, this excludes the valuation of the Property.

The Manager would also like to highlight that pursuant to the Disposition Mandate, the Tranche 1 Assets, the Tranche 2 Assets and the Tranche 3 Assets need not be sold in a sequential manner, starting from the sale of the Tranche 1 Assets. Accordingly, Manulife US REIT need not complete the sale of the Tranche 1 Assets before selling any Tranche 2 Asset or Tranche 3 Asset.

As part of the terms of the restructuring of the Existing Facilities pursuant to the Recapitalisation Plan, (i) the Lenders' consent is not required for the sale of the Tranche 1 Assets at a sale price equivalent to or above the applicable Pre-Approved Pricing (as defined in Item 5 (*Disposal of Tranche 1 Assets and/or Tranche 2 Assets*) of the Key Recapitalisation Terms), but the approval by the Sponsor-Included Majority Lenders is required for the sale of the Tranche 1 Assets at a sale price below the applicable Pre-Approved Pricing; and (ii) the sale of the Tranche 2 Assets would require the approval by the Sponsor-Included Majority Lenders. The sale of the Tranche 3 Assets would require the requisite approval of the Lenders¹⁴.

6.2 Description of the Existing Properties

The table below sets out a summary of selected information of the Existing Properties as at 30 June 2023:

No.	Existing Property	Location	NLA (sq ft)	Acquisition Price (US\$ million)	Latest Valuation (US\$ million)
1.	Capitol	400 Capitol Mall, Sacramento, California, United States 95814	502,454	198.8	165.0
2.	Centerpointe	4000 & 4050 Legato Road, Fairfax, Virginia, United States 22033	421,188	122.0	79.0

¹⁴ As the loan restructuring does not cover the sale of the Tranche 3 Assets, any sale would need to be in accordance with the terms of the existing Facility Agreements, including, if such a sale is not permitted under the relevant Facility Agreement, obtaining the requisite level of approval in such Facility Agreement to provide the waiver for the sale.

3.	Diablo	2900 South Diablo Way, Tempe, Arizona, United States 85282	354,434	61.8	58.6
4.	Exchange	10 Exchange Place, Jersey City, New Jersey, United States 07302	737,611	315.1	258.0
5.	Figueroa	865 South Figueroa Street, Los Angeles, California, United States 90015	715,024	284.7	174.0
6.	Peachtree	1100 Peachtree Street, Atlanta, Georgia, United States 30309	559,102	175.0	175.0
7.	Penn	1750 Pennsylvania Avenue NW, Washington, D.C., United States 20006	278,063	182.0	124.0
8.	Plaza	500 Plaza Drive, Secaucus, New Jersey, United States 07094	466,496	115.0	67.1
9.	Phipps	3438 Peachtree Road, Atlanta, Georgia, United States 30326	475,778	205.0	178.15
10.	Michelson	3161 Michelson Drive, Irvine, California, United States 92612	535,003	317.8	256.0

6.3 Terms of the Disposition Mandate

The salient terms of the Disposition Mandate are as follows:

- (i) **All** the Existing Properties are subject to the terms of the Disposition Mandate, and **not** just the Tranche 1 Assets and the Tranche 2 Assets.
- (ii) The objective of the Disposition Mandate is to provide the Manager with the needed flexibility to execute business plans and asset dispositions that are essential to the Recapitalisation Plan but also essential to preserve long-term Unitholder value and to raise the minimum aggregate net sale proceeds of US\$328.7 million from the sale of the Existing Properties (on a cumulative basis, but for the avoidance of doubt, does not include the Divestment Consideration from the Proposed Divestment) as required by the Lenders under the terms of the restructuring of the Existing Facilities.
- (iii) At the relevant point of sale and prior to the signing of the definitive agreements in each disposition transaction relating to any Existing Property, the Manager and the Trustee shall arrange for a valuation of such asset by an independent valuer, with the valuation being no earlier than two months prior to the entry into the sale and purchase agreement for such asset, to ascertain the market value of such asset (or in respect of a Tranche 1 Asset, the Prevailing Market Price) (which is based on such formal valuation report). The independent valuer shall be appointed by the Trustee to maintain independence.
- (iv) Each of the Existing Properties may be sold at no less than 90% of the independent valuation obtained in accordance with paragraph 6.3(iii) above.
- (v) If approved by the Unitholders at the EGM, the authority conferred by the Disposition Mandate will continue in force for a period commencing from and

including the day following the day of the EGM until (whichever is earliest):

- (a) 31 December 2025¹⁵;
 - (b) the aggregate net sale proceeds from the sale of any of the Existing Properties (on a cumulative basis, but for the avoidance of doubt, does not include the Divestment Consideration from the Proposed Divestment) exceed US\$328.7 million¹⁶; or
 - (c) if the Early Reinstatement Conditions are achieved.
- (vi) If Manulife US REIT is not able to dispose of one or more of the Existing Properties in accordance with the terms of the Disposition Mandate, the Manager will revert to the Unitholders for a fresh mandate or a specific approval for the transaction if required pursuant to Chapter 10 of the Listing Manual.
- (vii) Notwithstanding the rest of the terms of the Disposition Mandate, the Disposition Mandate does **not** cover a sale to interested person(s) of Manulife US REIT. If a transaction with interested person(s) of Manulife US REIT is equal to or exceeds the thresholds prescribed in Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Manager shall seek specific Unitholders' approval and/or make an immediate announcement in respect of such transaction in accordance with Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix.

6.4 Announcements

The Manager shall keep the Unitholders informed of transactions conducted under the Disposition Mandate by making announcements as required under Chapter 10 of the Listing Manual, including but not limited to the information required under Rule 1010 of the Listing Manual.

In addition to the above, the Manager will also be making an announcement upon the expiry of the Disposition Mandate.

15 The reason for the Disposition Mandate to end post 30 June 2025 up to 31 December 2025 is such that in the event that Manulife US REIT is not able to dispose of sufficient amount of assets before 30 June 2025 (i.e. the US\$328.7 million amount), the Manager is in a position to negotiate with the Lenders to obtain an extension. The 31 December 2025 long stop date is to provide Manulife US REIT with greater flexibility to negotiate a longer sales period with the Lenders, if required, and this is beneficial for Manulife US REIT. It should be noted that 31 December 2025 was selected as it ties in with a number of points in the loan restructuring which extends to 31 December 2025, such as the halting of distributions and relaxation of financial covenants. Subjecting the Disposition Mandate to an annual renewal mandate would put more pressure on Manulife US REIT to complete the sale of the assets to raise US\$328.7 million within a shorter time period which in the current market conditions would not be favourable to Manulife US REIT.

16 For the avoidance of doubt, in the event that the sale of any Existing Property would result in the aggregate net sale proceeds increasing from an amount below US\$328.7 million to an amount exceeding US\$328.7 million, the sale of such Existing Property is also deemed approved by this Disposition Mandate.

7. REQUIREMENT FOR UNITHOLDERS' APPROVAL

7.1 Interested Person Transactions¹⁷ and Interested Party Transactions¹⁸ (in relation to the Proposed Divestment and the Sponsor-Lender Loan)

Under Chapter 9 of the Listing Manual, where Manulife US REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the latest audited net tangible asset (“**NTA**”) of the Manulife US REIT Group, Unitholders’ approval is required in respect of the transaction. Based on the latest audited financial statements of the Manulife US REIT Group for the financial year ended 31 December 2022 (“**FY2022**”, and the audited financial statements of the Manulife US REIT Group for FY2022, the “**FY2022 Audited Financial Statements**”), the NTA of the Manulife US REIT Group was US\$1,020.3 million as at 31 December 2022. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Manulife US REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, is equal to or in excess of US\$51.0 million, such a transaction would be subject to Unitholders’ approval under Rule 906(1) of the Listing Manual.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders’ approval for an interested party transaction by Manulife US REIT whose value exceeds 5.0% of the Manulife US REIT Group’s latest audited NAV. Based on the FY2022 Audited Financial Statements, the NAV of the Manulife US REIT Group was US\$1,020.3 million as at 31 December 2022. Accordingly, if the value of a transaction which is proposed to be entered into by Manulife US REIT with an interested party is equal to or greater than US\$51.0 million, such a transaction would be subject to Unitholders’ approval under Paragraph 5.2(b) of the Property Funds Appendix.

