

Manulife US Reit to sell Phipps Tower to sponsor; exclusivity period with Mirae lapses

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SINGAPORE - Manulife US Real Estate Investment Trust (Manulife US Reit) has entered into a letter of intent to sell Phipps Tower in Atlanta, Georgia, to its sponsor The Manufacturers Life Insurance Company, the Reit's manager said on Wednesday.

It also disclosed that an exclusivity period with Korean firm Mirae Asset Global Investments regarding a potential transaction had lapsed.

The Reit manager had said in April that it was in talks with Mirae to explore a possible acquisition of shares in the manager and the subscription of new units in Manulife US Reit.

The proposed divestment of Phipps Tower is part of its ongoing strategic review to "enhance unit holder value", the Reit manager said on Wednesday.

It intends to redeploy proceeds into debt repayment or capital expenditure such as tenant incentives.

The purchase consideration should be no more than the average of two independent valuations commissioned by the Reit's manager and its trustee, DBS Trustee.

The Reit manager said it aims to enter into a definitive agreement for Phipps Tower's disposal by June 30, 2023. It will also waive the disposal fee.

The Reit acquired Phipps Tower from its sponsor in 2018 for US\$205 million (S\$276 million). The property was valued at US\$210 million as at Dec 31, 2022.

Apart from the Reit's divestment of its Oregon property, Tanasbourne, and its proposed divestment of Phipps Tower, its manager said it is also exploring other fund-raising options. These include further asset dispositions to reduce gearing.

Proceeds from both divestments will be prioritised towards near-term loan maturities and essential capital expenditure, it added.

Units of Manulife US Reit shot up 24.1 per cent to 15.5 US cents on Tuesday. They were trading down 8 per cent to 16.1 US cents at 4.30pm on Wednesday. THE BUSINESS TIMES