

A photograph of an astronaut in a white space suit floating in space. The astronaut's helmet visor reflects a cityscape with a prominent skyscraper, likely San Francisco, with the Earth's horizon visible below. An American flag patch is visible on the astronaut's right sleeve.

# Corporate Presentation: U.S. Real Estate During and After COVID-19

29 June 2021

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**03** COVID-19 Updates

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# About MUST

# Manulife US REIT supported by *reputable sponsor*

Global real estate AUM of US\$19.0 b

**Manulife**

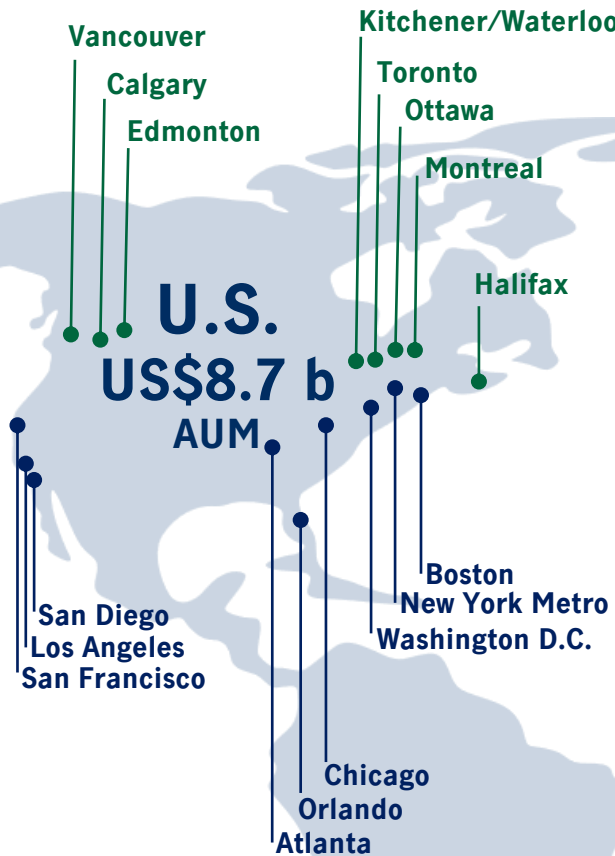
AUM US\$1.0 t



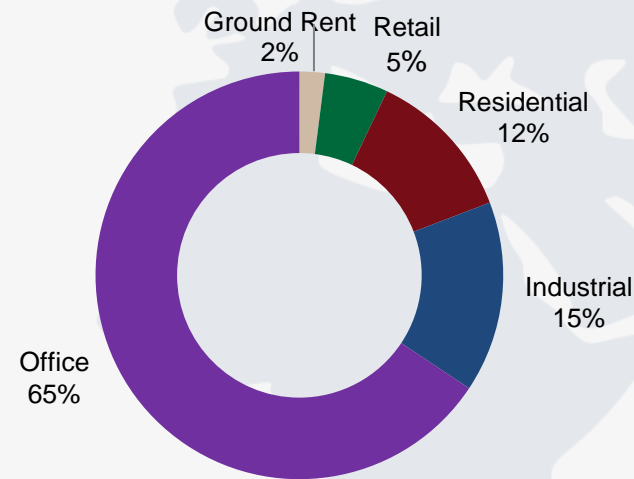
Private Markets  
AUM US\$115.9 b



Global Real Estate  
AUM US\$19.0 b



**65% of Real Estate in Office**



**Asia US\$2.3 b AUM**



> 80 years in real estate



> 560 professionals in 25 cities globally



Strong leasing network of >1,000 tenants

# Strong *growth* since IPO

## Fortified portfolio of freehold Trophy/Class A assets



Plaza (US\$115.0 m) and Exchange (US\$315.1 m)

2017



Centerpointe (US\$122.0 m) and Capitol (US\$198.8 m)

2019

2016

IPO with Figueroa, Michelson and Peachtree (US\$777.5 m)



2018

Penn and Phipps (US\$387.0 m)



1Q 2021

Heading for new frontiers with transformational deals



Scan for property videos



NLA (m sq ft)<sup>1</sup>

**4.7**

Tenants<sup>1</sup>

**176**

AUM (US\$)<sup>1</sup>

**2.0 b**

Market Cap (US\$)<sup>2</sup>

**1.3 b**

Avg Daily Trading Vol YTD (units)<sup>3</sup>

**3.4 m**

(1) Data as at 31 Dec 2020  
(2) Based on closing price of US\$0.79 as at 23 Jun 2021  
(3) Data as at 23 Jun 2021

# 2020 sustainability *milestones*

<b>MSCI ESG Ratings</b> <b>A</b> <i>Upgraded from BBB</i>	<b>Board Diversity</b> <b>50%</b> <i>of Independent Directors are female</i>
<b>GRESB Public Disclosure</b> <b>A</b> <i>1<sup>st</sup> out of 10 Asia offices</i>	<b>GRESB Real Estate Assessment</b> <b>5 Star</b> <i>4<sup>th</sup> out of 15 listed U.S. office REITs</i>
<b>Governance Index for Trusts</b> <b>4<sup>th</sup></b> <i>out of 45 SREITs and Business Trusts</i>	<b>Singapore Governance and Transparency Index</b> <b>9<sup>th</sup></b> <i>out of 45 SREITs and Business Trusts</i>

*8 out of our 9 properties are green building certified*



**LEED™ Platinum**  
Capitol



**LEED™ Gold**  
Michelson, Exchange, Penn, Phipps



**ENERGY STAR®**  
Figueroa, Michelson, Peachtree, Plaza, Exchange, Penn, Phipps, Capitol



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**1Q 2021  
Financial  
and  
Operational  
Updates**



# Strong capital management

Refinanced loans - lowering weighted average interest rate to 3.0%<sup>1</sup> and increasing weighted average debt maturity to 3.4 years<sup>1</sup>

