



# 1Q 2022 Operational Updates

9 May 2022



# Important notice

This presentation 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 Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.

This presentation 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. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. 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, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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.





Peachtree, Georgia

# *Content*

- 01 1Q 2022 financial and portfolio updates
- 02 ESG highlights
- 03 Looking forward
- 04 Appendix: U.S. market
- 05 Appendix: About MUST





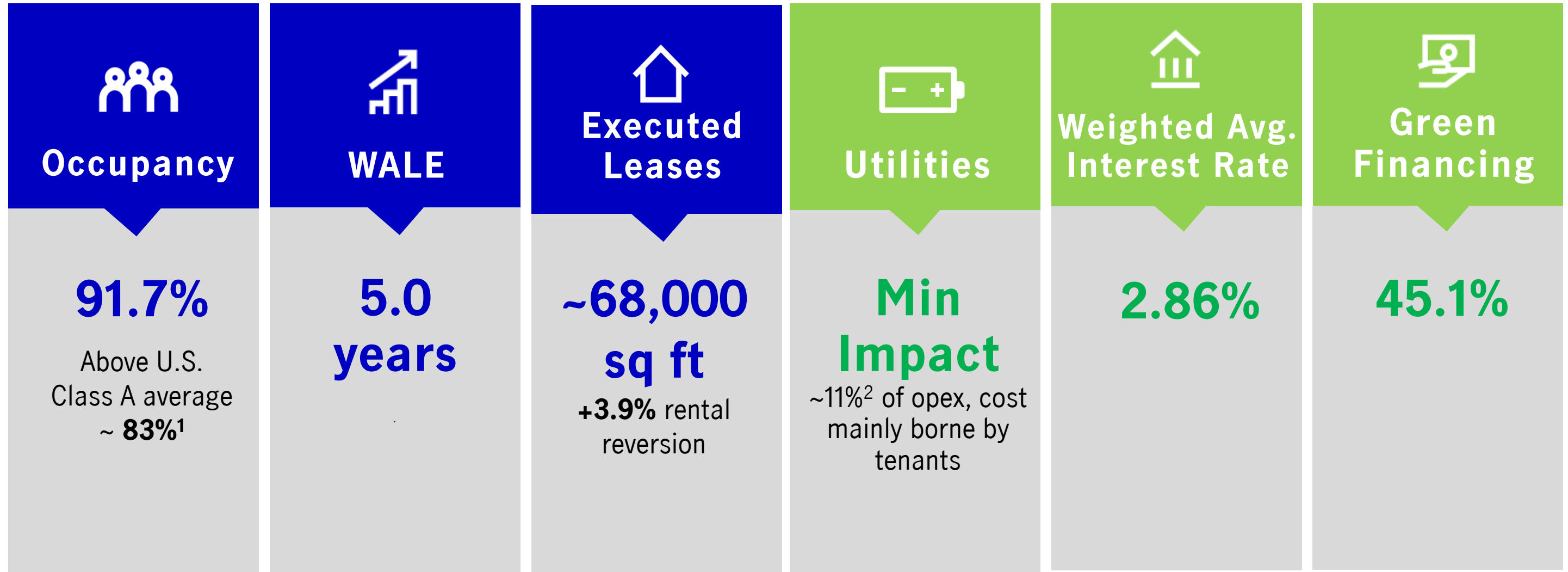
Tanasbourne, Portland

# 01

---

## 1Q 2022 financial and portfolio updates

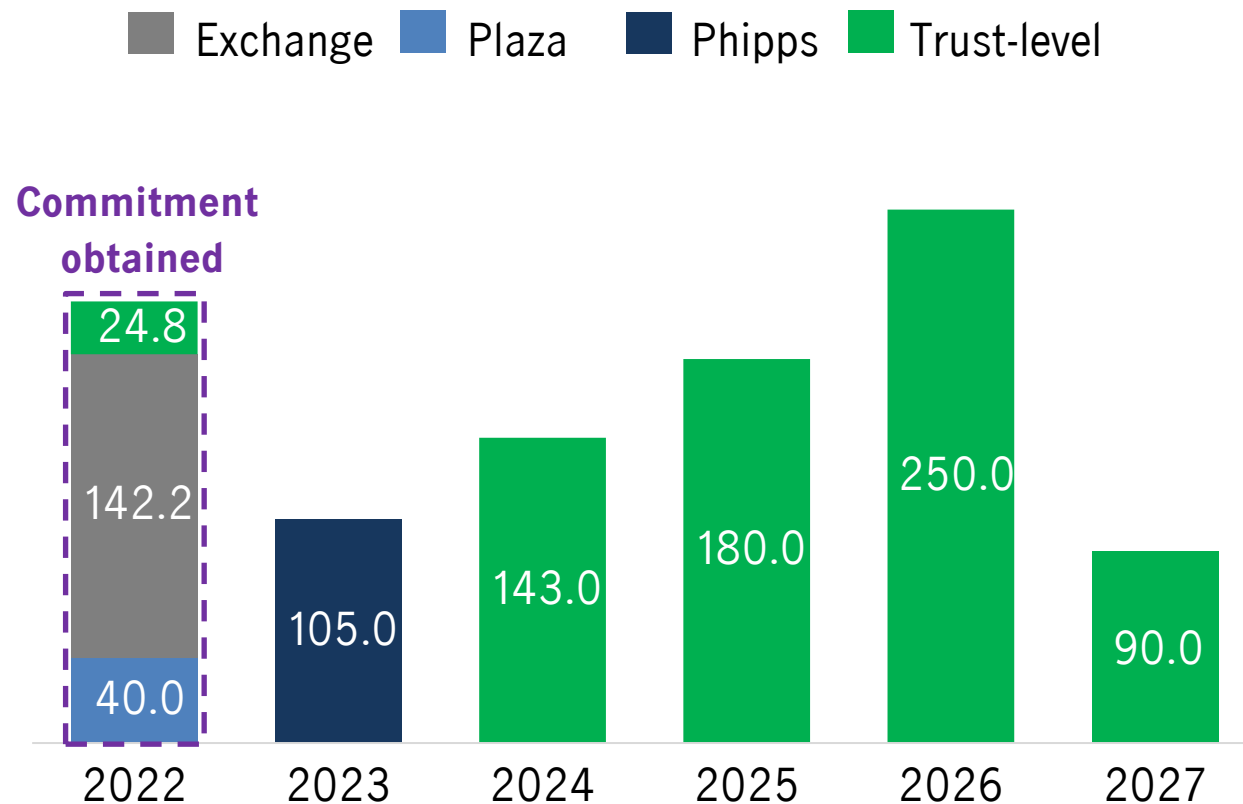
# 1Q 2022 portfolio remains *stable* with high occupancy