As at the Latest Practicable Date, the Sponsor is deemed interested in 162,254,653 Units, which is equivalent to approximately 9.13% of the total number of Units in issue. However, as the Manager is an indirect wholly-owned subsidiary of the Sponsor¹⁹, the Sponsor is regarded as a “controlling shareholder”²⁰ of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Purchaser is an indirect wholly-owned subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Purchaser (being an “associate”²¹ of a “controlling shareholder” of the Manager) and the

17 “**interested person transaction**” means a transaction between an entity at risk and an interested person (as defined herein), as defined under Chapter 9 of the Listing Manual.

18 “**interested party transaction**” has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.

19 The Manager is wholly owned by Manulife Financial Asia Limited, which is in turn wholly owned by Manulife Holdings (Bermuda) Limited, which is in turn wholly owned by the Sponsor.

20 “**controlling shareholder**” means a person who: (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises control over a company.

21 “**associate**” means:

- (a) in relation to any director, chief executive officer, or controlling shareholder of the manager, or controlling unitholder of the property fund (being an individual), means:
 - (i) his spouse, child, adopted child, stepchild, sibling or parent;

Sponsor (being a “controlling shareholder” of the Manager) are (for the purpose of the Listing Manual) “interested persons”²² and (for the purpose of the Property Funds Appendix) “interested parties”²³ of Manulife US REIT.

Accordingly, (i) the Proposed Divestment and (ii) the Sponsor-Lender Loan will constitute “interested person transactions” as defined under Chapter 9 of the Listing Manual as well as “interested party transactions” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

The Divestment Consideration of US\$98.7 million equates to approximately 9.7% of the latest audited NTA and NAV of the Manulife US REIT Group as at 31 December 2022. The Sponsor-Lender Loan Interest Amount of up to US\$89.4 million equates to up to approximately 8.8% of the latest audited NTA and NAV of the Manulife US REIT Group as at 31 December 2022. As the values of the Proposed Divestment and the Sponsor-Lender Loan (being the Divestment Consideration and the Sponsor-Lender Loan Interest Amount respectively) exceeds 5.0% of the NTA and the NAV of the Manulife US REIT Group, the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution for the Proposed Divestment and the Sponsor-Lender Loan respectively, pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix.

7.2 Existing Interested Person Transaction(s)

For the information of the Unitholders, as at the Latest Practicable Date, Manulife US REIT had entered into interested person transactions (including the Tanasbourne Divestment) with MFC, the Sponsor (which is a wholly-owned subsidiary of MFC) and their subsidiaries and associates during the current financial year ending 31 December 2023 (“FY2023”) (collectively, the “**Existing Interested Person Transactions**”), amounting to approximately US\$33.7 million which is equivalent to approximately 3.3% of the latest audited NTA of the Manulife US REIT Group as at 31 December 2022 and does not take into account the Proposed Divestment. Save as described above, there were no other interested person transactions entered into with any other interested person of Manulife US REIT during the current financial year. The approval of Unitholders is not being sought for the Existing Interested Person Transactions as none of the individual values nor the aggregate value of the Existing Interested Person Transactions were more than or equal to 5.0% of the Manulife US REIT Group’s latest audited NTA. For the avoidance of doubt, the Existing Interested

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- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
 - (iii) any company in which he and his family together (directly or indirectly) have an interest of 30% or more; or
- (b) in relation to the controlling shareholder of the manager, or the manager, the trustee or controlling unitholder of the property fund (being a company) means any other company which is its subsidiary or holding company, or is a subsidiary of such holding company, or one in the equity of which it or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

22 “**interested person**” means:

- (a) in the case of a company, (i) a director, chief executive officer, or controlling shareholder of the issuer; or (ii) an associate of any such director, chief executive officer, or controlling shareholder; and
- (b) in the case of a REIT, shall have the meaning ascribed to the term “interested party” in the CIS Code.

23 “**interested party**” means:

- (a) a director, chief executive officer or controlling shareholder of the manager, or the manager, the trustee or controlling unitholder of the property fund; or
- (b) an associate of any director, chief executive officer or controlling shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund.

Person Transactions which are not being approved by Unitholders will continue to be the subject of aggregation for purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix.

7.3 Disclosure under Rule 1006 of the Listing Manual

7.3.1 Major Transaction under the Listing Manual

Chapter 10 of the Listing Manual governs the acquisition and divestment of assets, including options to acquire or dispose of assets, by an issuer. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by an issuer may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with the issuer's NAV;
- (ii) the net profits attributable to the assets acquired, compared with the issuer's net profit;
- (iii) the aggregate value of the consideration given, compared with the issuer's market capitalisation; and
- (iv) the number of Units issued by the issuer as consideration for an acquisition, compared with the number of Units previously in issue.

7.3.2 Relative Figures Computed on the Bases set out in Rule 1006 (in relation to the Proposed Divestment)

The relative figures for the Proposed Divestment aggregated with the Tanasbourne Divestment using the applicable bases of comparison described in paragraph 7.3.1 above are set out in the table below.

Comparison of	Tanasbourne Divestment⁽¹⁾ (US\$ million)	The Proposed Divestment (US\$ million)	Manulife US REIT (US\$ million)	Relative Figure (%)
<u>Rule 1006(a)</u> NAV of the assets to be disposed of, compared with Manulife US REIT's NAV	33.5	103.0 ⁽²⁾	1,020.3 ⁽³⁾	13.4 (Aggregate ⁽⁷⁾) 10.1 (for the Proposed Divestment)
<u>Rule 1006(b)</u> Net profits/(losses) attributable to the assets disposed of compared to Manulife US REIT's net profits/(losses)	1.4	2.0	(147.8) ⁽³⁾	(2.3) (Aggregate ⁽⁷⁾) (1.4) (for the Proposed Divestment)
<u>Rule 1006(c)</u> Aggregate value of consideration to be given compared with Manulife US REIT's market capitalisation	33.5	98.7 ⁽⁴⁾	323.7 (for the Tanasbourne Divestment) ⁽⁵⁾ 165.6 (for the Proposed Divestment) ⁽⁶⁾	10.3 (for the Tanasbourne Divestment) 59.6 (for the Proposed Divestment) 69.9 (Aggregate ^{(7),(8)})

Notes:

- (1) As disclosed in the announcement dated 12 April 2023 titled "Divestment of Property known as Tanasbourne located in, Hillsboro, Oregon".
- (2) Based on the fair value of the Property as at 31 December 2022.
- (3) Based on the FY2022 Audited Financial Statements.
- (4) For the purposes of computation under Rule 1006(c), the aggregate consideration received by Manulife US REIT is the Divestment Consideration, excluding the Total Divestment Cost.
- (5) Based on 1,776,565,421 Units in issue and the weighted average price of US\$0.1822 per Unit on the SGX-ST on 11 April 2023, being the Market Day²⁴ preceding the date of entry into the purchase and sale agreement in connection with the Tanasbourne Divestment.
- (6) Based on 1,776,565,421 Units in issue and the weighted average price of US\$0.0932 per Unit on the SGX-ST on 28 November 2023 (Singapore time), being the Market Day preceding the date of entry into the Purchase and Sale Agreement.
- (7) Relative figures for the Proposed Divestment aggregated with the Tanasbourne Divestment.
- (8) In respect of the Tanasbourne Divestment, based on 1,776,565,421 Units in issue and the weighted average price of US\$0.1822 per Unit on the SGX-ST on 11 April 2023, being the Market Day preceding the date of entry into the purchase and sale agreement in connection with the Tanasbourne Divestment. In respect of the Proposed Divestment, based on 1,776,565,421 Units in issue and the weighted average price of US\$0.0932 per Unit on the SGX-ST on 28 November 2023 (Singapore time), being the Market Day preceding the date of entry into the Purchase and Sale Agreement.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual which would require the issue of an announcement. In the case of REITs, where any of the relative figures computed on the bases set out above is 50.0% or more based on the aggregate

²⁴ "Market Day" means a day on which the SGX-ST is open for trading in securities.

value of all disposals in the last 12 months, the transaction is classified as a “major transaction” under Rule 1014(3) of the Listing Manual which would be subject to the approval of Unitholders.