## Financials as at 31 Mar 2021

**41.3%<sup>2</sup>**

Gearing

**3.18%**

Weighted avg. interest rate

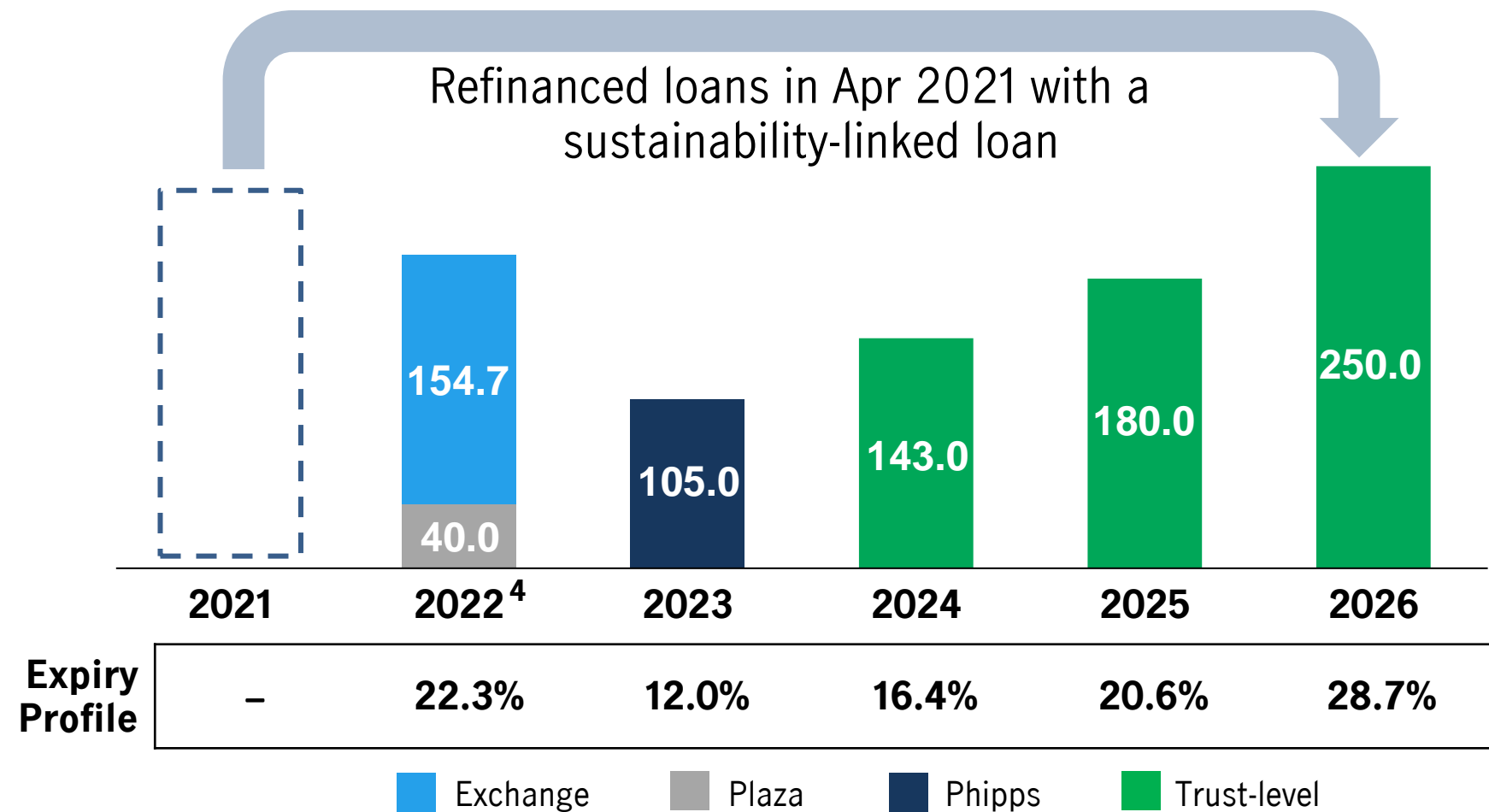
**2.1 years**

Weighted avg. debt maturity

**3.5 times<sup>3</sup>**

Interest coverage

## Debt maturity profile as at 31 Mar 2021 (US\$ m)



(1) Post-refinancing completed in Apr 2021

(2) Based on gross borrowings as percentage of total assets

(3) Based on net income before finance expenses, taxes and net fair value change in investment properties and derivatives over finance expenses

