Manulife
US REIT

REIMAGINE

ANNUAL REPORT 2022

CONTENTS

ABOUT MANULIFE US REIT

Manulife US Real Estate Investment Trust (MUST or the REIT) is a Singapore real estate investment trust (REIT) listed on the Singapore Exchange Securities Trading Limited (SGX-ST) since 20 May 2016.

Its investment strategy is 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 12 freehold office properties in Arizona, California, Georgia, New Jersey, Oregon, Virginia and Washington, D.C. metropolitan statistical area. The portfolio has a combined asset value of US$1.9 billion as at 31 December 2022.

The REIT is managed by Manulife US Real Estate Management Pte. Ltd. (the Manager) which is wholly-owned by the Sponsor, The Manufacturers Life Insurance Company (Manulife), part of the Manulife Group. The Sponsor's parent company, Manulife Financial Corporation (MFC), is a leading international financial services group providing forward-thinking solutions to help people with big financial decisions. It operates as John Hancock in the U.S., and Manulife elsewhere, providing financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions.

THE FUTURE OF OFFICE

MISSION

To provide Unitholders with sustainable distributions while maintaining an appropriate capital structure

VISION

To be the leading U.S. office real estate investment trust backed by a portfolio of high-quality properties

REPOSITION

Portfolio through Hotelisation and Flex Solutions

FIRST
Pure-Play U.S.
OFFICE REIT LISTED IN ASIA

RECYCLE

Capital to Manage Gearing and Diversify Portfolio

US$1.9b
ASSETS UNDER MANAGEMENT

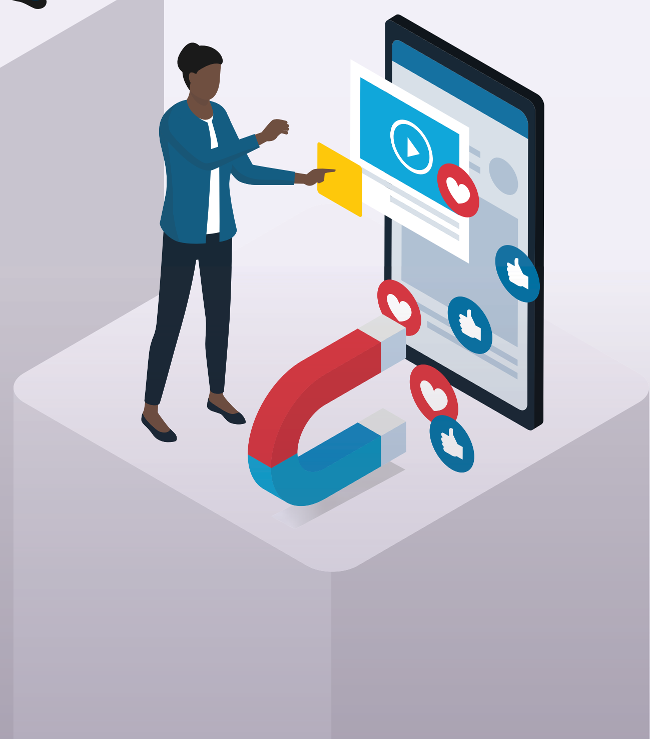
5.5m sq ft
NET LETTABLE AREA

REJUVENATE

through Pivot and Strategic Partnerships

93.0%

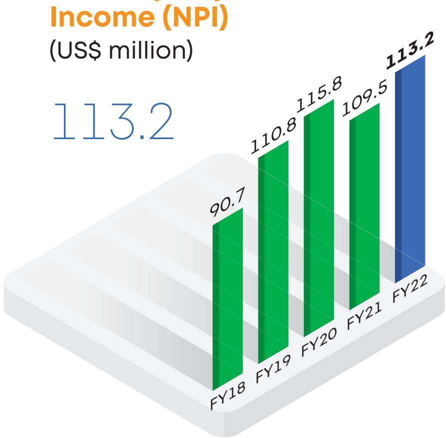
OF PORTFOLIO GREEN-CERTIFIED



FY2022 FINANCIAL AND PORTFOLIO HIGHLIGHTS

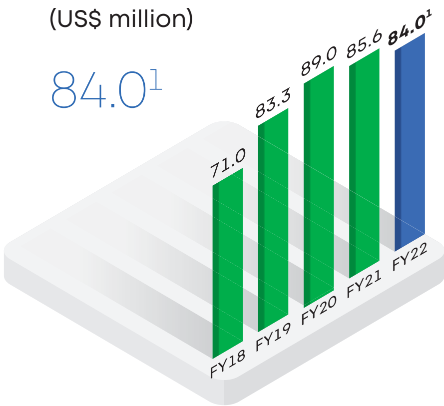
Net Property Income (NPI)
(US$ million)

113.2



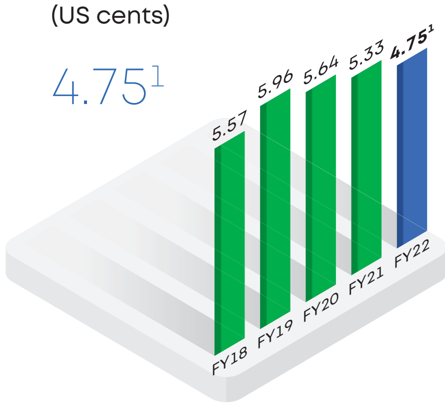
Distribution Amount to Unitholders
(US$ million)

84.0[1]



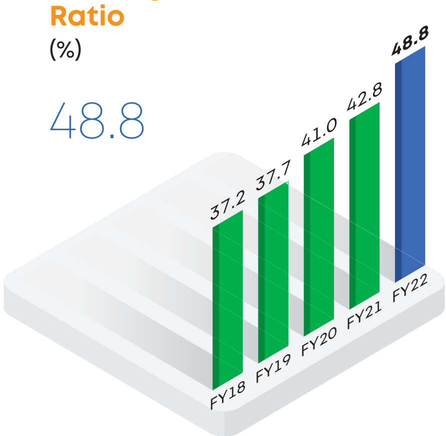
Distribution per Unit (DPU)
(US cents)

4.75[1]



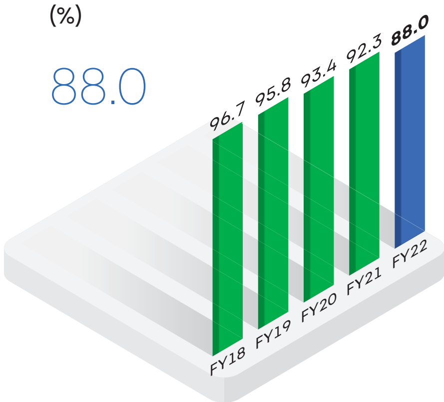
Gearing Ratio
(%)

48.8



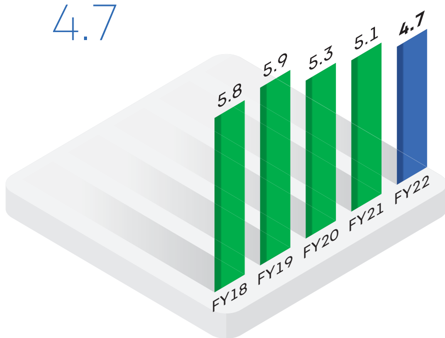
Occupancy Rate
(%)

88.0



Weighted Average Lease Expiry (WALE) by NLA
(years)

4.7



Key Financial Indicators	FY2022	FY2021	FY2020	FY2019	FY2018
Gross borrowings (US$ million)	1,032.7	975.0	856.5	816.9	670.8
Gearing ratio (%)	48.8	42.8	41.0	37.7	37.2
Weighted average cost of debt (%)	3.74	2.82	3.18	3.37	3.27
Weighted average debt maturity (years)	2.8	2.4	2.3	2.8	2.7
Interest coverage ratio (times)	3.1	3.4	3.5	3.8	4.2
Market capitalisation (US$ billion)	0.5	1.2	1.2	1.6	1.0

Portfolio	FY2022	FY2021	FY2020	FY2019	FY2018
Assets under Management (AUM) (US$ billion)	1.9	2.2	2.0	2.1	1.7
WALE by Net Lettable Area (NLA) (years)	4.7	5.1	5.3	5.9	5.8
Occupancy rate (%)	88.0	92.3	93.4	95.8	96.7

FY2022 DISTRIBUTIONS

Manulife US REIT's distribution policy is to distribute at least 90.0% of its annual distributable income on a semi-annual basis. The distribution payout was 100.0% and 90.7% for 1H2022 and 2H2022 respectively.

Financial Period	DPU (US cents)	Payment Date
1 January 2022 to 30 June 2022	2.61	27 September 2022
1 July 2022 to 31 December 2022	2.14	30 March 2023

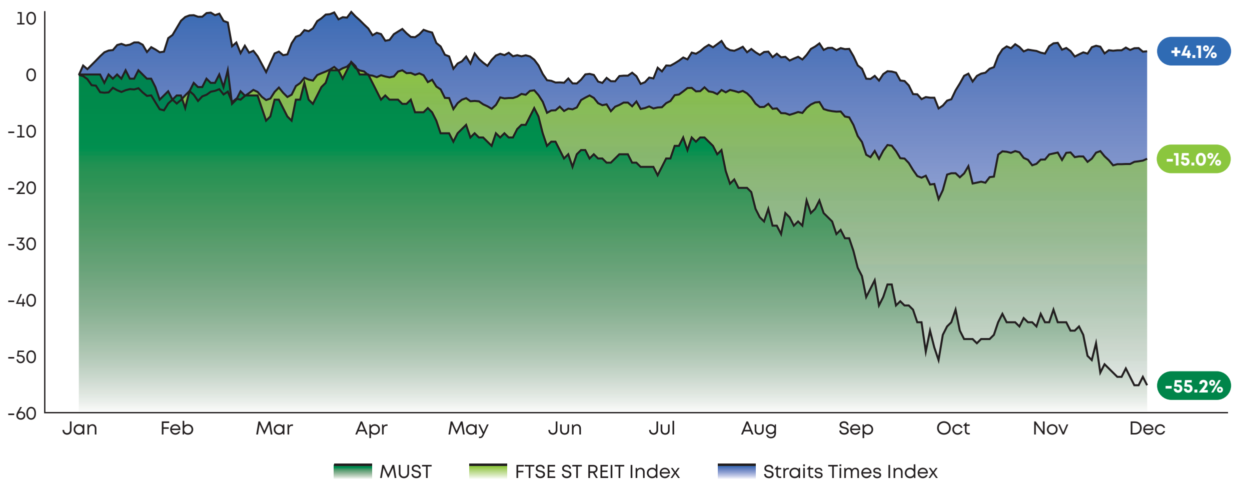
1 US$3.8 million was retained for general corporate and working capital purposes for 2H2022. Distributable income and DPU before retention for FY2022 was US$87.9 million and US 4.97 cents.

Unit Price Performance

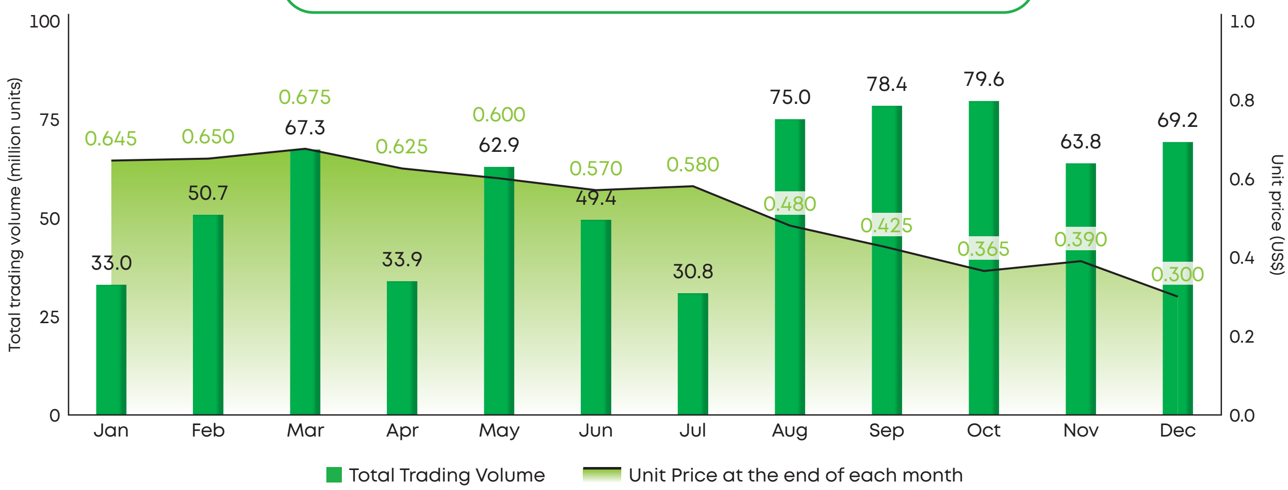
Open (3 January 2022)	**Close** (30 December 2022)	**High** (5 April 2022)	**Low** (27 December 2022)
US$0.670	US$0.300	US$0.685	US$0.300

Average Daily Trading Volume in FY2022	**Total Trading Volume in FY2022**	**Market Capitalisation** as at 31 December 2022	**Number of Units in Issue** as at 31 December 2022
2.8m units	694.0m units	US$533.0m	1,776.6m units

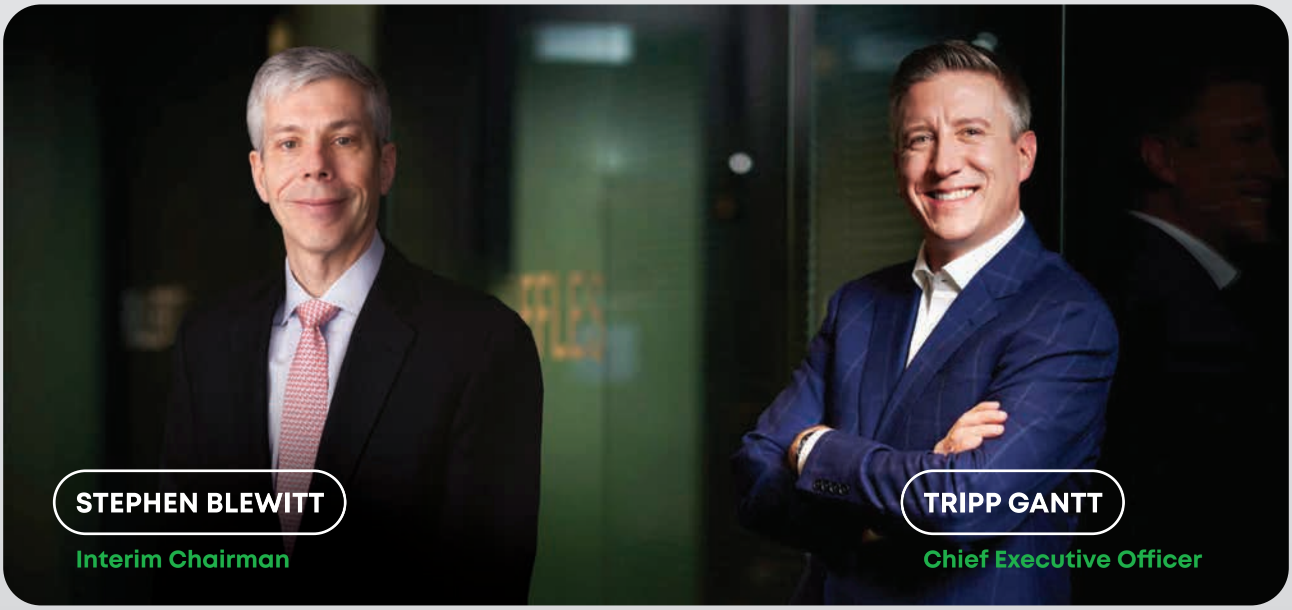
Relative Price Performance in 2022 (%)



Monthly Trading Performance in 2022



IN CONVERSATION WITH CHAIRMAN & CEO



Interim Chairman Stephen Blewitt and CEO Tripp Gantt share their views on staying resilient and pushing ahead in a year of uncertainty and operational challenges in the U.S. office sector.

“In 2023, we look forward to executing our ‘3R’ strategy to reposition our assets, recycle capital to manage gearing, and rejuvenate the forward strategy of MUST. While the strategic review is ongoing, we will continue to explore various fundraising options to improve financial flexibility, leaving no stone unturned to ensure the REIT’s growth and viability.”

Dear Unitholders

On behalf of the Board of Directors and Manager, we are pleased to present MUST's annual report for its financial year ended 31 December 2022 (FY2022).

Q How would you sum up the year 2022 for the REIT?

A Chairman: 2022 has been an extremely challenging year. The U.S. Federal Reserve's seven interest rate hikes in 2022 sent the Singapore REIT (SREIT) sector on a bumpy roller-coaster ride, as the benchmark interest rate rose by 425 basis points to the highest level in 15 years. This dampened sentiment surrounding SREITs as investors expected their borrowing costs and portfolio valuations to be negatively impacted. On the leasing front, the U.S. office sector remained muted as tenants continued to rightsize their space needs after adopting a hybrid work model. The soaring borrowing costs in 2022 also caused the office transaction market to freeze, creating obstacles for our disposition strategy. Our unit price more than halved over the course of the year as market sentiment weakened. Faced with multiple headwinds, we started to reposition our properties through our two-pronged strategy of hotelisation and flex space, while we considered capital recycling opportunities where appropriate.

It was during such uncertain and challenging times that communication with our stakeholders became even more crucial. From being one of the first SREITs to resume in-person Investor Days, to voluntarily updating the market about our portfolio valuation drop of 10.9% and the resultant gearing hike in December 2022, we were guided by our mantra of transparency, accountability and timely disclosure. We did not hold back from communicating with our stakeholders when we believed that it was the right thing to do, even if it was negative news. As we ended the bumpy year, we were pleased to be awarded the 'Best in Sector: Financials (including Real Estate)' at the annual IR Magazine Awards – South East Asia 2022, alongside another award for 'Best ESG Materiality Reporting (for Small-Caps)'. Other accolades achieved include our 5 Star rating for our GRESB Real Estate Assessment, ranking us 5th out of 14 listed U.S. office REITs, and our 'A' grade for Public Disclosure, putting us in first place out of 10 U.S. office peers.

Due to changes in the U.S. office sector and the higher interest rate environment, we wanted to take a closer look at the direction of the business and opportunities we can tap to enhance value for Unitholders. We rounded up the year with the appointment of Citigroup Global Markets Singapore (Citi) as financial advisor to assist us in our strategic review. Since Citi's outreach in January 2023, we have received healthy interest from various counterparties, including local and international real estate players. The strategic review is expected to conclude by 2Q2023. Further updates will be provided to Unitholders in due course.

Q What is the Manager doing to manage its gearing and strengthen its capital management to cope with higher interest rates?

A CEO: We continue to maintain a proactive and prudent capital management approach, while managing both interest rate and refinancing risks. Top of our mind currently is improving our financial flexibility and reducing our gearing to a more comfortable level. The aggregate leverage of 48.8% as at 31 December 2022, an increase from 42.8% in the previous year, was mainly due to the 10.9% decline in our portfolio valuation. Close to 80% of the valuation drop was concentrated in three submarkets – Los Angeles (L.A.), New Jersey and Greater Washington, D.C. The main reasons were higher discount and terminal cap rates, higher expected tenant incentives, as well as the influence of selected transactions executed at depressed prices over the last 12 months. The current gearing level is still within the MAS regulatory limit of 50.0%, accompanied by an interest coverage ratio of 3.1 times.

At the start of the year, we have acted promptly to improve our financial flexibility by reducing our distribution payout to 90.7% of our 2H2022 distributions. According to our Trust Deed, we are required to pay out at least 90.0% of our distributable income to Unitholders. We are currently in discussions with our Sponsor for a potential asset disposition. We continue to explore fundraising options, including dispositions, distribution reinvestment plan, equity fundraising and capital partnerships. These measures are being evaluated to improve the financial flexibility for MUST.

IN CONVERSATION WITH CHAIRMAN & CEO

As at the end of 2022, MUST's debt maturity profile is well spread out over five years, with a weighted average debt maturity of about 2.8 years. To mitigate against interest rate risk exposures, 77.3% of our gross borrowings have fixed rates. These efforts help to minimise refinancing risks and insulate against short-term market liquidity crunches which may increase funding cost.

As MUST seeks to improve its financial flexibility, we have continued to maintain strong banking relationships to enhance our funding source diversity. For example, last July, we executed a five-year unsecured sustainability-linked loan facility and used the proceeds to refinance the Exchange and Plaza mortgage facilities, as well as other capital expenditures (capex) and leasing costs. Post-refinancing, 89.2% of MUST's properties were unencumbered as at year-end. MUST has also significantly increased its proportion of green and sustainability-linked loans from 45.1% at the start of 2022 to 64.4% by the end of the year, in line with our commitment to ESG. In December 2022, we obtained a US$105.0 million unsecured sustainability-linked facility, which will be drawn down to refinance the Phipps mortgage loan which matures in June 2023.

Q How did MUST's portfolio perform in 2022, and what are you doing to keep your portfolio relevant?

A CEO: Leasing activity in the U.S. office market rose 15.1% YoY in 2022, but declined in the second half, with the slowdown most notably felt among large-scale leases. U.S. office continued to experience negative net absorption of 37.4 million sq ft in 2022 due to pressures from the subleasing and downsizing trends. Frozen debt markets due to soaring interest rates also made it challenging to complete any property deals, and the elevated interest rate environment dented office valuations. The National Council of Real Estate Investment Fiduciaries (NCREIF) Office Subindex, a U.S. office benchmark, recorded a 7.4% decline in appreciation return year-on-year (YoY) in 4Q2022, driven by weaker market sentiment. This is in line with the valuation change at MUST's portfolio excluding Figueroa of -7.1%. Figueroa, which made up ~43.9% of the overall portfolio valuation decline for MUST, was more severely impacted due to local market conditions, Quinn Emmanuel's downsizing in August 2022 as well as TCW's vacate by end-2023.

We believe that going forward, there will be winners and losers in the U.S. office sector. We have seen flight to quality driving leasing activity in the U.S., with tenants increasingly relocating to better quality offices. JLL Research shows that despite tenants downsizing, they are actually price agnostic, willing to pay higher rents on a per-square-foot basis for modernised spaces[1]. It was with this in mind that we announced hotelisation plans for Peachtree and our partnership with Flex by JLL at Plaza last year. We believe these plans can potentially generate significant rent upside and meet rising demand from tenants for amenities and flexible workspace, so that they can expand and contract their floorplates as needed.

Hotelisation and flex solutions are not for every building. Some of MUST's assets are suitable because they are in good locations with GDP and population growth and boast live-work-play environments. Our properties also have sufficiently large floor plates as well as low-floor open spaces which present opportunities to build amenities such as conference centres, coffee lounges and outdoor terraces for both existing and potential tenants.

In FY2022, MUST reported a 9.4% increase in gross revenue to US$202.6 million, while net property income rose 3.3% in tandem YoY to US$113.2 million. Distributable income rose 2.7% YoY to US$87.9 million, but distribution per unit (DPU) fell 6.8% to 4.97 US cents. Taking into account the ~91% payout, the DPU to be paid was 4.75 US cents, 10.9% lower than the year-ago distribution. The decline was mainly due to lower rental income as a result of higher vacancies, higher property expenses, absence of a net reversal of provision for expected credit loss, higher finance costs as a result of rising interest rates, and an enlarged unit base from the December 2021 private placement. It was offset by contributions from three properties, Tanasbourne, Park Place and Diablo, acquired in December 2021, higher carpark income and lower rent abatements provided to tenants affected by COVID-19.

1 Source: JLL Research (Flight-to-quality drives renewal rate to historical lows); includes all office classes.

In FY2022, 378,000 sq ft of leasing, or 6.9% of our portfolio by NLA, was executed at positive rental reversion. Only 10.8% of leases by NLA are due to expire in 2023, while ~67.7% of our leases come with annual escalation of 2.6% per annum. As at end-December 2022, MUST's WALE stood at 4.7 years. At 88.0%, MUST's occupancy has held considerably steady, and remains superior to the U.S. Class A average of 83.3%. We will continue to review the portfolio to identify capital recycling opportunities, while modernising our buildings in attractive locations with winning attributes to enable them to thrive in the post-COVID-19 world.

Q With the reopening accelerating in 2022, how did MUST engage stakeholders differently?

A CEO: As the world reopened in 2022 and travel curbs were lifted, the management team travelled to the U.S. to meet with key tenants, asset and property managers as well as strategic partners. We also attended a conference in Bangkok and conducted our first physical Investor Day in three years, titled 'Reimagining the Future of Office', for our retail investors. It is even more critical during times of uncertainty and weak Unitholder sentiment that we must be forthcoming and engage them proactively. The Investor Day event was well-received and many Unitholders appreciated the gesture, thanking us for the opportunity to interact with management and clarify their concerns.

LinkedIn was another instrumental platform that we leveraged on to share the latest updates on MUST in 2022. On LinkedIn, we featured content such as financial results, employee engagement activities, property videos, C-suite interviews, and explainers on complex terminologies. This communications platform was highly effective and efficient in reaching targeted groups of audience, both domestic and global, young and old. Photos and anecdotes shared of our meetings with our U.S. asset manager counterparts helped to garner a wider audience in the U.S. At the same time, our thought leadership series on REITs and investing, titled 'MUST Explains', along with the 'MUST Compete' competition which challenges the digital generation to express their views about SREITs, helped to capture the interest of the younger audience. As at end-February 2023, our follower count was ~2,150, making us one of the fastest-growing LinkedIn corporate page among the SREITs.

Q It will be MUST's seventh IPO anniversary this year. What's the next step for the REIT?

A Chairman: In 2023, we look forward to executing our '3R' strategy to reposition our assets, recycle capital to manage gearing, and rejuvenate the forward strategy of MUST. While the strategic review is ongoing, we will continue to explore various fundraising options to improve financial flexibility, leaving no stone unturned to ensure the REIT's growth and viability. As U.S. inflation slows, we look forward to interest rates stabilising and a recovery in the equity market, which will bode well for us as we revamp our strategy.

We are extremely grateful to the Sponsor and Board of Directors for their guidance as we navigate a challenging period. We extend especial thanks to Mr Hsieh Tsun-Yan, who stepped down as Chairman in October 2022, for providing sage counsel and direction to us at challenging junctures. We also want to express our gratitude to the management team for their commitment to the REIT, as well as our Unitholders for their unwavering support. We will strive to generate greater value for those who have believed in us.

Stephen Blewitt
Interim Chairman

Tripp Gantt
Chief Executive Officer

CREATING VALUE

The Manager recognises the importance of driving value creation and is committed to deliver long-term value to its Unitholders and stakeholders. Its long-term success is driven by four key pillars.

Capital Management

Optimise capital structure and increase financial flexibility

Inorganic Growth

Yield-accretive acquisition of properties in key locations with strong fundamentals

Organic Growth

Sustainable distributions through proactive leasing while maintaining optimal occupancy levels

Growing Responsibly

Building a sustainable business while striving for ESG excellence

REPOSITION, RECYCLE AND REJUVENATE

In response to rising tenants' demand for modernised, amenitised assets as well as flex options, MUST has partnered with Flex by JLL at Plaza and will refurbish Peachtree. The Manager believes that these plans will provide a winning formula to drive leasing demand and generate higher rents.

At the same time, the Manager's top priority has been to manage gearing. To recycle capital, since 2Q2022, it has kickstarted a disposition process which is ongoing. In November 2022, it also appointed Citi as its financial advisor, to work alongside senior management and the Board in its strategic review to consider available options to enhance Unitholder value. These options include a potential pivot, strategic partnerships, joint ventures and/or mergers and acquisitions.

Sep 2022

Announced partnership with Flex by JLL to provide flexible space solutions for tenants at Plaza

Nov 2022

Appointed Citi as financial advisor for strategic review

Feb 2023

Embarked on hotelisation/ modernisation of Peachtree

2Q2023

Conclude strategic review and provide updates to Unitholders

KEY EVENTS

2022

February
FY2021 DPU of 5.33 US cents

March
Conducted MUST Insights with JLL U.S. and Singapore speakers for stakeholders

April
Held virtual Annual General Meeting (AGM) on 29 April 2022

May
Retirement of Jill Smith as CEO and appointment of Tripp Gantt as CEO

July
CSR batik painting with elderly from Methodist Welfare Services

August
1H2022 DPU of 2.61 US cents

September
Partnered Flex by JLL to embark on flex space at Plaza

October
Launched MUST Compete, a competition to engage the digital generation

GRESB

Real Estate Assessment: 5 Star, with a score of 92

Public Disclosure: 'A' grade, 1st out of 10 U.S. office peers

Appointed Caroline Fong as Deputy CEO

November
Conducted physical Investor Day for retail investors

Appointed Citi as financial advisor for strategic review

December
Remained on SGX Fast Track since 2018

Won two awards at IR Magazine Awards – South East Asia 2022:

- Best in Sector: Financials (including Real Estate)
- Best ESG Materiality Reporting (for Small-caps)

Obtained 20 more green certifications in 2022, bringing total to 42

2023

January
Ranked by Sustainalytics ESG Risk Rating as top 1% of global universe comprising >15,000 companies

February
FY2022 DPU of 4.75 US cents

March
MSCI ESG Rating upgraded from 'AA' to 'AAA'

BOARD OF DIRECTORS

STEPHEN JAMES BLEWITT, 62

**Interim Chairman
and Non-Executive Director**

Academic and Professional Qualifications
- Bachelor of Arts, Economics, University of Chicago, U.S.A.
- Masters of Business Administration, Boston University, Graduate School of Management, U.S.A.

