MANULIFE US REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 27 March 2015 under the laws of the Republic of Singapore)

PORTFOLIO VALUATION

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**"), wishes to announce that the Manager has obtained independent valuations for the properties owned by Manulife US REIT as at 31 December 2024 (the "**Independent Valuations**"). The real estate valuation of the portfolio of Manulife US REIT (based on the year-end 2024 valuations) has declined by 9.3% or US$116.6 million to US$1,137.2 million (versus US$1,253.8 million as at 31 December 2023)[1].

Despite the valuation decline, the Manager continues to focus on strategic capital, asset and risk management to enhance portfolio resilience. It is currently in divestment discussions on multiple properties that should move the REIT closer to its 2025 Net Proceeds Target of US$328.7 million. Manulife US REIT plans to deleverage its balance sheet with the repayment of another US$200 million to lenders by 2025 and achieve the targets in the Master Restructuring Agreement ("**MRA**") sooner rather than later. Upon successful completion of the MRA objectives, the Manager will continue its repositioning of the portfolio through growth. The objective to is make accretive investments, which will enhance distributions and grow the net asset value of the portfolio.

2. Updated Asset Valuations

The decline in Manulife US REIT's portfolio value has narrowed from more than 20% year-on-year ("**YoY**") at the end of 2023 to 9.3% YoY as at 31 December 2024. The latest valuations reflect signs of stabilisation in select submarkets, while other submarkets continue to experience valuation declines, reflecting the diverse economic conditions and leasing challenges in different geographic regions in the U.S.

The National Council of Real Estate Investment Fiduciaries ("**NCREIF**") Property Index is a benchmark that tracks quarterly returns for a large pool of private commercial real estate

1 The 31 December 2023 figure has been adjusted to exclude the property known as Capitol which has been sold to 400 CM Owner, LLC, an unrelated third-party purchaser, for the sale price of US$117.0 million. Please refer to the announcement on the completion of the divestment of Capitol dated 29 October 2024 for more information.

properties held for investment purposes in the U.S. The appreciation return measures the change in market value of the properties. As of the third quarter of 2024, the NCREIF Office Subindex recorded a 16.6% YoY decline in appreciation return, almost double the decline experienced by Manulife US REIT's portfolio.

Manulife US REIT's Tranche 1 properties declined by 15.3% while Tranche 2 and 3 properties recorded smaller declines of 9.3% and 3.9%, respectively. Although properties in softer submarkets such as Washington, D.C. and Los Angeles CBD saw larger declines in values, two properties, Centerpointe I & II (+0.1%) and Phipps (+2.4%), recorded flat to higher valuations as a result of stable discount and terminal capitalisation rates and more favourable market leasing assumptions applied by the valuers.

Overall, the decline in Manulife US REIT's portfolio valuation was driven by:

(i) Higher discount rates and terminal capitalisation rates for certain properties, reflecting risks posed by a decrease in leasing demand attributable to macroeconomic headwinds as well as downsizing due to lower utilisation of office space in their submarkets, along with idiosyncratic risks at the property level (i.e. higher vacancy or weak submarket fundamentals).

(ii) Occupancy performance across certain U.S. office submarkets such as Washington, D.C., Los Angeles CBD and Secaucus, New Jersey, which continue to remain weak as a result of low return-to-office rates and/or financial distress of landlords who are unable to capitalise on lease deals. As a result, Penn, Figueroa and Plaza, which are located in these submarkets, experienced higher vacancy levels and higher concession package assumptions, giving rise to higher leasing costs.

The four properties with the largest percentage valuation declines, namely, Penn, Plaza, Figueroa and Diablo, comprised 61% of the overall portfolio valuation decline. Three of these properties are Tranche 1 assets. Assumptions made by the independent valuers and reasons for the valuation declines include:

(a) Penn – 26.8% decline YoY (US$28.9 million decline). The U.S. federal government has not mandated employees to return to office, resulting in low physical occupancy and weak leasing demand in downtown Washington, D.C. At the same time, the US Treasury, which is the largest tenant at Penn, has decided to downsize and sign a new lease at another property at a lower rental rate. This led valuers to apply a higher discount rate, terminal capitalisation rate and higher vacancy level assumption at Penn.

(b) Plaza – 24.7% decline YoY (US$14.3 million decline). Assumptions include a higher discount rate, terminal capitalisation rate as well as increased vacancy levels and higher leasing costs, reflecting leasing challenges in the suburban submarket of Secaucus. The property also has significant maintenance capital expenditure requirements.

(c) Figueroa – 15.8% decline YoY (US$22.0 million decline). Generally, poor leasing economics coupled with companies adopting hybrid work arrangements have pushed Downtown Los Angeles into distress, leading to a number of high-profile foreclosures and distressed sales in the submarket. Besides higher discount and terminal capitalisation rates, the valuer also used more stringent assumptions for the probability of renewal of existing tenants and leasing costs needed to attract new tenants.