(4) Loans are due in 2H 2022

# Strong leasing momentum; *reduced* 2021 and 2022 expiries

## Portfolio as at 31 Mar 2021

**92.0%**

High occupancy

**5.3 years**

Long WALE

**5.8%**

Leases executed by NLA;  
with +2.1% rental reversion

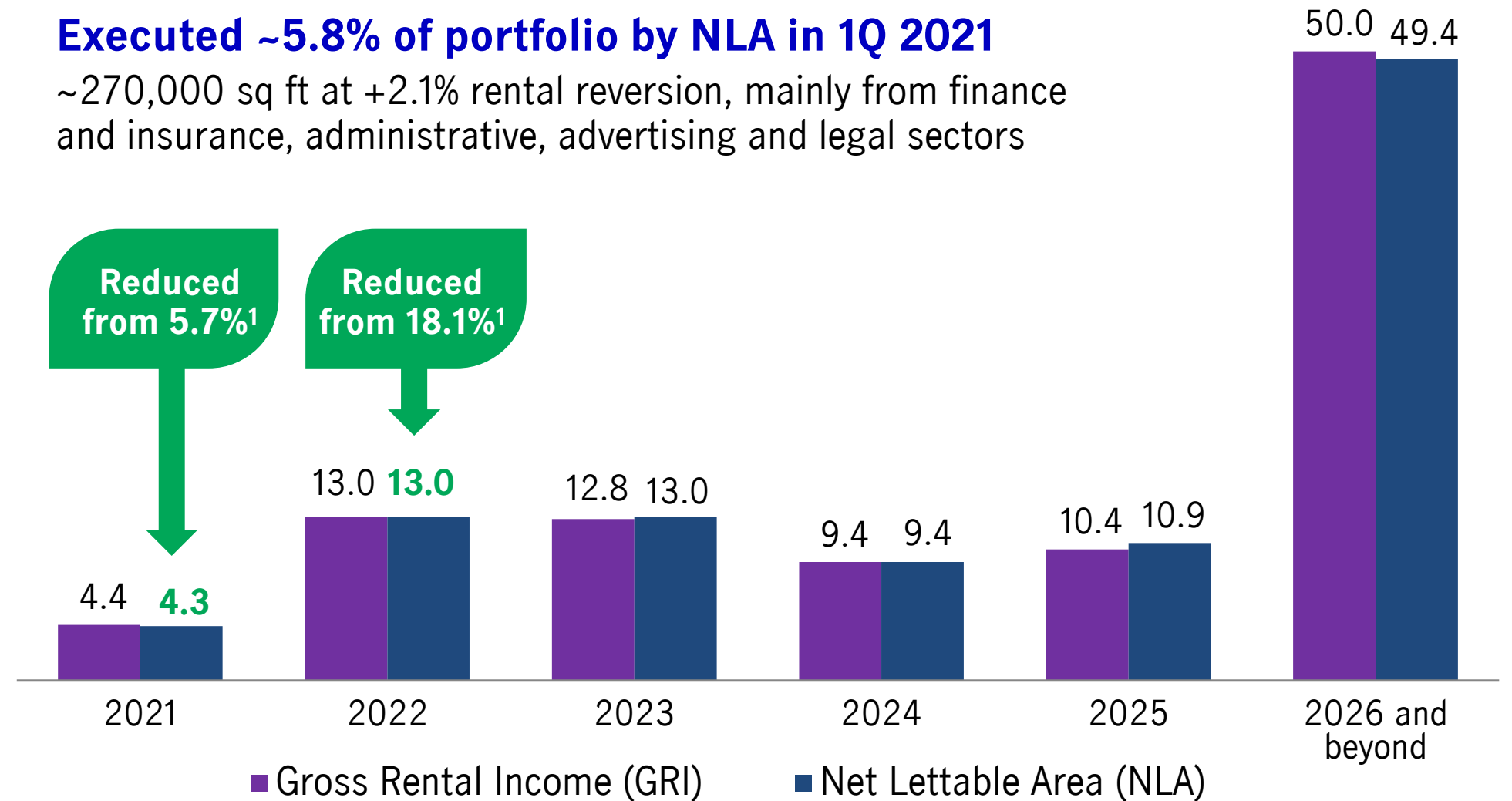
**2.1% p.a.**

Portfolio rental escalations

## Lease expiry profile as at 31 Mar 2021 (%)

**Executed ~5.8% of portfolio by NLA in 1Q 2021**

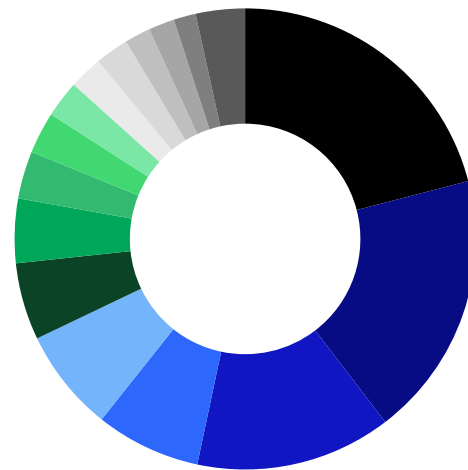
~270,000 sq ft at +2.1% rental reversion, mainly from finance and insurance, administrative, advertising and legal sectors



# Well-diversified tenant base; top 10 tenants going strong with 100% rental collection, majority *HQ/listed/govt*

## Trade sector by gross rental income (GRI) (%)

■ Legal	21.0
■ Finance and insurance	18.6
■ Retail trade	13.7
■ Real estate	7.4
■ Information	7.2
■ Public administration	5.4
■ Consulting	4.5
■ Grant giving	3.3
■ Accounting	2.9
■ Health care	2.6
■ Arts, entertainment, and recreation	2.4
■ Advertising	2.3
■ Architectural and engineering	1.8
■ Transportation and warehousing	1.8
■ Administrative and support services	1.6
■ Others	3.5



## Top 10 tenants by gross rental income (GRI)

Tenant	Sector	Lease Expiry	NLA (sq ft)	% of GRI
The William Carter	Retail trade	Apr 2030	304,013	6.5
TCW Group	Finance and ins	Dec 2023	188,835	4.2
Kilpatrick Townsend	Legal	Jul 2025	184,653	3.8
The Children's Place	Retail trade	May 2029	197,949	3.4
United Nations	Grant giving	Dec 2028	94,988	3.3
US Treasury	Public admin	Jan 2022	120,324	3.3
Quinn Emanuel Trial	Legal	Aug 2023	135,003	3.1
Hyundai Capital America	Finance and ins	Apr 2030	97,587	3.1
Amazon Corp.	Retail trade	Apr 2025	129,259	3.1
ACE American Ins. Co.	Finance and ins	Dec 2029	101,858	2.5
<b>Total</b>			<b>1,554,469</b>	<b>36.3</b>