# Proactive capital management

Every 1% increase in interest rate will impact DPU by 0.075 US Cents

## Debt maturity profile as at 31 Mar 2022 (US\$ m)



	31 Mar 2022
Weighted Avg Interest Rate	2.86%
Weighted Avg Debt Maturity	2.6 years
Portfolio Unencumbered	70.4%
Gearing <sup>1</sup>	42.8%
Green or Sustainability-Linked Loans	45.1%
Interest Coverage <sup>2</sup>	3.4 times
Fixed Rate Loans	86.5%

(1) Based on gross borrowings as a percentage of total assets

(2) Computed by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees as set out in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore

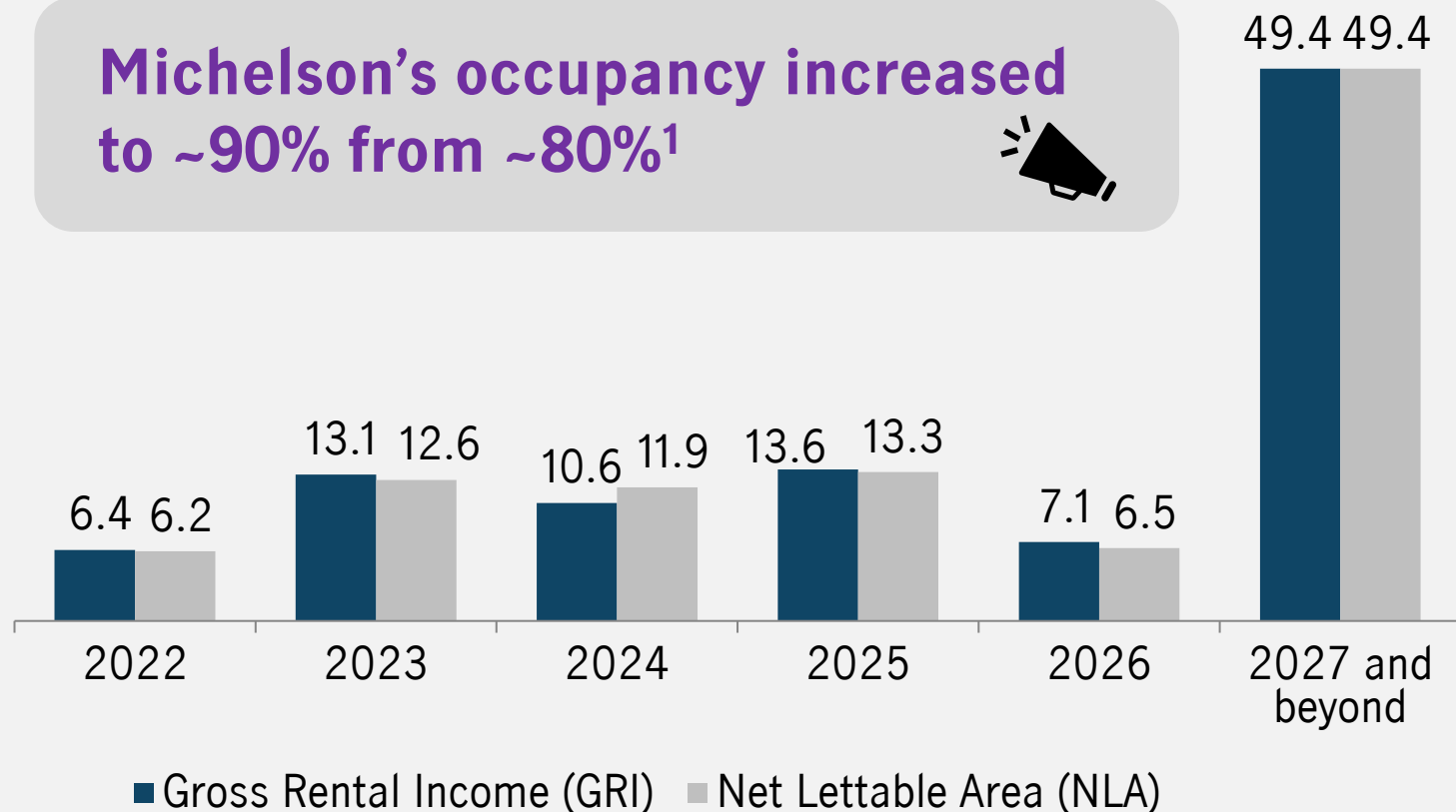


# Long WALE of 5.0 years, expects *positive* rental reversion

Leased ~68,000 sq ft in 1Q 2022 with +3.9% rental reversion

## Lease expiry profile as at 31 Mar 2022 (%)

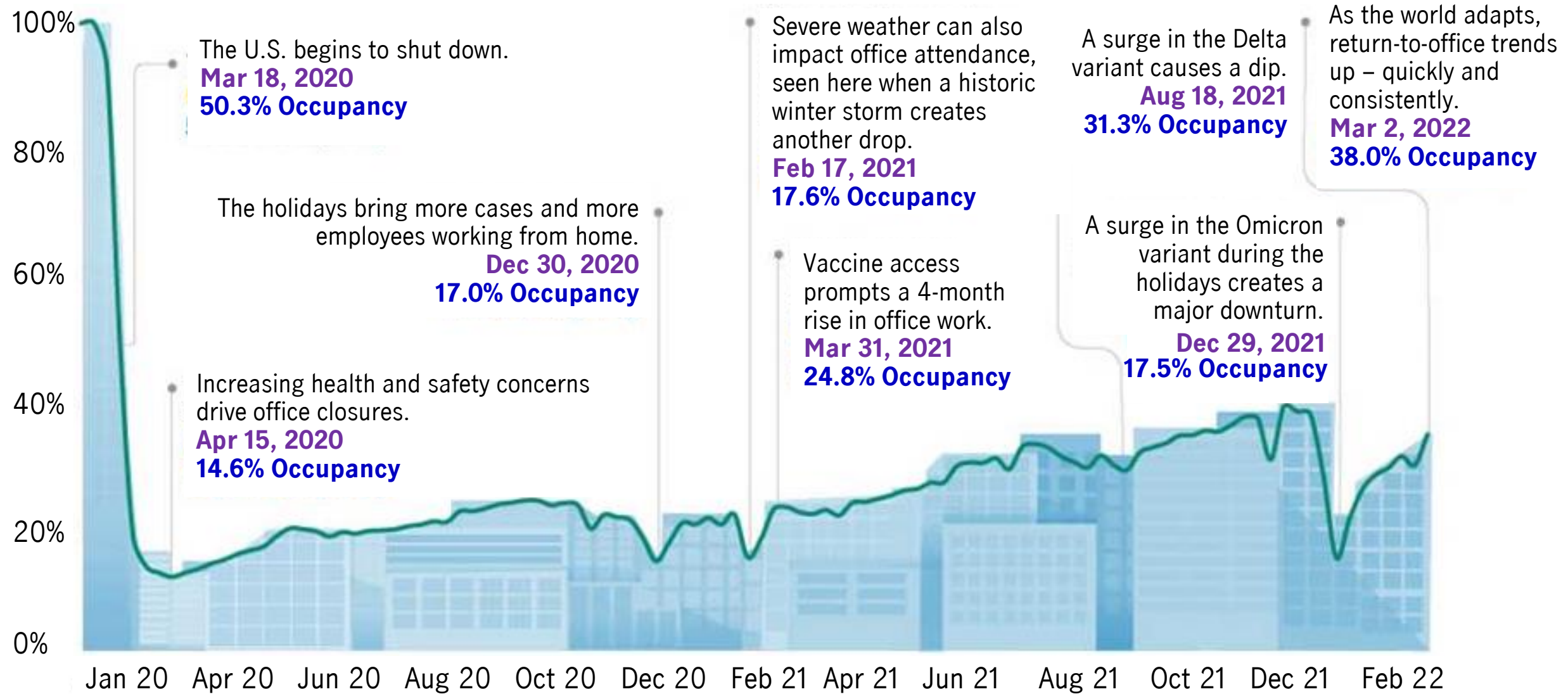
Michelson's occupancy increased to ~90% from ~80%<sup>1</sup>



## Breakdown of leases by NLA (%)



# The *slow and bumpy* return to office





# MUST physical occupancy and U.S. office *trends*

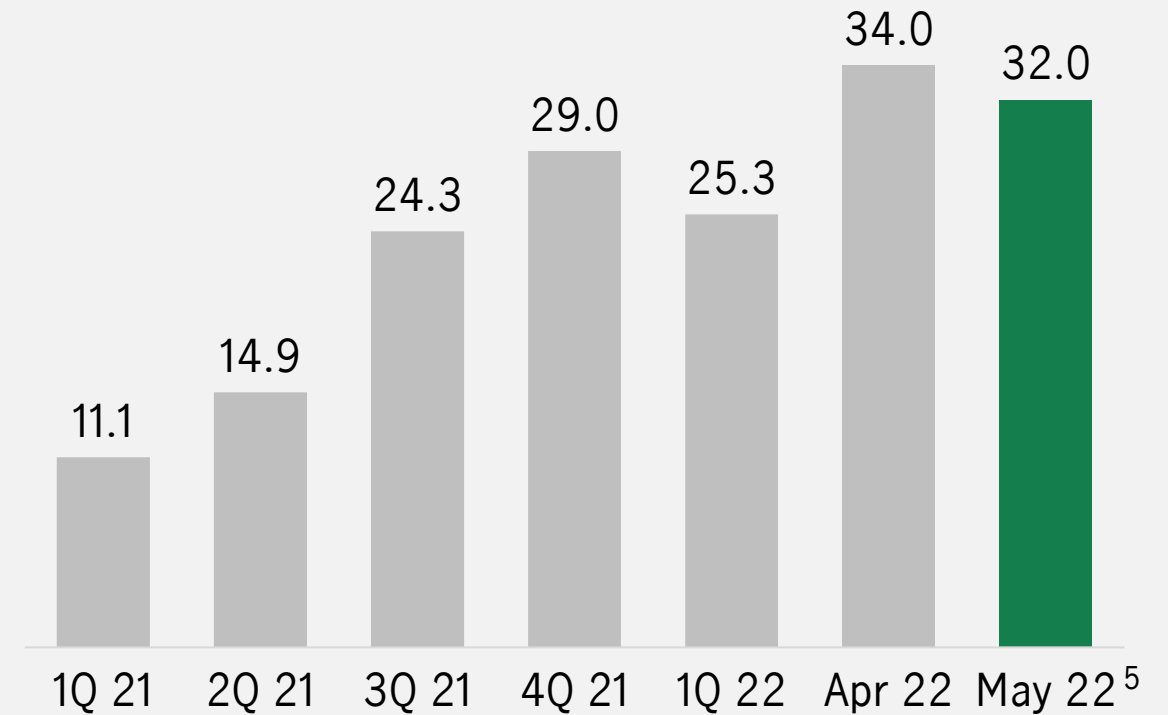
## Headwinds

- Decision makers unclear on space requirements due to global uncertainties and employees' slow RTO
- Hybrid model could see incremental 10% of workers WFH, up from the pre-COVID levels of 12%<sup>1</sup>

## Tailwinds

- Employment in most office-using sectors<sup>2</sup> are above pre-COVID-19 levels, led by professional services<sup>3</sup> (+5.2%), information (+0.7%) and financial activities (+0.3%)
- 1Q 2022 leasing volume +13.8% QoQ<sup>4</sup> with overall leasing volume at ~80% of pre-pandemic levels

## MUST physical building occupancy (%)



(1) Greenstreet report as at 10 Mar 2022

(2) JLL US Recovery Indicators as at 7 Apr 2022

(3) Professional services include legal services, accounting and bookkeeping services, architectural and engineering services, etc

(4) JLL US Market Office Overview 1Q 2022

(5) Data as at 2 May 2022

# Limited supply with positive 12-month rent growth

MUST's markets projected 12-month rent growth +3.8% in Apr 2022 vs. (2.5%)<sup>1</sup> Apr 2021