Date of First Appointment as a Director
- 8 February 2019

Date of Last Reappointment as a Director
- 4 June 2021

**Length of Service as a Director
(as at 31 December 2022)**
- 3 years and 10 months

Board Committee Served on
- Nominating and Remuneration Committee *(Member)*

Present Directorships in other Listed Companies
NIL

Present other Principal Commitments
- Manulife Investment Management Private Markets (US) LLC *(Director)*
  (formerly Hancock Capital Investment Management LLC)
- Manulife Investment Management Timberland and Agriculture Inc *(Director)*
  (formerly Hancock Natural Resource Group, Inc)
- Albamen Capital Partners Limited *(Director)*

Past Directorships or Principal Commitments held over the Preceding Three Years
NIL

Experience
- Over 40 years in asset management, investments and corporate finance
- Global Head of Private Markets, Manulife Financial Corporation

KOH CHER CHIEW FRANCIS, 71

**Independent Non-Executive Director
Lead Independent Director**

Academic and Professional Qualifications
- Doctor of Philosophy, University of New South Wales, Australia
- Master of Business Administration, University of British Columbia, Canada
- Bachelor of Business Administration with Honours (Second Class Honours Upper Division), University of Singapore
- CGMA, Chartered Global Management Accountant (U.K., U.S.A.)
- FCMA, Chartered Institute of Management Accountants (U.K.)
- CA, Institute of Singapore Chartered Accountants

Date of First Appointment as a Director
21 October 2019

Date of Last Reappointment as a Director
30 June 2022

**Length of Service as a Director
(as at 31 December 2022)**
3 years and 2 months

Board Committee Served on
- Audit and Risk Committee *(Member)*
- Nominating and Remuneration Committee *(Member)*

Present Directorships in other Listed Companies
NIL

Present other Principal Commitments
- Singapore Management University (SMU) *(Emeritus Professor of Finance)*
- China Taiping Insurance (Singapore) Pte. Ltd. *(Independent Non-Executive Director)*
- Drs Koh & Partners Pte. Ltd. *(Secretary, Non-Executive Director)*
- The Singapore Chinese Girls' School *(Non-Executive Director)*

Past Directorships or Principal Commitments held over the Preceding Three Years
- SMU *(Special Advisor, Office of the President)*
- Eunoia Junior College *(Member, College Advisory Committee)*
- Singapore College of Insurance *(Member, Board of Governors)*

Experience
- Over 40 years of experience in investment, consulting, executive development and public service
- Previously Deputy Director of Government of Singapore Investment Corporation, involved in direct investments in various countries in Asia

VERONICA JULIA MCCANN, 62

**Independent
Non-Executive Director**

Academic and Professional Qualifications
- CIMA, University of Central London
- Chartered Institute of Management Accountants, Fellow Member
- Chartered Global Management Accountants, Member

Date of First Appointment as a Director
- 17 June 2015

Date of Last Reappointment as a Director
- 30 June 2022

Length of Service as a Director (as at 31 December 2022)
- 7 years and 6 months

Board Committee Served on
- Audit and Risk Committee *(Chairman)*

Present Directorships in other Listed Companies
NIL

Present other Principal Commitments
- Advanced MedTech Holdings Pte. Ltd. *(Director)*

Past Directorships or Principal Commitments held over the Preceding Three Years
NIL

Experience
- Over 30 years of experience in banking and finance
- Previously Chief Financial Officer Asia and Deputy Chief Executive, Singapore at Commerzbank AG

CHOO KIAN KOON, 71

**Independent
Non-Executive Director**

Academic and Professional Qualifications
- Bachelor of Science in Estate Management, University of Singapore
- Master of Philosophy in Environmental Planning, University of Nottingham
- Doctor of Philosophy (Urban Planning) with Certificate of Achievement in Urban Design, University of Washington, U.S.
- Singapore Institute of Planners, Affiliate Member
- Singapore Institute of Surveyors and Valuers, Fellow

Date of First Appointment as a Director
- 9 June 2017

Date of Last Reappointment as a Director
- 4 June 2021

Length of Service as a Director (as at 31 December 2022)
- 5 years and 6 months

Board Committee Served on
- Nominating and Remuneration Committee *(Chairman)*

Present Directorships in other Listed Companies
- Pan Hong Holdings Group Ltd. *(Director)*

Present other Principal Commitments
- VestAsia Group Pte. Ltd. *(Chairman and Director)*
- Department of Real Estate, National University of Singapore *(Adjunct Associate Professor)*

Past Directorships or Principal Commitments held over the Preceding Three Years
NIL

Experience
- Over 40 years of experience in property industry
- Previously Senior Vice President at CapitaLand and supervised the establishment of CapitaLand Mall Trust and CapitaLand Commercial Trust

BOARD OF DIRECTORS

KAREN TAY KOH, 62

Independent
Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Arts, Economics, University of Cambridge, U.K.
- Master of Arts, University of Cambridge, U.K.
- Masters in Public Administration and International Tax Program (Certificate) Harvard University, U.S.A. Kennedy School & Law School

Date of First Appointment as a Director
- 10 November 2020

Length of Service as a Director (as at 31 December 2022)
- 2 years and 1 month

Board Committee Served on
- Audit and Risk Committee *(Member)*

Present Directorships in other Listed Companies
- Banyan Tree Holdings Limited *(Director)*

Present other Principal Commitments
- Lernen Midco 2 *(Director)*
- K3 Venture Partners Pte. Ltd. *(Director)*
- HSBC Bank (Singapore) Limited *(Director)*
- BC Platforms AG *(Director, Senior Advisor and Chair of Asia Advisory Board)*
- D'Amore Mckim College of Business, Northeastern University *(Member of Advisor Board, Centre for Emerging Markets)*
- The Red Pencil Singapore *(Director and Deputy Chairman)*
- TVM Capital Healthcare Partners *(Senior Advisor)*
- HealthCura Pte. Ltd. *(Executive Director)*
- Nutmeg Management Pte. Ltd. *(Executive Director)*

Past Directorships or Principal Commitments held over the Preceding Three Years
- Nutrion Capital Partners Pte. Ltd. *(Director)*
- Singapore Deposit Insurance Corporation Limited *(Director)*

Experience
- Over 30 years of experience in public and private sector organisations, particularly in finance, healthcare, education and private equity
- 19 years at the Singapore Ministry of Finance, including postings at the Inland Revenue and Monetary Authority of Singapore
- Previously Deputy CEO SingHealth and Deputy CEO Singapore General Hospital

MICHAEL FLOYD DOMMERMUTH, 60

Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Science in Mathematics, Management Science, Carnegie-Mellon University, U.S.

Date of First Appointment as a Director
- 30 March 2015

Date of Last Reappointment as a Director
- 30 June 2022

Length of Service as a Director (as at 31 December 2022)
- 7 years and 9 months

Board Committee Served on
NIL

Present Directorships in other Listed Companies
NIL

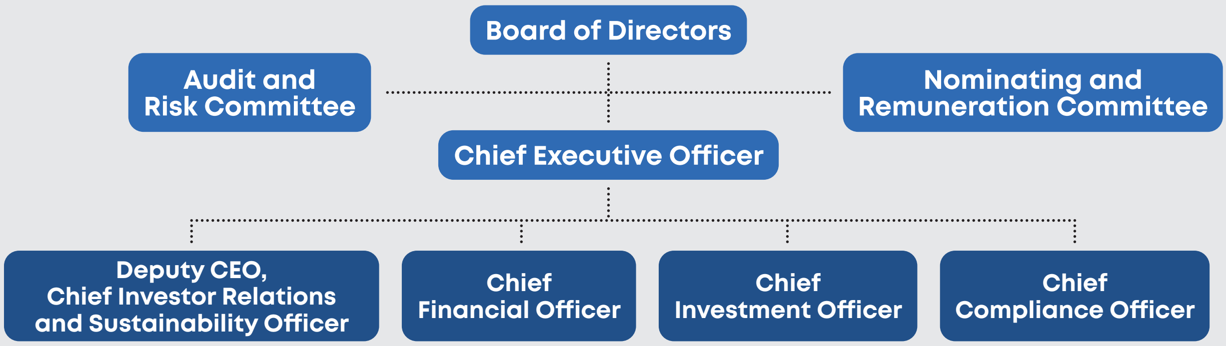
Present other Principal Commitments
- Manulife Investment Management (Hong Kong) Limited *(Director)*
- PT Manulife Aset Manajemen Indonesia *(Director)*
- Manulife Investment Management (Singapore) Pte. Ltd. *(Director)*
- Manulife Investment Management (Taiwan) Company Ltd. (*Director*)
- Manulife Investment Management (Japan) Ltd. *(Director)*
- Manulife TEDA Fund Management Co., Ltd. *(Director)*

Past Directorships or Principal Commitments held over the Preceding Three Years
NIL

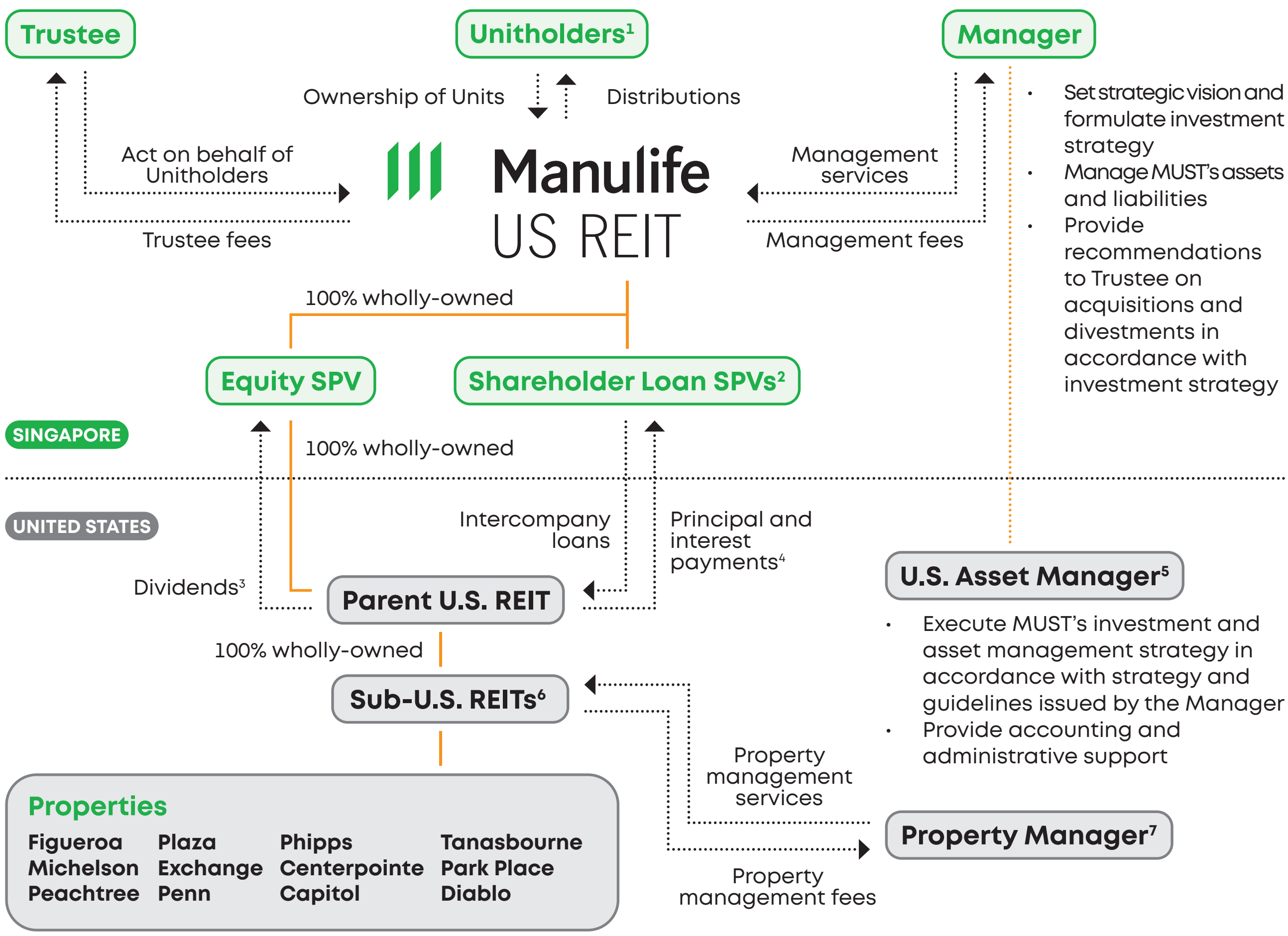
Experience
- Over 20 years in asset management, investments and investment operations
- Executive Vice President, Head of Wealth & Asset Management, Asia, Manulife Asset Management

ORGANISATION CHART/TRUST AND TAX STRUCTURE

Organisation Chart



Trust and Tax Structure



1. No single investor to hold more than 9.8% (including the Sponsor) - 'Widely Held' (No more than 50% of shares can be owned by five or fewer individuals) rule for REITs in U.S.
2. Each shareholder loan SPV has extended an intercompany loan to the Parent U.S. REIT.
3. Subject to 30% withholding tax.
4. Principal repayments are not subject to U.S. withholding taxes. Interest payments that are finally distributed to Unitholders are not subject to U.S. withholding taxes, assuming Unitholders qualify for portfolio interest exemption and provide appropriate tax certifications, including an appropriate IRS Form W-8.
5. The U.S. Asset Manager is a subsidiary of the Sponsor.
6. Each Sub-U.S. REIT holds an individual property.
7. The Property Manager has entered into a master property management agreement with the Parent U.S. REIT and a property management agreement with each Sub-U.S. REIT.

MANAGEMENT TEAM

TRIPP GANTT

Chief Executive Officer

CAROLINE FONG

Deputy CEO, Chief Investor Relations and Sustainability Officer

ROBERT WONG

Chief Financial Officer

Mr Tripp Gantt is the Chief Executive Officer (CEO) of the Manager. He works with the Board to determine the strategy for MUST as well as with other members of the management team to execute MUST's investment strategy. Mr Gantt is also responsible for the overall day-to-day management and operations of MUST, working with the Manager's investment, asset management, financial, legal and compliance personnel in meeting the strategic, investment and operational objectives of MUST.

Mr Gantt is a real estate investment professional with over 23 years of experience. Prior to joining the Manager, Mr Gantt was with the Washington State Investment Board (WSIB), a leading U.S. pension fund with an AUM of approximately US$25 billion in real estate. In his role at WSIB, Mr Gantt devised and implemented investment strategies for its international real estate portfolio.

During his 16-year tenure at WSIB, Mr Gantt managed the origination and execution of real estate investments in operating companies and strategic partnerships in the U.S. and globally, including industrial, logistics, multifamily, retail, office, hospitality and self-storage. He was also responsible for strategic initiatives in risk management and real estate technology, and has oversight of ESG and sustainability matters.

Prior to joining WSIB in 2005, Mr Gantt's experience included roles as an independent real estate consultant, an Associate Project Manager with Heartland LLC, and a Land Acquisitions Manager at Scatter Creek Holdings. He began his real estate career at PGP Valuation as a commercial real estate analyst and appraiser. Mr Gantt holds a Bachelor's degree in Geography and Urban Studies from Georgia State University.

Ms Caroline Fong is the Deputy CEO, Chief Investor Relations (IR) and Sustainability Officer at MUST. She works with the CEO and his senior leadership team to help formulate and execute MUST's investment strategies, including working with the investment, asset management, financial and legal/compliance personnel in meeting the strategic investment objectives of MUST. She focuses on capital markets, exploring strategic opportunities, alternative capital sources and business development. She is also responsible for sustainability, IR, corporate and digital communications and the equity capital market requirements of MUST.

Ms Fong has close to 20 years of experience in IR, capital markets, real estate and regulations. Prior to joining the Manager, Ms Fong was Associate Director, IR and Corporate Finance, in Temasek Holdings and Head of IR and Corporate Communications in ESR-LOGOS REIT. At ESR-LOGOS REIT, Ms Fong helped profile the REIT to be the best performing industrial REIT and second best performing SREIT in 2013.

In addition, Ms Fong was formerly Head of IR for CapitaLand Mall Asia, where she was responsible for the equity story of the company's retail businesses and its three REITs. She was also part of the core team who successfully dual-listed the firm in Hong Kong. Early in her career, Ms Fong was Associate Director, Listings, at the Singapore Exchange, where she advised companies on corporate governance and the regulatory framework for public-listed companies in Singapore.

Ms Fong holds a Master's in Finance and Investment from Nottingham University Business School, U.K. and a Bachelor of Science (Honours) in Banking and Finance from the University of London, U.K.

Mr Robert Wong is the Chief Financial Officer (CFO). He is responsible for the formulation and execution of MUST's financial strategies, capital and funding management, financial risk management, as well as the treasury, tax and finance operations of MUST.

Mr Wong has over 20 years of experience in the finance and accounting professions, mainly in the real estate investment management industry. Prior to his current appointment, he was Director, Finance and Operations at ARA LOGOS Logistics Trust. He was responsible for all aspects of financial and statutory reporting and compliance with SGX-ST and the Monetary Authority of Singapore (MAS), including financing and treasury activities, evaluating investment opportunities, risk management and compliance functions.

Before embarking on a career in the Singapore REIT sector, Mr Wong was Senior Vice President with CBRE Global Investors and ING Real Estate from 2007 to 2012. Prior to that, he was based in Australia where he held various finance and accounting positions with Mirvac Funds Management, Colonial First State Property and Westpac Investment Property Limited. Mr Wong holds a Bachelor of Commerce from Murdoch University, Australia and is a Fellow of CPA Australia.

PATRICK BROWNE

Chief Investment Officer

Mr Patrick Browne is the Chief Investment Officer (CIO). He is responsible for the design and execution of the portfolio investment strategy, as well as overseeing the U.S. asset and property management functions.

Mr Browne is a seasoned real estate professional with more than 15 years of experience. Before joining the Manager, he was Vice President of Global Direct Real Estate at Swiss Re where he was responsible for designing, executing and overseeing direct real estate investment strategies/mandates for the company's multi-billion dollar real estate portfolio, including a U.S. portfolio of office, industrial and multifamily properties as well as strategies and portfolios in Australia, the U.K. and parts of Europe.

Prior to Swiss Re, Mr Browne performed acquisition, asset management and leasing work for Broadway Partners, as well as tenures at Cushman & Wakefield, Republic Investment Company and as a co-founder of a real estate technology start-up.

Mr Browne received a Master of Science in Real Estate from New York University and a Bachelor of Arts from the University of Dayton.

DAPHNE CHUA

Chief Compliance Officer

Ms Daphne Chua is the Chief Compliance Officer. As the key liaison with the regulators, she is responsible for overseeing and managing regulatory filings on behalf of MUST and assisting MUST in complying with the applicable provisions of the Securities and Futures Act (SFA) and all other relevant legislations.

Ms Chua has over 20 years of experience in the field of compliance for a variety of global financial institutions with operations in Singapore. She has developed compliance and related policies and procedures by implementing local and international industry best practices. In addition, Ms Chua has worked closely with various boards of directors and senior management, both in Singapore and internationally, in ensuring compliance with relevant laws and regulations, internal policies and procedures.

Prior to joining the Manager in 2015, Ms Chua held a number of compliance positions including those for J.P. Morgan Asset Management, Manulife Asset Management, Credit Suisse Private Banking and Morgan Stanley in Singapore. Ms Chua holds a Bachelor of Accountancy (with a Minor in Banking & Finance) (Honours) from Nanyang Technology University, Singapore.

CHOONG CHIA YEE

Head of Finance

Mr Choong Chia Yee is the Head of Finance. He is responsible for financial and management reporting, as well as the day-to-day running of finance operations.

Mr Choong has over 20 years of experience in accounting, finance, strategic planning, budgeting, tax, initial public offering, audit, regulatory reporting and compliance. Prior to joining the Manager in November 2016, Mr Choong was Vice President, Finance at Mapletree Logistics Trust and he held several positions in CapitaLand Mall Asia. He has extensive experience with corporate entities that have widespread international operations.

Mr Choong holds a professional qualification from the Chartered Institute of Management Accountants, U.K. He also holds the designations of Chartered Global Management Accountant, Chartered Accountant of Singapore and Chartered Accountant of Malaysia.

FINANCIAL REVIEW

	FY2022 (US$'000)	FY2021 (US$'000)	Change (%)
Gross revenue	202,559	185,099	9.4
Property operating expenses	(89,396)	(75,552)	18.3
Net property income	**113,163**	**109,547**	**3.3**
Interest income	46	21	>100
Manager's base fee	(8,787)	(8,560)	2.7
Trustee's fee	(304)	(284)	7.0
Other trust expenses	(2,397)	(2,494)	(3.9)
Finance expenses	(33,935)	(29,145)	16.4
Net income before tax and fair value changes	**67,786**	**69,085**	**(1.9)**
Net fair value change in derivatives	48,008	13,896	>100
Net fair value change in investment properties	(263,631)	(42,423)	>100
Net (loss)/income before tax	**(147,837)**	**40,558**	**N.M.**
Tax income/(expense)	18,116	(1,145)	N.M.
Net (loss)/income	**(129,721)**	**39,413**	**N.M.**
Income available for distribution to Unitholders	87,870	85,599	2.7
Less: Amount retained for general corporate and working capital purposes	(3,821)	–	N.M.
Distribution amount to Unitholders (after retention)	**84,049**	**85,599**	**(1.8)**
DPU (before retention) (US cents)	4.97	5.33	(6.8)
DPU (after retention) (US cents)	**4.75**	**5.33**	**(10.9)**

N.M.: Not meaningful

	FY2022	FY2021
Total operating expenses[1] (US$'000)	100,875	86,835
Net assets[2] (US$'000)	1,020,316	1,187,716
Total operating expenses as percentage of net asset value as at the end of the financial year (%)	9.9	7.3

Net Property Income

Gross revenue for FY2022 increased 9.4% from FY2021, mainly due to contributions from Tanasbourne, Park Place and Diablo acquired in December 2021, higher carpark income and lower rent abatements provided to tenants affected by COVID-19, partially offset by lower rental and recoveries income from existing properties as a result of higher vacancies as well as higher non-cash amortisation of tenant lease incentives.

Property operating expenses for FY2022 increased 18.3% from FY2021, mainly due to the newly acquired properties, increase in operating expenses such as property taxes, repair and maintenance, and utilities, and the absence of a net reversal of provision for expected credit loss.

As a result, the net property income for FY2022 was US$113.2 million, an increase of 3.3% from FY2021.

	FY2022 (US$'000)	FY2021 (US$'000)	Change (%)
Portfolio excluding 2021 acquisitions	183,197	184,461	(0.7)
2021 acquisitions	19,362	638	>100
Gross revenue	**202,559**	**185,099**	**9.4**
Portfolio excluding 2021 acquisitions	84,226	75,412	11.7
2021 acquisitions	5,170	140	>100
Property operating expenses	**89,396**	**75,552**	**18.3**
Portfolio excluding 2021 acquisitions	98,971	109,049	(9.2)
2021 acquisitions	14,192	498	>100
Net property income	**113,163**	**109,547**	**3.3**

1 Refers to all operating expenses (including fees, charges and reimbursable costs paid/payable to the Manager and interested parties), excluding net foreign exchange gains or losses and finance expenses.
2 Net assets as at 31 December 2022 and 31 December 2021, respectively.

Net (Loss)/Income

Other trust expenses for FY2022 were lower mainly due to higher distribution costs incurred in FY2021 in relation to the advanced distribution in December 2021, partially offset by additional administrative and professional fees arising from properties acquired in December 2021.

Finance expenses for FY2022 increased 16.4% from FY2021, largely due to additional borrowings drawn to partially fund the acquisitions in December 2021, capital expenditure and leasing costs, as well as Plaza and Exchange mortgage loans being refinanced at a higher interest rate in July 2022. The increase was partially offset by interest savings from the refinancing of Penn and Michelson at a lower interest rate in April 2021.

Net fair value gain on derivatives of US$48.0 million recognised in FY2022 was attributable to the fair valuation of interest rate swaps entered into to hedge against interest rate exposures.

Net fair value loss on investment properties for FY2022 was US$263.6 million as a result of the decline in valuations, adjusted for capital expenditure and other costs related to the investment properties.

Tax income of US$18.1 million was mainly due to deferred tax income from net fair value loss on investment properties, partially offset by deferred tax expense from tax depreciation.

Due to the effects of the above, the Group recorded a net loss of US$129.7 million, compared to the net income of US$39.4 million for FY2021.

Income Available for Distribution

After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for FY2022 was US$87.9 million, 2.7% higher than FY2021. The distribution amount to Unitholders after retention for FY2022 was US$84.0 million, 1.8% lower than FY2021.

Portfolio and Net Asset Value (NAV)

The portfolio value of MUST declined by 10.9% or US$237.4 million to US$1,947.0 million in FY2022. The decline in valuation was largely due to higher discount rates and capitalisation rates for certain properties. This reflected risks posed by the volatile macroeconomic environment as well as idiosyncratic risks at the property level such as higher vacancy or weak submarket fundamentals. In addition, continued weakening of occupational performance in the submarkets where the properties are located, due to slowdown in demand and leasing activity, resulted in higher concession package assumptions needed to attract new tenants or retain existing tenants. This gave rise to higher leasing costs. The valuation of Figueroa, which accounted for 43.9% of the portfolio valuation decline for FY2022, is reflective of the occupancy plans of the property's two largest tenants, Quinn Emanuel and TCW Group, with the former executing a renewal and downsize, while the latter plans to vacate at the end of its lease term on 31 December 2023.

As a result of the decline in valuation, net assets attributable to Unitholders decreased by 14.1% to US$1,020.3 million, which translated to NAV per Unit of US$0.57 and adjusted NAV per Unit (excluding distribution amount to Unitholders) of US$0.55 as at 31 December 2022.

Key Financial Indicators	As at 31 December 2022	As at 31 December 2021
Gross borrowings (US$ million)	1,032.7	975.0
Gearing ratio[1] (%)	48.8	42.8
Weighted average cost of debt (%)	3.74	2.82
Weighted average debt maturity (years)	2.8	2.4
Interest coverage ratio[2] (times)	3.1	3.4
Unencumbered properties as % of total portfolio[3] (%)	89.2	70.4

1 Based on gross borrowings as percentage of total assets.
2 Computed by dividing the trailing 12-month 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-month interest expense and borrowing-related fees as set out in the Code on Collective Investment Schemes (CIS Code) issued by MAS. As MUST does not have any distributions for hybrid securities, its interest coverage ratio is equivalent to its adjusted interest coverage ratio.
3 Based on appraised values.

FINANCIAL REVIEW

Capital Management

The Manager continues to maintain a proactive and prudent approach towards capital management to fund the growth of the portfolio while managing both interest rate and refinancing risks. MUST maintains strong and diversified banking relationships with reputable banks and has established various bank facilities and capital market programmes to enhance its financial flexibility and diversification in funding sources.

In January 2022, MUST entered into deeds of release and discharge with the security agent to release securities granted in respect of all its Trust-level loan facilities and committed revolving credit facilities (RCFs). Following the execution of the deeds of release and discharge, all Trust-level facilities are unsecured.

In July 2022, MUST executed a five-year unsecured sustainability-linked loan facility and the proceeds from the loan were used to refinance the Exchange and Plaza mortgage facilities, as well as to fund capital expenditures and leasing costs. Post-refinancing, 89.2% of MUST's properties are unencumbered as at 31 December 2022. Subsequent to the drawdown, MUST has increased its proportion of green and sustainability-linked loans from 45.1% in January 2022 to 64.4% as at 31 December 2022.

In December 2022, MUST obtained a US$105.0 million unsecured sustainability-linked facility, which will be utilised to refinance the Phipps mortgage facility which matures in June 2023.