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# COVID-19 Updates

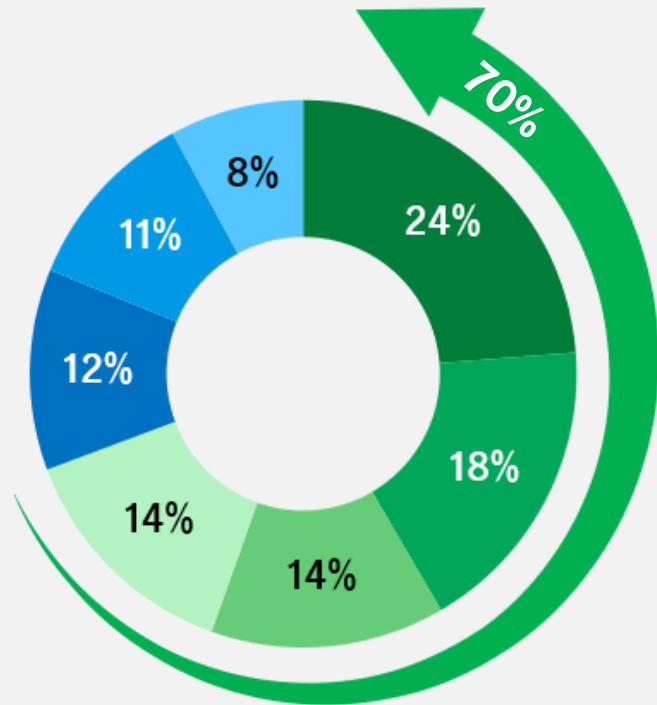
# Majority of employers require same or *more* office space post COVID-19

## Offices remain relevant, hybrid model, gather and scatter

### Physical office remains in demand<sup>1</sup>

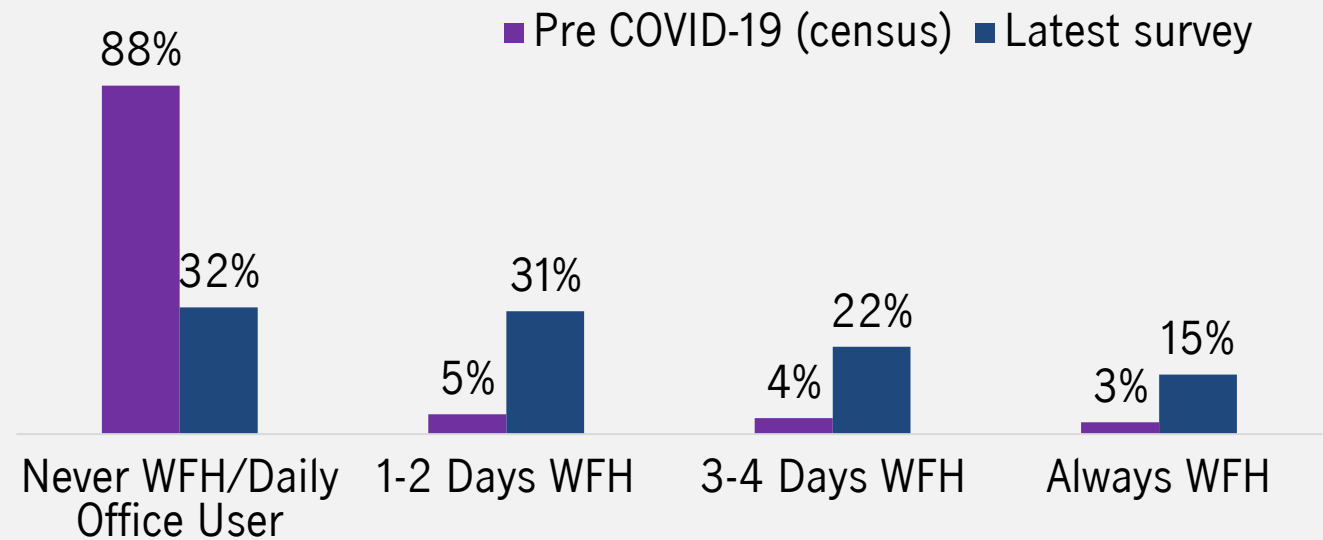
- Demand due to rising headcount & social distancing needs

- Increase more than 25%
- Increase 16% - 25%
- Increase 5% - 15%
- Stay about the same
- Reduce 5% - 15%
- Reduce 16% - 25%
- Reduce more than 25%



### Office remains preferred choice<sup>2</sup>

- Employees expected to average 3.6 days a week in office post COVID-19



Note: Amounts may not sum to 100% due to rounding  
 (1) PwC's U.S. Remote Work Survey 2021. PwC surveyed 133 U.S. executives (Chairman, CEO, Exec Directors, VPs) and 1,200 employees (36% were already working in a flexible arrangement pre COVID-19)  
 (2) Green Street Office Sector Update as at 24 May 2021

# Workers expected to return to office in *September*

**“Morgan Stanley boss tells U.S. staff to be back in office in September”**

**“Bank of America gives WFH employees a Labour Day deadline to return to the office”**

**“IBM tells U.S. employees they will return to the office in September”**

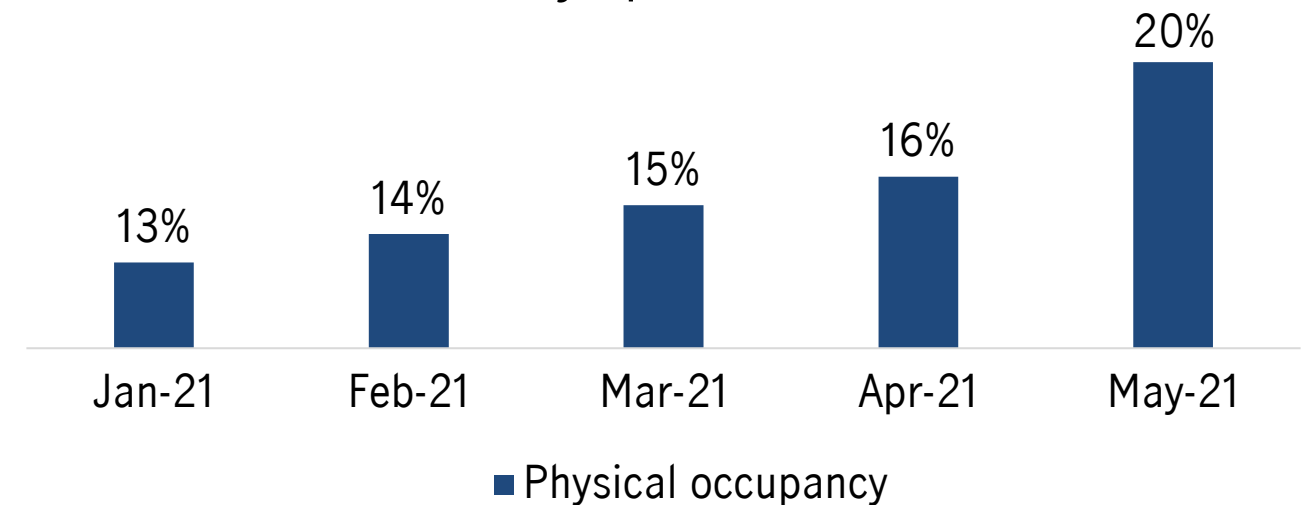
**“Apple prepares office staff for hybrid workweek”**

