



MANULIFE US REAL ESTATE INVESTMENT TRUST

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

UPDATE ON STRATEGIC REVIEW

Manulife US Real Estate Management Pte. Ltd., in its capacity as the manager of Manulife US Real Estate Investment Trust (“**Manulife US REIT**”, and the manager of Manulife US REIT being the “**Manager**”), refers to its announcements on 15 March 2023, 17 March 2023 and 27 March 2023 and wishes to provide an update on the strategic review of options to enhance unitholder value (the “**Strategic Review**”).

1. **Sale of Tanasbourne Property**

The Manager is pleased to announce that Manulife US REIT, through its indirect wholly owned subsidiary, Hancock S-REIT PORTLAND LLC (the “**Vendor**”), has entered into a purchase and sale agreement with John Hancock Life Insurance Company (U.S.A.) (the “**Purchaser**”), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase (the “**Sale**”), the property known as Tanasbourne located in Hillsboro, Oregon (the “**Property**”) for consideration based on an agreed value of US\$33.5 million. Completion of the Sale has simultaneously occurred today. See announcement entitled “Divestment of Property Known as Tanasbourne Located in, Hillsboro, Oregon” for details. The Sale is part of the Strategic Review and represents the Manager’s continued efforts in identifying asset disposition opportunities within its existing portfolio with plans to redeploy proceeds into debt repayment and/or capital expenditure (e.g. tenant incentives etc).

2. **Other strategic alternatives considered**

As part of the Strategic Review, the Manager together with Citigroup Global Markets Singapore Pte. Ltd., the financial advisor in relation to the Strategic Review, 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, in combination with various levels of involvement of the existing Manager functions:

- Asset dispositions continue to be challenging with the prevailing negative sentiment around the US 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 US office sector which makes sizeable asset dispositions difficult, especially in the more challenged submarkets.

- 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 gearing given no immediate capital injection into Manulife US REIT.
- Equity fund raising remains an option, noting however that equity markets are currently volatile due to inflation and high interest rates.
- As to strategic transactions with third parties involving the recapitalisation of Manulife US REIT, in assessing the ability and suitability of such parties to reposition Manulife US REIT for future growth, the following criteria were considered – (i) US 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.

It was assessed that a transaction with Mirae Asset Global Investments (“**Mirae**”) would provide potential value-add to Manulife US REIT for the following reasons:

- Mirae is an industry leader in real estate investment and fund management with global assets under management (“**AUM**”) of US\$198 billion inclusive of stocks, bonds, ETF’s, and real estate among other asset classes as of 31 December 2022.¹
- Back by Mirae Asset Financial Group, which is one of the largest independent financial groups in Asia, with an AUM of US\$528 billion as of 31 December 2022.²
- Subscription for new units in Manulife US REIT to help recapitalise platform for stability and growth.
- Sizeable global real estate presence with an established track record and presence in the US of 15 years.
- Ability to provide Manulife US REIT access to its US asset pipeline across various sector classes (e.g. office, hospitality and logistics) which allows Manulife US REIT to execute its pivot strategy.

3. Discussions remain ongoing with Mirae

Discussions with Mirae on the potential acquisition of shares in the Manager and the subscription of new units in Manulife US REIT (“**Mirae Transaction**”) continue. In support of the Mirae Transaction, The Manufacturers Life Insurance Company (the “**Sponsor**”) is also considering a possible subscription for new units to maintain its existing 9.1% unitholding following the issuance of new units to Mirae. Whilst the structure and terms of the transaction are still being discussed, Mirae has expressed that:

- Mirae and its affiliates would subscribe for an aggregate of more than 9.8% unitholding in Manulife US REIT.

1 **Source:** Mirae’s website.

2 **Source:** Mirae’s website.

- Mirae will leverage its client network to bring more institutional investors to subscribe for new units.

The Manager has appointed a US tax adviser to ensure that the subscription of new Units by Mirae will comply with the applicable US REIT tests. The Mirae Transaction does not involve Mirae acquiring the Sponsor's existing unitholdings in Manulife US REIT. The issuance of new units to Mirae and its affiliates will be subject to approval of unitholders of Manulife US REIT and the Sponsor and its associates will abstain from voting in such resolution.

For the avoidance of doubt, no binding definitive agreements have been entered into and there is no certainty or assurance that any definitive agreements will be entered into or that any transaction will materialise from the current discussions. The Manager will make further announcement(s) in accordance with the Listing Manual of the SGX-ST if and when there is any material development.

In the meantime, unitholders of Manulife US REIT and investors should exercise caution when dealing in the units of Manulife US REIT and its subsidiaries. They should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

William D. Gantt III
Chief Executive Officer

Manulife US Real Estate Management Pte. Ltd.
(Company registration no. 201503253R)
(as manager of Manulife US Real Estate Investment Trust)

12 April 2023

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This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem 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.

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of 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 past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.