As the relative figure for the Proposed Divestment computed on the basis set out in Rule 1006(c) of the Listing Manual, taking into account Rule 1014(3) of the Listing Manual, exceeds 50%, the Proposed Divestment is classified as a “major transaction” under Chapter 10 of the Listing Manual and the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution for the Proposed Divestment, pursuant to Chapter 10 of the Listing Manual.

7.3.3 Disclosure under Rule 1006 of the Listing Manual (in relation to the Disposition Mandate)

FOR ILLUSTRATIVE PURPOSES ONLY: The relative figures for the Disposition Mandate (based on the disposal of the Tranche 1 Assets pursuant to the Disposition Mandate (collectively, the “**Tranche 1 Asset Dispositions**”)), using the applicable bases of comparison described in paragraph 7.3.1 above are set out in the table below. It should be noted that the following figures assume that all four of the Tranche 1 Assets are sold for an aggregate of US\$328.7 million and the sale and purchase agreements are entered into on the Latest Practicable Date. The actual figures would vary depending on the asset sold, the price which it is sold for and the timing of the sale. The announcement(s) when the Existing Properties are sold would include the actual relative figures. For the avoidance of doubt, the actual relative figures are likely to be different from the illustrative relative figures as set out in the table below.

Comparison of	Tranche 1 Asset Dispositions (US\$ million)	Manulife US REIT (US\$ million)	Relative Figure (%)
Rule 1006(a) NAV of the assets to be disposed of, compared with Manulife US REIT’s NAV	531.5 ⁽¹⁾	1,020.3 ⁽²⁾	52.1
Rule 1006(b) Net profits/(losses) attributable to the assets disposed of compared to Manulife US REIT’s net profits/(losses)	(118.6)	(147.8) ⁽²⁾	80.3
Rule 1006(c) Aggregate value of consideration to be given compared with Manulife US REIT’s market capitalisation	328.7	182.6 ⁽³⁾	180.0

Notes:

(1) Based on the fair values of the Tranche 1 Assets as at 31 December 2022.

- (2) Based on the FY2022 Audited Financial Statements.
- (3) Based on 1,776,565,421 Units in issue and the weighted average price of US\$0.1028 per Unit on the SGX-ST on the Latest Practicable Date.

8. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED DIVESTMENT, THE SPONSOR-LENDER LOAN AND THE DISPOSITION MANDATE

8.1 Use of Proceeds from the Proposed Divestment, the Sponsor-Lender Loan and the Disposition Mandate

After taking into account the Total Divestment Cost, the net proceeds from the Proposed Divestment would be approximately US\$98.0 million, resulting in an estimated net loss from the Proposed Divestment of approximately US\$0.7 million²⁵.

See Items 3 (*Debt Paydown*) and 5 (*Disposal of Tranche 1 Assets and/or Tranche 2 Assets*) of the Key Recapitalisation Terms on the intended use of proceeds from the Proposed Divestment, the Sponsor-Lender Loan and the disposal of the Tranche 1 Assets and/or the Tranche 2 Assets pursuant to the Disposition Mandate. See also paragraph 3(iii)(d) above on the intended use of proceeds from the disposal of the Tranche 3 Assets pursuant to the Disposition Mandate.

8.2 Pro Forma Financial Effects

The *pro forma* financial effects of the Proposed Divestment, the Sponsor-Lender Loan and the disposal of the Existing Properties pursuant to the Disposition Mandate on the aggregate leverage, the DPU and the NAV per Unit presented below are strictly for illustrative purposes only and are prepared based on the latest unaudited financial statements of the Manulife US Group for the financial six-month period ended 30 June 2023 (“**1H FY2023**” and the unaudited financial statements of the Manulife US REIT Group for 1H FY2023, the “**1H FY2023 Unaudited Financial Statements**”), the FY2022 Audited Financial Statements and the Tranche 1 Asset Dispositions.

Both sets of *pro forma* financial effects were prepared based on the following assumptions:

- (i) the Tanasbourne Divestment had been completed with net proceeds of approximately US\$33.1 million retained for working capital purposes;
- (ii) the Proposed Divestment is completed with net proceeds of approximately US\$98.0 million after factoring in the Total Divestment Cost;
- (iii) the Tranche 1 Asset Dispositions are completed with net proceeds of approximately US\$322.1 million after factoring in the divestment costs and the sale and purchase agreements are entered into on the Latest Practicable Date;
- (iv) the Manager had waived its divestment fee in relation to the Tanasbourne Divestment and the Proposed Divestment;

²⁵ This is based on the carrying value of the Property of US\$98.7 million as at 30 June 2023 pursuant to the valuation of the Property conducted by JLL on 30 June 2023.

- (v) US\$506.2 million²⁶ of the aggregate net proceeds from the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions were used to repay existing indebtedness of Manulife US REIT; and
- (vi) no withholding tax has been assumed on the halting of distributions as the Manager is unable to determine the number of Unitholders who fail to supply the United States withholding forms and certifications at the future validation date. If Unitholders continue their historic practice of supplying United States withholding forms and certifications (principally, the US IRS Form W-8 that is requested of all Unitholders in connection with their acquisition of Units) at the same levels of compliance as in the past, the Manager expects this aggregate economic cash burden on Manulife US REIT to be minimal.

8.2.1 1H FY2023 Pro Forma Financial Effects based on the 1H FY2023 Unaudited Financial Statements

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions are strictly for illustrative purposes only and were prepared based on the 1H FY2023 Unaudited Financial Statements.

(i) 1H FY2023 Pro Forma DPU

The *pro forma* financial effects of the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions on Manulife US REIT's DPU as if the respective transactions were completed on 1 January 2023, are as follows:

	1H FY2023 Unaudited Financial Statements	After the Tanasbourne Divestment	After the Tanasbourne Divestment and the Proposed Divestment	After the Tanasbourne Divestment, the Proposed Divestment and the Sponsor-Lender Loan	After the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions
Income available for distribution to Unitholders ("DI") (US\$ '000)	37,948	37,405	36,290	33,270 ⁽¹⁾	18,906
Units in issue ('000)	1,776,565	1,776,565	1,776,565	1,776,565	1,776,565
DPU based on DI over units in issue (US cents)	2.14	2.11	2.04	1.87	1.06
DPU Dilution (%) ⁽²⁾	N.A.	(1.4)	(4.4)	(12.3)	(50.2)

²⁶ Comprising US\$98.0 million from the Proposed Divestment, US\$137.0 million from the Sponsor-Lender Loan, US\$50.0 million from Manulife US REIT's own cash holdings and US\$221.2 million from the Tranche 1 Asset Dispositions.

Notes:

- (1) 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.
- (2) Subject to rounding difference.

(ii) Pro Forma NAV as at 30 June 2023

The *pro forma* financial effects of the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions on Manulife US REIT's NAV per Unit, as if the respective transactions were completed on 30 June 2023, are as follows:

	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
NAV (US\$ '000)	740,962	739,940	739,325 ⁽¹⁾	625,124
Units in issue and to be issued ('000)	1,835,124	1,835,124	1,835,124	1,835,124
NAV per unit (US\$)	0.40	0.40	0.40	0.34

Note:

- (1) 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.

(iii) Pro Forma Aggregate Leverage as at 30 June 2023

The *pro forma* financial effects of the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions on Manulife US REIT's aggregate leverage, as if the respective transactions were completed on 30 June 2023, are as follows:

	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
Gearing (%)	56.5	54.0	52.8	49.4

Notes:

- (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.

8.2.2 FY2022 Pro Forma Financial Effects based on the FY2022 Audited Financial Statements

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions are strictly for illustrative purposes only and were prepared based on the FY2022 Audited Financial Statements.

(i) FY2022 Pro Forma DPU

The *pro forma* financial effects of the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions on Manulife US REIT's DPU as if the respective transactions were completed on 1 January 2022, are as follows:

	FY2022 Audited Financial Statements	After the Tanasbourne Divestment	After the Tanasbourne Divestment and the Proposed Divestment	After the Tanasbourne Divestment, the Proposed Divestment and the Sponsor-Lender Loan	After the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions
Income available for distribution to Unitholders ("DI") (US\$ '000)	87,870	85,410	83,081	76,275 ⁽¹⁾	47,852
Units in issue ('000)	1,776,565	1,776,264	1,775,858	1,775,273	1,774,216
DPU based on DI over units in issue (US cents)	4.97	4.83	4.69	4.31	2.71
DPU Dilution (%)⁽²⁾	N.A.	(2.9)	(5.5)	(13.2)	(45.6)

Notes:

(1) 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.