The following table summarises the facilities that MUST had as at 31 December 2022:

Sources of Funding	Capacity (US$ million)	Amount Utilised (US$ million)	Utilised (%)
Property level:			
- Property loan facilities	105.0	105.0	100.0
Trust level:			
- Loan facilities	993.0	888.0	89.4
- Uncommitted RCFs	200.0	–	–
- Committed RCFs[1,2]	100.0	39.7	39.7
- Multicurrency debt issuance programme	1,000.0	–	–
	2,293.0	**927.7**	**40.5**
Total	**2,398.0**	**1,032.7**	**43.1**

1 The committed RCFs are used to fund capital expenditures, leasing costs and general working capital requirements. In addition, MUST has an uncommitted and unsecured RCF of US$200.0 million that can be used as bridge financing for acquisitions.

2 While the loan utilised is due for rollover in 2023, the Manager has the option to roll over the RCF up to the facility's final maturity date on 7 August 2024.

Debt Maturity Profile

As at 31 December 2022, the total gross outstanding debt of MUST was US$1,032.7 million with an aggregate leverage of 48.8%, an increase from 42.8% as at 31 December 2021, mainly due to the decline in portfolio valuation. The higher leverage ratio is within the regulatory limit of 50.0% set by MAS, accompanied by an interest coverage ratio of 3.1 times. The Manager recognises that the higher aggregate leverage will increase the risk profile of MUST. This could limit additional borrowings to fund future capital expenditure, tenant improvement allowance and leasing costs. As such, to improve MUST's financial flexibility, the Manager has retained US$3.8 million from its 2H2022 distributable income and will continue to explore various fundraising options, including asset dispositions, distribution reinvestment plan and equity injection. As announced on 25 November 2022, Citi has been appointed by the strategic working group comprising the senior members of the Manager and the Board of the Manager, to undertake a review of a variety of options available to the REIT to enhance Unitholder value.

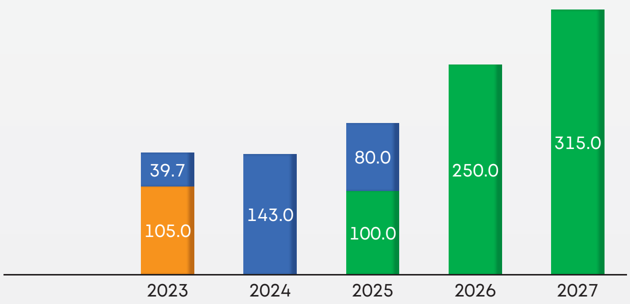
MUST's debt maturity profile remains well-staggered with a weighted average debt maturity of approximately 2.8 years as at 31 December 2022.

To mitigate interest rate risk exposures, 77.3% of the gross borrowings have fixed rates as at 31 December 2022. The debt maturity profile was also well-staggered over five years with no more than 30.5% of debt maturing in any year. This minimises any refinancing risk in any one year and insulates MUST against short-term market liquidity crunches which may increase funding cost.

MUST uses derivative financial instruments to hedge its interest rate risk exposure. The net fair value of the derivatives represents 4.8% of the Group's net assets of MUST as at 31 December 2022.

Debt Maturity Profile as at 31 December 2022

(US$ million)



	2023	2024	2025	2026	2027
% of total debt:	**14.0%**	**13.9%**	**17.4%**	**24.2%**	**30.5%**

- Trust-level green or sustainability-linked loans
- Trust-level RCF and other loans
- Phipps mortgage loan

OPERATIONAL REVIEW

Manulife US REIT's portfolio encompasses 12 high-quality office buildings located in key U.S. markets with an NLA of 5.5 million sq ft, a long WALE of 4.7 years and a stable occupancy rate of 88.0% as at 31 December 2022.

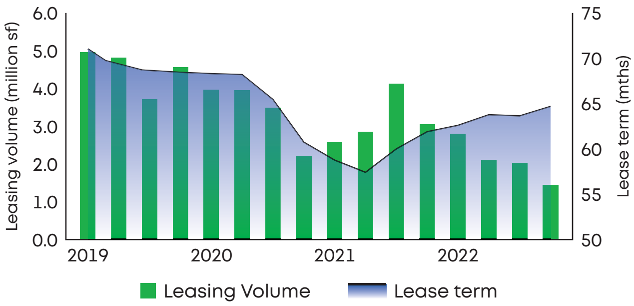
Flight to Quality Driving Leasing Activity in U.S.

In 2022, tenant demand remained strongest for modern, best-in-class and high-quality buildings. Data from JLL Research showed relocations growing as a share of total leasing activity, with more than 95.0% of relocation tenants moving to equal or better-quality spaces[1]. Starting rents for relocation leases also averaged 7.2% higher than renewals across all markets. This showed that despite broader office downsizing trends, tenants became price agnostic and were willing to pay higher rents per square foot for the right modernised and productive spaces.

Overall, U.S. office leasing volume and physical occupancy improved in 2022 YoY, although performance still lagged pre-COVID-19 levels. Leasing volume rose 15.1% YoY but was still just 72.3% of pre-pandemic leasing volume. In 4Q2022, only 42 lease transactions of 100,000 sq ft and above were executed, the lowest tally since 1Q2021 and more than 50.0% below the pre-COVID-19 quarterly average. Larger corporate tenants continued to rightsize their office footprints. JLL data showed that since the onset of COVID-19, more than three quarters of major tenants in the U.S. have shed office space[2]. During the year in MUST's portfolio, TCW Group also announced its plans to vacate by end-2023, and Quinn Emanuel decided to give back half its space, renewing the remainder for another 5.4 years[3] at a +2.5% reversion. However, this now creates unique opportunities for new anchor tenants with signage rights and potential positive rent reversion.

At the same time, more companies also firmed up their return-to-office policies, the majority of which are hybrid in nature. This led to physical occupancy levels stabilising in 4Q2022 at ~50.0%[2], with a 5-10% bump in the middle of the week as most employers set Tuesday through Thursday as the compulsory days for staff to be in office. To attract staff to return to the office, employers are leasing space in offices with premium amenities in great locations. This is evident from the fact that modern offices built

Office Leasing Volume in MUST's Submarkets Declining[4]



after 2015 generated positive net absorption of 33.8 million sq ft in 2022, despite the overall U.S. office market experiencing negative net absorption of 37.4 million sq ft. Since the pandemic, newer buildings built after 2015 have accounted for 94.8 million sq ft of positive leasing absorption. The overall U.S. office market and buildings built before 2015 have experienced negative net absorption of 190.5 million and 285.3 million square feet, respectively.

Two-Pronged Strategy of Flex and Hotelisation

To meet rising demand for amenitised offices with flex solutions, MUST in 2022 embarked on a two-pronged strategy of hotelisation and partnership with flex operators to drive leasing at its buildings.

In September 2022, the Manager entered into a management and licensing agreement for Flex by JLL to take up 15,407 sq ft of office space at Plaza in Secaucus, New Jersey, making up 3.3% of the building's NLA. Flex by JLL is JLL's enterprise-grade flexible space solution. This agreement is accompanied by options for Flex by JLL to lease a further 20,451 sq ft in two phases, bringing the combined floor plate to 35,858 sq ft (7.7% of NLA) by 2023. In all, the three phases are expected to achieve a stabilised rent premium of ~30.0% to the market.

The Flex by JLL space at Plaza will offer flexible private offices, coworking space, meeting rooms, team suites and virtual offices to users. The space includes ergonomic furniture, Tier 1 fibre broadband internet access, interactive client portals to book meeting rooms digitally, an on-site hospitality team and state-of-the-art audio-visual equipment. The partnership structure allows MUST to enjoy greater upside potential by sharing a majority of

1 JLL Research (Flight-to-quality drives renewal rate to historical lows); includes all office classes.
2 JLL 4Q2022 U.S. Office Outlook.
3 From September 2023.
4 JLL Research; data includes all transactions, including deals <20,000 sq ft.

the operating profits with the operator. It would also allow MUST to maintain its relationships with tenants, such that new flex tenants may eventually convert to traditional tenants. The Manager will continue to evaluate further partnerships with flex operators in its other assets.

JLL estimates that flex office solutions currently account for ~5.0% of all office space in the U.S. inventory, and this will grow to 30.0% by 2030[1]. For large tenants, flex office solutions typically involve leasing space on a relatively short term of about six to 24 months to accommodate specific project needs. Conversely, smaller tenants under 10,000 sq ft are attracted to flex space because it allows them to lease on short notice without having to live through the lead time of building out their office space under a long-term lease.

MUST's second strategy is hotelisation, which involves building modern amenities at suitable Trophy and Class A assets to attract tenants and command higher rents. While hotelisation of office assets is not a new concept, it has gained importance in the post-COVID-19 world as employers urgently sought to encourage their workers' return to the office. Hotelisation is not for every building, but some of MUST's assets are suitable because they are in good locations with GDP and population growth and boast live-work-play environments. Several of MUST's properties have sufficiently large floor plates as well as low-floor open spaces which present opportunities to build amenities such as conference centres, coffee lounges and outdoor terraces for existing and potential tenants.

In February 2023, MUST embarked on the hotelisation of Peachtree in Atlanta, with works including a refreshed entrance and lobby, conference centre improvements, new exterior hardscapes, elevator refurbishing and the addition of a second-floor outdoor terrace and lounge area. The Manager expects the project to be completed by 2024 at a project cost of ~US$18.0 million. This is expected to generate an internal rate of return and positive rental reversion potential of ~9.0% and ~30.0%, respectively.

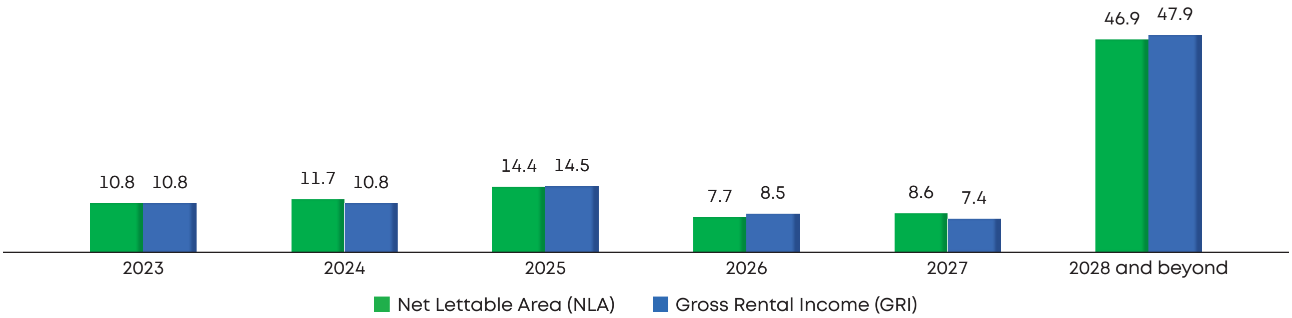
Artist impression of refreshed entrance at Peachtree

Proactive Management to Minimise Risk

In 2022, the Manager took steps to drive new leasing demand in the portfolio via its flex and hotelisation initiatives but was also acutely focused on its defensive strategy of minimising near-term risks in the portfolio and preserving occupancy. As a result of its proactive leasing efforts, combined with the quality of the portfolio's assets and tenants, MUST recorded several positive outcomes amid the challenging office market:

- Steady committed occupancy of 88.0%, outperforming the U.S. Class A occupancy levels of 83.3%[2]
- Executed ~378,000 sq ft of leases at positive rental reversion, representing 6.9% of NLA, mainly from the legal, real estate, finance & insurance sectors
- Reducing 2023 lease expiries from 12.9% (by NLA) at the start of 2022 to 10.8% at year-end 2022

Lease Expiry Profile (%)



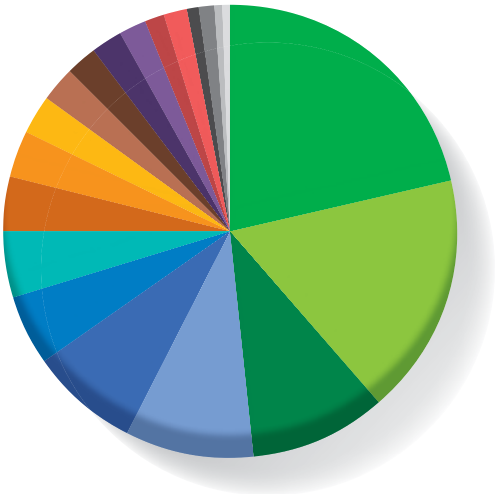
1 JLL Post-Pandemic Workplace Strategy July 2022.
2 JLL 4Q2022 U.S. Office Outlook.

OPERATIONAL REVIEW

Well-Diversified Tenant Mix

The portfolio continues to enjoy a well-diversified tenant roster with ~20 trade sectors represented. The top three largest trades – Finance & Insurance, Legal and Retail Trade – made up approximately 48.6% of the portfolio's GRI as at end December 2022.

Trade Sector by GRI (%)



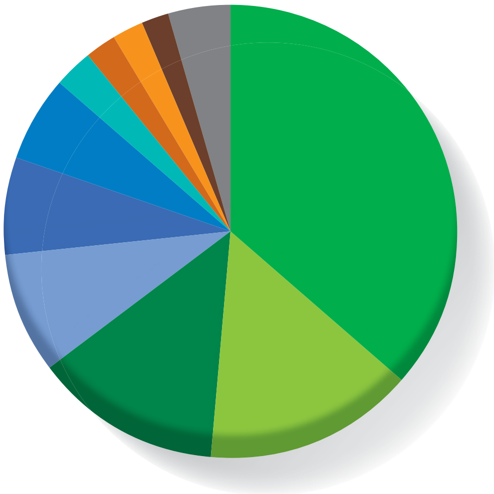
21.5	Finance & Insurance
17.2	Legal
9.9	Retail Trade
9.1	Information
7.7	Real Estate
5.2	Public Administration
4.5	Consulting
4.1	Healthcare
3.3	Grant Giving
2.7	Administrative & Support Services
2.5	Accounting
2.3	Transportation & Warehousing
2.1	Advertising
2.0	Arts, Entertainment & Recreation
1.5	Manufacturing
1.5	Architectural & Engineering
1.0	Professional, Scientific & Technical Services
0.9	Accommodation & Food Services
0.6	Education
0.5	Wholesale Trade

Note: Amounts may not sum up to 100.0% due to rounding.

Trade Sectors of Leases Signed in 2022

Of the leases signed during 2022, more than 10 different trade sectors were represented, including the portfolio's two largest sectors, Legal and Real Estate. The new leases, renewals and tenant expansions executed in FY2022 had a WALE by NLA of 6.3 years and accounted for 8.5% of GRI[1].

2022 Leasing Trade Sector by GRI (%)



36.4	Legal
15.0	Real Estate
13.4	Finance & Insurance
8.7	Architectural & Engineering
7.1	Professional Services
5.9	Accounting
2.8	Transportation & Warehousing
2.4	Advertising
2.2	Administrative & Support Services
1.9	Consulting
4.3	Others

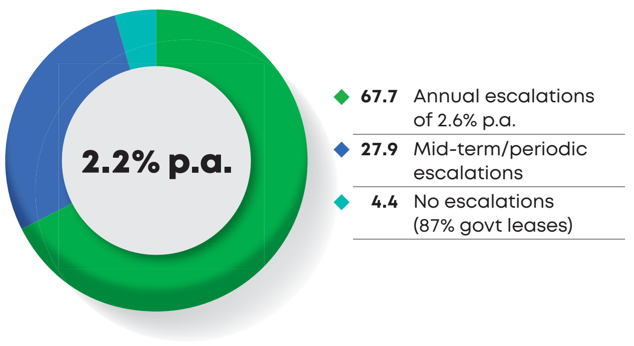
1 For the leases executed and commenced in FY2022, totalling ~154,000 sq ft, the WALE is 5.3 years.

Tenant Retention and Rental Reversion

Post-COVID-19 challenges persisted in the U.S. office sector, leading to a slowdown in leasing demand. As a result, MUST retained 41.9% of its tenants in 2022 with a rental reversion of +0.7%. The rental reversion is +2.0% for 2022 excluding Centerpointe.

Passing Rent and Portfolio Rental Escalations by GRI

The portfolio's average passing rent as at 31 December 2022 and average rent set to expire in 2023 are US$40.78 psf and US$40.92 psf, respectively. Average in-place rents continue to be below the market average.



Top 10 Tenants by GRI (%)

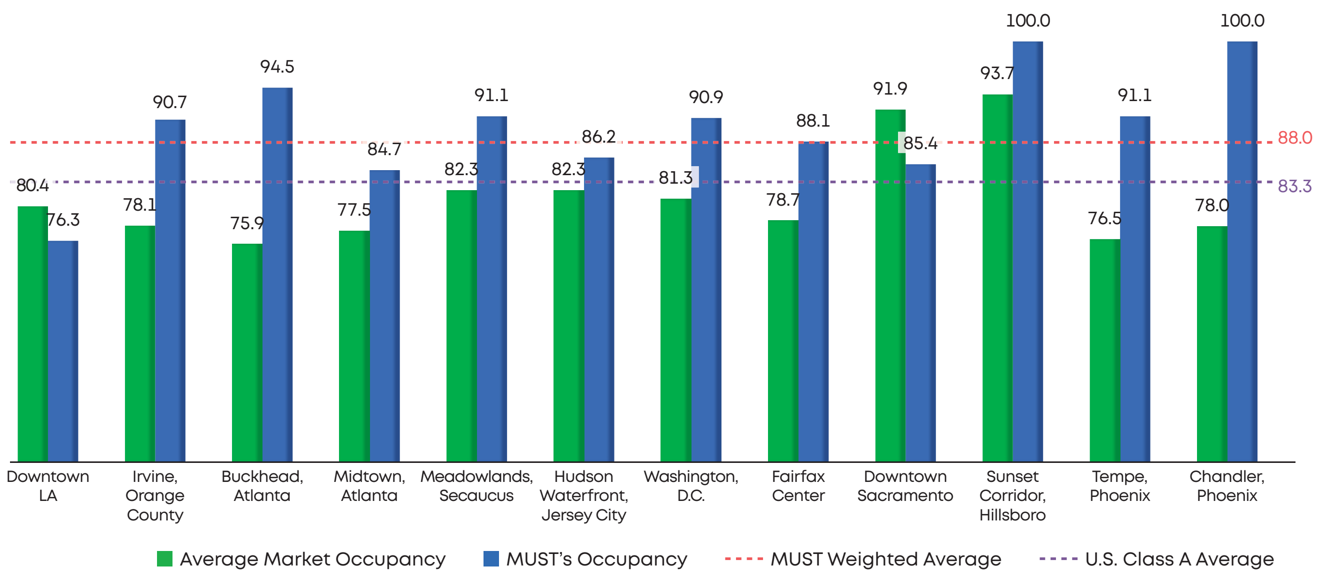
The portfolio's top 10 tenants contributed 33.4% of the portfolio's GRI as at 31 December 2022. Most of these anchor tenants include headquarters, listed companies as well as government agencies. This reflects the high quality and stability as well as low tenant concentration risk within MUST's portfolio. The total number of tenants was 184 as at 31 December 2022.

Tenants	% of Portfolio GRI
The William Carter Company	5.7
TCW Group	3.9
United Nations Foundation	3.3
The Children's Place	3.2
Kilpatrick Townsend	3.2
Hyundai Capital America	3.0
US Treasury	3.0
Amazon Corp	2.9
ACE American	2.7
Quest Diagnostics	2.5
Total % of Portfolio GRI	**33.4**

Strong Portfolio Occupancy Rate

As at 31 December 2022, the portfolio had a high occupancy rate of 88.0%, which is above the U.S. National Class A occupancy rate of ~83.3%[1].

Portfolio's Occupancy above U.S. Market Average in Respective Submarkets (%)



1 JLL 4Q2022 U.S. Office Outlook.

OPERATIONAL REVIEW

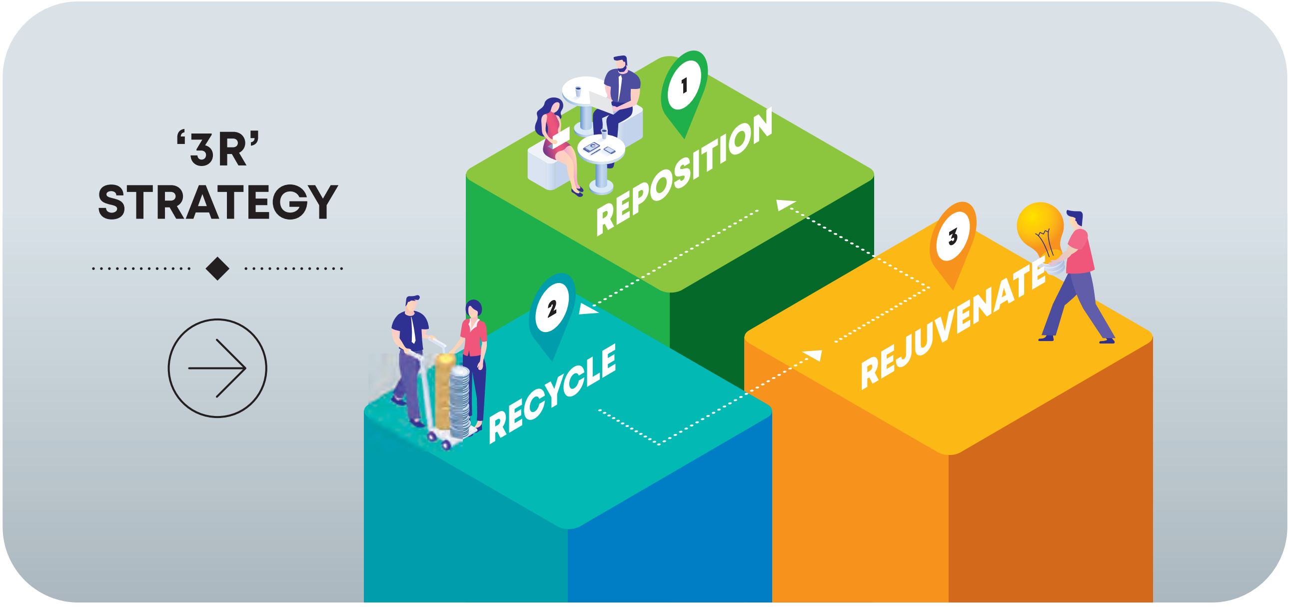
Portfolio Valuation Decline Driven by Three Submarkets

MUST experienced a 10.9% decline in the market valuation of its portfolio in 2022. The decline was largely driven by properties located in three markets: L.A., New Jersey and Greater Washington, D.C. MUST's properties located in these three submarkets accounted for ~80% of the portfolio valuation decline during the year. The main reasons that drove the valuation drop in the three submarkets were higher discount and terminal cap rates (up to 150 and 125 basis points, respectively), increase in tenant incentives, as well as valuers drawing reference from selected transactions executed at depressed prices over the last 12 months.

The NCREIF Office Subindex, a U.S. office benchmark, recorded a 7.4% decline in appreciation return YoY in 4Q2022. This is in line with the valuation change of -7.1% that MUST's portfolio would have experienced after excluding Figueroa. Figueroa, located in Downtown L.A., experienced the steepest decline of 33.1%, and accounted for ~43.9% of MUST's portfolio valuation decline. This was mainly due to Quinn Emmanuel's downsizing in August 2022 and TCW's decision to vacate by end-2023.

Property	Valuation (US$ million)		Change (%)	Direct Cap Rates as at 31 December 2022[3] (%)
	As at 31 December 2022[1]	As at 31 December 2021[2]		
Figueroa, Los Angeles	211.0	315.2	-33.1%	6.00
Plaza, New Jersey	92.0	106.0	-13.2%	7.25
Penn, Washington, D.C.	156.0	177.3	-12.0%	5.75
Exchange, New Jersey	290.0	324.0	-10.5%	6.75
Centerpointe, Washington, D.C.[4]	101.0	112.7	-10.4%	7.75
Michelson, Irvine	292.0	317.0	-7.9%	6.00
Peachtree, Atlanta	205.0	212.9	-3.7%	6.50
Capitol, Sacramento	190.0	197.0	-3.6%	7.00
Park Place, Chandler	103.0	106.9	-3.6%	6.00
Phipps, Atlanta	210.0	216.0	-2.8%	5.25
Tanasbourne, Hillsboro	33.5	34.4	-2.6%	6.75
Diablo, Tempe	63.5	65.0	-2.3%	6.50
Total/ Weighted Average	**1,947.0**	**2,184.4**	**-10.9%**	**6.34**

1 Valuations conducted by JLL Valuation & Advisory Services, LLC.
2 Valuations conducted by CBRE, Inc., except for Tanasbourne, Park Place and Diablo which were valued by JLL Valuation & Advisory Services, LLC as part of the acquisitions in November 2021.
3 Based on overall cap rates used in direct capitalisation valuation approach.
4 Centerpointe is located in Fairfax Center, a submarket within Fairfax County, Virginia, in the Washington, D.C. metro area.



Going Forward – Reposition, Recycle and Rejuvenate

Despite hybrid work and evolving space requirements leading to more tenants rightsizing, the Manager continues to see strong demand for new and repositioned offices in attractive locations. In 2023, the Manager will continue to proactively manage MUST's portfolio via its '3R' strategy of repositioning its assets with winning attributes, recycling capital to manage gearing, and rejuvenating its business direction and strategy.

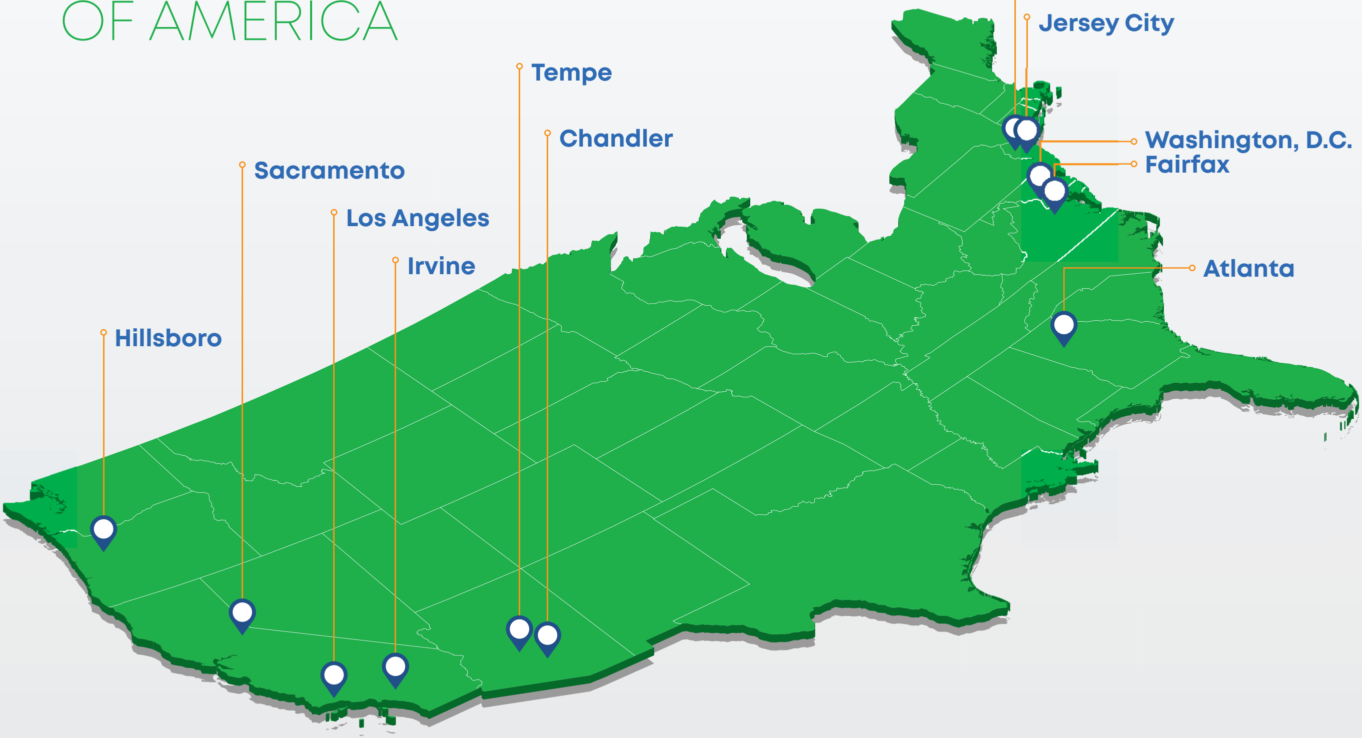
Since the Manager's financial advisor Citi began discussions with potential partners at the start of 2023 in relation to its strategic review, there has been healthy interest from a broad range of counterparties. The strategic review is expected to be completed by 2Q2023. The Manager will provide updates to Unitholders in due course.