Markets	RBA (m sq ft)	Vacancy (%)	Gross Asking Rent Per Sq Ft (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>2</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
Downtown Los Angeles	46.1	19.4	42.07	10.2	0	0.9	3.9	0.0	NA
Irvine, Orange County	15.0	20.8	33.29	(122.9)	0	(1.1)	4.2	0.0	NA
Buckhead Atlanta	17.5	23.2	39.74	(8.8)	0	0.8	3.9	340.0 <sup>3</sup>	2022
Midtown Atlanta	24.4	19.4	43.40	367.8	0	1.3	4.3	0.0	NA
Meadowlands, Secaucus	3.5	19.7	35.80	0.0	0	(0.8)	3.5	0.0	NA
Hudson Waterfront, Jersey City	19.3	16.4	44.43	0.2	0	(0.5)	3.5	0.0	NA
Washington, D.C.	31.6	18.7	58.18	(43.8)	0	(0.2)	2.7	814.0 <sup>4</sup>	2022, 2024
Fairfax Center	4.7	20.9	32.73	(9.1)	0	(0.1)	2.8	0.0	NA
Downtown Sacramento	11.4	7.1	39.27	(7.3)	0	1.2	3.6	0.0	NA
Hillsboro, Portland	6.6	10.1	26.21	7.4	0	2.7	4.2	0.0	NA
Tempe, Phoenix	7.2	19.6	25.00	(2.7)	0	2.2	5.2	471.0 <sup>5</sup>	2022
Chandler, Phoenix	6.2	21.5	31.03	(43.1)	0	2.6	5.1	0.0	NA

Source: All Submarket and Market Data as at 1 Apr 2022 from CoStar Market Analysis & Forecast Reports

(1) Data excludes Hillsboro, Tempe and Chandler markets

(2) All building classes

(3) 28% pre-leased to Novelis

(4) Comprises of Trophy assets which are not comparable to Penn

(5) Comprises of Class A assets which are not comparable to Diablo





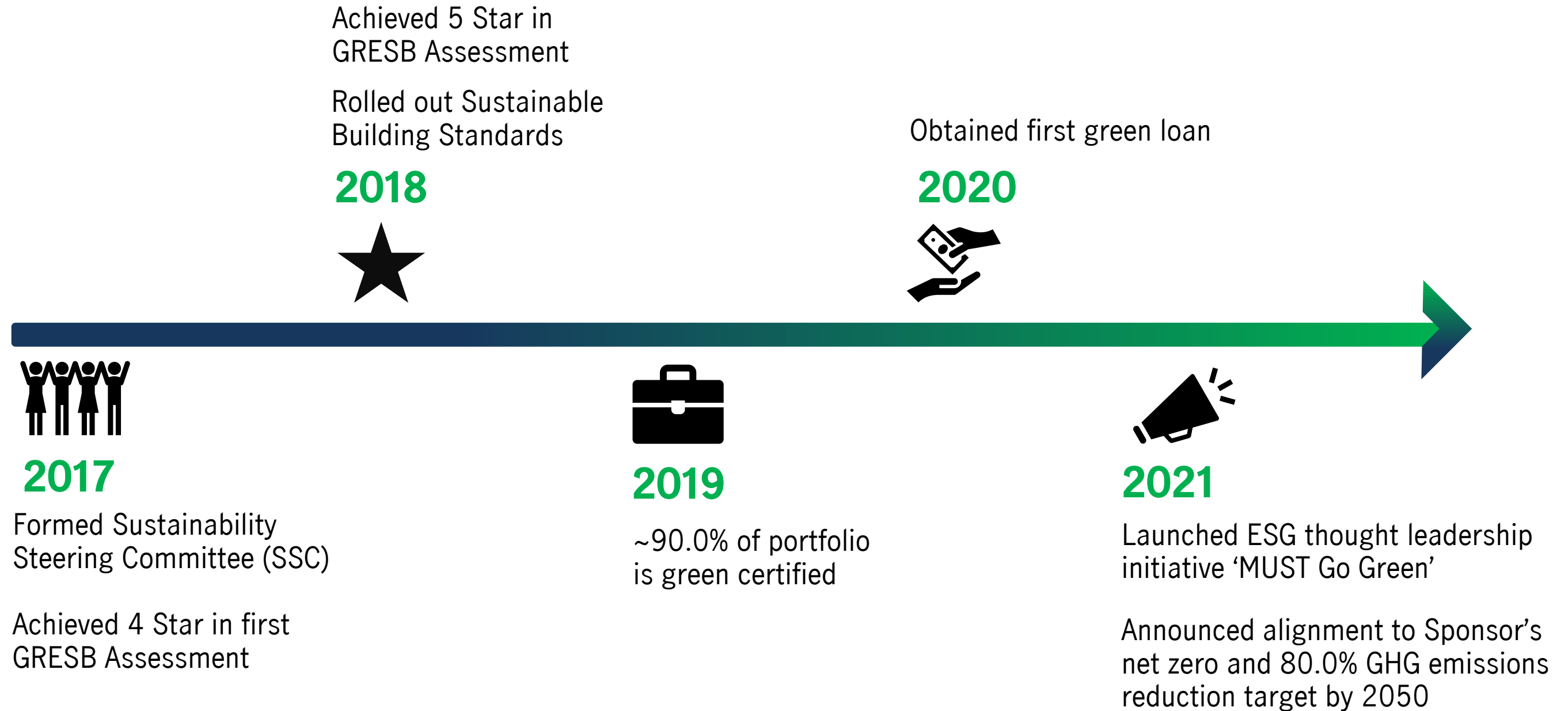
02

---








ESG  
highlights



# Our ESG *journey*



# Our 2021 *ESG* highlights

 <p><b>Building Resilience</b></p>	<p><b>GHG intensity</b> -9.3% YoY</p>	<p><b>Energy intensity</b> -5.8% YoY</p>	<p><b>Green certification</b> ~90.0%</p>
 <p><b>People first</b></p>	<p><b>Average training hours per staff</b> +40.0% YoY</p>	<p><b>CSR contribution</b> \$25,976, 189 hours</p>	<p><b>Tenant engagement<sup>1</sup></b> 88.0% with 4 or 5 Star rating</p>
 <p><b>Driving sustainable growth</b></p>	<p><b>Non-compliance &amp; corruption</b> Zero incidents</p>	<p><b>Green financing</b> First sustainability linked loan</p>	<p><b>Board diversity</b> 50% female independent directors</p>
 <p><b>Accolades<sup>2</sup></b></p>		 <p><b>'AA' rating</b></p>	 <p><b>Ranked top 2% globally</b></p>

(1) Biennial engagement survey conducted in 2020

(2) GRESB: Top 20% of 1,520 global entities, MSCI ESG: Top 26% of MSCI all country world index constituents, Sustainalytics: Top 2% of 13,650 companies globally