iPhone maker wants staff to come to the office three days a week starting in September



## **MUST tenants started gradual return to office**

- ~70% of F&B already opened



***“Many Amazon employees will start heading back to offices as soon as local jurisdictions fully reopen... With the majority of workers in offices by the beginning of September.”***



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**Looking  
Forward**

# Post COVID-19 themes to provide *uplift* for MUST

## MUST's investment criteria

- 01** Key Locations and Strong Fundamentals
- 02** Trophy and Class A Assets
- 03** Long WALE and High Occupancy
- 04** Live, Work, Play Environment



## Post COVID-19 themes

- 01** Acceleration of Population and Company Migration
- 02** Growing Tech Sector
- 03** Strong Demand for Health Care
- 04** Fast Developing Knowledge Economy



**Stronger  
MUST**

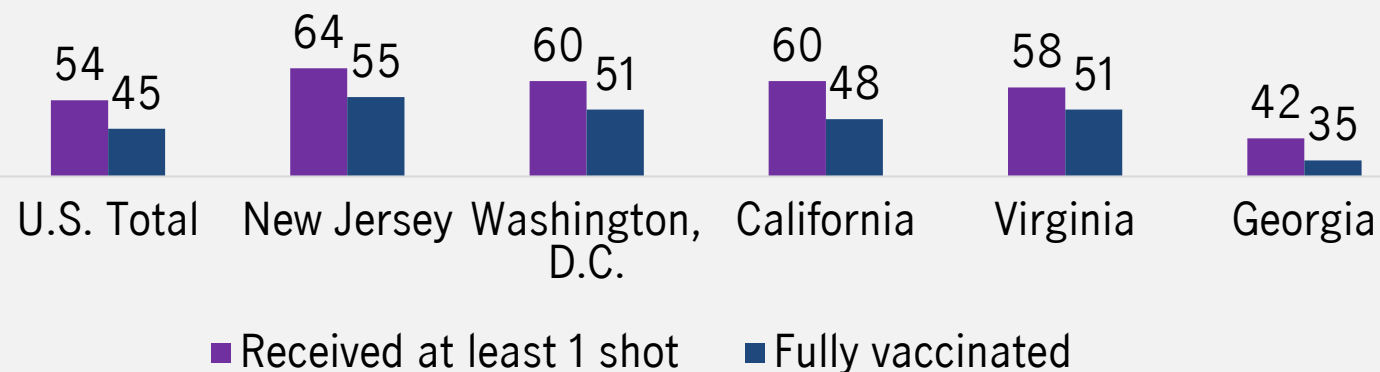


# Patience required for future growth

## U.S. economy - tailwinds

- Stellar 1Q 2021 GDP growth of +6.4% achieved
- U.S. states almost fully reopened
  - ✓ 100% of states with MUST's properties are reopened<sup>1</sup>
- 54% in U.S received at least one shot, 45% fully vaccinated<sup>2</sup>
  - ✓ 90% projected to be vaccinated by April 2022<sup>3</sup>
  - ✓ Vaccination in majority MUST's states above U.S. average

### U.S. vaccination progress (%)<sup>2</sup>



Sources:

(1) The New York Times, "See Reopening Plans and Mask Mandates for All 50 States", as at 23 Jun 2021

(2) Centers for Disease Control and Prevention; U.S. Census Bureau (Note: Extra doses in Pfizer vials and data reporting inconsistencies may result in doses used adding up to more than 100%)

(3) Centers for Disease Control and Prevention; Andrew Beveridge, SocialExplorer

(Note: Total population includes states, territories and three countries with special agreements with the United States: Palau, Micronesia and the Marshall Islands)

## 2021 - headwinds

- Tenants' market:
  - ✓ Higher TIs and free rent
  - ✓ Existing vacancies remains a challenge; larger spaces taking longer to fill

## Transformational growth

- Target at least 20% in high growth sectors (currently at ~10%)
- Continue to seek single/portfolio acquisitions, joint ventures and M&A