Artist impression of a library at Plaza's Flex by JLL

Artist impression of a pantry at Plaza's Flex by JLL

PORTFOLIO OVERVIEW

UNITED STATES OF AMERICA



Capitol

Location
400 Capitol Mall, Sacramento, CA

NLA
501,436 sq ft

Occupancy
85.4%

WALE by NLA
5.0 years

Latest Valuation
US$190.0 million

Centerpointe

Location
4000 & 4050 Legato Road, Fairfax, VA

NLA
422,559 sq ft

Occupancy
88.1%

WALE by NLA
4.4 years

Latest Valuation
US$101.0 million

Diablo

Location
2900 South Diablo Way, Tempe, AZ

NLA
354,434 sq ft

Occupancy
91.1%

WALE by NLA
3.5 years

Latest Valuation
US$63.5 million

Exchange

Location
10 Exchange Place, Jersey City, NJ

NLA
737,598 sq ft

Occupancy
86.2%

WALE by NLA
4.7 years

Latest Valuation
US$290.0 million

Figueroa

Location
865 South Figueroa Street, Los Angeles, CA

NLA
715,024 sq ft

Occupancy
76.3%

WALE by NLA
3.3 years

Latest Valuation
US$211.0 million

Michelson

Location
3161 Michelson Drive, Irvine, CA

NLA
534,435 sq ft

Occupancy
90.7%

WALE by NLA
4.6 years

Latest Valuation
US$292.0 million

Park Place

Location
1650 & 1700 South Price Road, Chandler, AZ

NLA
274,700 sq ft

Occupancy
100.0%

WALE by NLA
6.9 years

Latest Valuation
US$103.0 million

Peachtree

Location
1100 Peachtree Street NE, Atlanta, GA

NLA
559,102 sq ft

Occupancy
84.7%

WALE by NLA
4.6 years

Latest Valuation
US$205.0 million

Penn

Location
1750 Pennsylvania Avenue NW, Washington, D.C.

NLA
278,063 sq ft

Occupancy
90.9%

WALE by NLA
4.0 years

Latest Valuation
US$156.0 million

Phipps

Location
3438 Peachtree Road NE, Atlanta, GA

NLA
475,778 sq ft

Occupancy
94.5%

WALE by NLA
5.9 years

Latest Valuation
US$210.0 million

Plaza

Location
500 Plaza Drive, Secaucus, NJ

NLA
466,496 sq ft

Occupancy
91.1%

WALE by NLA
5.8 years

Latest Valuation
US$92.0 million

Tanasbourne

Location
3175 & 3188 NE Aloclek Drive & 3300 NE 83rd Avenue, Hillsboro, OR

NLA
132,851 sq ft

Occupancy
100.0%

WALE by NLA
3.8 years

Latest Valuation
US$33.5 million

PORTFOLIO OVERVIEW

Capitol

400 Capitol Mall, Sacramento, CA

Occupancy
85.4%

Valuation
US$190.0m

NLA
501,436 sq ft

Land Tenure	**Freehold**
Building Completion	**1992**
Acquisition Date	**29 October 2019**
Purchase Price	**US$198.8 million** (US$397 psf)
WALE by NLA	**5.0 years**
No. of Tenants	**36**

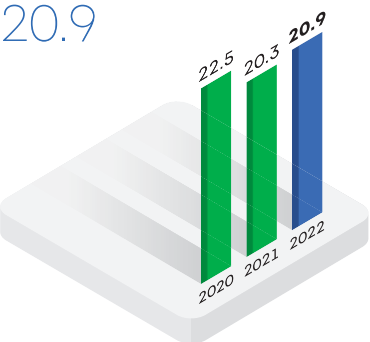
Top Three Tenants by GRI (%)

11.8%	11.6%	11.5%
WeWork	**Wells Fargo**	**Weintraub Tobin Chediak Coleman & Gordin**

Capitol is a freehold 29-storey Class A office building located at 400 Capitol Mall, Sacramento, California, and is a 15-minute drive to Sacramento International Airport. The property is the tallest building in Sacramento, towering at 423 feet high and is uniquely positioned in the CBD. It is within walking distance to Golden 1 Center, the Downtown Commons, and benefits from the exposure to the live, work, play environment of Sacramento's Downtown Core and its growing influx of high-end residential, hotel and retail developments.

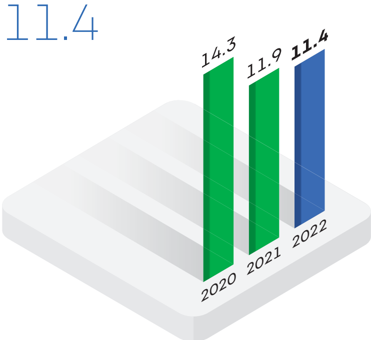
Gross Revenue
(US$ million)

20.9

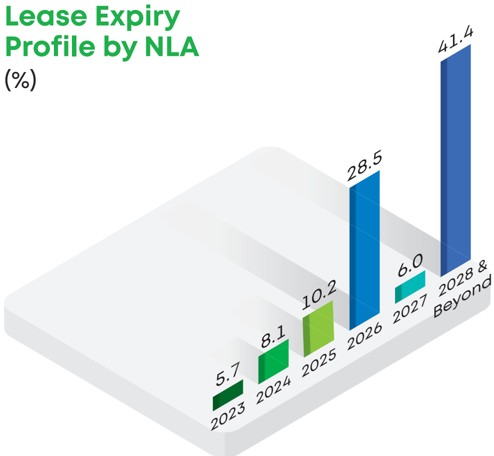


Net Property Income
(US$ million)

11.4



Lease Expiry Profile by NLA
(%)



Centerpointe

4000 & 4050 Legato Road, Fairfax, VA

Occupancy
88.1%

Valuation
US$101.0m

NLA
422,559 sq ft

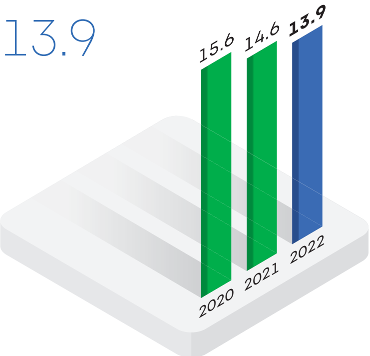
Land Tenure	**Freehold**
Building Completion	**1987/1989**
Acquisition Date	**10 May 2019**
Purchase Price	**US$122.0 million** (US$290 psf)
WALE by NLA	**4.4 years**
No. of Tenants	**18**

Top Three Tenants by GRI (%)

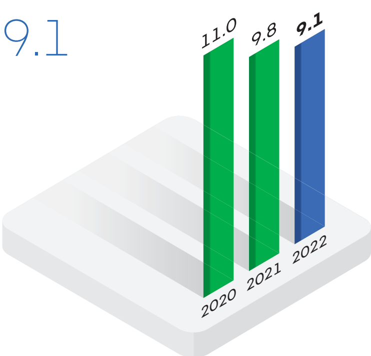
24.7%	20.6%	18.5%
ASM Research	**Edelman Financial Services**	**Board of Supervisors for Fairfax County**

Centerpointe is a two-tower, 11-storey freehold Class A office building located in Fairfax Center, a submarket within Fairfax County, Virginia, in the Washington, D.C. metro area. Centerpointe is located within 10 minutes from the Vienna/Fairfax-GMU Metrorail station, providing direct access to Arlington and downtown Washington, D.C. via the Metrorail Orange line. The property is approximately 15 minutes from Dulles International Airport and 30 minutes from Reagan National Airport.

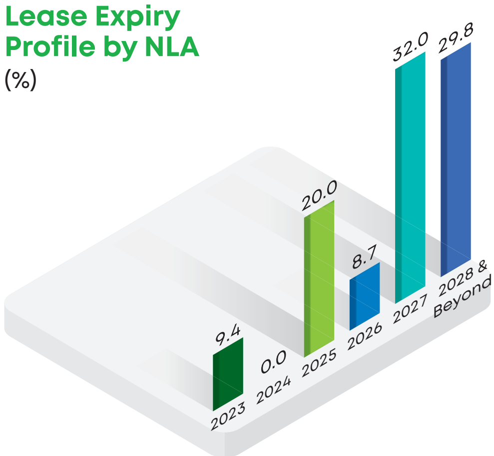
Gross Revenue
(US$ million)
13.9



Net Property Income
(US$ million)
9.1



Lease Expiry Profile by NLA
(%)



PORTFOLIO OVERVIEW

Diablo

2900 South Diablo Way, Tempe, AZ

Occupancy
91.1%

Valuation
US$63.5m

NLA
354,434 sq ft

Land Tenure	**Freehold**
Building Completion	**1980 - 1998**
Acquisition Date	**20 December 2021**
Purchase Price	**US$61.8 million** (US$174 psf)
WALE by NLA	**3.5 years**
No. of Tenants	**6**

Diablo is a five-building collaborative office campus in Tempe, Phoenix that caters to the expanding creative, technology, education and healthcare tenants in the broader Phoenix market. The property features large, flexible floorplates, an on-site café and fitness centre, indoor and outdoor amenity areas, ample parking, and excellent visibility and frontage along the I-10 freeway.

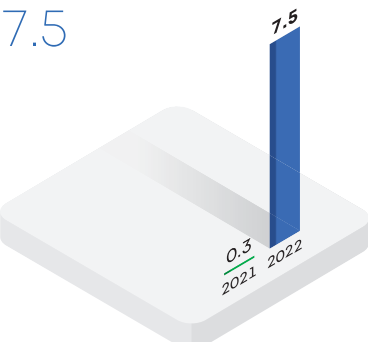
Top Three Tenants by GRI (%)

31.2%	30.9%	21.6%
Conduent Commercial Solutions	Smart Embedded Computing	Computershare Loan Services

Class B

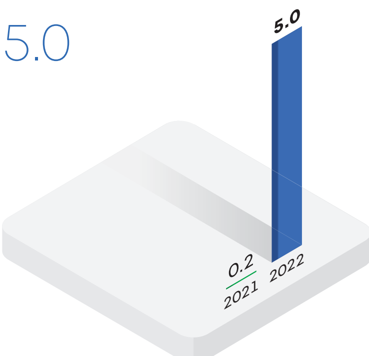
Gross Revenue
(US$ million)

7.5

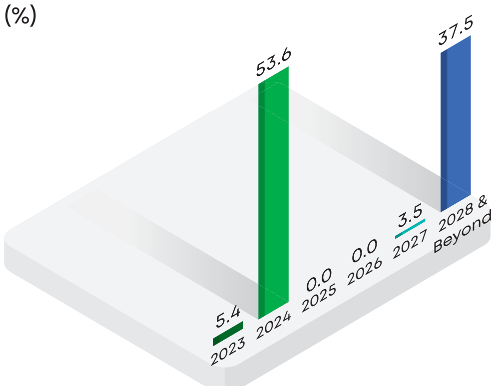


Net Property Income
(US$ million)

5.0



Lease Expiry Profile by NLA
(%)



Exchange

10 Exchange Place, Jersey City, NJ

Occupancy
86.2%

Valuation
US$290.0m

NLA
737,598 sq ft

Land Tenure	**Freehold**
Building Completion	**1988**
Acquisition Date	**31 October 2017**
Purchase Price	**US$315.1 million** (US$431 psf)
WALE by NLA	**4.7 years**
No. of Tenants	**22**

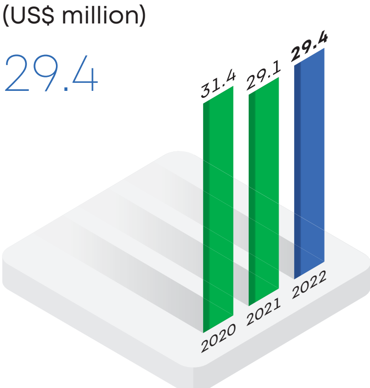
Exchange is a 30-storey Class A office building located along the Hudson River in Jersey City, New Jersey. The property offers unobstructed views of the Manhattan skyline, convenient access to New York City via an adjacent subway station and nearby water ferry terminal, and an attached car park with 467 lots.

Top Three Tenants by GRI (%)

19.8%	18.2%	13.3%
Amazon Corp	**ACE American**	**Rabo Support Services**

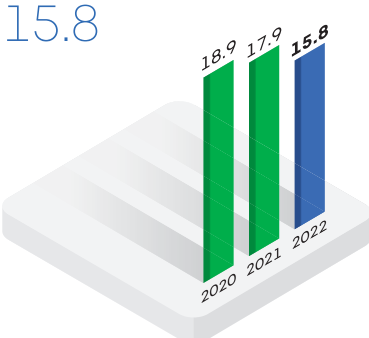
Gross Revenue
(US$ million)

29.4

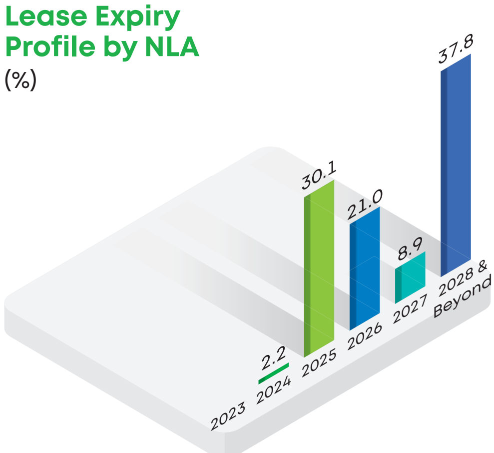


Net Property Income
(US$ million)

15.8



Lease Expiry Profile by NLA
(%)



PORTFOLIO OVERVIEW

Figueroa

865 South Figueroa Street, Los Angeles, CA

Occupancy
76.3%

Valuation
US$211.0m

NLA
715,024 sq ft

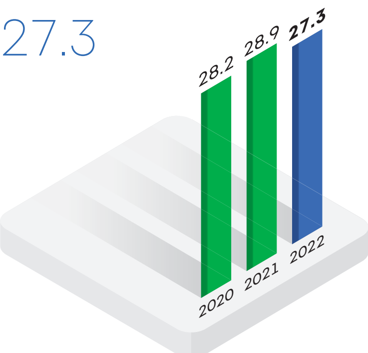
Land Tenure	**Freehold**
Building Completion	**1991**
Acquisition Date	**19 May 2016**
Purchase Price	**US$284.7 million** (US$410 psf)
WALE by NLA	**3.3 years**
No. of Tenants	**27**

Figueroa is a 35-storey Class A office building located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues. The property offers ample amenities, which include a restaurant, a coffee shop, an adjacent car park with 841 lots and a courtesy shuttle service which travels throughout the surrounding downtown area.

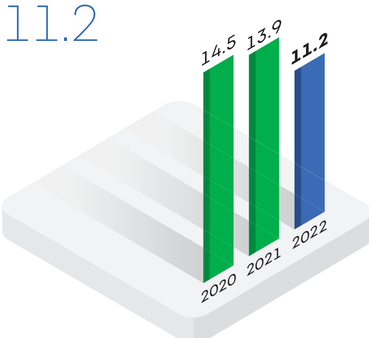
Top Three Tenants by GRI (%)

30.4%	13.0%	11.1%
TCW Group	Allen Matkins	Quinn Emanuel Trial Lawyers

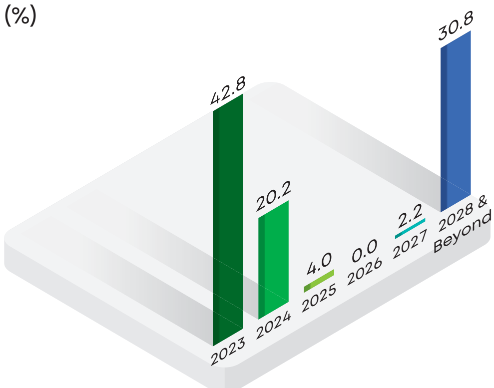
Gross Revenue
(US$ million)
27.3



Net Property Income
(US$ million)
11.2



Lease Expiry Profile by NLA
(%)



Michelson

3161 Michelson Drive, Irvine, CA

Occupancy
90.7%

Valuation
US$292.0m

NLA
534,435 sq ft

Land Tenure	**Freehold**
Building Completion	**2007**
Acquisition Date	**19 May 2016**
Purchase Price	**US$317.8 million** (US$597 psf)
WALE by NLA	**4.6 years**
No. of Tenants	**17**

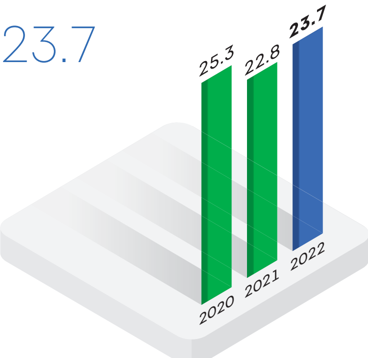
Michelson is a 19-storey Trophy-quality office building located in Irvine, Orange County, California, within a mile of John Wayne International Airport. The property is surrounded by hotels, high-end residential properties, restaurants and other retail offerings. On-site amenities include a café, penthouse sky garden and a large car park with 2,744 lots.

Top Three Tenants by GRI (%)

23.7%	17.7%	12.1%
Hyundai Capital America	Gibson Dunn	Jones Day

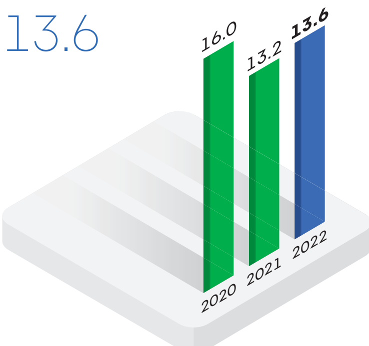
Gross Revenue
(US$ million)

23.7

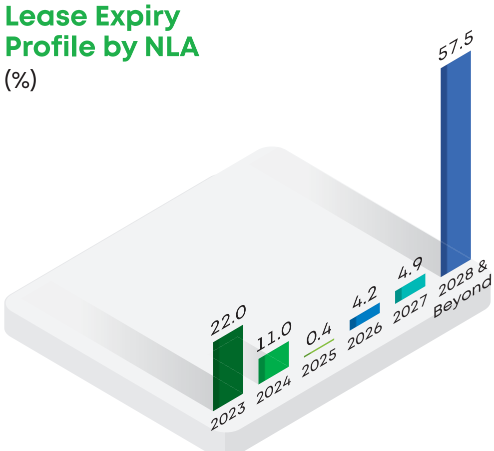


Net Property Income
(US$ million)

13.6



Lease Expiry Profile by NLA
(%)



PORTFOLIO OVERVIEW

Park Place

1650 & 1700 South Price Road, Chandler, AZ

Occupancy
100.0%

Valuation
US$103.0m

NLA
274,700 sq ft

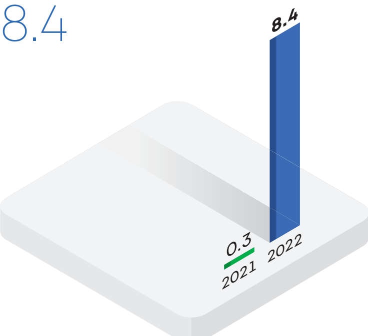
Land Tenure	**Freehold**
Building Completion	**2019**
Acquisition Date	**17 December 2021**
Purchase Price	**US$106.0 million** (US$386 psf)
WALE by NLA	**6.9 years**
No. of Tenants	**3**

Park Place office campus in Chandler, Phoenix consists of two Class A office buildings. Completed in 2019, the property offers abundant natural light, high finished ceiling heights, an efficient and flexible floor plate that can accommodate different tenant requirements, a three-storey lobby atrium, a conference centre, courtyard, outdoor gathering area and adequate parking.

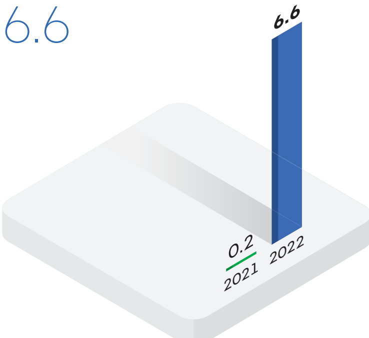
Top Three Tenants by GRI (%)

54.5%	31.0%	14.5%
Voya Services Company	Toyota Motor Credit Corp	Fresenius Management Services

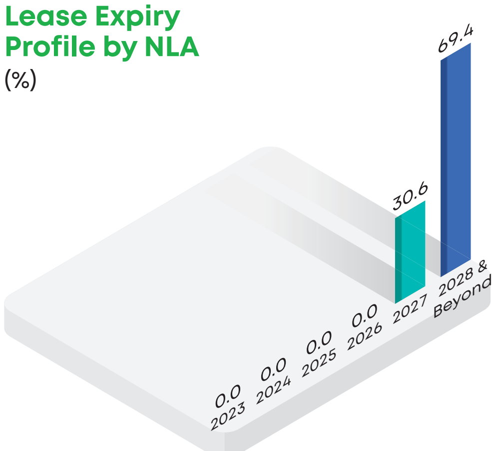
Gross Revenue
(US$ million)
8.4



Net Property Income
(US$ million)
6.6



Lease Expiry Profile by NLA
(%)



Peachtree

1100 Peachtree Street NE, Atlanta, GA

Occupancy
84.7%

Valuation
US$205.0m

NLA
559,102 sq ft

Land Tenure	**Freehold**
Building Completion	**1991**
Acquisition Date	**19 May 2016**
Purchase Price	**US$175.0 million** (US$315 psf)
WALE by NLA	**4.6 years**
No. of Tenants	**26**

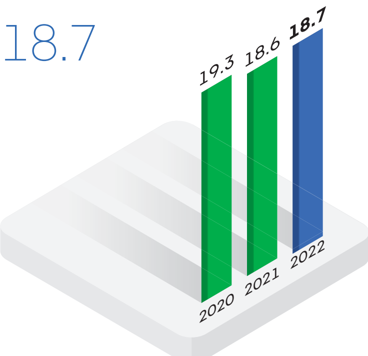
Peachtree is a 27-storey Class A office building located in the heart of Midtown Atlanta, well-connected to two subway stations. On-site amenities include a conference centre, fitness centre, a high-end restaurant and reserved parking in an attached car park with 1,221 lots.

Top Three Tenants by GRI (%)

33.2%	9.7%	8.8%
Kilpatrick Townsend	Triage Consulting Group	Jackson Spalding

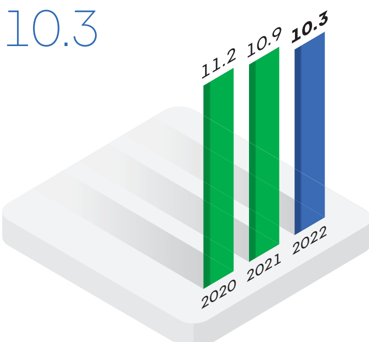
Gross Revenue
(US$ million)

18.7

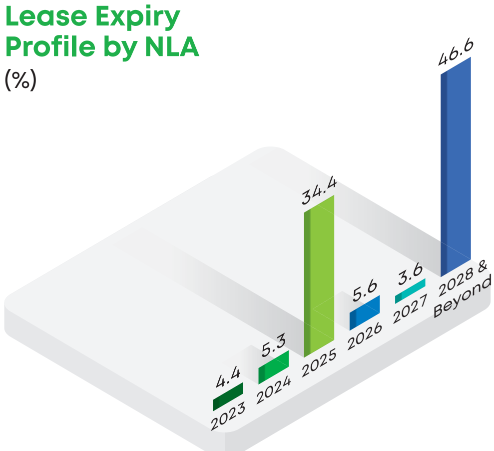


Net Property Income
(US$ million)

10.3



Lease Expiry Profile by NLA
(%)



PORTFOLIO OVERVIEW

Penn

1750 Pennsylvania Avenue NW, Washington, D.C.

Occupancy
90.9%

Valuation
US$156.0m

NLA
278,063 sq ft

Land Tenure	**Freehold**
Building Completion	**1964**
Acquisition Date	**22 June 2018**
Purchase Price	**US$182.0 million** (US$656 psf)
WALE by NLA	**4.0 years**
No. of Tenants	**8**

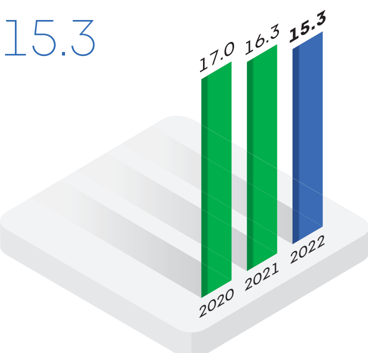
Penn is a 13-storey Class A office building located a block away from the White House in Washington, D.C., and in close proximity to the International Monetary Fund, the World Bank and the Federal Reserve. The Property is located within a highly amenitised mixed-use location that is walking distance away from multiple Metrorail stations and provides easy access to highways for suburban car commuters.

Top Three Tenants by GRI (%)

44.0%	40.4%	5.1%
United Nations Foundation	US Treasury	Board of Regents of the University of Texas

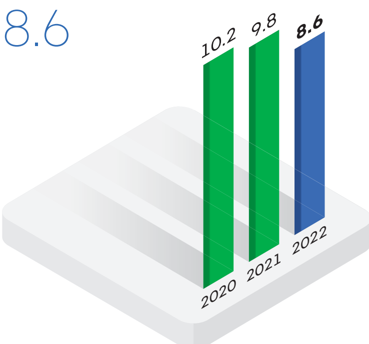
Gross Revenue
(US$ million)

15.3

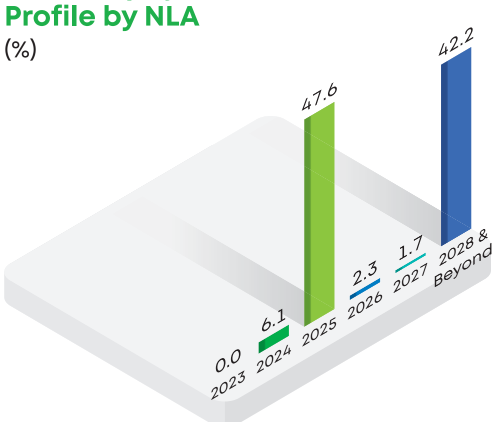


Net Property Income
(US$ million)

8.6



Lease Expiry Profile by NLA
(%)



Phipps

3438 Peachtree Road NE, Atlanta, GA

Occupancy
94.5%

Valuation
US$210.0m

NLA
475,778 sq ft

Land Tenure	**Freehold**
Building Completion	**2010**
Acquisition Date	**22 June 2018**
Purchase Price	**US$205.0 million** (US$431 psf)
WALE by NLA	**5.9 years**
No. of Tenants	**10**

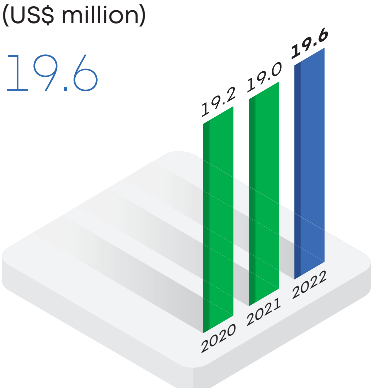
Phipps is a 19-storey Trophy office tower constructed in 2010 by the Sponsor. It has floor-to-ceiling window walls providing tenants with views in every direction. Phipps offers various facilities to its tenants, such as a farm-to-table café, a sundry shop, a fitness centre and a conference centre. There are five levels of covered parking with 1,150 parking stalls, as well as designated electric vehicle charging stations.

Top Three Tenants by GRI (%)

59.2%	14.3%	13.5%
The William Carter Company	**CoStar Group**	**Northwestern Mutual**

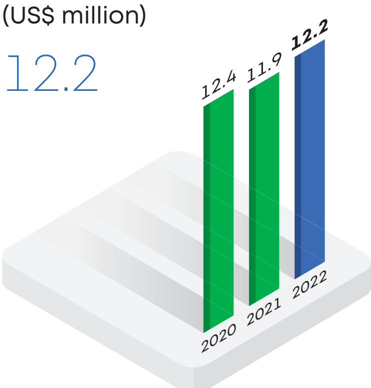
Gross Revenue
(US$ million)

19.6

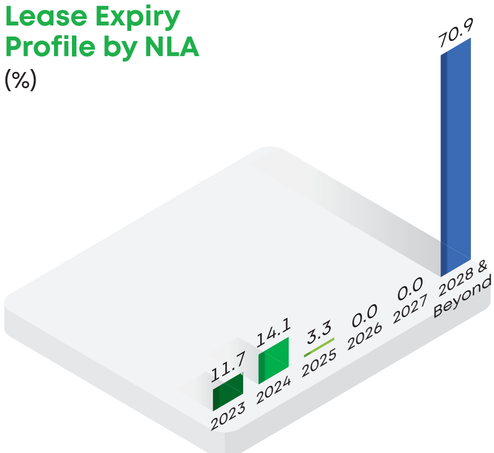


Net Property Income
(US$ million)

12.2



Lease Expiry Profile by NLA
(%)



PORTFOLIO OVERVIEW

Plaza

500 Plaza Drive, Secaucus, NJ

Occupancy
91.1%

Valuation
US$92.0m

NLA
466,496 sq ft

Land Tenure	**Freehold**
Building Completion	**1985**
Acquisition Date	**19 July 2017**
Purchase Price	**US$115.0 million** (US$249 psf)
WALE by NLA	**5.8 years**
No. of Tenants	**8**

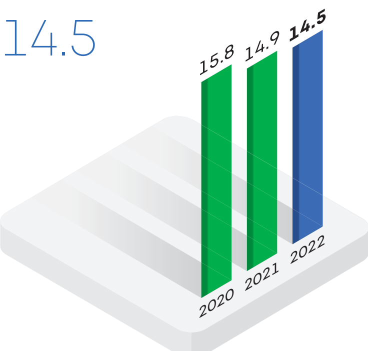
Plaza is an 11-storey Class A office building located in the Meadowlands section of Secaucus, New Jersey, three miles from Manhattan. The building was substantially renovated in 2016 with the addition of a conference centre, fitness centre, and café, as well as an additional car park.