03

---

Looking forward

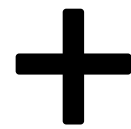


# *Driving* leasing to increase performance



## Investment criteria

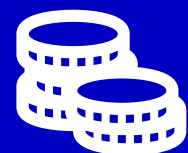
- 1 Key locations and strong fundamentals**
- 2 High-growth markets/tenants, sunbelt/magnet cities**
- 3 Long WALE and high occupancy**
- 4 Live, work, play environment**



## Leasing

- 1 Space**  
Repurpose space, increase spec suites and co-working exposure
- 2 Flexible terms**  
Forward renewals, shorter lease-terms with lower tenant incentives
- 3 Proactive marketing**  
Digital/physical tours, broker outreach and higher commissions

# Focused on portfolio *stabilisation*



**Drive leasing and pivot to high-growth sectors/markets**



**Future proof the business through portfolio rejuvenation and green buildings**



**Prudent spending, stabilising valuations - containing gearing**



**Continue to explore JVs, M&A and capital recycling for growth**



# Thank You!

For enquiries, please contact:

**Ms Caroline Fong**

Chief Investor Relations and Capital Markets Officer

✉ [carol\\_fong@manulifeusreit.sg](mailto:carol_fong@manulifeusreit.sg)

☎ (65) 6801 1066

---

**Manulife US Real Estate Management Pte. Ltd.**

(Company registration no. 201503253R)

8 Cross Street, #16-03 Manulife Tower, Singapore 048424

<http://www.manulifeusreit.sg>



Scan to connect with us on 







# 04

---

## Appendix: U.S. market



# U.S. economic outlook turns *cautious*

**-1.4%<sup>1</sup>**

**1Q 2022  
GDP growth**

**1.7m<sup>2</sup>**

**1Q 2022  
jobs gained**

**3.6%<sup>2</sup>**

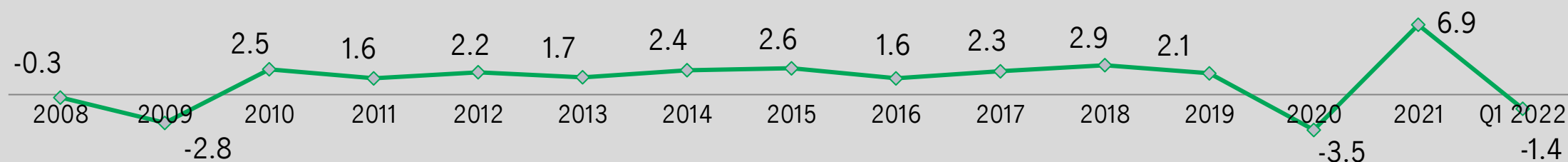
**Unemployment**

**431k<sup>2</sup>**

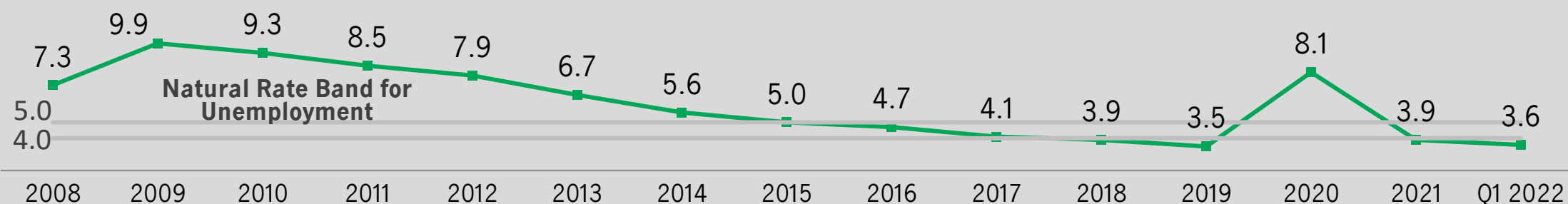
**Jobs  
added in March**

- Despite 1Q 2022 -1.4% GDP growth, businesses and consumers increased their spending 3.7% (annualised)<sup>3</sup>
- Jobs gained led by service sector, accounting for 88% of total jobs created<sup>2</sup>

**U.S. GDP growth (%)<sup>1</sup>**



**U.S. unemployment (%)<sup>2</sup>**



(1) U.S. Department of Commerce, Bureau of Economic Analysis as at 28 Apr 2022, annualised rate  
 (2) U.S. Department of Labor, Bureau of Labor Statistics as at 28 Jan 2022; All numbers listed are non-farm jobs  
 (3) www.marketbeat.com, "US economy shrank by 1.4% in Q1 but consumers kept spending" archived 28 Apr 2022  
 (4) U.S. Department of Labor, Bureau of Labor Statistics as at 28 Jan 2022

# U.S. office real estate activities remain *stable*

**17.0%<sup>1</sup>**

1Q 2022 vacancy

**+0.5%<sup>1</sup>**

QoQ direct average market base rent growth

**3.7m<sup>3</sup>**

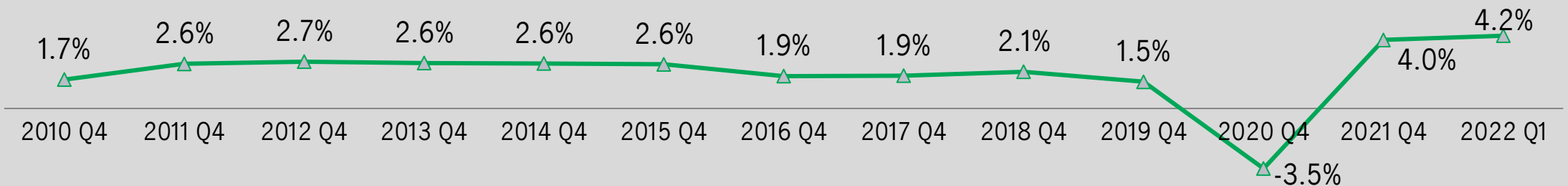
1Q 2022 net absorption (sq ft)