(d) Diablo – 12.3% decline YoY (US$6.4 million decline). Phoenix, one of the largest back-office markets in the country, has seen companies generally reduce their footprint due to the rise of work-from-home during the pandemic. Technology has allowed more employees to work from home, resulting in downsizing and softer leasing activity. Valuers have therefore assumed a higher discount rate and lower probability of renewal of existing tenants to reflect these challenging conditions.

As we progress through 2025 and beyond, gradual improvements in return-to-office rates and leasing demand are expected to contribute towards stabilisation or improvements in office values. However, not all submarkets are expected to recover at the same pace, as reflected in Manulife US REIT's latest portfolio valuations. Prevailing market sentiment and capital market dynamics in each market are expected to play a critical role in shaping office valuations going forward.

3. Details of the Independent Valuations

Details on the valuation of each property as follows:

Property Name	Address	Valuation (US$ million) (31 December 2023)[i]	Valuation (US$ million) (31 December 2024)[ii]	% Change
Tranche 3				
Michelson	3161 Michelson Drive, Irvine, California	240.0	219.5	(8.5)
Phipps	3438 Peachtree Road NE, Atlanta, Georgia	176.0	180.2	2.4
Subtotal – Tranche 3		**416.0**	**399.7**	**(3.9)**
Tranche 2				
Plaza	500 Plaza Drive, Secaucus, New Jersey	58.0	43.7	(24.7)
Exchange	10 Exchange Place, Jersey City, New Jersey	234.0	211.6	(9.6)
Peachtree	1100 Peachtree Street NE, Atlanta, Georgia	171.0	164.6	(3.7)
Subtotal - Tranche 2		**463.0**	**419.9**	**(9.3)**

Tranche 1				
Penn	1750 Pennsylvania Avenue NW, Washington, DC	108.0	79.1	(26.8)
Figueroa	865 South Figueroa Street, Los Angeles, California	139.0	117.0	(15.8)
Diablo	2900 South Diablo Way, Tempe, Arizona	52.0(iii)	45.6	(12.3)
Centerpointe I & II	4000 & 4050 Legato Road, Fairfax, Virginia	75.8	75.9	0.1
Subtotal - Tranche 1		**374.8**	**317.6**	**(15.3)**
Total portfolio		**1,253.8**[1]	**1,137.2**	**(9.3)**

Notes:

(i) Valuation by JLL Valuation & Advisory Services, LLC.

(ii) Valuation by Cushman & Wakefield of Texas, Inc.

(iii) Valuation by Colliers International Valuation & Advisory Services, LLC.

Copies of the abovementioned independent valuation reports will be available for inspection at the Manager's registered office at 8 Cross Street, #16-03, Manulife Tower, Singapore 048424 during normal business hours, for three months from the date of the announcement of the full year financial results for the financial year ended 31 December 2024 ("**FY 2024**")[2]. Holders of units in Manulife US REIT ("**Units**", and the holders of Units, the "**Unitholders**") who wish to inspect the said reports are requested to contact us to make an appointment prior to your attendance at our office.

4. Financial Impact

As a result of the fair value losses for the properties owned by Manulife US REIT arising from a decline in valuations, the Manager expects Manulife US REIT to report a loss for FY 2024. Notwithstanding that, taking into account the property rental income, Manulife US REIT is expected to be able to pay its interest payments and expenses as they fall due since fair value losses are non-cash items in profit or loss. Given that the valuation of the portfolio is a key determinant of Manulife US REIT's net asset value as at 31 December 2024, this decline in valuations would result in Manulife US REIT's net asset value decreasing by approximately US$116.6 million.

Manulife US REIT's expected aggregate leverage will be approximately 61% (taking into account repayment of loans, fair value changes in investment properties and certain projections in the value of other total assets as of 31 December 2024). Appendix 6 to the Code on Collective Investment Schemes (the "**Property Funds Appendix**") states that the aggregate leverage limit is not considered to be breached if exceeding the limit is due to circumstances beyond the control of the Manager. A depreciation in the asset value of Manulife US REIT has occurred, which has resulted in the aggregate leverage exceeding 50%. Accordingly, while Manulife US REIT's aggregate leverage exceeds 50%, there is no breach of the aggregate leverage limit as

2 The valuation reports are subject to audit review by Manulife US REIT's auditors. Accordingly, the valuation reports would only be available from the date of the announcement of the full year financial results for FY 2024.

defined by the Property Funds Appendix. Based on these updated valuations, the ratio of consolidated total unencumbered debt to consolidated total unencumbered assets (the "**Unencumbered Gearing Ratio**") is approximately 64:100 which is well within the temporary relaxation of financial covenants till 31 December 2025 by all existing lenders of Manulife US REIT of 80:100.

Unitholders are reminded to exercise caution when dealing in the Units. The Manager expects to release the unaudited financial results of Manulife US REIT and its subsidiaries for FY 2024 in February 2025.

BY ORDER OF THE BOARD
John Casasante
Chief Executive Officer & Chief Investment Officer

Manulife US Real Estate Management Pte. Ltd.
(Company Registration No. 201503253R)
As manager of Manulife US Real Estate Investment Trust

10 January 2025

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, 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. 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.

This announcement may contain forward-looking statements that involve 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.