Top Three Tenants by GRI (%)

44.9%	34.3%	13.7%
The Children's Place	Quest Diagnostics	Hartz Mountain Industries

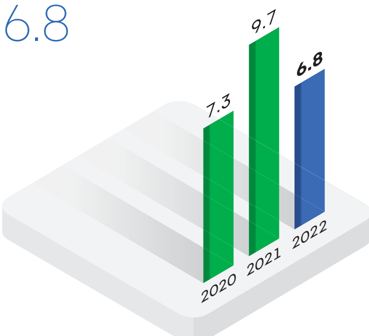
Gross Revenue
(US$ million)

14.5

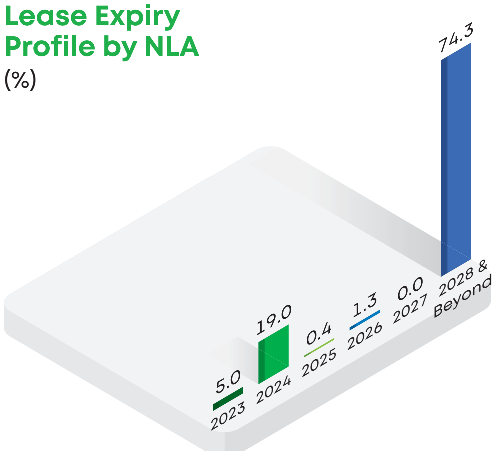


Net Property Income
(US$ million)

6.8



Lease Expiry Profile by NLA
(%)



Tanasbourne

3175 & 3188 NE Aloclek Drive & 3300 NE 83rd Avenue, Hillsboro, OR

Occupancy
100.0%

Valuation
US$33.5m

NLA
132,851 sq ft

Land Tenure	**Freehold**
Building Completion	**1986 - 1995**
Acquisition Date	**16 December 2021**
Purchase Price	**US$33.9 million** (US$255 psf)
WALE by NLA	**3.8 years**
No. of Tenants	**3**

Tanasbourne is an office campus comprising three flex-office buildings. It is located in Hillsboro, a submarket of Portland, Oregon. The three buildings were recently renovated in 2015, 2017 and 2020, respectively, and are located close to a variety of shopping and food and beverage options.

Top Three Tenants by GRI (%)

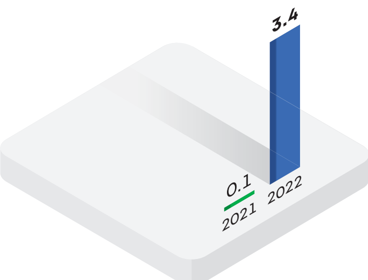
43.4%	40.4%	16.2%
Kaiser Permanente	**Tokyo Electron**	**Nike**

Class B

ENERGY STAR

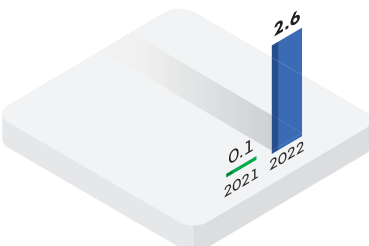
Gross Revenue
(US$ million)

3.4

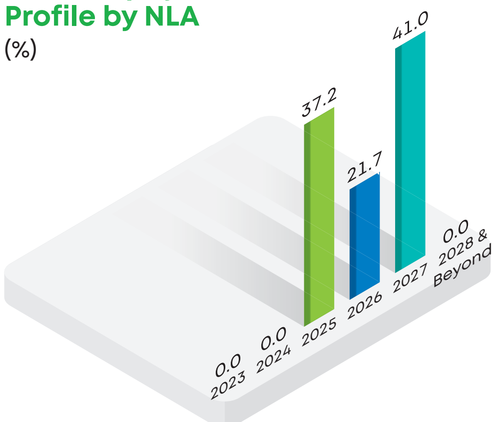


Net Property Income
(US$ million)

2.6



Lease Expiry Profile by NLA
(%)



INDEPENDENT MARKET REPORT

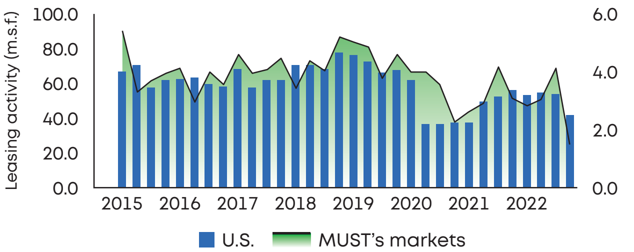
By JLL as at 31 December 2022

Executive Summary

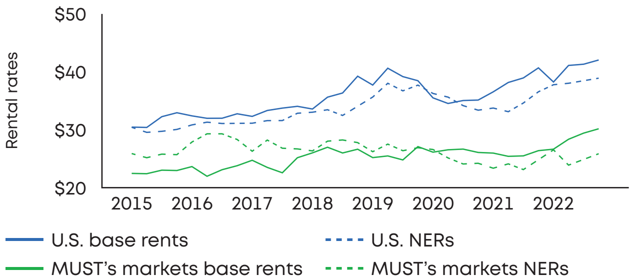
- Leasing activity fell 10.8% in Q4 to 40.7 million s.f. A strong start to the year lifted 2022 volume 15.1% higher than 2021 totals, reflecting 72% of pre-pandemic leasing volume nationally.
- Net absorption totaled -12.5 million s.f. in Q4, bringing annual totals to -37.4 million s.f., a slowing from the 59 million s.f. of occupancy loss in 2021.
- The slowdown in activity was most notably felt among large-scale leases, where tenants are delaying decision-making amid uncertainty: just 42 transactions over 100,000 s.f. were signed in Q4, the lowest total since Q1 2021 and more than 50% below the pre-pandemic quarterly average.
- Tenants continued placing space on the sublease market to cut costs—sublease vacancy rose by 6.4 m.s.f. to a record 136.6 m.s.f. Tech tenants comprised the majority of recent sublease additions.
- The relative scarcity of high-quality direct space has enabled landlords to preserve face rental rates, as overall U.S. asking rents ticked up by 0.3% to $38.86 p.s.f. However, this increase is offset by concession packages that have eclipsed all-time highs.
- A dwindling construction pipeline will limit future supply, as rising construction costs drove Q4 groundbreakings to just 3.9 million s.f. Increasingly, older vintage offices in appropriate urban settings are being considered as candidates for residential conversion, which will further limit vacancy increases.
- Manulife US REIT's markets largely mirror national trends but saw a sharper slowdown in leasing quarter-over-quarter after an unanticipated spike in activity in Atlanta and Sacramento in Q3.

Subject Market Performance Relative to U.S. Average

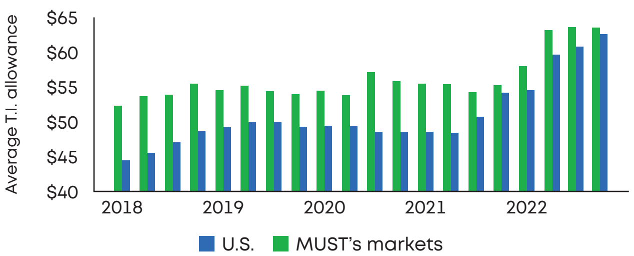
Leasing volume



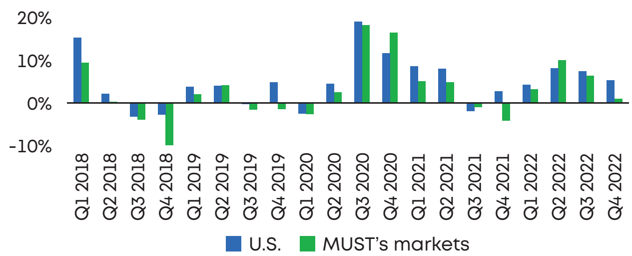
Base and net effective rental rates (NERs)



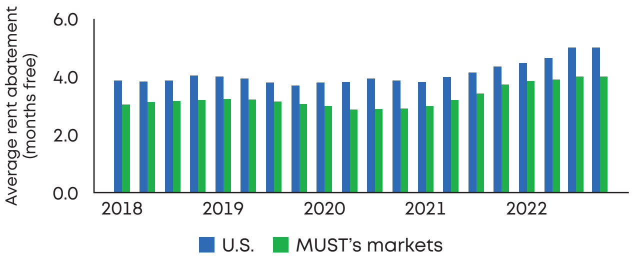
Leasing concessions



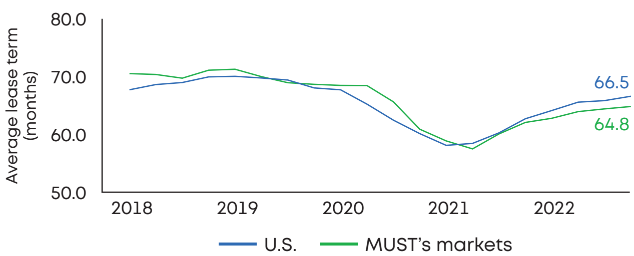
Sublease availability quarter-over-quarter change



Average months of free rent



Average lease term



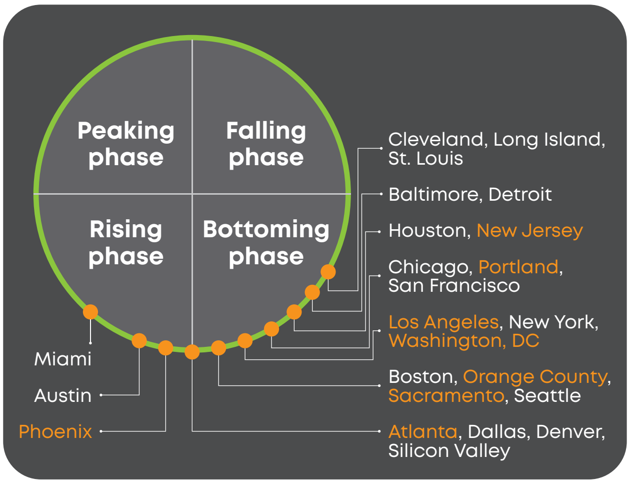
U.S. Economy Overview

The fourth quarter brought some relief from mounting macroeconomic challenges as inflationary pressures waned, but office tenants remain cautious as they adjust to rising costs of capital and falling valuations. Aggressive monetary tightening by the Federal Reserve, which increased policy rates by 425 basis points over the course of 2022, has successfully driven down CPI growth, with the annual inflation rate declining from peak levels of 9.1 percent in June to 6.5 percent as of December. With progress, expectations for interest rates are showing more stability over the next 12 months; investors expect rates to peak in 2023 with less than 100 bps of additional rate hikes, and begin to decline below current levels in 2024.

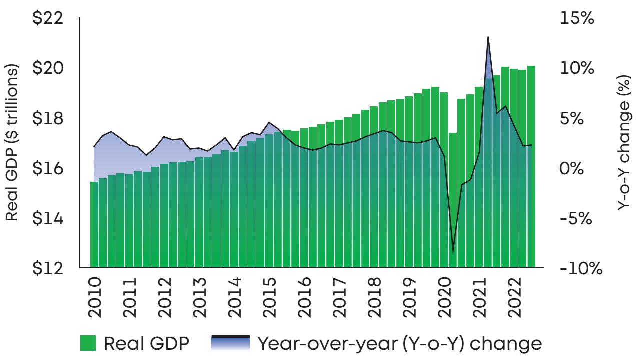
Looking forward, many of the catalysts of inflation have mollified over the past 12 months and point to lower price pressure on the horizon: supply chain disruptions present at the beginning of 2022 have eased, pandemic restrictions have softened in international markets, and energy prices have been stabilizing through the second half of the year. Inflation expectations for 2023 have moderated to 3.5 to 4.5 percent, and are forecasted to continue declining towards target rates by 2024-2026.

At the same time, labor markets remained tight—the unemployment rate remained steady at pre-pandemic lows of 3.5 percent, and job openings declined moderately but remain more than 50 percent higher than year-end 2019 levels. While job markets remain relatively healthy, companies have not been immune to widespread asset repricing driven by rate hikes. Since the beginning of 2022, publicly traded companies in the S&P 500 have seen market capitalizations decline by over 20 percent on average, and the technology-dominant NASDAQ index has declined by nearly 30 percent. In the face of persistently low office attendance in many major markets, firms are increasingly considering large, underutilized office portfolios a target for cost-cutting as they navigate a possible economic slowdown.

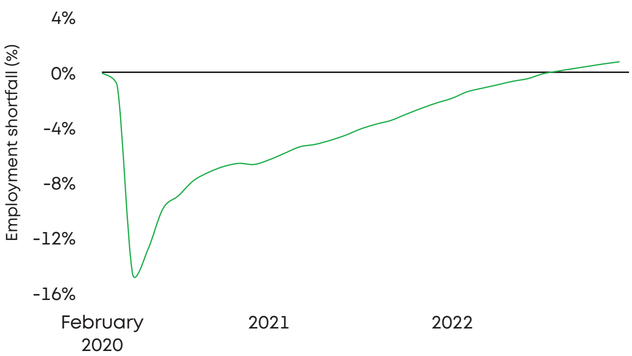
JLL Property Clock



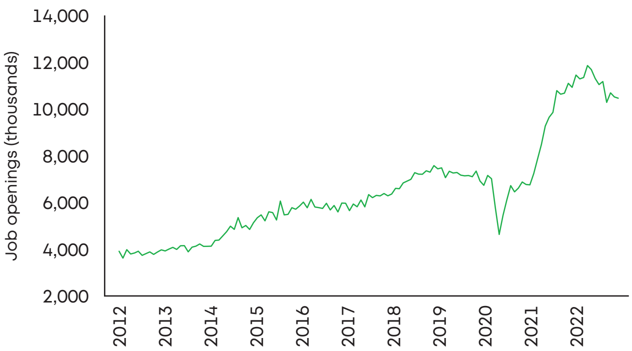
Real GDP has fully recovered but has plateaued



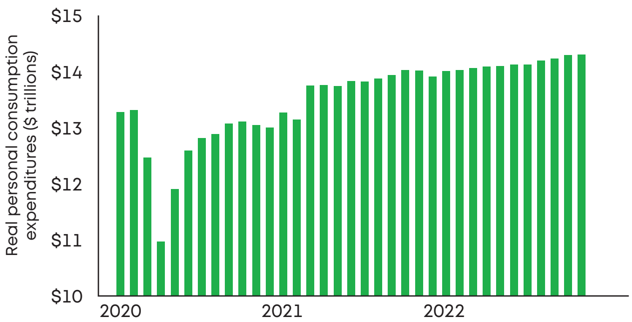
Employment is exceeding pre-pandemic levels



Job openings have peaked but declining moderately



Consumer spending has begun to dip slightly



INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

U.S. Office Overview

While large companies continue to crystallize return-to-office policies, office re-entry rates in major markets stabilized in Q4 at just under 50 percent, with mid-week crowding of hybrid employees leading to 5-10 percent higher attendance rates on peak days. Return-to-office posturing is being considered as both a catalyst for productivity and collaboration, as well as a potential tool for companies in certain industries to encourage voluntary attrition as a means of avoiding severance costs as they trim staff. New hiring is also beginning to pivot away from fully remote positions: the share of LinkedIn job postings described as remote has declined from over 20 percent in early 2022 to less than 15 percent in recent months. Over the course of the fourth quarter, several large employers announced pending office re-entry guidelines that go into effect at the beginning of 2023, continuing to drive incremental increases to office attendance levels on mid-week peak days.

Leasing activity fell 10.8 percent in the fourth quarter, but a strong start of the year lifted 2022 volume 15.1 percent higher than 2021 totals, reflecting 72.3 percent of pre-pandemic leasing volume nationally. The slowdown in activity was most notably felt among large-scale leases: just 42 transactions over 100,000 s.f. were signed in Q4, the lowest total since Q1 2021 and more than 50% below the pre-pandemic quarterly average. Of the large leases that were executed, more than three-quarters were signed in Trophy or Class A product, as differentiated offices and high-quality assets continue to capture the lion's share of demand. The prospects of a broad economic downturn have begun to narrow the gap that formed between gateway markets and secondary markets: gateway markets saw 16.6 percent year-over-year leasing growth, outpacing growth markets in the Sun Belt which grew by 15.8 percent.

In addition to abandoning large requirements, tenants continued to place space on the sublease market, driving sublease vacancy up an additional 6.4 million s.f. to a record 136.6 million s.f. at year-end. Heightened volatility in the technology sector created a surge in layoff announcements, with U.S.-based technology firms announcing twice as many layoffs in November as the monthly peak during the pandemic, and as a result technology was the largest contributor to the recent swell of sublease availability, generating more than 50 percent of the new additions in Q4. Despite the continued rise, the pace of sublease additions slowed from the 10.3-million s.f. increase in Q3, indicating that the recent wave should begin to stabilize in coming quarters.

As a result of sublease additions and continued downsizing activity among major corporates, net absorption totaled -12.5 million s.f. in Q4, bringing annual totals to -37.4 million s.f., a slowing from the 59 million s.f. of occupancy loss in 2021. Amid low office utilization, large employers were keen to downsize office portfolios in 2022, with more than three-quarters of the major tenants in most industries shedding space since the pandemic began, often upgrading to higher-quality offices in conjunction with downsizing. The technology sector had been a bright spot, with most of the largest tenants continuing to expand office footprints throughout 2021 and the first half of 2022, but recent sublease additions are trimming back growth and contribute to negative net absorption. The overall vacancy rate rose 50 basis points to 19.6 percent at year-end with slowing demand, new sublease additions and nearly 15 million s.f. of new construction completions contributing to the increase.

The office market remains heavily bifurcated, even amidst recent volatility, and contrary to overall figures, the Trophy and high-quality Class A segment continues to defy overall trends. Despite overall negative net absorption, offices developed since 2015 generated 8.1 million s.f. of positive absorption in Q4, bringing annual totals to 33.8 million s.f. Assets under development continue to attract new demand with eight new leases over 100,000 s.f. signed in under construction offices during the fourth quarter.

The relative scarcity of high-quality direct space has enabled landlords to preserve face rental rates, as overall U.S. asking rents ticked up by 0.3 percent to $38.86 per s.f. However, this increase is offset by concession packages that have eclipsed all-time highs: term-adjusted rent abatement periods have grown 2.5 percent since the end of 2021 and 26.8 percent since the outset of the pandemic, while tenant improvement allowances have grown by 10 percent in the last year and 18.8 percent over the past three years.

Nearly 15.0 million s.f. of new construction delivered in Q4 as the office sector continues to process what was a near-peak construction pipeline at the outset of the pandemic. Robust leasing demand in new construction throughout the past two years had instilled confidence in developers to continue building new office projects, particularly in growing markets, but recent volatility, coupled with rising construction and capital costs, are beginning to bring more meaningful declines to the development pipeline. While nearly 100.0 million s.f. of product remains currently under construction in the U.S., just 3.9 million s.f. of new projects broke ground in the fourth quarter. As deliveries wane and sublease additions taper, overall vacancy rates may soon hit their ceiling and begin to decline across many U.S. markets. In addition to dwindling construction pipelines, the U.S. has seen increased appetite for conversion of functionally obsolete office assets to residential product or other uses. In 2022, 11.5 million s.f. of office product was demolished or converted, a 13.9 percent year-over-year increase. Although not a significant counterbalance to the 53.1 million s.f. of office that delivered in 2022, growing momentum for conversion projects and federal and municipal incentives will help to encourage continued conversion activity in large urban submarkets and contribute to stabilizing office fundamentals.

Office investment volume totaled $16.2 billion in the fourth quarter, bringing annual totals to $101.1 billion, a 25.3 percent decline against 2021, when office investment had recovered to within 1.0 percent of 2019 volume. Investor appetite for large-scale transactions has diminished substantially since the beginning of the year with increased financing costs. In the second half of 2021, 186 office sales over $100 million generated a combined $51.2 billion in investment volume; in the second half of 2022, just 59 sales over $100 million closed, equating to $20.2 billion. Price discovery remains a major obstacle for office investors as debt volatility and increased return expectations have driven down values, but tapering of Federal Reserve rate increases will help to stabilize financing markets in 2023 and restore liquidity for office assets.

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

Atlanta (Buckhead and Midtown)

- Gross leasing activity slowed notably in the fourth quarter as the influx of technology tenants that drove surging activity in Midtown softened significantly in the second half of the year.
- The average lease size fell below 10,000 s.f. in Q4, and there were no leases above 50,000 s.f. signed—a significant shift from a quarter earlier when average lease size was 22,500 s.f. and four leases over 100,000 s.f. were executed.
- Atlanta saw over 1 million s.f. of positive net absorption to close out 2022, led by large move-ins in Midtown, marking a cyclical high in net absorption for the cluster.
- Amid higher tenant improvement packages, urban rents saw strong year-over-year growth at 4.0%, driving overall direct rents to break $42.00 p.s.f.

Overall market statistics		Forecast
2022 net absorption (s.f.)	1,141,641	▲
Under construction (s.f.)	3,423,468	▼
Total vacancy (%)	21.4%	▲
Sublease vacancy (s.f.)	2,274,986	▲
Asking rent ($ p.s.f.)	$33.11	▲
Concessions	Rising	▲

Office Market Trends

Gross leasing activity in Buckhead and Midtown grew by roughly 10 percent year-over-year to 2.8 million s.f., but just 288,000 s.f. of space was leased in the fourth quarter as the tech-centric Midtown submarket grappled with the broader slowdown in the sector. Although there was a dip in leasing volume in Q4 compared to prior quarters, 2022's total activity exceeded 2021's total by 175,000 s.f. Several full floor leases and larger subleases were signed in Q4, indicating demand for timely solutions and temporary commitments.

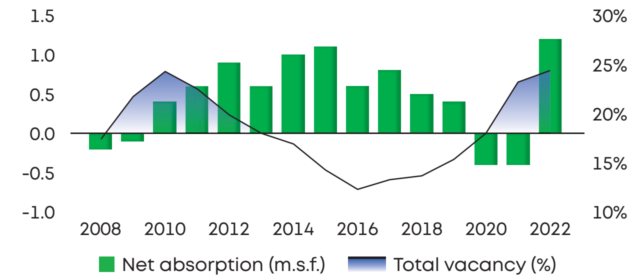
Despite the slowdown in leasing late in the year, Buckhead and Midtown continue to be the beneficiaries of strong expansionary leasing activity in late 2020 and 2021, which continued to take occupancy throughout 2022 and drove 1.2 million s.f. of net absorption, driving all occupancy gains across the metro. Large leases still pending occupancy will drive continued net absorption in 2023, with eight tenants above 25,000 s.f. and two tenants above 200,000 s.f. yet to occupy signed leases.

Vacancy rose over 100 basis points since 2021 and remains elevated in Class A and Trophy products, a consequence of large volumes of new construction delivering without lower occupancy in the second half of 2022. The fourth quarter brought one new delivery in Midtown, Westside Paper in West Midtown, totaling over 100,000 s.f. of creative development. Creative office in Atlanta continues to hold its appeal due to unique and highly-amenitized offerings with developers capitalizing on the demand; 13 of 18 projects in the pipeline are creative construction.

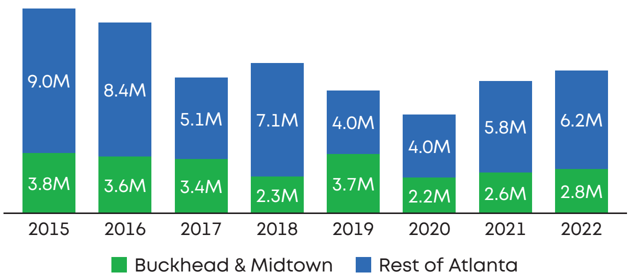
Outlook

Recently, several big-name tenants have added sublease space, but Atlanta's office market is still accelerating and will remain a favored destination due to the friendly business environment and growing population. While larger deals will likely remain challenged in the first half of the year, transactions at smaller footprints will continue to grow with an increase of spec suite build-outs across the market, which are most commonly in the 2,500-5,000 s.f. size range. With more than 3.0 million s.f. still under construction in Midtown and Buckhead, a prolonged slowdown in leasing activity into 2023 could cause already-elevated vacancy rates to see additional increases.

Vacancy has eclipsed GFC levels with recent completions



Buckhead/Midtown leasing recovery continues



Cap rates rise sharply as buyers adjust return expectations

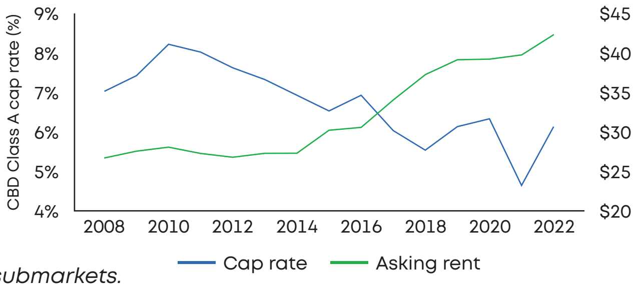


Table refers to overall market, while charts refer to Manulife submarkets.

Los Angeles (Downtown)

- With a pull-back from tech and continued economic headwinds, Q4 leasing activity declined, but strong performance in the first three quarters of the year drove Downtown Los Angeles leasing volume to within 10 percent of 2019 volume.
- Sublease availability increased during the quarter, reaching a historical high as users placed additional large blocks on the market.
- The share of smaller transactions under 5,000 s.f. increased, indicating a more positive outlook for smaller users.
- With no new construction projects launched since the last delivery in 2021 and occupancy losses moderating, the CBD submarket is expected to see vacancy rates peak in 2023.
- Though leasing activity has been relatively resilient, occupancy loss in Downtown continues while Century City has seen absorption trend positive.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-2,437,530	▼
Under construction (s.f.)	2,899,000	▼
Total vacancy (%)	22.5%	▶
Sublease vacancy (s.f.)	4,997,607	▶
Asking rent ($ p.s.f.)	$46.32	▶
Concessions	Stable	▶

Office Market Trends

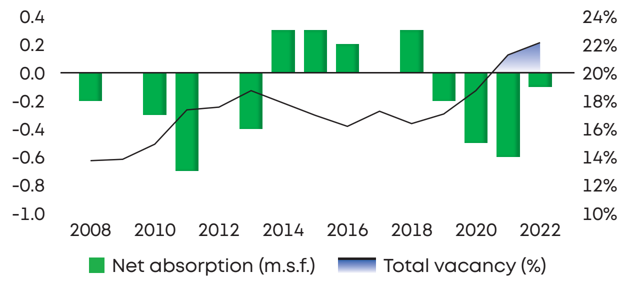
Amidst a backdrop of economic headwinds, difficulties in bringing employees back into the office and a tech sector pull-back, Los Angeles tenants opted to put additional space on the market. This led to record-high vacancy at the end of Q4 of 22.1%. Though Downtown Los Angeles has extremely small amounts of newly-constructed product at less than 1.0 percent of inventory, flight-to-quality is nevertheless evident with Class A and Trophy product stabilizing over the past three quarters and comprising roughly 50,000 s.f. of occupancy gain.

Sublease availabilities rose moderately by 52,000 s.f., leading to a 10-basis point increase to 1.3 percent sublease vacancy, but remains below pandemic peaks of 1.6 percent as Downtown has been relatively insulated from the volatility of the technology industry with just 6 percent of tenancy comprised by technology. The diversified industry mix of Downtown has injected some stability to the market in recent quarters, but a lack of high-quality trophy and newly-constructed office space has driven some tenants to relocate into Century City. Since 2020, Downtown LA has lost 1.6 million s.f. of office occupancy, while Century City has lost just 800,000 s.f. and has trended positively for three consecutive quarters.

