Manulife US REIT

PRESS RELEASE

Stabilisation in progress as MUST continues to focus on repaying debt

- **Prudent capital expenditure and strategic leasing strategy result in cash balance of US$65 million**
- **500 Plaza to be sold for net consideration of ~US$40 million, bringing REIT closer to recovery and growth**
- **MUST in ongoing divestment discussions on additional properties for further debt repayment**

Singapore, 20 February 2025 – Manulife US Real Estate Investment Trust (MUST) reported a same-store gross revenue[1] of US$150.6 million and same-store net property income (NPI)[1] of US$71.4 million for the full year ended 31 December 2024 (FY 2024), which were 15.1% and 25.9% lower than FY 2023. This was mainly due to lower rental and recoveries income from higher vacancies and lower lease termination income, offset by lower property operating expenses. The NPI decline was largely driven by TCW Group's non-renewal in Figueroa and another financial tenant's vacate in Exchange. The latter had paid a US$9 million termination fee in FY 2023.

In addition, MUST recorded higher finance expenses owing to a one-off fee of US$2.3 million incurred in relation to the Master Restructuring Agreement (MRA) signed with lenders, offset by higher interest income. This led adjusted distributable income (DI) to decline 43.7% to US$38.3 million. The DI was adjusted to reflect the Manager's base fee and property management fee payable in cash instead of units for 1H 2023[2].

	2H 2024 (US$'000)	2H 2023 (US$'000)	Change (%)	FY 2024 (US$'000)	FY 2023 (US$'000)	Change (%)
Gross Revenue	80,842	108,457	(25.5)	167,582	208,025	(19.4)
Same-store Gross Revenue[1]	*74,087*	*94,224*	*(21.4)*	*150,630*	*177,384*	*(15.1)*
Net Property Income	37,075	59,245	(37.4)	79,874	114,606	(30.3)
Same-store NPI[1]	*33,855*	*51,463*	*(34.2)*	*71,366*	*96,310*	*(25.9)*
Income Available for Distribution (DI)	15,407	36,344	(57.6)	38,260	74,292	(48.5)
Adjusted DI[2]	-	-	-	*38,260*	*67,991*	*(43.7)*
DI / Adjusted DI per unit (US cents)	0.87	2.05	(57.6)	2.15	3.83	(43.9)

[1] FY 2023 gross revenue and NPI have been adjusted to exclude Capitol (sold in Oct 2024), Park Place (sold in Dec 2023) and Tanasbourne (sold in Apr 2023). FY 2024 gross revenue and NPI have been adjusted to exclude Capitol.
[2] From 1 July 2023, the Manager elected to receive payment of 100% of the Manager's base fee and property management fee in cash.

Chief Executive Officer and Chief Investment Officer of the Manager, John Casasante, said: "In a tenant-driven market where commodity leasing is the norm, we are focused on identifying strategic and accretive leasing deals. Through the Sponsor's global real estate platform, our asset management team has local market knowledge and expertise, enabling us to navigate the market and negotiate leases with low tenant concessions and higher net effective rents. This is only possible when we have identified our competitive leverage in a deal. We are structuring our leases creatively to maximise liquidity and optimise our capital.

"On the disposition front, the net consideration of approximately US$40 million from the sale of 500 Plaza, following on the heels of the sale of Capitol for a net consideration of US$110 million, allow us to pay off our US$130.7 million of loans maturing in 2025 and get an early start on paying down debts maturing in 2026. We are currently in divestment discussions on additional properties which will further contribute towards debt repayment. This will bring the REIT closer to our recovery and growth phase."

As at 31 December 2024, MUST's unencumbered gearing ratio and aggregate leverage ratio increased to 64.2% and 60.8% respectively from three months ago, due largely to the 9.3% decline in its portfolio valuation. MUST's weighted average debt maturity lengthened slightly to 2.9 years as at 31 December 2024. The trailing 12-month interest coverage ratio (ICR) declined to 1.7 times partially due to the one-off fee of US$2.3 million paid to lenders and does not reflect the full-year impact of the US$130.7 million debt repayment in November 2024. To mitigate cash flow volatility resulting from interest rate movements, the percentage of MUST's hedged/fixed rate loans remained high at 69.4%. MUST has a healthy cash balance of US$65.2 million.

As at 31 December 2024, MUST's same-store occupancy dipped QoQ to 73.6%, from 75.4% as at 30 September 2024. Approximately 611,000 sq ft[3] of leases were executed in FY 2024, representing 13.4% of portfolio net lettable area. Average rent reversion came in at –5.1% and –7.4% for leases signed in 4Q 2024 and for the full year, respectively, with five out of nine office leases signed in 4Q 2024 above market rents. As at 31 December 2024, portfolio WALE remains long at 5.0 years.

[3] Leases in Capitol have been excluded in the FY 2024 figures. Including Capitol, total leases executed in FY 2024 was ~726,000 sq ft.

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About Manulife US REIT
Manulife US Real Estate Investment Trust ("Manulife US REIT" or "MUST") is the first pure-play U.S. office REIT listed in Asia. It is a Singapore-listed REIT established with the investment strategy principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States ("U.S."), as well as real estate-related assets. MUST's portfolio comprises nine freehold office properties in Arizona, California, Georgia, New Jersey, Virginia and Washington D.C. The current portfolio has an aggregate net lettable area of 4.6 million sq. ft and was last independently valued at US$1.1 billion as at 31 December 2024.

About the Sponsor – The Manufacturers Life Insurance Company ("Manulife")
Manulife is part of a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. The Sponsor operates as John Hancock in the U.S. and as Manulife in other parts of the world, providing a wide range of financial protection and wealth management products, such as life and health insurance, group retirement products, mutual funds and banking products. The Sponsor also provides asset management services to institutional customers. Manulife Financial Corporation is listed on the Toronto Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange and the Philippine Stock Exchange.

About the Manager – Manulife US Real Estate Management Pte. Ltd.
The Manager is Manulife US Real Estate Management Pte. Ltd., an indirect wholly-owned subsidiary of the Sponsor. The Manager's key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.