(2) Subject to rounding difference.

(ii) Pro Forma NAV as at 31 December 2022

The *pro forma* financial effects of the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions on Manulife US REIT's NAV per Unit, as if the respective transactions were completed on 31 December 2022, are as follows:

	FY2022 Audited Financial Statements	After the Tanasbourne Divestment	After the Tanasbourne Divestment and the Proposed Divestment	After the Tanasbourne Divestment, the Proposed Divestment and the Sponsor-Lender Loan	After the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions
NAV (US\$ '000)	1,020,316	1,019,956	1,014,610	1,013,995 ⁽¹⁾	804,621
Units in issue and to be issued ('000)	1,798,425	1,798,425	1,798,425	1,798,425	1,798,425
NAV per unit (US\$)	0.57	0.57	0.56	0.56	0.45

Note:

- (1) 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.

(iii) Pro Forma Aggregate Leverage as at 31 December 2022

The *pro forma* financial effects of the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions on Manulife US REIT's aggregate leverage, as if the respective transactions were completed on 31 December 2022, are as follows:

	FY2022 Audited Financial Statements	After the Tanasbourne Divestment	After the Tanasbourne Divestment and the Proposed Divestment	After the Tanasbourne Divestment, the Proposed Divestment and the Sponsor-Lender Loan	After the Tanasbourne Divestment, the Proposed Divestment, the Sponsor-Lender Loan and the Tranche 1 Asset Dispositions
Gross borrowings (US\$ '000)	1,032,700	1,032,700	934,700	884,700 ⁽¹⁾	663,500
Total assets (US\$ '000)	2,115,850	2,115,488	2,012,488	1,958,735	1,528,161
Gearing (%)	48.8	48.8	46.4	45.2	43.4

Note:

- (1) 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.

9. OPINION OF THE AUDIT AND RISK COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

9.1 The Proposed Divestment

Based on the rationale and benefits of the Recapitalisation Plan to Unitholders as set out in

paragraph 3 above, the independent directors of the Manager (the “**Independent Directors**”) (which includes the audit and risk committee of the Manager (the “**Audit and Risk Committee**”)) believe that the Proposed Divestment is on normal commercial terms and is not prejudicial to the interests of Manulife US REIT and its minority Unitholders.

9.2 The Sponsor-Lender Loan

With the approval of the Independent Directors, the Manager has appointed Deloitte & Touche Corporate Finance Pte Ltd as the independent financial adviser (the “**Independent Financial Adviser**”) pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors, the Audit and Risk Committee and the Trustee in relation to the Sponsor-Lender Loan. A copy of the letter from the Independent Financial Adviser to the Independent Directors, the Audit and Risk Committee and the Trustee, containing its advice in full (“**Independent Financial Adviser Letter**”), is set out in **Appendix B** of the Circular and Unitholders are advised to read the Independent Financial Adviser Letter carefully.

Having considered the factors and the assumptions set out in the Independent Financial Adviser Letter, and subject to the qualifications set out therein, the Independent Financial Adviser is of the opinion that 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.

Based on the opinion of the Independent Financial Adviser (as set out in the Independent Financial Adviser Letter) and the rationale and benefits of the Recapitalisation Plan to Unitholders as set out in paragraph 3 above, the Independent Directors (which includes the Audit and Risk Committee) believe that the Proposed Divestment is on normal commercial terms and is not prejudicial to the interests of Manulife US REIT and its minority Unitholders.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS²⁷

Mr Marc Lawrence Feliciano is a Non-Executive Director of the Manager and the Global Head of Real Estate, Private Markets at Manulife Investment Management.

As at the Latest Practicable Date, certain directors of the Manager (“**Directors**”) collectively hold an aggregate direct and indirect interest in 843,364 Units.

Based on the Register of Directors’ Unitholdings maintained by the Manager, the following Directors currently hold a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Marc Lawrence Feliciano	-	-	-	-	-	-
Koh Cher Chiew Francis ⁽²⁾	50,000	0.003	-	-	50,000	0.003

²⁷ 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.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Veronica Julia McCann ⁽³⁾	793,364	0.045	-	-	793,364	0.045
Choo Kian Koon	-	-	-	-	-	-
Karen Tay Koh	-	-	-	-	-	-

Notes:

- (1) The percentage interest is based on total issued Units of 1,776,565,421 as at the Latest Practicable Date.
- (2) The 50,000 Units are jointly owned by Professor Koh Cher Chiew Francis and his spouse.
- (3) The 793,364 Units are jointly owned by Ms Veronica Julia McCann and her spouse.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholder	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 interest is based on 1,776,565,421 Units in issue as at the Latest Practicable Date. Percentages are rounded down to the nearest 0.01%.
- (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 the information available to the Manager as at this announcement, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Proposed Divestment, the Sponsor-Lender Loan and the Disposition Mandate.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Divestment, the Sponsor-Lender Loan and the Disposition Mandate or any other transactions contemplated in relation to the Proposed Divestment, the Sponsor-Lender Loan and the Disposition Mandate.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents 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:

- (i) the Purchase and Sale Agreement;
- (ii) the Sponsor-Lender Loan Agreement;
- (iii) the Independent Financial Adviser Letter;
- (iv) the valuation report of JLL;
- (v) the valuation report of Colliers;
- (vi) the 1H FY2023 Unaudited Financial Statements; and
- (vii) the FY2022 Audited Financial Statements.

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

13. FURTHER DETAILS

Documents and information relating to the EGM (including the Circular, the Notice of EGM and the Proxy Form) are available on Manulife US REIT's website at <https://www.manulifeusreit.sg/>, and on SGXNET via the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.

Printed copies of the Notice of EGM, the Proxy Form and the Request Form for Unitholders to request for a printed copy of the Circular (the "**Request Form**") have been despatched to Unitholders.

Printed copies of the Circular will not be despatched to the Unitholders, unless otherwise requested. Instead, the Circular has been made available to Unitholders by electronic means and is available on Manulife US REIT's website at <https://www.manulifeusreit.sg/> and on SGXNET via the SGX-ST's website at <https://www.sgx.com/securities/company-announcements>.

Unitholders may request for printed copies of the Circular by completing and returning the Request Form to the Manager by **5 December 2023 (Tuesday), 5.00 p.m.**

For more information, Unitholders can refer to Manulife US REIT's website at <https://www.manulifeusreit.sg/>, or contact Manulife US REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at SRS.TeamE@boardroomlimited.com.

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

29 November 2023

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 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.

Appendix A

Key Recapitalisation Terms

No.	Key Recapitalisation Terms	Details
1	Facility Agreements	<p>1. US\$193,000,000 Facility Agreement dated 2 May 2019 as amended by an amendment agreement dated 23 January 2020, as amended and restated by an amendment and restatement agreement dated 23 December 2020, as supplemented by a supplemental agreement dated 26 January 2022, and as amended and restated by an amendment and restatement agreement dated 6 April 2023²⁸ (the “US\$193M Facility”);</p> <p>2. US\$1,000,000,000 Facility Agreement dated 22 October 2019 as amended by an amendment agreement dated 23 January 2020, as supplemented by an incremental facility notice dated 20 May 2020, as supplemented by an Increased RCF Confirmation dated 23 July 2020, as amended and restated by an amendment and restatement agreement dated 23 December 2020, as supplemented by a supplemental agreement dated 26 January 2022, and as amended and restated by an amendment and restatement agreement dated 8 August 2022²⁹ (the “US\$1B Facility”);</p> <p>3. US\$250,000,000 Facility Agreement dated 23 March 2021, as amended and restated by an amendment and restatement agreement dated 12 August 2022³⁰ (the “US\$250M Facility”);</p> <p>4. US\$90,000,000 Facility Agreement dated 14 December 2021³¹ (the “US\$90M Facility”);</p> <p>5. US\$225,000,000 Facility Agreement dated 5 July 2022³² (the “US\$225M Facility”); and</p> <p>6. US\$105,000,000 Facility Agreement dated 20 December 2022³³ (the “US\$105M Facility”, collectively with the US\$193M Facility, the US\$1B Facility, the US\$250M Facility, the US\$90M Facility and the US\$225M Facility, the “Facility Agreements”),</p> <p>(the Facility Agreements and the hedging facilities granted by the Debtor’s swap providers, collectively, the “Existing Facilities”).</p>
2	Sponsor Financing	<p>Subject to the approval of Unitholders, the Sponsor to provide or procure support/finance to the Debtor through the following transactions:</p> <p>(i) the Proposed Divestment to the Purchaser for approximately US\$98.7 million; and</p>