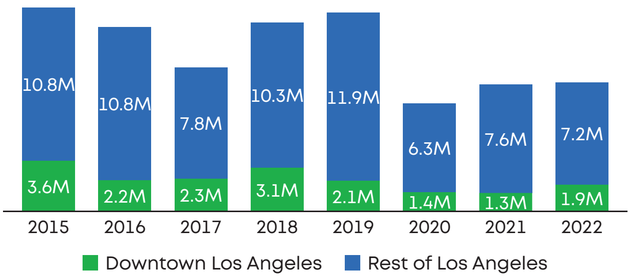
Outlook

Lingering economic uncertainties and expected tech layoffs in early 2023 could further slow the LA office recovery. Despite this, amenity-rich locations with spaces that foster collaboration will continue to garner strong interest as companies seek to optimize hybrid work policies that also encourage employees to spend time in the office. Although flight-to-quality will remain in focus, tenants will have few options in the CBD submarket with no new deliveries in 2022 and no projects currently under construction—potentially continuing to drive migration into Century City. Rising cost of capital and an anemic leasing environment could lead to some distressed properties to transfer to lenders that have been in delinquency or special servicing.

CBD vacancy continues to rise



Leasing activity continues to be slow in CBD



Cap rates under upward pressure amid rate hikes

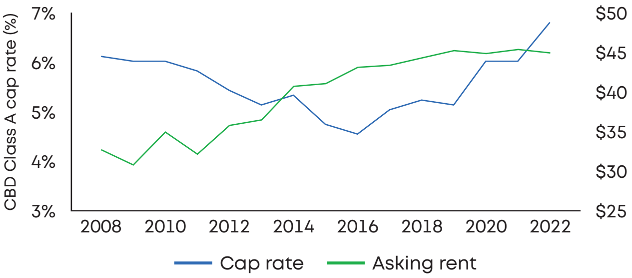


Table refers to overall market, while charts refer to Manulife submarkets.

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

New Jersey (Hudson Waterfront and the Meadowlands)

- A combination of decelerating demand and additional sublease availabilities exerted upward pressures on the market's vacancy rate.
- More than 60% of office transactions signed in 2022 involved new leases as tenants pursued flight-to-quality opportunities.
- The Waterfront average asking Class A rental rate for direct space was just below $45.70 ps.f. at year-end 2022. This submarket housed the highest asking Class A rental rate in the Northern and Central New Jersey office market.
- After an uptick in leasing velocity led to 11,500 s.f. being absorbed in the Meadowlands submarket during Q3, this gain was eroded by approximately 19,350 s.f. of negative net absorption three months later.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-161,218	▶
Under construction (s.f.)	234,318	▶
Total vacancy (%)	24.5%	▶
Sublease vacancy (s.f.)	7,882,316	▲
Asking rent ($ p.s.f.)	$29.49	▲
Concessions	Rising	▲

Office Market Trends

After diminished demand and additional availabilities boosted the Hudson Waterfront Class A overall vacancy rate to nearly 26% in Q3, a slight uptick in leasing activity pulled the vacancy rate down to 25.5% at year-end 2022. This was approximately two percentage points less than the state's Class A vacancy rate. The lower Waterfront Class A vacancy rate was fueled by 47,900 s.f. of positive net absorption, which ended three consecutive quarters of negative absorption figures. The Meadowlands saw essentially flat net absorption in 2022, with Q4 negating positive absorption from earlier in the year, and most negative absorption attributed to additional availabilities in the Meadowlands Class B market, where the vacancy rate climbed from less than 23% in Q3 to 24.4%.

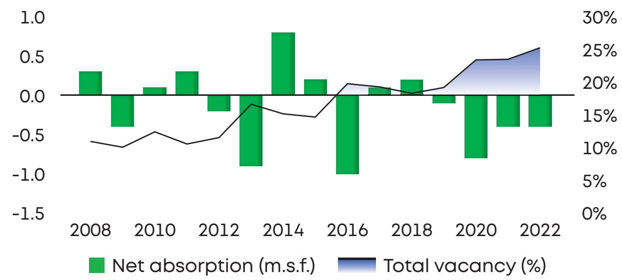
Several large direct leases and subleases exerted downward pressures on the Waterfront Class A vacancy rate, but the market continued to be overshadowed by new sublease spaces. Notable blocks included 131,890 s.f. from AXA Equitable Life Insurance at 525 Washington Blvd in Jersey City, and 115,740 s.f. from Verisk Analytics at 545 Washington Blvd. With 928,820 s.f. of sublease space, the Waterfront maintained the largest supply of Class A sublease space in Northern New Jersey.

The Waterfront investment sales arena was active during the past year as Veris Residential (formerly Mack-Cali) began divesting its office portfolio, which is creating opportunities for a new pool of owners to enter this market.

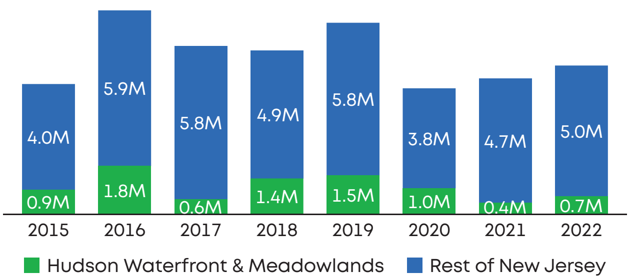
Outlook

Despite the limited leasing volume seen in Northern and Central New Jersey during the past year, office occupiers are expected to continue pursuing real estate strategies involving new leases versus signing renewals. In 2022, approximately 62% of transactions greater than 10,000 s.f. consisted of new leases, compared to just over 50% of deals during the past two years. As companies look to spur their return-to-office efforts, they will increasingly focus on relocating their operations to higher-end buildings offering premium amenities.

Hudson Waterfront vacancy stalled at 25.2%



Leasing accelerating with 2022 volume surpassing 2021



Class A rent growth beginning to plateau

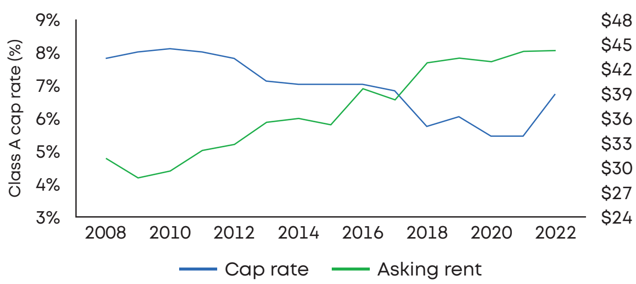


Table refers to overall market, while charts refer to Manulife submarkets.

Northern Virginia (Fairfax Center and Fairfax City)

- Fairfax experienced 30,000 s.f. of total occupancy loss in 2022 as Q4 negative net absorption negated occupancy gains over the course of the year; vacancy fell moderately by 70 basis points to 23.1%.
- Asking rents in Fairfax continue to increase moderately over the course of the pandemic, with the average direct asking rent rising 7.0% since 2019.
- Development activity remains quiet in Fairfax, with nothing in the pipeline and no new deliveries since 2017, which has helped maintain steady vacancy rates after a moderate increase from 2019-2021.
- Contrary to national trends, Fairfax's concentration of countercyclical industries drove a decrease in sublease space year-over-year, with nearly 50,000 s.f. of sublease absorption driving sublease vacancy rates down 70 basis points and back below 1 percent.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-530,893	▲
Under construction (s.f.)	3,993,913	▼
Total vacancy (%)	21.8%	▼
Sublease vacancy (s.f.)	2,190,442	▲
Asking rent ($ p.s.f.)	$36.52	▶
Concessions	Rising	▲

Office Market Trends

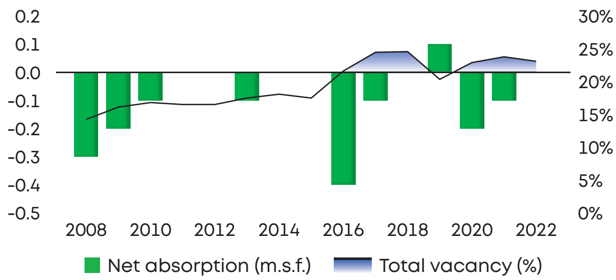
Occupancy losses in Fairfax stabilized in 2022, with positive net absorption in the first three quarters of the year which trended just slightly negative by year-end amid downsizing activity. A countercyclical industry composition and nonexistent construction pipeline for nearly five years have driven relatively stable conditions. While leasing activity remains subdued, the submarket never saw sharp declines in leasing volume, and vacancy rates have increased just 280 basis points since 2019, well below the U.S. average.

Leasing activity was subdued in Fairfax during the fourth quarter at less than 50,000 s.f., despite surging leasing volumes market-wide in Northern Virginia as a result of USPTO's 1.6 million s.f. consolidation in Alexandria, which was the largest lease in the U.S. in 2022. The Class A market continues to capture the majority of leasing demand, with over 60 percent of Fairfax leasing volume in 2022 occurring in this segment, mirroring the larger trend nationally of high-quality offices outperforming. Though relocations have been relatively scarce in Fairfax, Class A assets are experiencing higher renewal rates and steadier occupancy. However, as flight-to-quality and relocation activity intensifies, the absence of trophy product and new construction may drive tenants to consider higher-quality space options in competing submarkets.

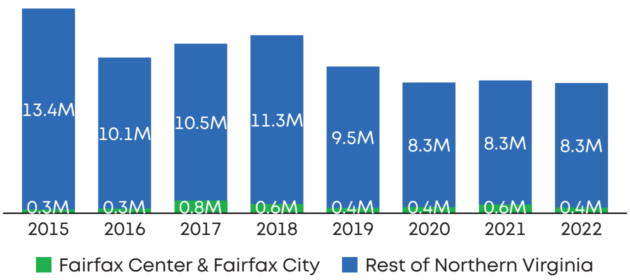
Outlook

Northern Virginia has one of the largest concentrations of the Aerospace industry nationally, a sector that has expanded its office footprint by 10 percent throughout the pandemic. Northern Virginia's economy and office market remain heavily dependent on the nation's Defense budget, and while contract awards are up significantly year-over-year, absorption remains negative, ending a 20-year correlation. This trend is expected to continue into next year as leasing remains subdued, particularly large-block leasing. Of the activity that does occur, the "demand corridor", stretching from Old Town through National Landing and RB Corridor out to Tysons and the Toll Road, is expected to capture a disproportionate share of demand.

Occupancy loss continues to decelerate in 2022



Leasing slowing in Northern Virginia



Class A cap rates have had little movement this cycle

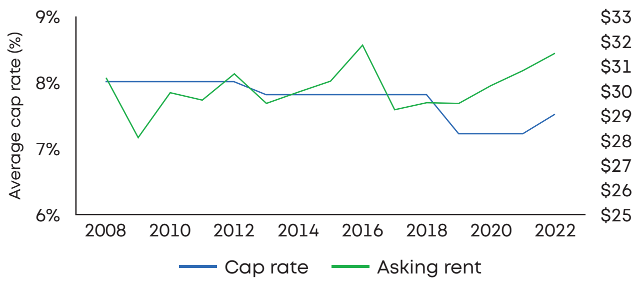


Table refers to overall market, while charts refer to Manulife submarkets.

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

Orange County (Irvine)

- Over 150,000 s.f. of positive net absorption gave way to steep occupancy losses in the second half of the year as technology companies began to cut space, driving 267,000 s.f. of negative net absorption in the second half of the year.
- Sublease availability continues to increase as several technology tenants started to readjust their footprints and add space to the market. Sublease listings are primarily coming from aging Class A, or Class B and C product.
- Notable large leases were inked in creative office products, including Spectrum Terrace and The Flight. Creative office product continues to defy overall market trends and see occupancy growth even amid rising sublease space.
- Orange County's nonfarm employment has fully recovered to pre-pandemic levels since October.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-1,025,468	▲
Under construction (s.f.)	313,893	▼
Total vacancy (%)	16.5%	▲
Sublease vacancy (s.f.)	2,123,275	▲
Asking rent ($ p.s.f.)	$33.72	▼
Concessions	Rising	▲

Office Market Trends

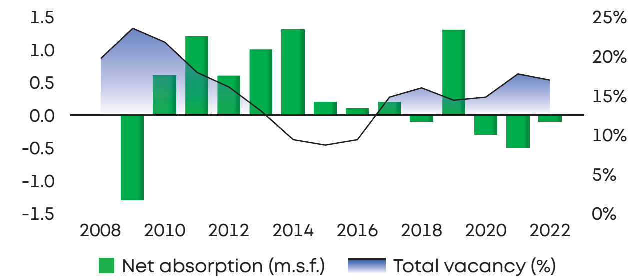
In the ending quarter of 2022, Orange County leasing volume recorded a positive 2% change quarter-over-quarter but leasing in Irvine fell in the second half of the year with technology tenants slowing, driving year-end leasing declining to a ten-year low of under 2 million s.f. Total sublease availability kept increasing in Q4 but at a much slower pace compared to the prior two quarters, 3.4% up quarter-over-quarter. More than half of the additional sublease space came from tech tenants this time around, which is a shift from Q2 and Q3 when financial and mortgage companies contributed to most of the subleases. The increase in sublease space accelerated through the end of the year and led to 109,000 s.f. of negative net absorption.

Creative office space in Orange County has recorded continuous decline in vacancy in the past three years. Even in the midst of broader occupancy loss, creative product continued to see positive net absorption in the second half of the year, totaling 200,000 s.f. by year-end. The largest lease of Q4 was inked in one of the newly delivered Spectrum Terrace Phase 3 buildings by a FAANG tenant, followed by over 100,000 s.f. in The Flight, leased by tenants in retail and professional and business services during the quarter. Another iconic creative office product in Orange County, the Innovation Office Park Phase 1, which was constructed and delivered during COVID, has reached 80% occupancy by the end of 2022. Tenants' preference for creative office space in Orange County indicates the demand is still strong, especially for quality and flexible space that encourages collaboration.

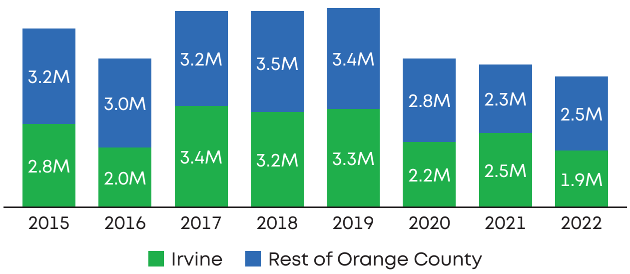
Outlook

Since Q4, more local companies are requiring consistent office attendance, which might help stabilize demand. Moreover, Orange County's job market has fully recovered to the pre-pandemic level since October. 20,200 payrolls have been added in office-using industries in October and November. These should help counter additional market headwinds in 2023.

Occupancy loss remains less severe than other submarkets



Leasing recovery has decelerated in Irvine



Asking rates continue to decline

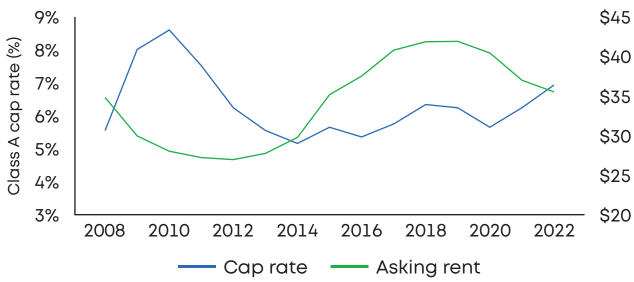


Table refers to overall market, while charts refer to Manulife submarkets.

Phoenix (Tempe and Chandler)

- Overall vacancy rates rose 100 basis points since the end of 2021, primarily attributable to large sublessors that vacated their spaces in the final quarter of the year.
- Total sublease availability climbed to a record 6.75 million s.f. market-wide and made up 23.6% of all available spaces on the market. With heightened technology concentration, Tempe comprises the largest volume of sublease space across the metro.
- Gross leasing activity amounted to 1.3 million s.f. in 2022, consistent with the past two years but still failing to come near the 2.9 million s.f. that was leased in 2019 during a surge in technology leasing in Tempe.
- The construction pipeline continues to moderate, providing welcome relief to landlords in one of the most development-intensive office markets over the past decade.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-1,896,655	▼
Under construction (s.f.)	382,272	▼
Total vacancy (%)	23.1%	▲
Sublease vacancy (s.f.)	5,165,600	▲
Asking rent ($ p.s.f.)	$29.66	▶
Concessions	Rising	▲

Office Market Trends

Significant influxes of sublease space in the Tempe and Chandler submarkets caused fundamentals to unwind somewhat in 2023 despite continued strong performance in direct space. Despite 650,000 s.f. of occupancy loss occurring over the course of the year, almost 1 million s.f. of sublease space was vacated, while direct space saw 330,000 s.f. of occupancy gain.

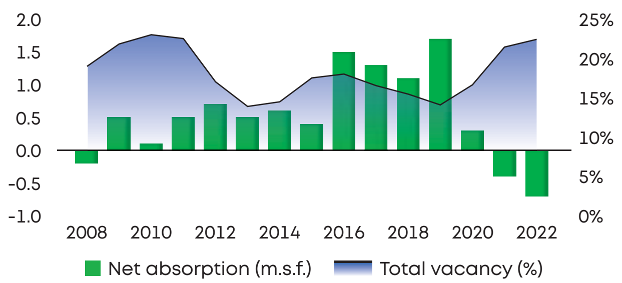
Contrary to national trends, much of Tempe and Chandler's sublease additions in 2022 came from tenants who had been expanding throughout the pandemic and leased offices in Phoenix more recently, and roughly 80 percent of new sublease additions came in offices that were built in 2015 or later.

Leasing volumes remain relatively steady in Tempe and Chandler, but slowed throughout the year, with second half volume declining 2.7 percent against the first half. As expansion from technology tenants has cooled, Tempe and Chandler's share of gross leasing activity metro-wide is beginning to decline: after comprising nearly one-third of the market's leasing activity in 2019, Tempe and Chandler made up just 25.4 percent of Q4 leasing activity in Phoenix.

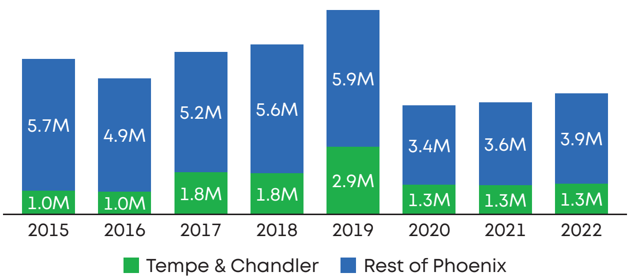
Outlook

The Phoenix metro continues to lead in population growth across the nation and has seen an increase of more than 86,000 jobs within the past year. Although Phoenix's economic fundamentals remain strong, elevated inflation paired with the Fed's quantitative tightening and interest rate hikes remain as potential threats for future economic growth which may hinder demand for office space as expansions slow and users downsize to cut costs. A continued divergence in absorption and rental rates between new supply and older product is expected as users continue to show a preference for high-quality spaces.

Vacancy is up, but mostly from new supply delivering



Leasing remains limited after surge in 2019



Rents recovered in 2022 but remain below pre-pandemic

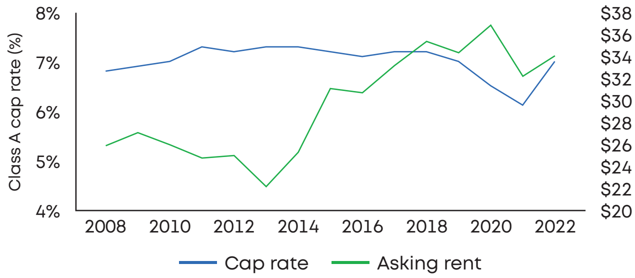


Table refers to overall market, while charts refer to Manulife submarkets.

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

Portland (Sunset Corridor)

- Leasing activity was nonexistent in the Sunset Corridor during 2022 with under 50,000 s.f. signed throughout the year, but vacancies remain limited and largely unchanged year-over-year at under 1 million s.f.
- Vacancies are trending downwards in the owner-occupied-dominant submarket, in stark contrast to the broader metro, where vacancies increased by more than 100 basis points throughout the year. Declines in direct vacancy rates have been somewhat offset by a slight uptick in sublease listings at year-end, but sublease availabilities are more prominent in other Portland submarkets.
- The market saw sublease availabilities grow nearly threefold in the third quarter, but additions slowed in Q4, amounting to about 80,000 s.f. of new sublease space in the second half, contributing to a 50-basis-point increase in sublease vacancy.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-1,237,176	▼
Under construction (s.f.)	385,042	▼
Total vacancy (%)	17.2%	▲
Sublease vacancy (s.f.)	1,476,166	▲
Asking rent ($ p.s.f.)	$33.69	▼
Concessions	Stable	▶

Office Market Trends

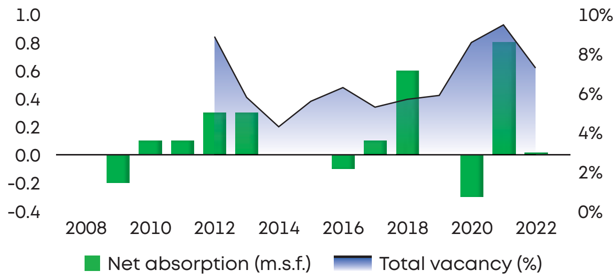
Low physical occupancy levels continue to depress Portland's office market, with placer.ai reporting 2022 occupancy levels hovering between 40-50% of 2019's levels. Limited leasing activity and tenant downsizings, particularly in the tech industry, resulted in the third year in a row of negative absorption greater than 1 million s.f., but the Sunset Corridor continues to resist downsizings, with its second consecutive year of positive net absorption, albeit by just 28,000 s.f. in 2022. Limited sublease additions have helped stabilize the submarket despite large-scale additions elsewhere in the metro—sublease vacancy rates remain unchanged from a year ago, and leases taking occupancy during the year drove overall vacancy rates down 220 basis points to 7.3 percent.

Flight-to-quality is evident in the Sunset Corridor despite just one delivery of 85,000 s.f. in 2022 and no projects currently under construction. While leasing is limited due to large shares of owner-occupied product, the Class A market in Sunset Corridor is even tighter than the overall market, with vacancy rates of just 4.1 percent, and there are no vacant spaces in the entire submarket that were built in 2015 or later. Limited options for tenants seeking high-quality space will continue to depress leasing activity, and the prospects of a new speculative project are diminishing with rising construction and capital costs.

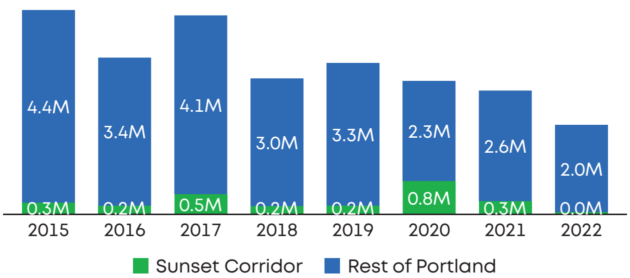
Outlook

Despite the uphill battle for the office market and increasing economic headwinds, the Portland economy continues to perform well. Employment levels have fully recovered from the pandemic with a 4.2% increase in total nonfarm employment year-over-year and the unemployment rate has decreased by 30 bps to 3.9%. Office re-entry rates and downtown activity levels continue to increase incrementally as employers encourage or require more workers to return to the office, which should also bring more activity to corporate-owned campuses and prevent further sublease additions.

Vacancies falling amid owner-occupied deliveries



Limited leasing due to owner-user presence



Cap rates are trending upwards

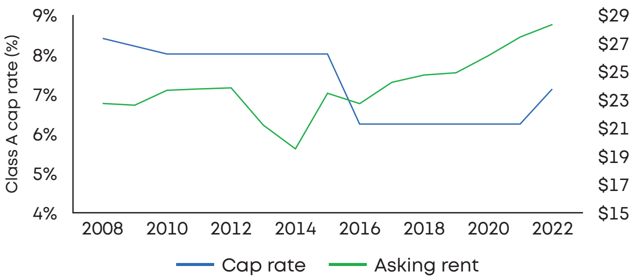


Table refers to overall market, while charts refer to Manulife submarkets.

Sacramento (overall)

- Sacramento has realized over 1.8 million s.f. of negative absorption in the last eight quarters, equating to a 2.8% increase in vacancy. The State of California has accounted for nearly 30% of the negative absorption.
- Continued downsizing activity, led by the State of California, is driving negative absorption across the market despite a conservative new construction pipeline and resilient leasing activity compared to other markets.
- The flight-to-quality trend continued to gain momentum in 2022. Leasing in Class A product grew 32% year-over-year.
- Sublease vacancy remains well above pre-pandemic levels, ending the year at roughly 710,000 s.f. The countercyclical industry composition has insulated Sacramento from the recent influx of sublease additions compared to other California markets.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-854,465	▼
Under construction (s.f.)	0	▶
Total vacancy (%)	18.9%	▲
Sublease vacancy (s.f.)	709,661	▶
Asking rent ($ p.s.f.)	$27.00	▶
Concessions	Stable	▶

Office Market Trends

Sacramento's office market realized 850,000 s.f. of negative absorption throughout the course of 2022, marking the second lowest annual absorption in market history. 2021 annual absorption marked the lowest at roughly -975,000 s.f. Over the last 8 quarters the region has seen occupancy losses totaling more than 1.8 million s.f., equating to a 2.8% increase in vacancy. This comes as no surprise given increased work-from-home policies, occupier rightsizing efforts and ongoing economic headwinds. The State of California has also significantly influenced rising vacancy, accounting for nearly 30% of negative absorption since 2021. Despite these external factors, market rents have largely held steady during this time.

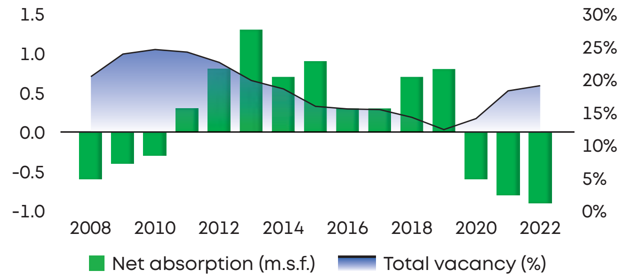
Tracked leasing activity in 2022 amounted to 2.3 million s.f., which falls roughly 16% below last year's volume. New deal activity has increased 4% year-over-year while renewals have fallen over 40%, a sign that occupiers are beginning to shift their focus towards long-term planning. Moreover, flight-to-quality appears to be gaining momentum as a growing trend in the region. Class A leasing has grown 32% year-over-year while Class B leasing has fallen nearly 50%. Additionally, new deal activity in Class A product has grown by 50% since 2021.

Sublease vacancy remains in flux and has yet to decline since it first shot up in 2020. An additional 38,000 s.f. was made available for sublease in Q4, however overall sublease vacancy has fallen 4.5% throughout 2022, sitting just under 710,000 s.f. This remains well above pre-pandemic levels. Sublease asking rents have fallen roughly $0.10 p.s.f. over the course of the year as sublessors attempt to capture activity.

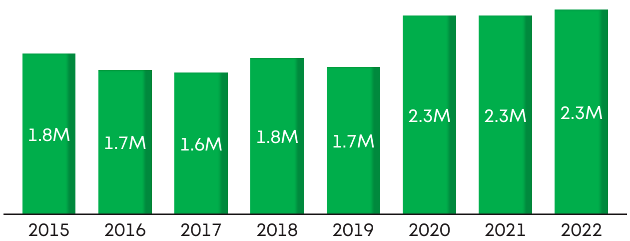
Outlook

Rising interest rates paired with ongoing economic uncertainty will likely suppress overall real estate activity at the start of the new year. Vacancy rates are expected to increase slightly in the first half of the year before stabilizing later in the year. A complete absence of new construction will help fundamentals stabilize as demand from returning tenants grows.

Little new supply is keeping vacancy in check



Leasing activity steady in recent years



Cap rate increases moderate relative to larger markets

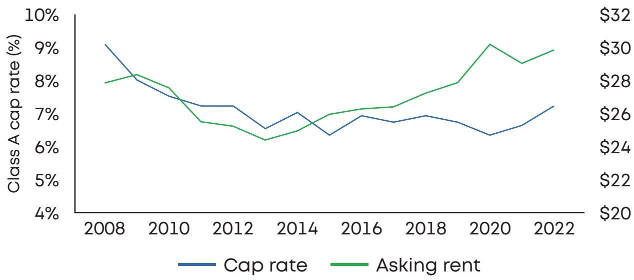


Table refers to overall market, while charts refer to Manulife submarkets.

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

Washington, D.C. (CBD)

- DC saw 599,000 s.f. of occupancy loss this quarter, which is the second-lowest quarterly absorption since the start of the pandemic. The CBD saw negative net absorption slow substantially in 2022, with just 300,000 s.f. of occupancy loss compared to 2021's 1.2 m.s.f.
- Leasing activity held steady this quarter with 300,000 s.f. of deals signed, despite a reduction in large-block lease volume.
- Relocations accounted for 43% of volume, which is the highest share of activity since the start of the pandemic. More tenants are opting to relocate, and frequently to smaller but higher-quality spaces.