**13.1m<sup>3</sup>**

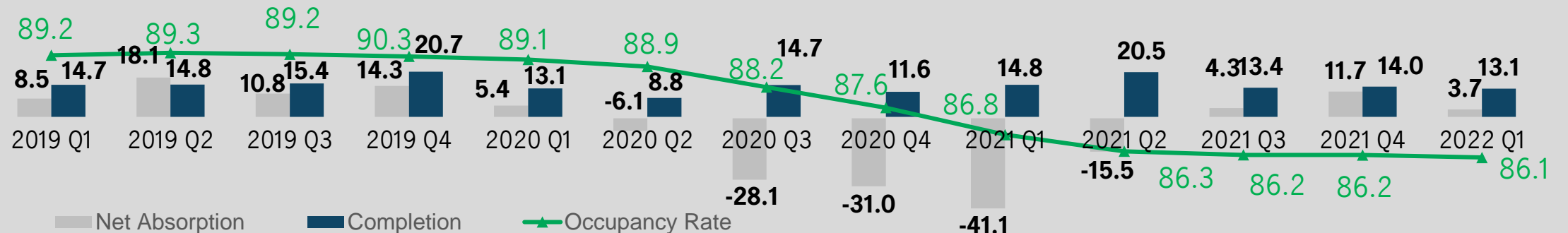
1Q 2022 new supply delivered (sq ft)

- Direct average market asking rents remain stable and showed modest gains of 0.5% QoQ<sup>1</sup>
- Net effective rents continue to climb, but still down 5% relative to pre-COVID-19 levels<sup>1</sup>

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



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



(1) JLL U.S. Office Outlook 1Q 2022; includes all offices; vacancy rate, however, only for Class A

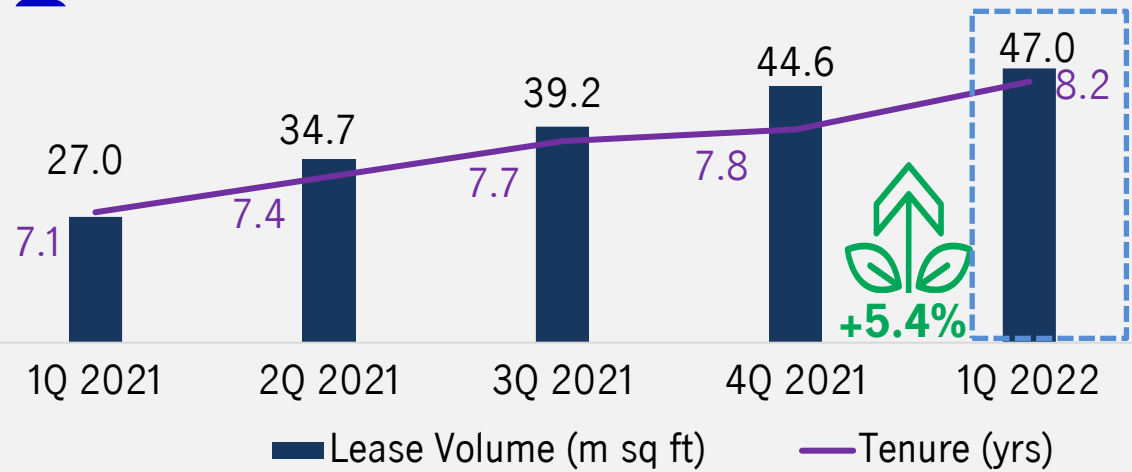
(2) Office employment includes the professional and business services, financial and information service sectors; as per CoStar Market Analysis & Forecast Reports. Amounts reflect YoY % change

(3) CoStar Market Analysis & Forecast Reports for Class A & B Office

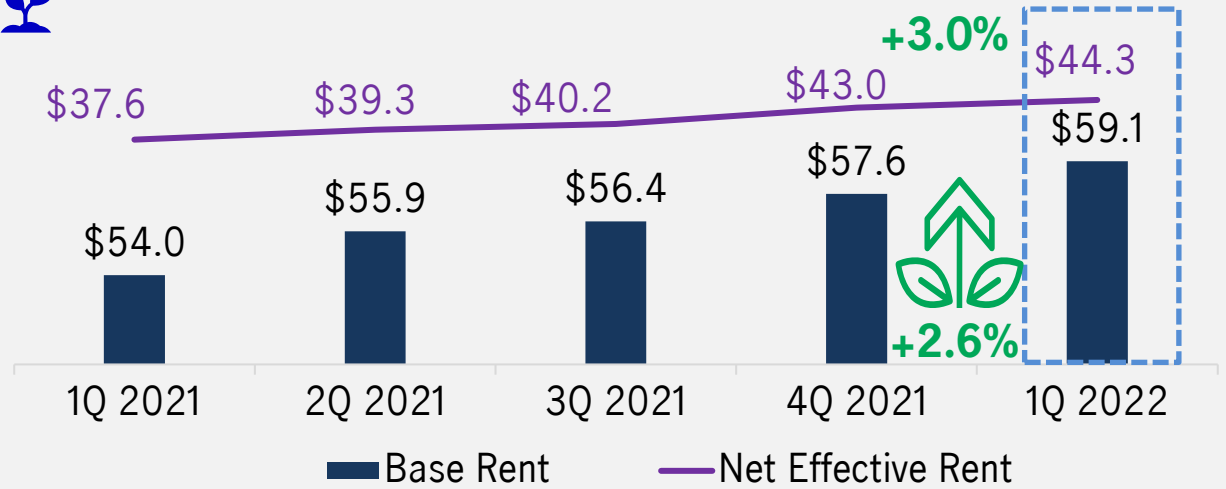


# U.S. office green shoots *continue*

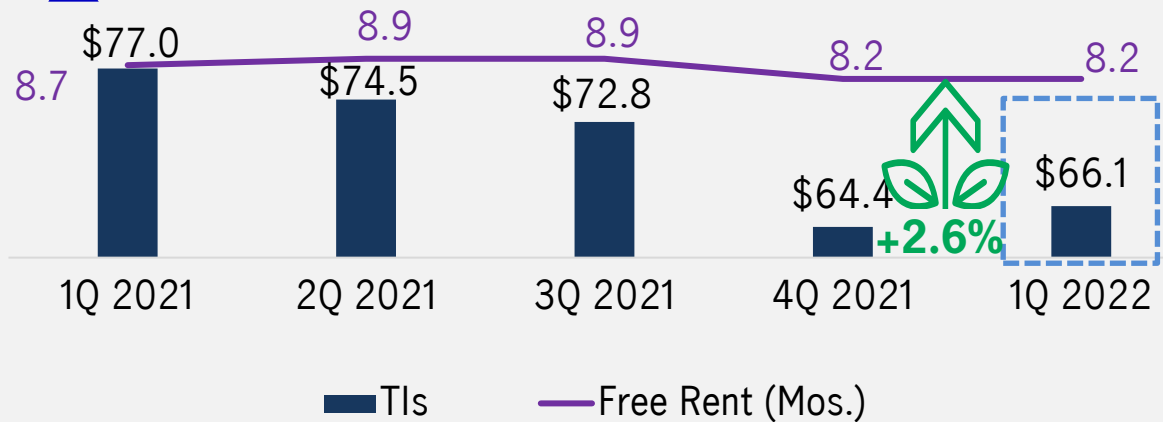
## Higher leasing volume and longer tenure