28 The outstanding amount under this facility is US\$141.8 million, maturing in 2025 after extension.

29 The outstanding amount under this facility is US\$217.8 million, maturing in 2025/2026 after extension.

30 The outstanding amount under this facility is US\$247.8 million, maturing in 2027 after extension.

31 The outstanding amount under this facility is US\$89.2 million, maturing in 2028 after extension.

32 The outstanding amount under this facility is US\$223.0 million, maturing in 2028 after extension.

33 The outstanding amount under this facility is US\$104.1 million, maturing in 2026 after extension.

No.	Key Recapitalisation Terms	Details
		(ii) the proposed granting by the Sponsor-Lender of the Sponsor-Lender Loan of US\$137.0 million, for a period of six years at an interest rate of 7.25%, paid quarterly, with an Exit Premium of up to 21.16% of the Sponsor-Lender Loan Amount payable by the Debtor to the Sponsor-Lender upon maturity of the Sponsor-Lender Loan. The Sponsor-Lender Loan Interest Amount payable pursuant to the Sponsor-Lender Loan is up to US\$89.4 million (including the Exit Premium).
3	Debt Paydown	<p>The Debtor to pay down US\$285.0 million in debt on a <i>pari passu</i> basis based on the outstanding debt owed to each Lender as extended pursuant to Item 4 (<i>Extension of Loan Maturities</i>) below, in this order:</p> <ol style="list-style-type: none"> (1) US\$98.0 million, from proceeds of the Proposed Divestment; (2) US\$137.0 million, from the Sponsor-Lender Loan; and (3) by 31 March 2024 (the “Relevant Date”), US\$50.0 million from the Debtor’s own cash holdings. <p>The Debtor may request for the Relevant Date to be extended by up to one month with the consent of the Majority Lenders, and any further extension would be subject to the consent of all Lenders.</p>
4	Extension of Loan Maturities	<p>All loan maturities of the Existing Facilities are to be extended by one year. For the avoidance of doubt, interest rate swaps shall not be extended.</p> <p>The Debtor to pay 0.15% modification fee to the intercreditor agent (based on the outstanding debt that is extended following the debt paydown in Item 3 (<i>Debt Paydown</i>) above). Payment of such fee will be made on or before the date falling five business days after the restructuring effective date (or such later date that the Lenders may agree).</p>
5	Disposal of Tranche 1 Assets and/or Tranche 2 Assets	<p><u>Definitions:</u></p> <p>“Pre-Approved Pricing” means in the case of a Tranche 1 Asset, its resultant price based on the requirement set out in (b) below (under the heading “Sale of Tranche 1 Assets”).</p> <p>“Prevailing Market Price” means in the case of a Tranche 1 Asset, the market value of that Tranche 1 Asset based on a formal valuation of such asset by a reputable and independent valuer and dated no earlier than two months before the date of the sale and purchase agreement of that Tranche 1 Asset relating to such sale, and such valuation report is delivered to the Lenders and the Sponsor-Lender prior to the sale.</p> <p><u>Sale of Tranche 1 Assets:</u></p> <ol style="list-style-type: none"> (a) The Debtor shall procure the sale of up to four Tranche 1 Assets and Tranche 2 Assets (of which not more than two may be Tranche 2 Assets) in order to, amongst other things, repay the outstanding debt owed to the Lenders. (b) The Debtor may proceed with procuring the sale of each Tranche 1 Asset for so long as the net proceeds to be raised from sale of that Tranche 1 Asset are not less than the following amount:

No.	Key Recapitalisation Terms	Details	
		Centerpointe	the higher of US\$79.4 million and 95% of the Prevailing Market Price of such asset
		Diablo	the higher of US\$49.6 million and 95% of the Prevailing Market Price of such asset
		Figueroa	the higher of US\$106.2 million and 95% of the Prevailing Market Price of such asset
		Penn	the higher of US\$93.5 million and 95% of the Prevailing Market Price of such asset
		<p>(c) Prior consent of the Sponsor-Included Majority Lenders is required if any Tranche 1 Asset is to be sold for less than the Pre-Approved Pricing applicable to it.</p> <p><u>Sale of Tranche 2 Assets³⁴:</u></p> <p>(d) Manulife US REIT may procure the sale of up to two Tranche 2 Assets, on condition that each selected Tranche 2 Asset and the price and other material terms of the sale of such selected Tranche 2 Asset are approved by the Sponsor-Included Majority Lenders³⁵. The application of the proceeds from the sale of any Tranche 2 Asset shall be in accordance with that set out in (g) below (under the heading “Application of sale proceeds from a Tranche 1 Asset or Tranche 2 Asset”).</p> <p><u>Minimum Sale Targets:</u></p> <p>(e) The Debtor shall ensure that the following minimum cumulative net sale proceeds from the aggregate sale of up to four of the Tranche 1 Assets and/or the Tranche 2 Assets is achieved by each of the dates³⁶ (each a “Minimum Sale Target”) set out in the below:</p> <p>(a) by 31 December 2024 (on a best endeavours basis), US\$230 million (“2024 Net Proceeds Target”); and</p> <p>(b) by 30 June 2025, US\$328.7 million (“2025 Net Proceeds Target”) (which for the avoidance of doubt, includes the 2024 Net Proceeds Target),</p>	

34 Tranche 2 Assets comprises Capitol, Exchange, Peachtree and Plaza.

35 For the avoidance of doubt, the sale of more than two Tranche 2 Assets would require the requisite approval of the Lenders, similar to the sale of any Tranche 3 Assets.

36 It should be noted that the source of funds in relation to achieving the respective Minimum Sale Targets should be from the sale of Tranche 1 Assets and/or the Tranche 2 Assets.

No.	Key Recapitalisation Terms	Details
		<p>provided that if the 2024 Net Proceeds Target is not achieved by 31 December 2024, the Debtor shall pay the higher of (A) a flat fee of 1% on the shortfall amount between the 2024 Net Proceeds Target and the cumulative net sale proceeds actually received by the Debtor and (B) an additional interest margin payment, at a rate of 0.75% per annum on the outstanding amounts under the Existing Facilities as at 31 December 2024 for a period of 180 days. The prior approval of the Majority Lenders (for the avoidance of doubt, excluding the Sponsor-Lender) is required to waive any failure to meet a Minimum Sale Target (whether the date or the amount).</p> <p><u>Sale to related party of Sponsor-Lender or the Debtor:</u></p> <p>(f) Majority Lenders' prior approval (which for the avoidance of doubt, excludes the Sponsor-Lender) is required for any contemplated sale of a Tranche 1 Asset or Tranche 2 Asset to a party related to the Sponsor-Lender or the Debtor³⁷.</p> <p><u>Application of sale proceeds from a Tranche 1 Asset or Tranche 2 Asset:</u></p> <p>(g) The proceeds from the sale of a Tranche 1 Asset or Tranche 2 Asset are to be applied in a payment waterfall, in the chronological order of calendar years (commencing from 2024), and in respect of the calendar year of each step of the payment waterfall, towards the Relevant Sum and in the order as defined in "Relevant Sum".</p> <p>"Relevant Sum" in respect of a calendar year of each step of the payment waterfall means:</p> <p>(i) firstly, the pre-approved capital expenditure of the Debtor and any relevant subsidiaries for that year (based on a proposed budget and supporting documents delivered by the Debtor, as approved by the Sponsor-Included Majority Lenders), less the capital expenditure already expended from operational cashflow for the year; and</p>

37 For the avoidance of doubt, the sale of any Tranche 1 Assets, Tranche 2 Assets or Tranche 3 Assets to a party related to the Sponsor-Lender or the Debtor would be subject to Unitholders' approval pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix if such sale is equal to or exceeds the thresholds prescribed in the applicable rules.