Overall market statistics		Forecast
2022 net absorption (s.f.)	-964,000	▼
Under construction (s.f.)	871,000	▼
Total vacancy (%)	18.9%	▲
Sublease vacancy (s.f.)	3,392,000	▲
Asking rent ($ p.s.f.)	$57.67	▶
Concessions	Stable	▶

Office Market Trends

The countercyclical nature of the federal government-dominated DC office market is becoming more evident in recent quarters, as fundamentals were notably more stable in the second half of 2022 than other gateway markets.

As both private sector tenants and the federal government continue to downsize office portfolios, net absorption was negative for the 14th consecutive quarter, but occupancy loss is plateauing and only moderately exceeded 2019 levels when GSA downsizing strategies were already in progress.

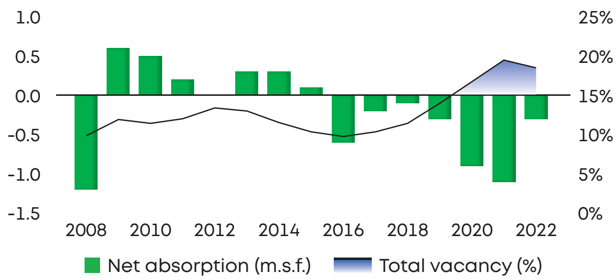
Leasing activity was steady throughout the year in the CBD, with Q4 volume of 485,000 s.f. of leasing slightly higher than the quarterly average for 2022. Leasing activity continues to be dominated by relocations—rather than renewing in-place leases. Tenants are often relocating into higher-quality offices at higher rental rates, but also downsizing footprints.

The 334,000-s.f. 1700 M St NW remains the only office asset under construction in the CBD, which will deliver in 2024 and is currently 44.7 percent available. Considering several proposed and in-progress conversion projects which will remove older stock from the office inventory, DC's CBD office inventory is likely to decline over the next two years, helping to place a critical ceiling on vacancy rates.

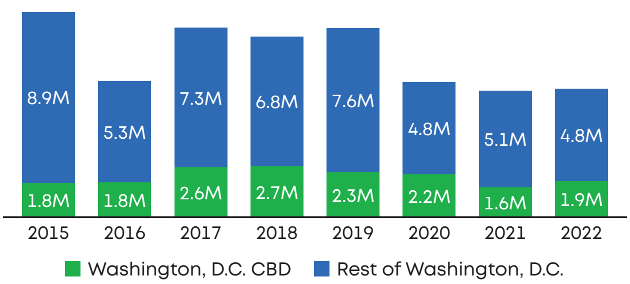
Outlook

The gap between the top and bottom of the office market will continue to widen in 2023, driven in part by law firms' propensity to lease best-in-class space and subdued demand from more price-conscious users such as non-profits and federal agencies. Trophy assets are expected to continue achieving healthy levels of absorption. With only one new Trophy building under construction in DC, supply will remain constrained. DC faces an oversupply of Class B and C office space, as evidenced by 37% vacancy rates for Class B/C buildings and -1.5 million s.f. net absorption for B/C space in 2022. Planned office conversions should ease some of this oversupply. There are 14 office buildings in DC slated for conversion, and local government is actively advocating continued conversions. If these buildings all convert, 2.8 million s.f. of space will be removed from the office inventory, which would reduce overall vacancy to 16.7%.

Negative net absorption is decelerating rapidly



Leasing activity relatively stable in 2022



Class A cap rates begin rising amid interest rate increases

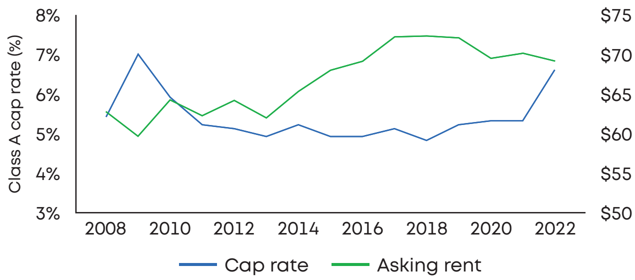


Table refers to overall market, while charts refer to Manulife submarkets.

Cap Rates by Market

CBD Class A Cap Rates by Market

Suburban Class A Cap Rates by Market

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

Subject Market Data

Leasing Activity (H2 2022, over 20,000 s.f.)

Tenant	Market	Submarket	Address	Class	Lease type	Size (s.f.)
Truist	Atlanta	Buckhead	3333 Peachtree Rd NE	A	Renewal	220,065
JP Morgan Chase & Company	Atlanta	Buckhead	3424 Peachtree Rd NE	A	Expansion	46,632
Lockton Companies	Atlanta	Buckhead	3280 Peachtree Rd NE	Trophy	Renewal	37,938
Unknown	Atlanta	Buckhead	3424 Peachtree Rd NE	A	New Lease	23,316
AT&T	Atlanta	Midtown	754 Peachtree St NE	A	Renewal	259,738
Anduril Industries	Atlanta	Midtown	1435 Hills Pl NW	A	New Lease	140,000
Nelson Mullins	Atlanta	Midtown	201 17th St NW	A	Renewal	103,156
McKinsey & Company	Atlanta	Midtown	1331 Spring St	Trophy	New Lease	57,638
Anduril Industries	Atlanta	Midtown	1401 Hills Pl NW	A	New Lease	40,000
McGuireWoods	Atlanta	Midtown	1075 Peachtree St NE	Trophy	New Lease	34,053
Sirius XM Radio	Atlanta	Midtown	730 Peachtree St NE	A	New Lease	30,245
FTI Consulting	Atlanta	Midtown	1201 W Peachtree St NW	Trophy	New Lease	23,137
Cadence Bank	Atlanta	Midtown	999 Peachtree St NE	A	New Lease	23,000
Gensler	Atlanta	Midtown	999 Peachtree St NE	A	Renewal	22,486
McKinsey & Company	Atlanta	Midtown	1358-1362 Collier Rd	B	Relocation	20,242
Trophy Automotive Dealer Group	Los Angeles	CBD	2100 S Figueroa St	C	New Lease	135,000
Morrison & Foerster	Los Angeles	CBD	707 Wilshire Blvd	A	Renewal	57,890
Mayer Brown	Los Angeles	CBD	333 S Grand Ave	Trophy	New Lease	54,018
Musick, Peeler & Garrett LLP	Los Angeles	CBD	333 S Hope St	Trophy	New Lease	52,966
Alston & Bird	Los Angeles	CBD	350 S Grand Ave	Trophy	Relocation	47,567
King & Spalding	Los Angeles	CBD	633 W 5th St	Trophy	Renewal	36,544
Lucas Museum of Narrative Art	Los Angeles	CBD	700 S Flower St	A	Renewal	25,379
Saiful Bouquet	Los Angeles	CBD	725 S Figueroa St	Trophy	New Lease	25,315
Lincoln International	Los Angeles	CBD	633 W 5th St	Trophy	Expansion	25,000
Gunderson Dettmer LLP	Los Angeles	CBD	635 Mateo St	B	New Lease	24,567
Nestlé Health Science	New Jersey	Hudson Waterfront	121 River St	A	New Lease	41,453
PennyMac Financial Services	New Jersey	Hudson Waterfront	480 Washington Blvd	A	Renewal	24,752
National Retail Systems Inc	New Jersey	Meadowlands	125 Chubb Ave	A	Renewal	29,766
Boeing Company	Northern Virginia	Fairfax Center	12701 Fair Lakes Cir	A	Renewal	165,029
First Foundation	Orange County	Irvine	18101 Von Karman Ave	A	Renewal	72,427
TriMark Paygal	Orange County	Irvine	210 Commerce	B	Renewal	46,526
Golden State Foods	Orange County	Irvine	18301 Von Karman Ave	A	Renewal	41,949
Alleviate Financial	Orange County	Irvine	2600 Michelson Dr	A	New Lease	34,919
Amerihome Mortgage	Orange County	Irvine	17885 Von Karman Ave	A	Renewal	27,388
Orrick Herrington & Sutcliffe LLP	Orange County	Irvine	2050 Main St	A	Renewal	24,204
WeWork	Orange County	Irvine	2211 Michelson Dr	A	New Lease	23,762
Leighton Group Inc	Orange County	Irvine	2600 Michelson Dr	A	New Lease	20,024
Apple, Inc.	Orange County	Irvine Spectrum	17900 Laguna Canyon Rd	A	New Lease	115,290
Fuscoe Engineering	Orange County	Irvine Spectrum	15535 Sand Canyon Ave	B	New Lease	26,563
Acra Lending	Orange County	Irvine Spectrum	3 Ada	B	New Lease	24,360
Merrill Lynch	Orange County	Irvine Spectrum	100 Spectrum Center Dr	A	Renewal	24,259
CalAmp Corp.	Orange County	Irvine Spectrum	15635 Alton Pkwy	B	Renewal	22,903
CalerieHealth	Orange County	Irvine Spectrum	200 Spectrum Center Dr	A	New Lease	22,150
Ossur North America	Orange County	Irvine Spectrum	200 Spectrum Center Dr	A	New Lease	22,089
Walgreens	Phoenix	Chandler	2225 S Price Rd	B	Renewal	66,756
Raley's	Phoenix	Chandler	2650 W Geronimo Pl	B	New Lease	59,337

Leasing Activity (H2 2022, over 20,000 s.f.)						
Tenant	**Market**	**Submarket**	**Address**	**Class**	**Lease type**	**Size (s.f.)**
Northrop Grumman	Phoenix	Chandler	1700 S Price Rd	A	New to Market	55,429
Achen Gardner	Phoenix	Chandler	2195 W Chandler Blvd	B	New Lease	24,981
CampusLogic	Phoenix	Chandler	1340 S Spectrum Blvd	A	New Lease	24,093
Applied Materials	Phoenix	South Tempe	2030 E Asu Cir	B	Expansion	25,457
American Airlines Inc	Phoenix	Tempe	2021 W Rio Salado Pkwy	B	Renewal	147,673
McKinsey & Company	Phoenix	Tempe	222 S Mill Ave	Trophy	New Lease	66,118
American Airlines Inc	Phoenix	Tempe	2021 W Rio Salado Pkwy	B	Renewal	56,389
CDW	Phoenix	Tempe	40 E Rio Salado Pkwy	Trophy	New Lease	27,959
CA Health and Human Services	Sacramento	CBD	1215 O St	A	New Lease	120,000
CA Dept. of State Hospitals	Sacramento	CBD	1215 O St	A	New Lease	120,000
CA Dept. of Developmental Services	Sacramento	CBD	1215 O St	A	New Lease	120,000
Department of Insurance	Sacramento	CBD	300 Capitol Mall	A	Renewal	78,000
HCL Technologies	Sacramento	CBD	621 Capitol Mall	A	New Lease	20,829
Blue Shield of California	Sacramento	El Dorado Hills	4205 Town Center Blvd	A	New Lease	72,000
Blue Shield of California	Sacramento	El Dorado Hills	4203 Town Center Blvd	A	New Lease	52,000
PATRA	Sacramento	El Dorado Hills	4207 Town Center Blvd	A	New Lease	25,541
County of Sacramento	Sacramento	Highway 50 Corridor	10481 Armstrong Ave	C	New Lease	42,415
SK Hynix	Sacramento	Highway 50 Corridor	10951 White Rock Rd	B	New Lease	35,950
Zurich	Sacramento	Highway 50 Corridor	11290 Pyrites Way	A	Renewal	27,429
State of CA Dept of Military	Sacramento	Highway 50 Corridor	3130 Kilgore Rd	B	New Lease	23,800
Regus	Sacramento	Highway 50 Corridor	8880 Cal Center Dr	A	New Lease	22,131
Unitek College	Sacramento	Outlying Suburban	4330 Watt Ave	B	New Lease	35,185
Keller Williams	Sacramento	Roseville	548 Gibson Dr	A	Renewal	24,464
Morgan Stanley	Sacramento	Roseville	1478 Stone Point Dr	A	Renewal	20,984
Fortune School of Education	Sacramento	South Natomas	2890 Gateway Oaks Dr	B	New Lease	29,135
Roman Catholic Bishop of Sacramento	Sacramento	South Natomas	2480 Natomas Park Dr	B	New Lease	24,673
State of California	Sacramento	South Natomas	2349 Gateway Oaks Dr	A	Renewal	21,344
Swinerton Builders	Sacramento	South Sacramento	15 Business Park Way	B	Renewal	23,374
Vinson & Elkins	Washington, DC	CBD	2200 Pennsylvania Ave NW	Trophy	Renewal	81,319
Orrick Herrington & Sutcliffe LLP	Washington, DC	CBD	2100 Pennsylvania Ave NW	Trophy	Relocation	77,000
Financial Industry Regulatory Authority, Inc.	Washington, DC	CBD	1700 K St NW	A	Relocation	67,754
National Fish & Wildlife Foundation	Washington, DC	CBD	1625 I St NW	A	Relocation	62,039
Caplin & Drysdale	Washington, DC	CBD	1200 New Hampshire Ave NW	B	–	45,000
Van Ness Feldman	Washington, DC	CBD	2000 Pennsylvania Ave NW	B	Relocation	44,649
SmithGroup	Washington, DC	CBD	1700 New York Ave NW	Trophy	Renewal	39,522
Harris Wiltshire & Grannis	Washington, DC	CBD	1919 M St NW	A	Renewal	34,000
Department of Employment Services	Washington, DC	CBD	1717 H St NW	B	New Lease	23,048
Cravath, Swaine & Moore LLP	Washington, DC	CBD	1601 K St NW	A	New to Market	21,065
Quarles & Brady	Washington, DC	CBD	2020 K St NW	A	New Lease	20,464

INDEPENDENT MARKET REPORT

By JLL as at 31 December 2022

Sales Transactions (H2 2022, over $15.0 million, excludes entity-level sales)

Building	Market	RBA (s.f.)	Sales price ($)	Price p.s.f.	Buyer	Seller	Port
Northwest Medical Center	Atlanta	153,744	$71,750,000	$467	Lincoln Property Co	Health America	No
AT&T Corporate Office	Atlanta	331,000	$136,957,337	$414	The Simpson Org	Bridge Investment Grp	No
future Mama Shelter	Los Angeles	79,275	$18,000,000	$227	Pacific Coast Textiles	Jamison Services	No
120 South San Pedro Street	Los Angeles	79,200	$26,540,000	$335	Buck Design	Brickstar Capital	No
Helix LA (Leasehold)	Los Angeles	266,548	$52,016,842	$195	Ben Pouladian	Rising Realty Partners	No
15 Exchange Place	New Jersey	123,792	$48,000,000	$388	American Equity Ptnrs	Hartz Mountain	No
Newport Center (Leased Fee)	New Jersey	417,690	$65,523,111	$157	Carlyle Group	iStar Inc	Yes
Newport Center (Leasehold)	New Jersey	430,239	$67,491,675	$157	Carlyle Group	iStar Inc	Yes
70 Hudson Street	New Jersey	431,281	$300,000,000	$696	Vision Property Group (NJ)	Spear Street Capital	No
100 Plaza Drive	New Jersey	264,973	$85,000,000	$321	270B 100 Plaza Drive LLC	MT Plaza Partners LLC	No
Fair Lakes II	Northern VA	183,622	$58,316,562	$318	GI Partners	Turnbridge Equities	Yes
7 Corporate Park	Orange County	37,699	$15,560,154	$413	Leetegrity	Kelemen Co	No
Woodbridge Square Medical	Orange County	36,660	$27,575,000	$752	Anchor Health Props	Boureston Devel.	No
Sun Lakes Health (Leasehold)	Phoenix	39,821	$8,650,000	$217	Wentworth Property Co	Centum Health Props	Yes
Reserve at San Tan	Phoenix	149,517	$53,100,000	$355	West Valley Props Inc	Orsett Properties	No
Chandler Office Portfolio	Phoenix	207,164	$86,499,975	$418	Asana Partners	George Oliver Co.'s	Yes
Tempe Commerce Park IV	Phoenix	75,068	$18,092,567	$241	EverWest RE Investors	CCO Capital LLC (CIM)	Yes
Tempe Commerce Park III	Phoenix	85,245	$19,407,433	$228	EverWest RE Investors	CCO Capital LLC (CIM)	Yes
910 West Carver Road	Phoenix	130,270	$24,100,000	$185	Fundrise eREIT	ViaWest Properties	No
Tempe Office Portfolio	Phoenix	160,313	$37,500,000	$234	EverWest RE Investors	CCO Capital LLC (CIM)	Yes
19500 Northwest Gibbs Drive	Portland	84,563	$18,000,000	$213	PR Wood Amberglen II LLC	SW Value Partners	No
15700 SW Greystone Court	Portland	53,332	$36,182,500	$678	Oregon Health & Science	Olympus Ventures	No
Dawson Creek	Portland	130,000	$20,997,500	$162	Thermo Fisher Scientific	Thomas J Garnier	No
925 L Street	Sacramento	168,850	$55,100,000	$326	Cottonwood Group	Soma Capital Partners	No
Regents Park	Sacramento	130,870	$16,950,000	$130	Graceada Partners	Dan Caputo Co	Yes
Sacramento Office Portfolio	Sacramento	316,659	$57,999,957	$183	Basin Street Properties	LOWE	Yes
Harvard Square	Sacramento	158,704	$22,500,000	$142	Ethan Conrad Properties	Acquity Realty	No
1075 Creekside Ridge	Sacramento	75,550	$17,000,000	$225	Vantus Holdings LLC	Century Management	No
1901 Pennsylvania Ave NW	Washington, DC	102,000	$71,025,862	$696	Marc A Pultuskier	Brookfield AM	No
1010 Vermont Ave NW	Washington, DC	67,000	$16,000,000	$239	Altus Realty Partners	Fidelity Investments	No
1010 Vermont Ave NW	Washington, DC	63,291	$16,500,000	$261	Altus Realty Partners	Fidelity Investments	No
Georgetown Center I	Washington, DC	99,103	$27,700,000	$280	Merchants National	JBG Cos	No
2550 M Street	Washington, DC	207,081	$92,900,000	$449	Nome Ventures	Menlo Equities	No
1730 M Street NW (leasehold)	Washington, DC	203,000	$112,068,966	$552	Fortress	JBG Smith	Yes
DC Office Portfolio (JBG)	Washington, DC	762,000	$227,999,950	$299	Post Brothers	JBG Smith	Yes
DC Office Portfolio (CPP)	Washington, DC	542,866	$423,314,792	$780	Commerz Real	CPP Investment Board	Yes
601 Massachusetts Ave NW	Washington, DC	478,883	$531,000,000	$1,109	Mori Trust	Boston Properties	No
1735 K Street Northwest	Washington, DC	97,000	$26,724,138	$276	Bernstein Management	Beacon Capital Partners	No
1801 L Street NW	Washington, DC	206,632	$64,750,000	$313	Cogent Communications	Staen B Cewear	No
600 19th Street NW	Washington, DC	463,151	$399,352,000	$862	GWU	World Bank	No

Active Development Pipeline

Building	Market	Submarket	RBA (s.f.)	Developer	Spec/ BTS	Completion
Echo Street West	Atlanta	Midtown	256,637	Rios & Clementi & Hale	Spec	2023
Spring Quarter	Atlanta	Midtown	538,126	Portman Holdings	Spec	2025
Interlock Phase II	Atlanta	Midtown	209,174	S.J. Collins Enterprises	Spec	2023
The Elliot	Atlanta	Buckhead	58,000	Cross-Town Realty	Spec	2023
Alameda	Atlanta	Midtown	79,990	Stream Realty Partners	Spec	2023
Garden Hills	Atlanta	Buckhead	137,500	Brand Properties	Spec	2023
619 Ponce	Atlanta	Midtown	84,000	Jamestown Properties	Spec	2024
1050 Brickworks	Atlanta	Midtown	224,657	Sterling Bay	Spec	2024
Stockyards	Atlanta	Midtown	36,817	Clarion Partners	Spec	2023
Science Square	Atlanta	Midtown	364,871	Trammell Crow Company	Spec	2024
Stanford Wholesale Mart	Los Angeles	CBD	60,000	Stanford Mart LP	Spec	2024
520 Mateo	Los Angeles	CBD	105,000	Carmel Partners	Spec	2023
Broadway Trade Center	Los Angeles	CBD	950,400	Waterbridge Capital LLC	Spec	2024
Arts and Power House	New Jersey	Hudson Waterfront	114,318	KABR, Kushner Companies	Spec	2023
23 Pasteur	Orange County	Irvine Spectrum	57,893	TGS Management Co.	Spec	2023
240 Progress	Orange County	Irvine Spectrum	20,000	The Irvine Company	Spec	2023
200 Progress	Orange County	Irvine Spectrum	20,000	The Irvine Company	Spec	2023
210 Progress	Orange County	Irvine Spectrum	44,000	The Irvine Company	Spec	2023
220 Progress	Orange County	Irvine Spectrum	44,000	The Irvine Company	Spec	2023
230 Progress	Orange County	Irvine Spectrum	20,000	The Irvine Company	Spec	2023
260 Progress	Orange County	Irvine Spectrum	44,000	The Irvine Company	Spec	2023
250 Progress	Orange County	Irvine Spectrum	64,000	The Irvine Company	Spec	2023
Rio Yards - Building C	Phoenix	Tempe	150,000	Wentworth Group LLC	Spec	2024
Rio Yards - Building A	Phoenix	Tempe	150,000	Wentworth Group LLC	Spec	2024
Rio Yards - Building B	Phoenix	Tempe	150,000	Wentworth Group LLC	Spec	2024
Rio Yards - Bldg A	Phoenix	Tempe	150,000	Wentworth Group LLC	Spec	2023
Rio Yards - Bldg C	Phoenix	Tempe	150,000	Wentworth Group LLC	Spec	2023
1700 M	Washington, DC	CBD	334,000	Skanska	Spec	2024
The Mills Building	Washington, DC	CBD	188,000	Akridge	Spec	2024

Methodology and terms of use

Methodology

JLL leverages proprietary leasing data with a blend of public, government-issued and third-party sources to produce our economic and market reports.

Office inventory spans 50+ U.S. local markets and is generally limited to investment-grade assets larger than 30,000 s.f., excluding medical office and owner-occupied assets.

Net absorption is recognized upon lease commencement and/or physical move-in, not lease sign date. Vacancy is recognized upon physical move-out or lease expiration date, not the time at which space is advertised for lease.

All sources are deemed reliable, but in some cases, information cannot be independently verified.

Use and reliance

This independent market review (IMR) was prepared by JLL Americas, Inc. The content of this report is for informational purposes only and should not be relied upon for professional investment advice, which should be sought from JLL independently prior to acting in reliance upon any such information.

The thoughts and opinions expressed herein have been made in good faith and are believed to be reliable, but actual results may materially differ from any commentary considered forward-looking. JLL disclaims any liability with respect to any claims that may arise from any errors or omissions, or from providing such advice, opinion, judgement or information.

INVESTOR AND MEDIA RELATIONS

The Manager proactively engages the investment community with timely and transparent communication. 2022 was a year of uncertainty and volatility as rising interest rates and inflation sent stock markets into a tailspin. Coupled with a change in leadership at MUST and continued headwinds in the U.S. office sector, communicating and engaging with stakeholders became critical as MUST navigated through the challenges. Its IR efforts were recognised with a double win at the IR Magazine Awards – South East Asia 2022, including one for 'Best in Sector: Financials (including Real Estate)'.

Intensifying Communication and Accountability

In May 2022, with the appointment of a new CEO, MUST employed various channels such as informal coffee chats, small group luncheons, media interviews and LinkedIn content to introduce the new CEO Tripp Gantt to the investment community. It was also through these platforms that he shared his strategy for MUST going forward.

With the borders opened, management also resumed travel plans to meet with the Sponsor, asset and property managers and strategic partners in the U.S., as well as overseas investors such as Thai investors at the DBS-SGX-REITAS-CSOP Bangkok Conference. The ramped-up activity in engaging analysts, media and investors caused engagement to jump four-fold from ~2,170 in 2021 to more than 8,700 in 2022.


Investor Day 2022

MUST also used LinkedIn to elevate its visibility and simplify complex terms such as hotelisation, flex space, and the U.S. Internal Revenue Code Section 1446(f) for the investment community. Concerns arose in November 2022 about whether Unitholders would be affected by Section 1446(f), which imposes a new withholding tax on transfers by non-U.S. persons of interests in partnerships that are engaged in a U.S. trade or business. MUST was the first U.S. REIT to publish its clarification that no tax is required to be withheld from Unitholders under this Section. Testament to the increased reliance on LinkedIn for timely information, followers on MUST's corporate page has more than doubled YoY to 2,150 as at end-February 2023. This was driven by new types of content such as explainers, property videos, employee features, as well as in-house contests and LinkedIn campaigns.

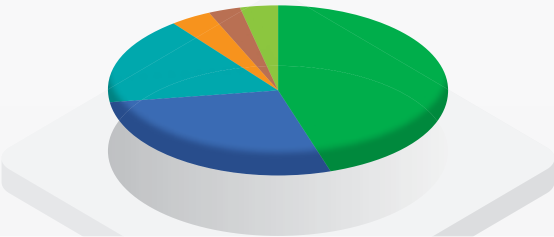
In 2Q2022, as part of MUST's proactive IR engagement, the team embarked on its investor perception survey for the second year running, speaking to ~60 investors and media regarding their perception of the U.S. office sector and thoughts on MUST's operational performance as well as the strategies of MUST six years post its IPO. In November, MUST conducted its Investor Day 2022, titled 'Reimagining the Future of Office'. Held at the National Gallery and attended by ~180 retail investors, this marked MUST's first physical Investor Day in three years. The Manager felt it was important to meet investors face-to-face to lend them assurance in the midst of the uncertain macro environment as well as office sector challenges. Management provided colour on the ground in the U.S. office sector and shared what the REIT was doing to reposition its portfolio as well as how it intended to manage its gearing in response to Unitholder's concerns.

Profiling MUST Globally

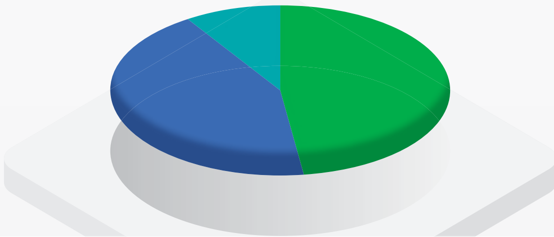
One of the two goals that the IR team set for 2022 was to profile the REIT globally. This was primarily done through speaking engagements and driving media coverage across U.S. publications. In all, management presented at five conferences organised by international publications and overseas platforms for the first time. These included:

- Speaking as a panellist at the Arab Federation of Capital Markets (AFCM) Annual Conference Bahrain in March 2022, with ~1,000 Middle Eastern attendees, on how IR strategies must embrace the rise of the increasingly empowered retail segment;

Unitholders by Geography[1] (%)



Unitholders by Type (%)



Note: Based on analysis of MUST's Unitholder register as at 30 December 2022. Amounts may not sum up to 100.0% due to rounding.

- Speaking at the PERE Asia Summit: APAC REITs Forum as a panellist in May 2022 (one of the first large-scale physical events since reopening attended by ~500 people, with some flying in from overseas);
- Presenting to ~400 Manulife staff (~80% of whom reside outside Singapore) at a panel organised by Manulife's Sustainability Hub on the topic of sustainable real estate in June 2022;
- Speaking at the Future of Office Space Singapore Summit in October 2022; and
- Making strides into the U.S., speaking at the PERE America Summit 2022 in November on the topic of 'Reimagining the Office – Investing in a Service versus an Asset'.

On the regular stakeholder engagement front, MUST in March 2022 also collaborated with JLL U.S. and JLL Singapore to share on the U.S. office market and the key differences between the U.S. and Singapore office sectors. This event was well-received by close to 80 analysts, media and investors. Due to MUST's IR success since its IPO, it was also invited to be part of the Promotions sub-committee of the REIT Association of Singapore. This committee focuses on ways to increase investors' awareness and understanding of SREITs and is a huge honour and testimony of the REIT's IR success.

Targeting the Digital Generation

The second goal that the REIT set for 2022 was to target the digital generation, as they make up a large untapped investor group in the SREIT asset class. In conjunction with SGX's 20th anniversary of REITs in July and taking inspiration from the Green Dot Series logo, MUST breathed life into Professor Green Dot, its thought leadership ambassador who would become the face of its investor education efforts. MUST also launched a 'Viewpoints' page on its website to curate its thought leadership articles, including a five-part series on REIT investing, covering topics such as what are REITs, are they just for retirees, how a young investor can begin his/her investment journey, and what offshore REITs are. Through the series, it aimed to pique the target audience's curiosity on REITs and entrench MUST as a thought leader in the U.S. office sector.