# *Thank you!*

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Appendix

# World's largest economy *bouncing back*

**6.4%<sup>1</sup>**

**1Q 2021  
GDP growth**

**1.6m<sup>2</sup>**

**1Q 2021  
jobs gained**

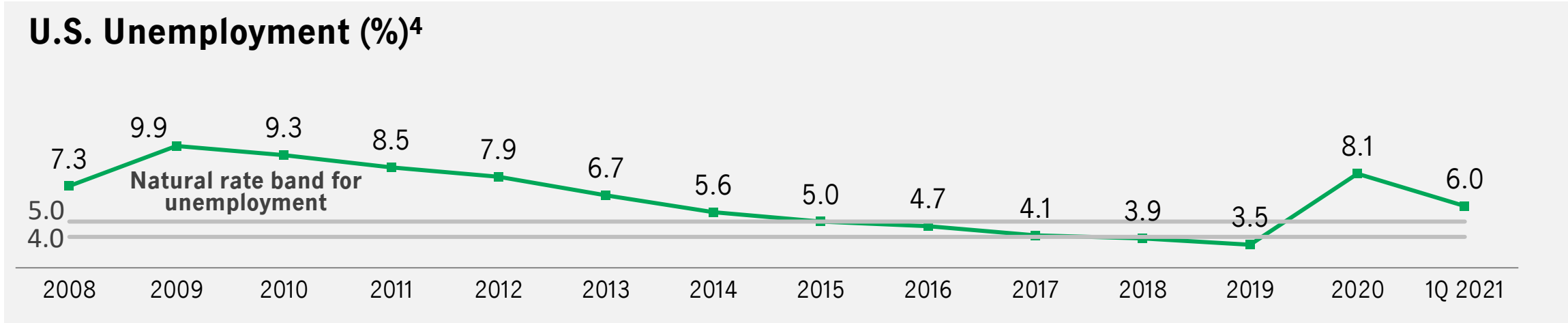
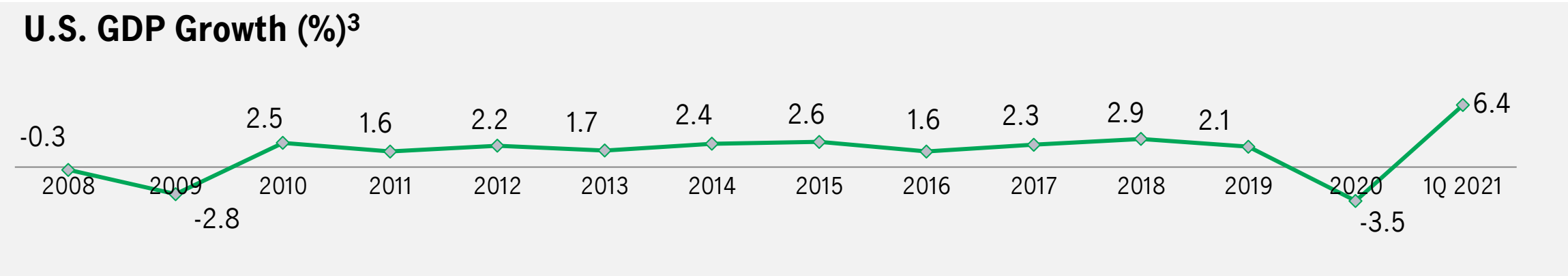
**6.0%<sup>2</sup>**

**Unemployment**

**916k<sup>2</sup>**

**Jobs  
added in March**

- 1Q 2021 GDP of 6.4% shows robust momentum
- March unemployment of 6.0% continues positive trend down from December's 6.7%



Sources:  
 (1) U.S. Department of Commerce, Bureau of Economic Analysis as at 29 Apr 2021, annualised rate  
 (2) U.S. Department of Labor, Bureau of Labor Statistics as at Mar 2021; All numbers listed are non-farm jobs  
 (3) U.S. Department of Commerce, Bureau of Economic Analysis  
 (4) U.S. Department of Labor, Bureau of Labor Statistics as at Mar 2021

# U.S. office real estate activities remain muted

- Direct average market asking rents remain stable and showed modest gains of 0.2% QoQ<sup>1</sup>
- Net effective rents paused their decline at US\$43.70 per sq ft and represent a 13% decline relative to pre-COVID-19 levels<sup>1</sup>

**18.0%<sup>1</sup>**

1Q 2021 vacancy

**+0.2%<sup>1</sup>**

QoQ direct average market rent growth

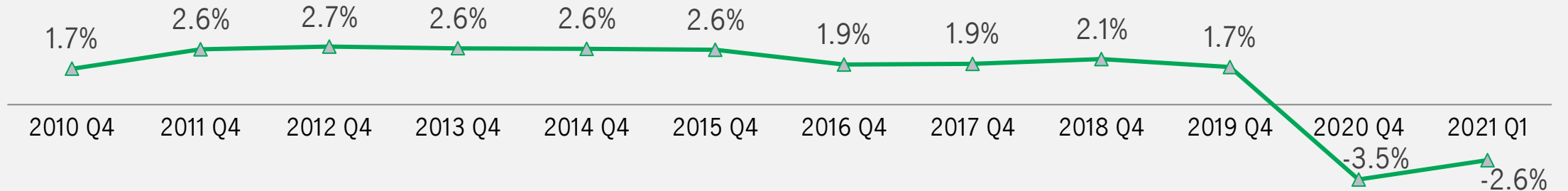
**-44.7m<sup>3</sup>**

1Q 2021 net absorption (sq ft)

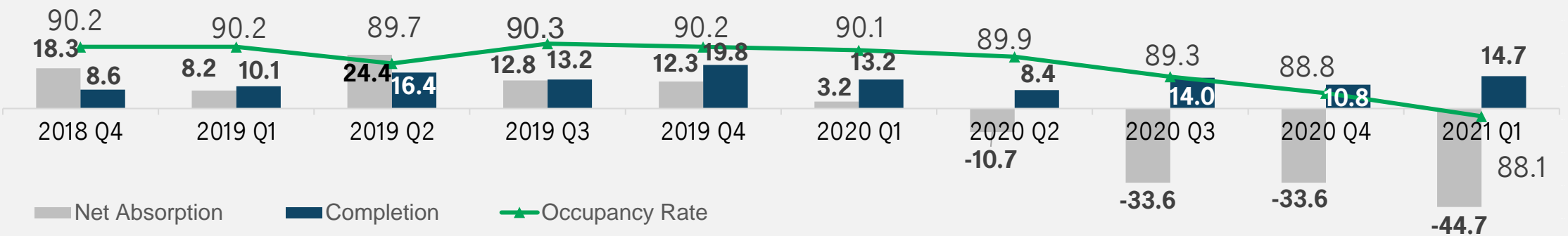
**14.7m<sup>3</sup>**

1Q 2021 new supply delivered (sq ft)

**U.S. office employment YoY (%)<sup>2</sup>**



**U.S. class A office net absorption (m sq ft) and occupancy (%)<sup>3</sup>**



(1) JLL U.S. Office Outlook 1Q 2021; includes all offices; vacancy rate, however, only for Class A

