

## MUST's 2025 debt maturities to be fully repaid after divestment of Capitol

- MUST achieves substantial progress towards the 2024 Net Proceeds Target with the sale of 400 Capitol Mall located in Sacramento, California, at a price of US\$117.0 million<sup>1</sup>
- Utilising the net sales proceeds together with existing cash, MUST intends to repay all of its US\$130.7 million outstanding loans due in 2025, with no loan maturities due until 2026
- Pro forma aggregate leverage to significantly improve to 54.2% from 56.3%<sup>2</sup>

**Singapore, 30 September 2024** – Manulife US Real Estate Management Pte. Ltd., the Manager (the “**Manager**”) of Manulife US Real Estate Investment Trust (“**MUST**”), is pleased to announce that MUST is divesting 400 Capitol Mall (the “**Property**”, or “**Capitol**”) located in Sacramento, California, to 400 CM Owner, LLC, an unrelated third-party, for a sale price of US\$117.0 million. MUST intends to utilise the net sales proceeds and existing cash to repay all its US\$130.7 million loans due in 2025 by the end of 2024. Post-repayment, there will be no loan maturities until 2026.

Mr John Casasante, Chief Executive Officer and Chief Investment Officer of the Manager of MUST, said, “We have taken a first major step towards the ‘Recovery’ phase of our strategic roadmap. Despite the ongoing challenges in U.S. office market and the lack of debt availability that continues to hamper transactions, we were able to secure the sale of Capitol to an all-cash buyer, which provides us with the liquidity and flexibility to make an early repayment of the 2025 debt maturities and mitigate risks amid an uncertain environment. This divestment also demonstrates substantial progress towards the initial milestone set under the Master Restructuring Agreement (“**MRA**”).”

Capitol is a 501,308 sq ft freehold 29-storey Class A office building. Located in Downtown Sacramento, California, which is a tertiary office market, the Property is a Tranche 2<sup>3</sup> and non-strategic asset for MUST. The divestment will allow MUST to use the capital that will otherwise be committed to maintain the Class A Property to drive leasing activity and strengthen the quality of the other assets it plans to hold. This is in line with the Manager’s portfolio optimisation strategy to support long-term sustainable risk-adjusted cash flows and returns.

The sale price of US\$117.0 million less the estimated seller’s credit of approximately US\$6.2 million for outstanding tenant improvement allowances, free rent and lease commissions, was negotiated on a willing-buyer willing-seller basis, taking into account the independent valuation of US\$118.0 million as at 1 September 2024<sup>4</sup>. The divestment is in compliance with the terms of the Disposition Mandate as part of MUST’s Recapitalisation Plan<sup>5</sup>. The divestment is expected to complete within

<sup>1</sup> Subject to seller’s credit and customary closing prorations and adjustments.

<sup>2</sup> Pro forma basis as at 30 June 2024 assuming that 100% of the net sales proceeds from the sale of Capitol and existing cash is utilised to repay outstanding loans.

<sup>3</sup> For details on asset tranches, please refer to slide 8 of the [Extraordinary General Meeting Presentation](#) dated 14 December 2023.

<sup>4</sup> DBS Trustee Limited (in its capacity as trustee of MUST) and the Manager commissioned an independent valuer, CBRE, Inc., to value the Property. The Property was last independently valued at US\$158.0 million as at 31 December 2023.

<sup>5</sup> Under the terms of the Disposition Mandate approved by Unitholders on 14 December 2023, each of the Existing Properties may be sold at no less than 90% of the independent valuation obtained no earlier than two months prior to the entry into the sale and purchase agreement for such asset. Please refer to the [Circular to Unitholders dated 29 November 2023](#) for more details.

4Q 2024. Upon completion, MUST will own nine properties in the U.S. with an aggregate NLA of approximately 4.6 million square feet.

Assuming that the estimated net sales proceeds from the divestment of Capitol and existing cash are used to repay US\$130.7 million of outstanding loans as at 30 June 2024, MUST's pro forma aggregate leverage is expected to improve to 54.2% from 56.3% and weighted average interest cost is expected to reduce by ~42 basis points to 4.16%. MUST's pro forma weighted average debt maturity will also be extended to 3.4 years from 3.0 years.

Under the MRA, the divestment of Capitol will achieve 47% of the 2024 Net Proceeds Target of US\$230.0 million and 33% of the 2025 Net Proceeds Target of US\$328.7 million<sup>6</sup>. The Manager continues to manage risk and remains focused on asset dispositions to meet the milestones of the MRA and enable a path towards recovery and growth.

### **For queries, please contact:**

#### **Media & Analysts**

Wylyn Liu

Senior Manager, Investor Relations

Email: [wlylyn\\_liu@manulifeusreit.sg](mailto:wlylyn_liu@manulifeusreit.sg)

Phone: +65 9626 0150

#### **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 10 freehold office properties in Arizona, California, Georgia, New Jersey, Virginia and Washington D.C. The current portfolio has an aggregate net lettable area of 5.1 million sq ft and was last independently valued at US\$1.4 billion as at 31 December 2023.

#### **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.

---

<sup>6</sup> Under the MRA, MUST is required to achieve a minimum cumulative net sale proceeds from the aggregate sale of up to four of the Tranche 1 Assets and/or the Tranche 2 Assets of: (a) US\$230.0 million by 31 December 2024 (on a best endeavours basis) ("2024 Net Proceeds Target") and (b) US\$328.7 million by 30 June 2025 ("2025 Net Proceeds Target").

**IMPORTANT NOTICE**

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Manulife US REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The value of units in Manulife US REIT (“Units”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Manulife US REIT) or any of their respective affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units (“Unitholders”) have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.