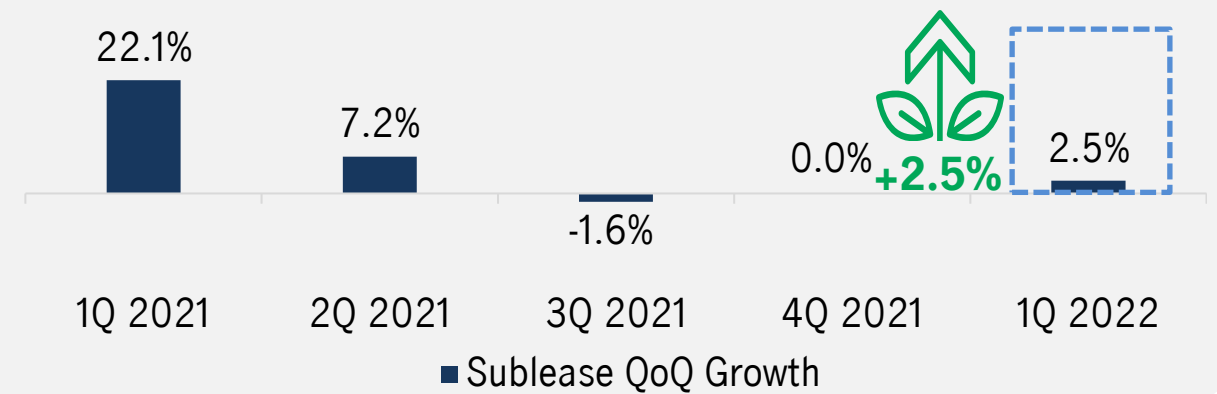
## Base rents and net effective rents increasing



## TIs and free rent moderating



## Subleasing plateauing







# 05

---

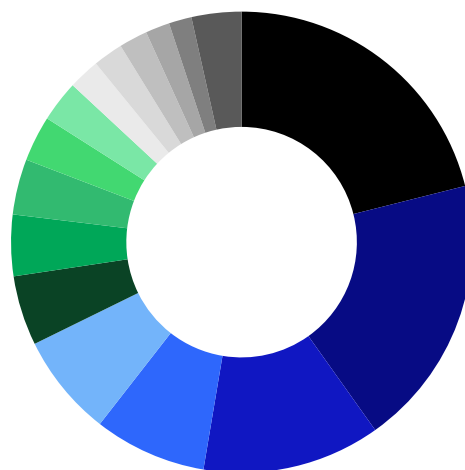
## Appendix: About MUST



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

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

■ Finance and Insurance	21.1
■ Legal	19.1
■ Retail Trade	12.5
■ Information	7.9
■ Real Estate	7.2
■ Public Administration	4.9
■ Consulting	4.3
■ Health Care	3.9
■ Grant Giving	3.2
■ Accounting	2.9
■ Arts, Entertainment, and Recreation	2.2
■ Transportation and Warehousing	2.1
■ Advertising	2.0
■ Architectural and Engineering	1.7
■ Administrative and Support Services	1.6
■ Others	3.5



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

Tenant	Sector	Property, Location	Lease Expiry	NLA (sq ft)	% of GRI
The William Carter	Retail trade	Phipps, Atlanta	Apr 2030	277,920	5.6
TCW Group	Finance and ins	Figueroa, LA	Dec 2023	188,835	3.9
United Nations	Grant giving	Penn, Wash	Dec 2028	94,988	3.2
Kilpatrick Townsend	Legal	Peachtree, Atlanta	Jul 2025	163,076	3.2
The Children's Place	Retail trade	Plaza, Secaucus	May 2029	197,949	3.1
Hyundai Capital America	Finance and ins	Michelson, Irvine (CA)	Apr 2030	97,587	3.0
Quinn Emanuel Trial	Legal	Figueroa, LA	Aug 2023	135,003	2.9
US Treasury	Public admin	Penn, Wash	Aug 2025	120,324	2.9
Amazon Corp.	Retail trade	Exchange, Jersey	Apr 2025	129,259	2.8
ACE American Ins. Co.	Finance and ins	Exchange, Jersey	Dec 2029	101,858	2.3
<b>Total</b>				<b>1,506,799</b>	<b>33.0</b>