No.	Key Recapitalisation Terms	Details
		<p>(ii) secondly, the amount of outstanding debt owing to the Lenders under the Existing Facilities which matures in the calendar year in which the Debtor received the disposal proceeds from the sale of a Tranche 1 and/or Tranche 2 Asset (the “Disposal Year”) (based on the extended maturity date as extended herein), followed by the amount of outstanding debt owing to the Lenders under the Existing Facilities which mature in the calendar year following the Disposal Year, followed by the amount of outstanding debt owing to the Lenders under the Existing Facilities which mature in the calendar year two calendar years after the Disposal Year, followed by the amount of outstanding debt owing to the Lenders under the Existing Facilities which mature in the calendar year three calendar years after the Disposal Year, followed by the amount of outstanding debt owing to the Lenders under the Existing Facilities which mature in the calendar year four calendar years after the Disposal Year.</p> <p>Save as otherwise set out in this paragraph, the Sponsor-Lender shall not at any time before Acceleration of the Sponsor-Lender Loan be paid ahead of the Lenders, and upon Acceleration of the Sponsor-Lender Loan, only on a <i>pari passu</i> basis with the Lenders. For purposes herein, “Acceleration” means an acceleration of the Sponsor-Lender Loan solely by reason of an acceleration of the outstanding debt by one or more Lenders under one or more of the Existing Facilities. Prior to Acceleration, interest paid to the Lenders under the Existing Facilities and the Sponsor-Lender Loan are to be made on a <i>pari passu</i> basis.</p> <p>Funds flow on how payments are to be made to Lenders shall be set out in a steps paper which will be a condition precedent to the Master Restructuring Agreement, supported by legal documentation, and the opinions or such other evidence as required by the Lenders to show the enforceability and lawfulness of the transactions.</p> <p>Waiver of mandatory prepayment obligation triggered upon the sale of certain Tranche 1 Assets and/or Tranche 2 Assets, under the US\$193M Facility and the US\$1B Facility.</p>
6	Halt Distributions to Unitholders	Half-yearly distributions to Unitholders shall be halted till 31 December 2025.
7	Waiver of Breaches	<p>Lenders are to waive:</p> <ul style="list-style-type: none"> - All past and existing breaches of terms of respective Facility Agreements (financial covenants, cross-default, etc.). - Any breach of any terms of any of the Existing Facilities which will occur as a result of the restructuring and the implementation of the restructuring set out herein. <p>Lenders shall grant all necessary approvals/amendments in order for the proposed restructuring set out herein to take effect.</p>

No.	Key Recapitalisation Terms	Details
8	Temporary Amendments to Financial Covenants	<p>Till 31 December 2025, the financial covenants in each Facility Agreement shall be temporarily amended such that³⁸:</p> <ol style="list-style-type: none"> (1) Unencumbered Gearing shall be not more than 80%. (2) Ratio of Consolidated EBITDA to Consolidated Interest Expense (“Bank ICR”) shall be no less than 1.5 times. The terms “Consolidated EBITDA” and “Consolidated Interest Expense” shall have the same meanings attributed to them in each Facility Agreement. For the purposes of calculating this ratio, the Exit Premium shall not be taken into account. <p>The Unencumbered Gearing and the Bank ICR³⁹ will be tested at the end of FY2024 and FY2025 and thereafter, Unencumbered Gearing shall revert to be not more than 60% and Bank ICR is to be not less than 2.0 times.</p>
9	Interest Reserve Account	<p>The Debtor is to, on the restructuring effective date, maintain an interest reserve account (the “Interest Reserve Account”), and deposit such sum which consists of the interest reserve of six months for the Lenders and interest reserve of six months for the Sponsor-Lender (collectively, the “Aggregate Interest Reserve”).</p> <p>The Aggregate Interest Reserve required to be maintained shall be recalculated on 1 January of each calendar year, 1 July of each calendar year or each time a loan (or any part of it) is repaid or prepaid to the Lenders under any Facility Agreement and the Sponsor-Lender under the Sponsor-Lender Loan Agreement, and if there is any amount in excess of the Aggregate Interest Reserve resulting from the repayment, the Debtor may by notice to the intercreditor agent and the account bank request to withdraw an amount not exceeding such excess from the Interest Reserve Account and the account bank shall permit the Debtor to withdraw such excess, provided that no default is continuing or will occur as a result of such withdrawal.</p>
10	Quarterly Reporting	<p>By the date falling 45 days after each financial quarter, the Debtor shall deliver to the intercreditor agent:</p> <ol style="list-style-type: none"> (1) a report on the outstanding amount under each of the Facility Agreements and the aggregate outstanding amounts of the Beta Loans (and a breakdown of the outstanding amount owing to each Beta Entity); (2) a report on the marked-to-market positions on the hedging transactions under each hedging agreement; (3) the unaudited financial statements (including the balance sheet and income statement); and (4) a report showing the comparison of the actual amount incurred in respect of each item in the budget versus each projected amount set out in the budget.

38 The consequence of breaching the amended financial covenants would be that it would be an event of default under the relevant Facility Agreement unless such breach is cured pursuant to the terms of the Master Restructuring Agreement.

39 The Unencumbered Gearing is 59.9% and the Bank ICR is 2.8 times as at 30 September 2023.

No.	Key Recapitalisation Terms	Details
11	No Further Financial Indebtedness	<p>Unless Sponsor-Included Majority Lenders' approval is obtained:</p> <p>(1) the Debtor shall not acquire any real properties; and</p> <p>(2) the Debtor shall not incur any further financial indebtedness or refinance any existing financial indebtedness (and if any approval is obtained by the Sponsor-Included Majority Lenders, subject also to any terms and conditions required by the Sponsor-Included Majority Lenders, including the accession by the refinancing lender to the Master Restructuring Agreement).</p> <p>Paragraph (2) above does not apply to any prepayment of the Existing Facilities and the Sponsor-Lender Loan in accordance with the Master Restructuring Agreement.</p>
12	Majority Lenders	<p>For the purposes herein, save as otherwise stated:</p> <p>"Majority Lenders" means a Lender or Lenders to whom total outstanding debt owed by the Debtor constitutes more than 66.67% of the total outstanding debt owed by the Debtor to all Lenders; and</p> <p>"Sponsor-Included Majority Lenders" means a Lender or Lenders and the Sponsor-Lender to whom total outstanding debt owed collectively by the Debtor constitutes more than 66.67% of the total outstanding debt owed collectively by the Debtor to all Lenders and the Sponsor-Lender collectively,</p> <p>and in each case, where there are only the Lenders of the US\$90M Facility and of the US\$225M Facility (collectively, "2027 Existing Lenders") remaining as Lenders, "Majority Lenders" shall mean all of such 2027 Existing Lenders, and "Sponsor-Included Majority Lenders" shall mean the Sponsor-Lender and all of such 2027 Existing Lenders.</p>
13	Voting Rights	<p>When an issue is put to vote amongst Lenders, each Lender's vote shall be weighted in accordance with the total debt outstanding to that Lender (in proportion to the total debt outstanding to all Lenders) as at the date of the vote.</p>
14	Master Restructuring Agreement	<p>(a) The Sponsor, the Sponsor-Lender, all Lenders, and the Debtor to enter into the Master Restructuring Agreement, setting out, among other things, the sharing mechanisms in respect of the proposed debt repayment, decision-making, and undertakings by each entity to complete the transactions such that the sale proceeds of the Tranche 1 Assets and/or the Tranche 2 Assets would be upstreamed to the Debtor.</p> <p>(b) The Debtor to procure that Hancock S-REIT Parent Corp ("Hancock")⁴⁰ will not have any borrowings other than the Beta Loans, except with the prior consent of all Lenders and the Sponsor-Lender.</p> <p>(c) The Debtor to procure that Hancock will hold monies received from the sale of any of the Tranche 1 Assets and/or the Tranche 2 Assets in escrow towards such application as required herein.</p>