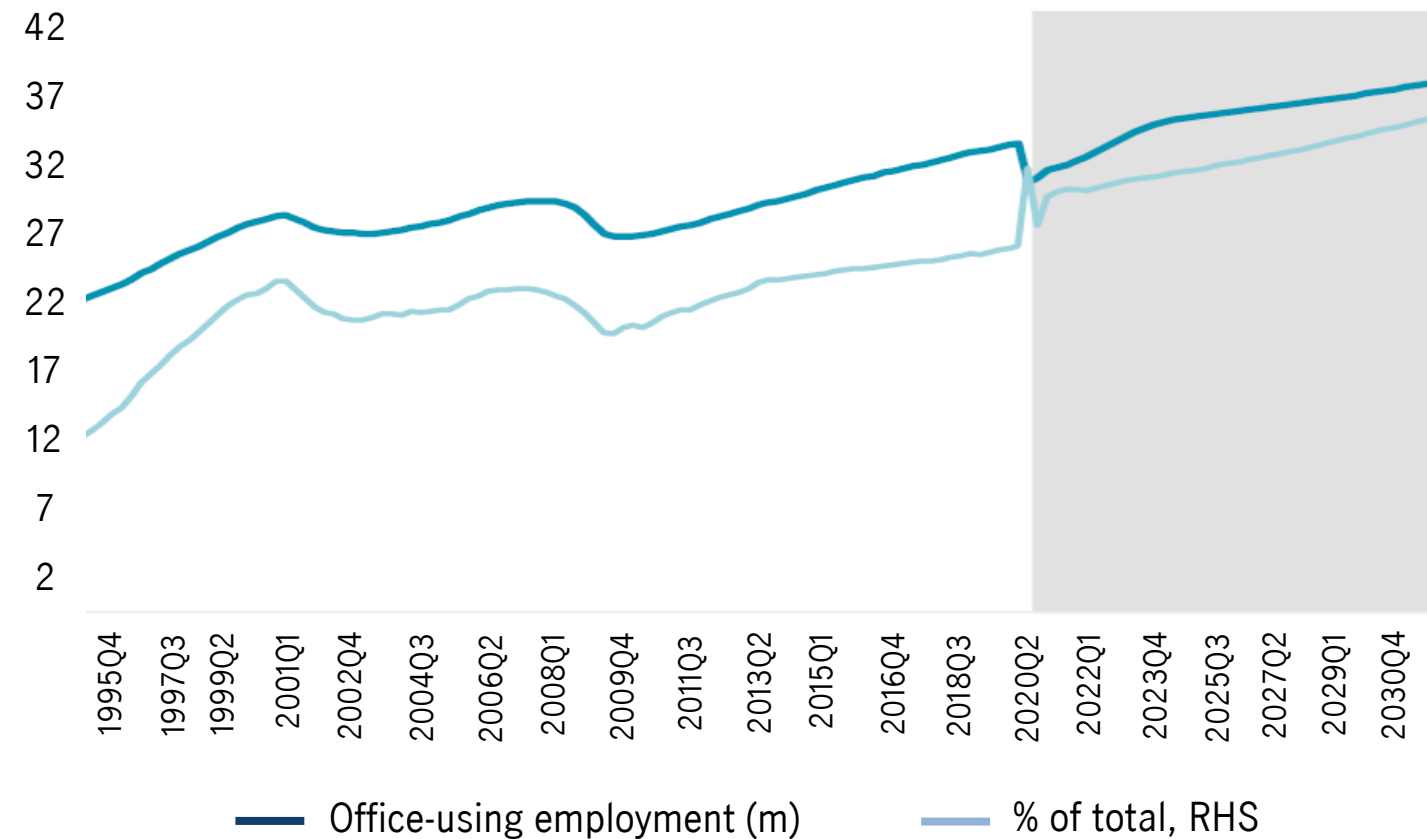
(2) Office employment includes the professional and business services, financial and information service sectors; as per CoStar Market Analysis & Forecast Reports. Amounts reflect YoY % change

(3) CoStar Market Analysis & Forecast Reports

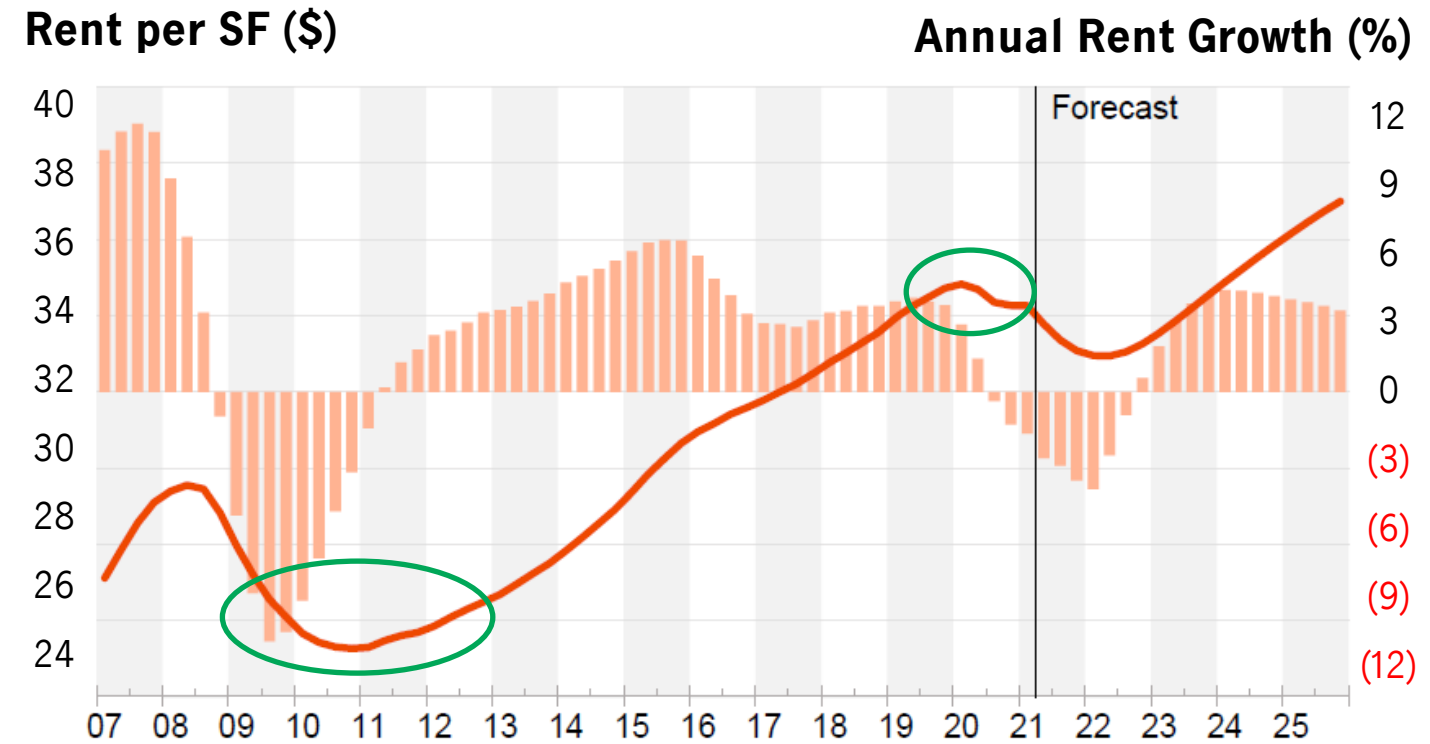
# Future of U.S. office – strong *structural demand* fuels growth