# Manulife US REIT supported by *reputable sponsor*

**Global real estate AUM of US\$20.1 b**

**Manulife**

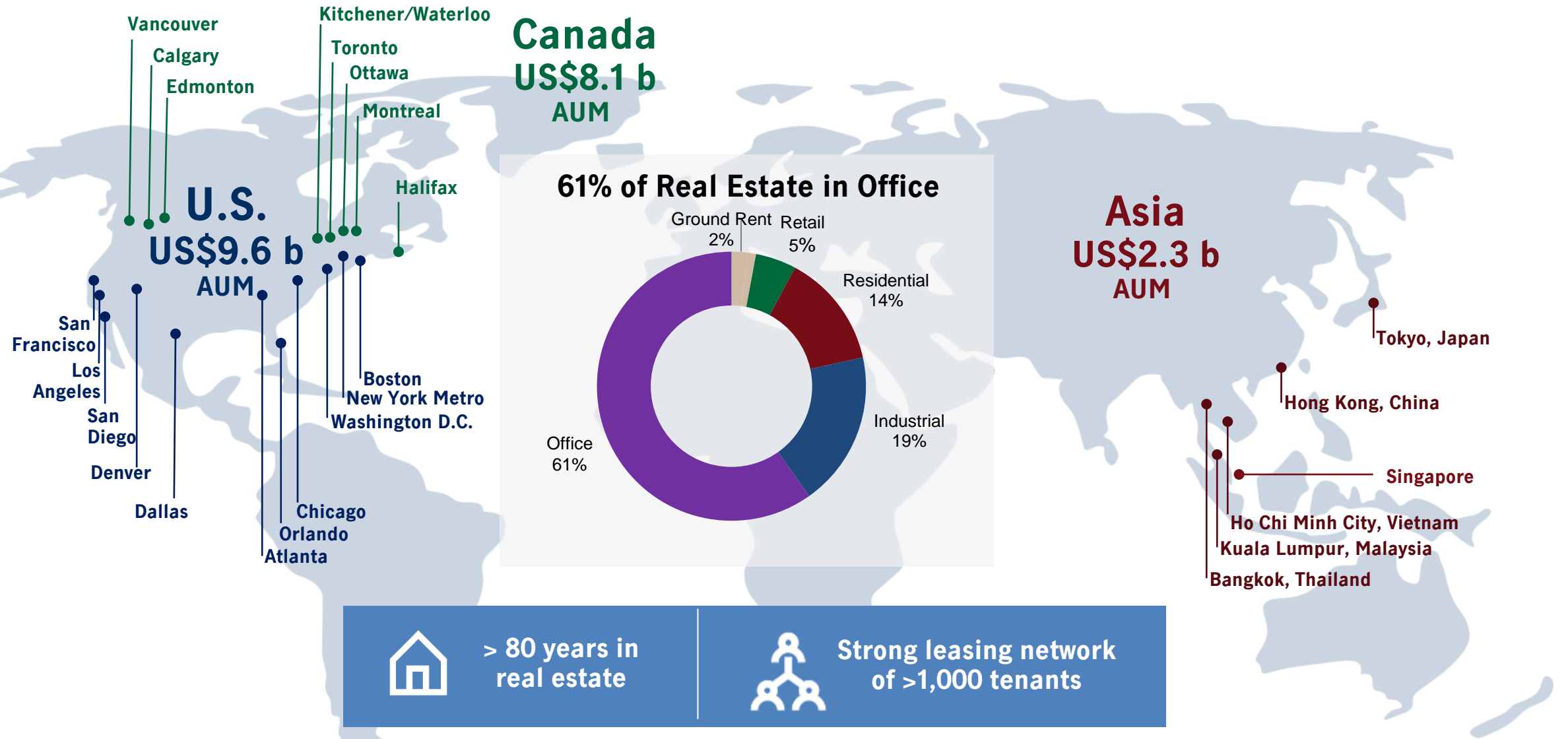
AUM US\$1.1 t



**Private Markets**  
AUM US\$123.8 b



**Global Real Estate**  
AUM US\$20.1 b



> 80 years in real estate

Strong leasing network of >1,000 tenants

**Manulife**  
US REIT

Note: Amounts may not sum to 100% due to rounding  
All AUM in fair value basis as at 31 Dec 2021

# MUST's tax *update*

## MUST's tax advantage

For illustrative purposes only

	US REIT	SREIT <sup>1</sup>	MUST
DPU Yield	6.0% <sup>2</sup>	8.4%	<b>8.4%<sup>3</sup></b>
U.S. Withholding Taxes	(1.0%)	-	-
Net Yield – Singapore Retail Investor	5.0%	8.4%	<b>8.4%</b>
Net Yield – Singapore Institutions	5.0%	7.0% <sup>4</sup>	<b>8.4%</b>
Net Yield – Foreign Institutions	5.0%	7.6% <sup>5</sup>	<b>8.4%</b>

- 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%)
- Subject to limited tax

Source: Bloomberg

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

(2) Weighted average of analyst consensus for FY 2022 distribution yield of 19 Office REITs listed in U.S. as at 26 Apr 2022

(3) Based on FY 2021 DPU of 5.33 US cents and closing price of US\$0.635 as at 26 Apr 2022

(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

# Portfolio *overview*

	<b>Figueroa</b>	<b>Michelson</b>	<b>Peachtree</b>	<b>Plaza</b>	<b>Exchange</b>	<b>Penn</b>	<b>Phipps</b>	<b>Centerpointe</b>	<b>Capitol</b>	<b>Diablo</b>	<b>Park Place</b>	<b>Tanasbourne</b>
<b>Location</b>	Los Angeles	Irvine	Atlanta	Secaucus	Jersey City	Washington, D.C.	Atlanta	Virginia	Sacramento	Tempe	Chandler	Hillsboro
<b>Property Type</b>	Class A	Trophy	Class A	Class A	Class A	Class A	Trophy	Class A	Class A	Class B	Class A	Class B
<b>Completion Date</b>	1991	2007	1991	1985	1988	1964	2010	1987 / 1989	1992	1980 - 1998	2019	1986 - 1995
<b>Last Refurbishment</b>	2019	-	2015	2016	2020	2018	-	2018	2016	-	-	2015, 2017 & 2020
<b>Property Value (US\$ m)</b>	315.2	317.0	212.9	106.0	324.0	177.3	216.0	112.7	197.0	65.0	106.9	34.4
<b>Occupancy (%)</b>	87.4	89.2	89.1	96.7	95.6	93.8	94.5	90.6	87.4	85.7	100.0	100.0
<b>NLA (sq ft)</b>	715,024	533,567	558,835	466,496	737,060	278,063	475,778	420,434	500,661	354,434	274,700	132,851
<b>WALE by NLA (years)</b>	3.0	5.1	4.7	5.8	4.8	4.7	6.6	4.8	4.8	4.2	7.7	4.5
<b>Land Tenure</b>	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
<b>No. of Tenants</b>	28	14	25	9	23	9	10	18	36	7	3	3



# Additional disclaimer

CoStarPS does not purport that the CoStarPS Materials herein are comprehensive, and, while they are believed to be accurate, the CoStarPS Materials are not guaranteed to be free from error, omission or misstatement. CoStarPS has no obligation to update any of the CoStarPS Materials included in this document, Any user of any such CoStarPS Materials accepts them “AS IS” WITHOUT ANY WARRANTIES WHATSOEVER, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, TITLE AND FITNESS FOR ANY PARTICULAR PURPOSE. UNDER NO CIRCUMSTANCES SHALL CoStarPS OR ANY OF ITS AFFILIATES, OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, BE LIABLE FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER ARISING OUT OF THE CoStarPS MATERIALS, EVEN IF CoStarPS OR ANY OF ITS AFFILIATES HAS BEEN ADVISED AS TO THE POSSIBILITY OF SUCH DAMAGES.

The CoStarPS Materials do not purport to contain all the information that may be required to evaluate the business and prospects of Manulife US REIT or any purchase or sale of Manulife US REIT units. Any potential investor should conduct his, her or its own independent investigation and analysis of the merits and risks of an investment in Manulife US REIT. CoStarPS does not sponsor, endorse, offer or promote an investment in Manulife US REIT. The user of any such CoStarPS Materials accepts full responsibility for his, her or its own investment decisions and for the consequences of those decisions.