40 Manulife US REIT indirectly holds 100% of the voting shares of Hancock.

No.	Key Recapitalisation Terms	Details
		<p>(d) Prior to the Acceleration of the Sponsor-Lender Loan, repayment of debt owed to the Lenders and Sponsor-Lender shall occur in order of maturity date (i.e. the loan with the earliest maturity date will be repaid in full first, followed by subsequently maturing debt).</p> <p>(e) Any changes to the date of payment of any amount payable, change in interest rate, increase of loan amount/commitment, amendments to order of priority, the taking of collateral or security (by any of the Lenders and the Sponsor-Lender), or application of proceeds of each of the Sponsor-Lender Loan and the restructured debt of the Lenders, shall require the prior approval of all Lenders and the Sponsor-Lender.</p> <p>(f) The Lenders shall receive the opinions from the relevant legal counsels on each of the parties (other than the Lenders) signing the Master Restructuring Agreement and the Beta Loans and on the redeemable preference shares of Alpha and Beta Entities (the “Required Legal Opinions”). The Debtor will set out the steps of upstreaming the monies from the U.S. entities to the Debtor in the documentation and the Debtor shall covenant that that the steps will be complied with.</p> <p>(g) For the purposes herein: “Alpha” shall mean Manulife US REIT Alpha (Singapore) Pte. Ltd. “Beta Entities” shall mean Manulife US REIT Beta (Singapore) Pte. Ltd., Manulife US REIT Beta 2 (Singapore) Pte. Ltd., Manulife US REIT Beta 5 (Singapore) Pte. Ltd., Manulife US REIT Beta 6 (Singapore) Pte. Ltd., Manulife US REIT Beta 7 (Singapore) Pte. Ltd., Manulife US REIT Beta 8 (Singapore) Pte. Ltd., Manulife US REIT Beta 9 (Singapore) Pte. Ltd., Manulife US REIT Beta 10 (Singapore) Pte. Ltd. and any other wholly owned subsidiary of the Debtor that grants an intercompany loan to Hancock (each such individual entity being referred to as a “Beta Entity”). “Beta Loans” shall mean the intercompany loans between the Beta Entities and Hancock (each such individual loan being referred to as a “Beta Loan”) ⁴¹.</p>
15	Early Reinstatement	<p>If</p> <p>(i) Consolidated Total Liabilities to Consolidated Deposited Properties is no more than 45%; or</p> <p>(ii) Consolidated Total Liabilities to Consolidated Deposited Properties is more than 45% but not more than 50%, <u>and</u> Interest Coverage Ratio is more than 2.5 times,</p>

41 For the avoidance of doubt, the Beta Loans are loans between (i) the Beta Entities (which are direct wholly-owned subsidiaries of Manulife US REIT) and (ii) Hancock (which Manulife US REIT indirectly holds 100% of its voting shares).

No.	Key Recapitalisation Terms	Details
		<p>(such numerical limits as set out above are intended to be aligned with the applicable aggregate leverage limit as set out and construed in accordance with Paragraph 9.2 of the Property Funds Appendix, and shall be revised from time to time if the relevant limits in the Property Funds Appendix are so revised),</p> <p>And there are no potential events of default (i.e. “Default” as defined in each Facility Agreement) continuing (including no breach of any existing financial covenant under each Facility Agreement) for at least one financial quarter, then the following arrangements arising herein shall cease:</p> <p>(a) <i>“Disposal of Tranche 1 Assets and/or Tranche 2 Assets”</i>;</p> <p>(b) <i>“Halt Distributions to Unitholders”</i>;</p> <p>(c) <i>“Quarterly Reporting”</i>;</p> <p>(d) <i>“No Further Financial Indebtedness”</i>;</p> <p>(e) <i>“Interest Reserve Account”</i>;</p> <p>(f) <i>“Temporary Amendments to Financial Covenants”</i>; and</p> <p>(g) <i>paragraph (a) of “Other Covenants”</i>,</p> <p>provided that similar terms under the Sponsor-Lender Loan concurrently cease to be effective.</p> <p>For the purposes of this paragraph, the Consolidated Total Liabilities to Consolidated Deposited Properties ratio referred to above shall be tested by reference to the financial statements of the Debtor delivered to the Lenders. For the avoidance of doubt, upon the cessation of the arrangements referred to herein, the Debtor shall be bound by the terms of each Facility Agreement, save for:</p> <p>(i) any amendments relating to or arising from the extension of maturities contemplated herein; and</p> <p>(ii) the terms of the intercreditor arrangements between the Lenders and the Sponsor-Lender.</p>
16	Other Covenants	<p>(a) Among others, no change of control of Hancock or of the Manager is permitted without the Sponsor-Included Majority Lenders’ prior written consent.</p>

No.	Key Recapitalisation Terms	Details
		<p>(b) If any of the terms herein imposed on the Debtor is released, terminated, disapplied or relaxed (including the requirement to maintain the interest reserve amount), the corresponding term imposed on the Debtor under the Sponsor-Lender Loan Agreement shall, subject to the discretion of the Sponsor-Lender, be concurrently released, terminated, disapplied or relaxed, such that the Sponsor-Lender shall not at any time, have better terms, rights and/or remedies against the Debtor as any Lenders would at any time have against the Debtor under the Facility Agreements, provided that if the Sponsor-Lender is not agreeable to any extent of the release, termination, disapplication or relaxation of any requirement or imposition of terms on the Debtor, the requirement or imposition of the same or similar terms on the Debtor by the Lenders shall be reinstated to the same extent.</p>
17	Conditions Precedent to Effecting the Restructuring	<p>Among others:</p> <p>(a) The Master Restructuring Agreement is duly signed by the parties thereto;</p> <p>(b) Unitholders' approval for the Proposed Divestment and the Sponsor-Lender Loan is obtained; and</p> <p>(c) the Required Legal Opinions are delivered.</p>

Appendix B

Principal Terms of the Sponsor-Lender Loan Agreement

No.	Principal Terms	Details
1	Facility Agreements	<p>(i) the US\$193M Facility;</p> <p>(ii) the US\$1B Facility;</p> <p>(iii) the US\$250M Facility;</p> <p>(iv) the US\$90M Facility;</p> <p>(v) the US\$225M Facility; and</p> <p>(vi) the US\$105M Facility.</p>
2	Financing	<p>Subject to the approval of Unitholders and contemporaneous restructuring of the Existing Facilities in accordance with the Key Recapitalisation Terms, the Sponsor-Lender is to provide the Debtor the Sponsor-Lender Loan.</p> <p>Disbursement of the Sponsor-Lender Loan will occur after satisfaction of all conditions precedent to funding.</p> <p>Except as otherwise noted in this paragraph, the Sponsor-Lender shall not at any time before Relevant Acceleration of the Sponsor-Lender Loan be paid ahead of the Lenders, and upon Relevant Acceleration of the Sponsor-Lender Loan, only on a <i>pari passu</i> basis with the Lenders. For purposes herein, “Acceleration” means an acceleration of the Sponsor-Lender Loan and “Relevant Acceleration” means an acceleration of the Sponsor-Lender Loan solely by reason of an acceleration of the outstanding debt by one or more Lenders under one or more of the Existing Facilities. Prior to Relevant Acceleration, interest paid to the Lenders under the Existing Facilities and under the Sponsor-Lender Loan are to be made on a <i>pari passu</i> basis.</p>
3	Use of Proceeds	<p>Paydown outstanding debt owed by the Debtor to each Lender on a <i>pari passu</i> basis.</p>
4	Exit Fee/Premium	<p>(a) Subject to paragraph (b) below, upon maturity of the Sponsor-Lender Loan, the Debtor shall pay to the Sponsor-Lender the Exit Premium of 21.16% of the outstanding loans.</p> <p>(b) If the Sponsor-Lender Loan is voluntarily prepaid prior to maturity or a Relevant Acceleration or an Acceleration (after the Lenders have been paid in full) occurs, the Exit Premium shall be as follows:</p> <ul style="list-style-type: none"> • an amount equal to all Singapore taxes withheld by the Debtor from interest payments to the Sponsor-Lender as of the date of the voluntary prepayment, Relevant Acceleration or Acceleration (after the Lenders have been fully paid), if such voluntary prepayment, Relevant Acceleration or Acceleration occurs prior to the first anniversary of the initial utilisation date under the Sponsor-Lender Loan Agreement (the “Initial Utilisation Date”);