Knowledge economy<sup>1</sup> – Office-using industries take disproportionate share of future U.S. job gains

## Office-using employment (ex. gov and medical) (%)<sup>2</sup>



## Rent growth forecast<sup>3</sup>



(1) Note: OECD's definition of Knowledge Economy – "The knowledge based economy" is an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by the business and public sectors.  
 (2) Source: Cushman and Wakefield report as at 30 Sep 2020: U.S. Property Markets & the Economy, U.S. Bureau of Labor Statistics; Moody's Analytics Forecasted  
 (3) Source: CoStar Office Big Book as at Apr 2021

# Limited supply in MUST's markets

MUST's markets projected 12 months rent growth (2.5%) in line with U.S. average (2.5%)

Class A Market	RBA (m sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption (‘000 sq ft)	Net Delivery (‘000 sq ft)	Last 12 Months Rent Growth <sup>1</sup> (%)	Projected 12 Months Rent Growth <sup>1</sup> (%)	New Properties Under Construction (‘000 sq ft)	Delivery Year
Downtown Los Angeles	44.8	17.5	42.59	(12.8)	0.0	(1.5)	(4.4)	0.0	NA
Irvine, Orange County	15.1	19.2	35.87	(94.7)	0.0	(3.3)	(4.1)	0.0	NA
Buckhead Atlanta	16.6	21.7	39.39	(9.9)	0.0	(0.8)	(1.7)	340.0	2022 <sup>2</sup>
Midtown Atlanta	19.5	15.4	43.89	(122.5)	0.0	(0.9)	(1.7)	679.2 <sup>3</sup>	2021
Meadowlands <sup>4</sup>	3.5	18.9	36.51	(33.0)	0.0	(2.4)	(5.8)	0.0	NA
Hudson Waterfront <sup>4</sup>	18.3	14.1	43.32	(85.0)	0.0	(2.2)	(5.6)	0.0	NA
Washington, D.C.	30.5	18.8	57.39	74.2	0.0	(1.4)	(2.2)	469.0 <sup>5</sup>	2022
Fairfax Center	4.7	23.1	32.41	(7.8)	0.0	(2.1)	(2.6)	0.0	NA
Downtown Sacramento	10.2	6.3	39.95	(18.4)	0.0	(1.7)	(1.9)	0.0	NA

Source: All Submarket and Market Data as at 5 Apr 2021 from CoStar Market Analysis & Forecast Reports

(1) All building classes

(2) As per Simon Property Group One Phipps Plaza leasing sheet

(3) 100% pre-leased

(4) Secaucus is within the Meadowlands submarket; Jersey City is within the Hudson Waterfront submarket

(5) Comprises Trophy asset which is not comparable to Penn

# MUST's tax *advantage*

- No U.S. corporate taxes (21%)
- No U.S. withholding taxes (30%)
- No Singapore corporate taxes on domestic institutions (17%) or Singapore withholding taxes (10%)

## For illustrative purposes only

	US REIT	SREIT <sup>1</sup>	MUST
<b>DPU Yield</b>	3.7% <sup>2</sup>	7.4%	<b>7.4%<sup>3</sup></b>
<b>U.S. Withholding Taxes</b>	(1.1%)	-	-
<b>Net Yield – Singapore Retail Investor</b>	2.6%	7.4%	<b>7.4%</b>
<b>Net Yield – Singapore Institutions</b>	2.6%	6.1% <sup>4</sup>	<b>7.4%</b>
<b>Net Yield – Foreign Institutions</b>	2.6%	6.7% <sup>5</sup>	<b>7.4%</b>

Source: Bloomberg

(1) Singapore REIT with Singapore assets only. For illustrative purposes, the DPU yield for S-REIT is assumed to be the same as Manulife US REIT

(2) Weighted average of analyst consensus for FY 2020 distribution yield of 20 Office REITs listed in U.S. as at 30 Apr 2021

(3) Based on FY 2020 DPU of 5.64 US cents and closing price of US\$0.76 as at 30 Apr 2021

(4) Singapore institutions incur 17% corporate tax on the Singapore sourced income portion of the distribution

(5) Foreign institutions incur 10% corporate tax on the Singapore sourced income portion of the distribution



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