No.	Principal Terms	Details
		<ul style="list-style-type: none"> <p>• 3.53% of: (a) in the case of a voluntary prepayment of part of the outstanding loans, the amount of such loans voluntarily prepaid; or (b) in the case of a voluntary prepayment of all of the outstanding loans, a Relevant Acceleration or an Acceleration (after the Lenders have been paid in full), the outstanding loans,</p> <p>if such voluntary prepayment, Relevant Acceleration or Acceleration occurs on or after the first anniversary date of the Initial Utilisation Date, but prior to the second anniversary date of the Initial Utilisation Date;</p> <p>• 7.05% of: (a) in the case of a voluntary prepayment of part of the outstanding loans, the amount of such loans voluntarily prepaid; or (b) in the case of a voluntary prepayment of all of the outstanding loans, a Relevant Acceleration or an Acceleration (after the Lenders have been paid in full), the outstanding loans,</p> <p>if such voluntary prepayment, Relevant Acceleration or Acceleration occurs on or after the second anniversary date of the Initial Utilisation Date, but prior to the third anniversary date of the Initial Utilisation Date;</p> <p>• 10.58% of: (a) in the case of a voluntary prepayment of part of the outstanding loans, the amount of such loans voluntarily prepaid; or (b) in the case of a voluntary prepayment of all of the outstanding loans, a Relevant Acceleration or an Acceleration (after the Lenders have been paid in full), the outstanding loans,</p> <p>if such voluntary prepayment, Relevant Acceleration or Acceleration occurs on or after the third anniversary date of the Initial Utilisation Date, but prior to the fourth anniversary date of the Initial Utilisation Date;</p> <p>• 14.11% of: (a) in the case of a voluntary prepayment of part of the outstanding loans, the amount of such loans voluntarily prepaid; or (b) in the case of a voluntary prepayment of all of the outstanding loans, a Relevant Acceleration or an Acceleration (after the Lenders have been paid in full), the outstanding loans,</p> <p>if such voluntary prepayment, Relevant Acceleration or Acceleration occurs on or after the fourth anniversary date of the Initial Utilisation Date, but prior to the fifth anniversary date of the Initial Utilisation Date; or</p> <p>• 17.63% of: (a) in the case of a voluntary prepayment of part of the outstanding loans, the amount of such loans voluntarily prepaid; or (b) in the case of a voluntary prepayment of all of the outstanding loans, a Relevant Acceleration or an Acceleration (after the Lenders have been paid in full), the outstanding loans,</p>

No.	Principal Terms	Details
		<p>if such voluntary prepayment, Relevant Acceleration or Acceleration occurs on or after the fifth anniversary date of the Initial Utilisation Date, but prior to the sixth anniversary date of the Initial Utilisation Date.</p> <p>For the avoidance of doubt,</p> <ul style="list-style-type: none"> • The Exit Premium is payable only after all debt owing to the Lenders is repaid in full; provided that upon Relevant Acceleration of the Sponsor-Lender Loan, the Exit Premium shall form part of the debt owing to the Sponsor-Lender and repayment thereof shall rank <i>pari passu</i> with repayment of the outstanding debt of the Lenders; and • the Exit Premium is intended to (1) adjust the interest rate on the Sponsor-Lender Loan at maturity or earlier prepayment, Relevant Acceleration or Acceleration and (2) compensate the Sponsor-Lender for monies withheld from payments due under the Sponsor-Lender Loan from the Debtor to the Sponsor-Lender to satisfy the Debtor's Singapore withholding tax obligations. <p>The Debtor shall be entitled to deduct Singapore withholding tax from the payments made to the Sponsor-Lender under the Sponsor-Lender Loan, without any grossing-up obligations.</p>
5	Disposal of Tranche 1 Assets and/or Tranche 2 Assets	The Debtor's obligations will mirror the terms set out at Item 5 (<i>Disposal of Tranche 1 Assets and/or Tranche 2 Assets</i>) of the Key Recapitalisation Terms.
6	Halt Distributions to Unitholders	Restrictions will mirror the terms set out at Item 6 (<i>Halt Distributions to Unitholders</i>) of the Key Recapitalisation Terms.
7	Covenants	<p>The Sponsor-Lender Loan shall include covenants substantially similar to those set forth in the Facility Agreements, as modified by the restructuring contemplated in the Key Recapitalisation Terms and as otherwise specifically set out herein.</p> <p>The covenants of the Sponsor-Lender Loan shall permit all payments required to be made by the Debtor to the Lenders herein and in the Key Recapitalisation Terms.</p> <p><u>Restrictions on Change of Control</u></p> <p>Restrictions will mirror the terms of paragraph (a) of Item 16 (<i>Other Covenants</i>) of the Key Recapitalisation Terms.</p> <p><u>Cross Default</u></p> <p>A default under any Existing Facility shall constitute a default under the Sponsor-Lender Loan.</p>
8	Interest Reserve Account	The Debtor's obligations will mirror the terms set out at Item 9 (<i>Interest Reserve Account</i>) of the Key Recapitalisation Terms.
9	Quarterly Reporting	Quarterly reporting requirements will be in line with Item 10 (<i>Quarterly Reporting</i>) of the Key Recapitalisation Terms.

No.	Principal Terms	Details
10	No Further Financial Indebtedness	The Debtor's obligations will mirror the terms set out at Item 11 (<i>No Further Financial Indebtedness</i>) of the Key Recapitalisation Terms.
11	Majority Lenders	<p>For the purposes herein, save as otherwise stated:</p> <p>"Majority Lenders" means a Lender or Lenders to whom total outstanding debt owed by the Debtor constitutes more than 66.67% of the total outstanding debt owed by the Debtor to all Lenders; and</p> <p>"Sponsor-Included Majority Lenders" means a Lender or Lenders and the Sponsor-Lender to whom total outstanding debt owed collectively by the Debtor constitutes more than 66.67% of the total outstanding debt owed collectively by the Debtor to all Lenders and the Sponsor-Lender collectively, and in each case, where there are only the Lenders of the US\$90M Facility and of the US\$225M Facility (collectively, "2027 Existing Lenders") remaining as Lenders, "Majority Lenders" shall mean all of such 2027 Existing Lenders, and "Sponsor-Included Majority Lenders" shall mean the Sponsor-Lender and all of such 2027 Existing Lenders.</p>
12	Voting Rights	When an issue is put to vote amongst Lenders (and Sponsor-Lender, as applicable), each Lender's vote shall be weighted in accordance with the total debt outstanding to that Lender (and Sponsor-Lender, as applicable), in proportion to the total debt outstanding to all Lenders (and Sponsor-Lender, as applicable), as at the date of the vote.
13	Master Restructuring Agreement	<p>(a) The Sponsor, the Sponsor-Lender, all Lenders, and the Debtor to enter into the Master Restructuring Agreement, setting out, among other things, the sharing mechanisms in respect of the proposed debt repayment, decision-making, and undertakings by each entity to complete the transactions such that the sale proceeds of the Tranche 1 Assets and/or the Tranche 2 Assets would be upstreamed to the Debtor and any other requirement as set out in the Key Recapitalisation Terms which is to be included in the Master Restructuring Agreement.</p> <p>(b) Prior to a Relevant Acceleration of the Sponsor-Lender Loan, repayment of debt owed to the Lenders and Sponsor-Lender shall occur in order of maturity date (i.e. the loan with the earliest maturity date will be repaid in full first, followed by subsequently maturing debt).</p> <p>(c) Any changes to the date of payment of any amount payable, change in interest rate, increase of loan amount/commitment, amendments to order of priority, the taking of collateral or security (by any of the Lenders and the Sponsor-Lender), or application of proceeds of each of the Sponsor-Lender Loan and the restructured debt of the Lenders, shall require the prior approval of all Lenders and the Sponsor-Lender.</p>

No.	Principal Terms	Details
		(d) The Lenders shall receive the Required Legal Opinions. The Debtor will set out the steps of upstreaming the monies from the U.S. entities to the Debtor in the documentation and the Debtor shall covenant that the steps will be complied with.