Some of the key events MUST participated in to engage with this group included:

- An exclusive webinar with Tiger Brokers Singapore on 'Reimagining Office' attended by a 7,000-strong live audience;
- A corporate presentation with CGS-CIMB's new digital investment platform ProsperUs, attended by close to 70 people;
- An opportunity to teach about ESG using MUST as a case study at a REIT class titled 'Building a Diversified REIT Portfolio' conducted by a financial blogger and supported by the SGX Academy; as well as
- A guest lecture with the Department of Real Estate at the National University of Singapore Business School on 'Specialist REITs and Geographical Diversification'.

In October 2022, MUST also launched its inaugural competition to engage and challenge the digital generation to express their views about SREITs in a fun and exciting way. University students were invited to submit ideas about various REIT topics such as portfolio diversification, trading discounts and the future of SREITs. Finalists were invited to present to a panel of esteemed industry professionals, with winners clinching internships with MUST.

1 Excludes unidentified and unanalysed holdings.
2 Includes high net worth individuals.

INVESTOR AND MEDIA RELATIONS

Inclusion in Key Indices

- Bloomberg World Large, Mid & Small Cap Price Return Index
- Bloomberg ESG Data Index
- Bloomberg Developed Markets Large, Mid & Small Cap Price Return Index
- Bloomberg Asia Real Estate Investment Trust Index
- Bloomberg World Real Estate Large, Mid & Small Cap Price Return Index
- GPR General (World) Index
- GPR General ex-US Index
- GPR General Far East Index
- GPR General Singapore Index
- GPR General Quoted (World) Index
- GPR General Quoted ex-US Index
- GPR General Quoted Far East Index
- GPR General Quoted Singapore Index
- GPR/APREA Composite Index
- GPR/APREA Composite Singapore Index
- GPR/APREA Composite REIT Index
- GPR/APREA Composite REIT Singapore Index
- GPR/APREA Investable REIT 100 Index
- GPR/APREA Investable REIT 100 Singapore Index
- FTSE ASEAN Index
- FTSE EPRA Nareit Global Real Estate Index
- FTSE Global Equity Index
- FTSE RAFI™ Index
- FTSE ST Index
- Solactive CarbonCare Asia Pacific Green REIT Index
- Solactive ISS ESG Screened Developed Markets Small Cap Index
- Solactive L&G Green Real Estate Developed Index
- Solactive Developed Real Estate ESG Climate Index
- Solactive L&G Developed REIT Multi-Factor ESG Index
- Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index
- S&P Asia Pacific BMI (USD)
- S&P Developed BMI (USD)
- S&P GIVI Asia Pacific Index (USD)
- S&P Intrinsic Value Weighted Asia Pacific Index (USD)
- S&P Low Beta Asia Pacific Index (USD)
- S&P Singapore BMI (USD)

Analysts Coverage

1. CGS-CIMB Research
2. CLSA Singapore
3. DBS Bank Ltd
4. Lim & Tan Securities
5. Maybank Kim Eng Research
6. OCBC Investment Research
7. RHB Bank Berhad
8. UOB Kay Hian

Scan to connect with MUST on LinkedIn

IR Contact

For any feedback and inquiries, please contact:
Ms Caroline Fong
Deputy CEO, Chief Investor Relations and Sustainability Officer
Email: carol_fong@manulifeusreit.sg

Awards and Accolades

IR Magazine Awards – South East Asia 2022:
- Best in Sector: Financials (including Real Estate)
- Best ESG Materiality Reporting (for Small-Caps)

GRESB:
- Real Estate Assessment: 5 Star, 5^{th} out of 14 listed U.S office REITs
- Public Disclosure: 'A' grade, 1^{st} out of 10 U.S. office peers

MSCI ESG Ratings upgraded from 'AA' to 'AAA' (Mar 2023)

Sustainalytics:
- Ranked top 1% of the global universe comprising >15,000 companies

FTSE Russell:
- ESG Rating of 3.2, higher than subsector average (Industrial & Office REITs) of 2.5

Governance Index for Trusts 2022:
- 10^{th} out of 43 REITs and Business Trusts

Singapore Governance and Transparency Index 2022:
- 20^{th} out of 44 REITs and Business Trusts

Calendar of Events

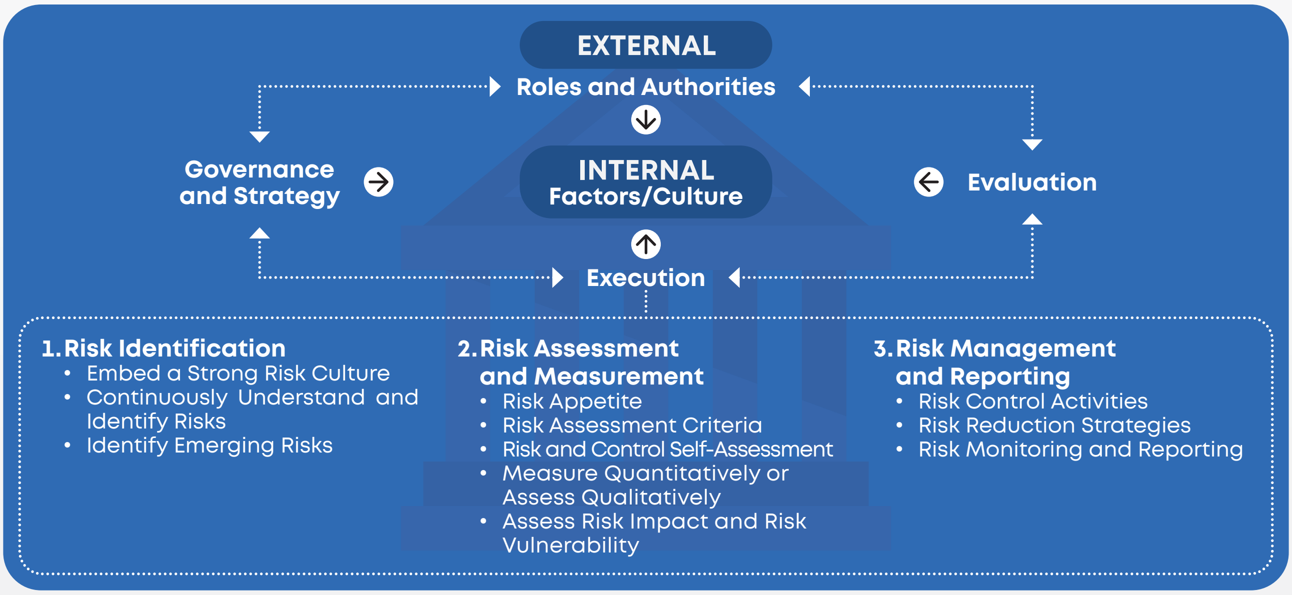
9 FEB 2022	9 MAY 2022	4 AUG 2022	2 NOV 2022	9 FEB 2023
FY2021 Financial Results	1Q2022 Operational Updates	1H2022 Financial Results	3Q2022 Operational Updates	FY2022 Financial Results

Quarter	Events	
1st Quarter	9 Feb	FY2021 Financial Results: Analyst and Media Briefing
	9 Feb	FY2021 Financial Results: Investor Briefing
	10 Feb	Non-Deal Roadshow (NDR): Thailand
	15 Feb	Corporate Presentation to Irostors' Hong Kong and China Investors
	15 Feb	Corporate Presentation to CGS-CIMB ProsperUs Customers
	9 Mar	MUST Insights by JLL
	12 Mar	SGX Academy Class: Building a Diversified REIT Portfolio
	24 Mar	Corporate Presentation to DBS Private Bank and Relationship Managers
	30 Mar	Arab Federation of Capital Markets Bahrain Conference 2022
2nd Quarter	29 Apr	AGM
	9 May	1Q2022 Operational Updates: Analyst and Media Briefing
	9 May	1Q2022 Operational Updates: Investor Briefing
	30 May	HSBC-REITAS Sustainability Webinar
	31 May	PERE Asia Summit 2022: APAC REITs Forum
	16 Jun	Manulife Sustainability Hub: Sustainable Real Estate Panel
3rd Quarter	5 Jul	SGX-DBS ESG Investment Corporate Day
	4 Aug	1H2022 Financial Results: Analyst and Media briefing
	4 Aug	1H2022 Financial Results: Investor Briefing
4th Quarter	12 Oct	The Future of Office Space Summit Singapore
	18 Oct	Mingtiandi Singapore Real Estate Focus Forum 2022
	2 Nov	3Q2022 Operational Updates: Analyst and Media Briefing
	2 Nov	3Q2022 Operational Updates: Investor Briefing
	3 Nov	Investor Day 2022: Reimagining the Future of Office
	3 Nov	Corporate Presentation to Tiger Brokers: Reimagining Office with MUST
	9 Nov	3Q2022 Operational Updates: DBS Private Bank Briefing
	16 Nov	PERE America Summit 2022: Reimagining the Office – Investing in a Service versus an Asset
	24 Nov	DBS-SGX-REITAS-CSOP Bangkok Conference
	30 Dec	MUST's Asset Valuation Update: Analyst, Media and Investor Briefing

ENTERPRISE RISK MANAGEMENT

All of MUST's activities involve elements of risk-taking. The objective is to balance the REIT's level of risk with its business, growth and profitability goals, in order to achieve consistent and sustainable performance over the long term that benefits MUST and its Unitholders.

ERM Framework



The Manager employs an enterprise-wide approach to all risk-taking and risk management activities supporting the business objectives. Under the Enterprise Risk Management (ERM) framework, risk management strategies are established for each of the principal risks. The Manager embeds a strong risk culture and a common approach to risk management integral to the REIT's risk management practices. This allows individuals and groups to make better risk-return decisions that align with the REIT's overall risk appetite, strategic objectives and our Unitholders' requirements.

Our approach to risk management is communicated through risk policies, which are intended to enable consistent design and execution of strategies across the REIT. Our risk policies cover:

- Roles and authorities – Assignment of accountability and delegation of authority for risk oversight and risk management at various levels within the REIT, as well as accountability principles;
- Governance and strategy – The types and levels of risk the REIT seeks, given its strategic plan, the internal and external environment, and risk appetite which drive risk limits and policies;
- Execution – Risk identification, assessment, measurement and mitigation which enable those accountable for risks to manage and monitor their risk profile; and
- Evaluation – Validation, backtesting and oversight to confirm that the REIT generated the risk profile it intended, root cause analysis of any notable variation, and any action required to re-establish desired levels when exposures materially increase to bring exposures back to desired levels and achieve higher levels of operational excellence.

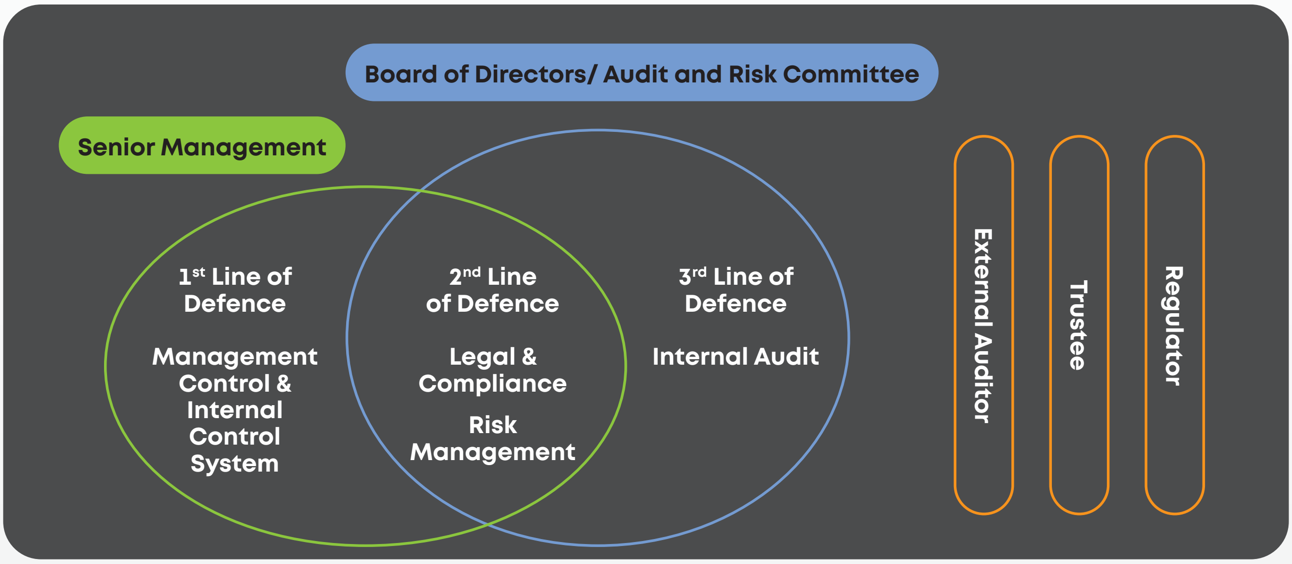
These ERM practices are influenced and impacted by internal and external factors, which can significantly impact the levels and types of risks MUST might face in its pursuit to strategically optimise risk-taking and risk management. The Manager's ERM framework incorporates relevant impacts and mitigating actions as appropriate.

Risk Culture

To enable the achievement of its mission and strategic priorities, the Manager is committed to a set of shared values, which reflect our culture, inform our behaviours, and help define how we work together:

- Obsess about customers – Predict their needs and do everything in our power to satisfy them.
- Do the right thing – Act with integrity and do what we say.
- Think big – Anything is possible. We can always find a better way.
- Get it done together – We're surrounded by an amazing team. Do it better by working together.
- Own it – Feel empowered to make decisions and take action to deliver our Mission.

Three Lines of Defence



- Share your humanity – Build a supportive, diverse, and thriving workplace.

Risk Culture Vision – Within this context, the Manager strives for a risk aware culture, where individuals and groups are encouraged, feel comfortable and are proactive in making transparent, balanced risk-return decisions that are in the long-term interests of MUST.

The Board is responsible for the governance of risk across the REIT and ensuring sound risk management and internal control systems. This includes the overall risk strategy based on risk appetite, risk identification, risk measurement and assessment, risk monitoring and reporting, risk control and mitigation. The Board is supported by the Audit and Risk Committee (ARC) for the oversight of risk management and delegates this through a governance framework that is centred on the three lines of defence model:

- MUST's 1st line of defence includes the management team and respective leaders of the Manager, also referred to as business units and functional support groups. They are ultimately accountable for the risks they assume and for the day-to-day management of the risks and related controls.

- The 2nd line of defence includes the oversight functions such as the Risk Management and Legal & Compliance teams. The ARC also contributes to the oversight of risk-taking and risk mitigation activities.

- The 3rd line of defence comprises the outsourced Internal Audit team, which provides independent assurance that controls are adequate, effective and appropriate relative to the risk inherent in the business, and that risk mitigation programmes and risk oversight functions are effective in managing risks.

Risk-taking activities are managed within the REIT's overall risk appetite and approved by both the ARC and the Board. Risk appetite defines the amount and types of risks MUST is willing to assume, which comprises risk philosophy, risk appetite statements and risk limits and tolerances.

This requires business units and functional support groups to identify and assess key and evolving risks arising from their activities on an ongoing basis. A standard inventory of risks is used in all aspects of risk identification, measurement and assessment, and monitoring and reporting.

Risk limits and tolerances are reviewed on an annual basis to ensure that they remain appropriate taking into consideration MUST's overall risk objectives and risk management plans, business strategy and changing external environment.

Risk reduction strategies and activities are defined individually for each risk and can include full or partial risk offset, full risk elimination or risk reduction within limits. Financial risk mitigation tactics include ensuring aggregate risk exposures remain within MUST's risk appetite and limits. In addition, another tactic is to follow MUST's approved plans so as to reduce aggregate risk exposure and keep them within risk limits.

The identification and assessment of external environment for emerging risks plays a pivotal role in the ERM Framework. The ability to detect and adapt to changes in the environment may not only prevent problems arising but also help the Manager identify new opportunities.

The risk reporting will be presented to the ARC and the Board to highlight the risk profile, risk dashboard on high risks, unresolved major risk issues and new or emerging risks, among other things. The following describes the risk management strategies to identify certain key risks.

ENTERPRISE RISK MANAGEMENT

Key Risks	Details	Key Mitigation Actions
Property Market and Economic Risk	• MUST may be adversely affected by economic and real estate market conditions in the U.S. These conditions may have a negative impact on the ability of tenants to pay their rents in a timely manner or to continue their leases. This in effect may reduce MUST's cash flow, which may cause a decline in rents and market value of the properties.	• The Manager manages this by adopting a disciplined approach towards financial management and monitors economic developments closely.
Regulatory, Compliance and Outsourcing Risks	• MUST is required to comply with applicable and relevant legislations and regulations that include SGX-ST Listing Rules, International Financial Reporting Standards, Securities and Futures Act, Code of Collective Investment Scheme, U.S., Barbados and Singapore tax laws, regulations and rulings. • Changes in legislations and regulations including amendments to laws and regulations, legal judgements and their interpretation may impact MUST's distributable income.	• The Manager has established a compliance monitoring programme to assist in ensuring compliance with regulatory requirements, company policies and procedures. • The Manager actively monitors regulatory changes and its impact to the REIT, and implements appropriate strategies to mitigate the impact.
Fraud and Bribery Risks	• The risk of loss as a result of a knowing misrepresentation or concealment of a material fact or a wilful or deliberate act or failure to act with the intention of obtaining unauthorised benefits. • Fraud and bribery may result in reduced profitability and adversely affect reputation.	• The Manager is committed to the highest standards of integrity and has no tolerance for any fraud and bribery in its business conduct. • The Manager has a Code of Business Conduct and Ethics in place that affirms its commitment to ethical conduct and its practice of complying with all the applicable laws, so as to avoid actual or potential conflicts of interest. • In addition, it has a whistle-blowing policy that encourages its employees and any other individuals to raise concerns about possible improprieties in matters of financial reporting and other malpractices in confidence via various channels.
Liquidity, Funding and Leverage Risks	• Risk associated with liquidity and cash flow management which may affect the ability to meet payment obligations. • Poor visibility of cash flows may lead to poor planning and decision making on actual funding needs and may lead to unnecessary increase to financing costs.	• The Manager closely monitors and actively manages the REIT's debt maturity profile, operating cash flow and the availability of funding. • The Manager monitors the aggregate leverage to ensure compliance with the Property Funds Appendix. • To manage liquidity risk, the Manager establishes various banking facilities to ensure that sufficient funds are available to meet its capital, refinancing and operating needs.

Key Risks	Details	Key Mitigation Actions
Interest Rate Risk	• Exposure to interest rate fluctuations may affect the cost of borrowings and have a material impact on MUST's financial performance.	• A substantial portion of MUST's borrowings are fixed rate interest-bearing loans. • The Manager uses derivative financial instruments such as interest rate swaps to substantially mitigate interest rate risk exposure on floating rate borrowings. • The exposure to interest rate risks is further managed through regular reviews with senior management on the optimal mix of fixed and floating rate borrowings.
Leasing and Lease Concentration Risks	• MUST is subject to the risk of non-renewal, non-replacement of leases and a decrease in demand for office space. Any downturn in the businesses, bankruptcy or insolvency of a tenant may result in such tenant deciding not to renew its lease at the end of a lease cycle or to terminate the lease before it expires. • Concentrated lease expiry dates and inadequate diversification of tenants and tenant industries. Extended downtime between leases to fill up the vacancies which could result in high vacancies and lower rental income.	• The Manager establishes a diversified tenant base, continuously monitors the lease expiry profile and undertakes proactive tenant engagement. • The Manager has also established leasing guidelines to ensure lease concentration risk is mitigated.
Credit Risk	• Credit risk is the risk of financial loss to MUST should a tenant fail to meet its contractual obligations and arises principally from rental arrears. Some of the factors that affect the ability of tenants to meet their obligations under their leases include poor economies in which they have business operations, competition and their financial position.	• The Manager manages credit risk through staggered lease maturities and diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of the gross revenue. • In addition, MUST also obtains security deposits and letters of credit from tenants.
Property Management Risk	• Poor property management may affect tenant satisfaction and renewal probability. • Cost overruns may reduce NPI and DPU, and negatively impact the valuation of the properties.	• The Manager is committed to creating and cultivating environment-friendly, safe and healthy workplaces. • The Manager has established processes and procedures that seek to ensure that the buildings operate efficiently and are well-equipped in managing the risk that arises from the operations and management of the buildings. These include the Building Safety Solution and Life Safety System.

ENTERPRISE RISK MANAGEMENT

Key Risks	Details	Key Mitigation Actions
Investment and Divestment Risks	• The acquisition of properties contributes to the growth objectives of MUST. • Poor investment decisions or inadequate due diligence may lead to undetected material defects, onerous obligations, breaches of law or regulations, etc. These issues could lead to investments not generating the required target returns. • Inadequate strategic planning to identify suitable divestment opportunities, timing and price for divestment resulting in sub-optimal divestment decisions being taken, or the divestment market conditions deteriorating such that a divestment may not yield desired results.	• The risks involved in investment and divestment activities are managed through a rigorous and disciplined set of evaluation processes which include, but are not limited to meeting investment criteria, discounted cash flow assessment, yield accretion test, due diligence reviews and independent valuations. • All investment and divestment decisions are reviewed and approved by the Board.
Information Technology, Business Disruption and System Failure Risks	• Unauthorised access, disclosure, modification or deletion of sensitive and confidential data such as market sensitive information that may affect share price, bid information, intellectual property and/or financial information. • Information resources are not securely developed, transmitted or stored and cybersecurity being compromised.	• The Manager has an enterprise-wide business continuity and disaster recovery programme. This includes policies, plans and procedures that seek to minimise the impact of natural or man-made disasters, and is designed to ensure that key business functions can continue normal operations in the event of a major disruption. • The business continuity team also establishes and conducts regular testing.
Property Damage Risk	• Significant damage to property as a result of severe events caused by natural and other disasters, human negligence or wilful attack may severely disrupt MUST's business operations and lead to the loss of rental from tenants.	• Each property has adequate insurance coverage for the risks such as all risk, wind, flood, fire, earth movement, gross rent loss, vandalism/ public disturbance and terrorism. • With support from its Sponsor, the Manager has in place a global Business Continuity Plan (BCP). This includes policies and procedures that seek to minimise the impact of natural or man-made disasters, and is designed to ensure that key business functions can continue normal operations in the event of a major disruption. • The business continuity team establishes and conducts regular BCP testing.

Key Risks	Details	Key Mitigation Actions
Environmental Risk	• Physical risk arises from the impact of weather events and long-term or widespread climate changes. Risks include flooding, extreme storms and wildfires. • Transitional risk arises from the processes of adjustment to an environmentally sustainable economy, such as punitive actions for polluting the environment and changed expectation from the stakeholders to address environment impact.	• The Manager follows the Sponsor's sustainable real estate policy and works in conjunction with the Sponsor to implement various initiatives to drive a greener future such as environmental management system, green building certification, carbon emissions and energy efficiency. • Assessment of potential acquisition includes examination of environmental and social sustainability risks and opportunities.
Pandemic, Health and Safety Risks	• An epidemic of an infectious disease has spread across a large region, for instance multiple continents or worldwide, affecting a substantial number of people. • This could affect MUST's office business as a result of a decline in office usage and demand, adverse effects on tenants' businesses, as well as health and safety concerns of our tenants, employees and vendors. • Pandemic risk can have an adverse impact on the business operations, financial results and future prospects, leading to downward valuation of MUST's properties.	• The business continuity team establishes and conducts regular BCP testing. • Established playbooks such as *Return to Office: Tenant Guidebook* and *Return to Office: Best Practices Playbook* to provide guidance on what needs to be done amidst the COVID-19 pandemic.

SUSTAINABILITY REPORT

Growing a Sustainable Business

As a responsible corporate citizen, Manulife US REIT is focused on integrating ESG issues into our strategy and in the way we operate so that we can future-proof our business and continue to deliver long-term value to our stakeholders.

ACCOLADES

MSCI ESG RATINGS AAA

'AAA' rating
upgraded in 2023

SUSTAINALYTICS RATED

Top 1%
of >15,000 global companies

GRESB 2022

5 Star rating
since 2018

FTSE Russell

3.2 ESG rating
vs. subsector average of 2.5

CONTENTS

ABOUT THIS REPORT

About Manulife US REIT

Manulife US REIT (MUST or the REIT) is a Singapore listed Real Estate Investment Trust (REIT) managed by Manulife US Real Estate Management Pte. Ltd. (the Manager), 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.

The Manager is wholly owned by The Manufacturers Life Insurance Company (Sponsor), part of the Manulife Group (Group). John Hancock Life Insurance Company (U.S.) (JHUSA) has been appointed as the property manager (Property Manager) for the properties. Manulife Investment Management Private Market (US) LLC has been appointed as the asset manager (Asset Manager) for the properties.

Reporting Scope and Period

This is MUST's sixth annual Sustainability Report. It showcases the REIT's sustainability approach, initiatives, and performance for the financial period from 1 January to 31 December 2022 (Reporting Period), with comparative data for the same period in 2020 and 2021. As at 31 December 2022, the REIT owns 12 properties that are strategically located in prime areas of key U.S. cities. MUST adopts the Operational Control Approach, as defined by the Greenhouse Gas (GHG) Protocol Corporate Standard, to determine organisational boundaries. This report covers the environmental performance of 11[1] properties based on the operational control approach. There is no significant change in MUST's business activities compared to the previous reporting period.

Following the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), we have expanded our reporting scope in 2022 to include the reduction in energy and emissions compared to our 2018 base year.

The Manager has not sought assurance on the report for this Reporting Period and will consider it for future periods.

Employee-related information in this report refers solely to the employees of the Manager located in Singapore and the U.S.

Reporting Standards and Guidelines

This report is prepared in accordance with the updated Global Reporting Initiative (GRI) Universal Standards 2021. The GRI Standards have been selected as it is an internationally recognised standard for sustainability reporting and is relevant to the REIT's operations. This report also considers GRI's Construction & Real Estate Sector Supplement (CRESS) guidelines and incorporated elements of the United Nations Sustainable Development Goals (SDGs). The Manager will validate the list of material ESG issues against the latest GRI Sector Standard for the industry when it is published by GRI. Please refer to the GRI Content Index available on our Sustainability webpage (https://www.manulifeusreit.sg/sustainability-overview) for further information on the relevant references.

This report is compliant with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual Rules 711A and 711B and incorporates SGX-ST's enhanced disclosure requirements for climate-related information which was released in 2021.

Contact

We constantly strive to improve our sustainability disclosures to the investment community. If you have any questions or feedback, please reach out to the sustainability team at usreitinquiry@manulifeusreit.sg. Our latest sustainability initiatives and updates can also be found on our website at https://www.manulifeusreit.sg/sustainability-overview.

Board Statement on Sustainability

As a responsible corporate citizen, MUST is committed to integrating environmental, social, and governance (ESG) issues into our business practices so that we can future-proof our business and deliver continuous long-term value for our stakeholders. The Board of Directors (Board), which is also the highest governance body of the REIT, has oversight over the management of MUST's ESG impact and material factors. The Board also provides oversight and guidance on the implementation, management, and monitoring of sustainability matters, including the REIT's material ESG factors. Working closely with the Sustainability Steering Committee (SSC), the Board and management regularly review material ESG issues and include them in strategic formulation to ensure MUST's sustainability targets and performance are met.

20 March 2023

1 MUST did not have operational control of Tanasbourne (3175 & 3188 NE Aloclek Drive, and 3300 NE 83rd Avenue, Hillsboro, OR) during the Reporting Period, hence emissions associated with the property are Scope 3.

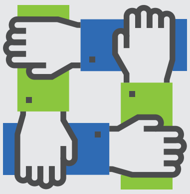
2022 HIGHLIGHTS

ESG Focus Area	Highlights of 2022

Building Resilience

- Achieved a 5 Star rating in the GRESB 2022 Real Estate Assessment with a score of 92, ranked 5^{th} out of 14 U.S. listed office REITs
- Maintained 'A' for GRESB Public Disclosure, ranked 1^{st} out of 10 U.S. listed office peers
- 93% green-certified[1] portfolio by Net Lettable Area (NLA)
- Achieved new Fitwel® certifications for five properties and Fitwel® Viral Response certifications for seven properties, demonstrating our commitment to operating healthy buildings
- 27% reduction in energy intensity since 2018 base year
- 33% reduction in GHG emissions intensity since 2018 base year

People First



- High overall satisfaction rating of 4.36 out of 5 (excellent) in the 2022 tenant satisfaction survey
- 100% of directors and 100% of employees have undergone ESG related training
- Contributed a total of S$25,000 and 225 corporate social responsibility (CSR) hours towards supporting the elderly and less privileged community as well as social enterprises through responsibly sourced corporate gifts and events

Driving Sustainable Growth

- Secured US$315.0 million in new sustainability-linked loans
- Green financing accounted for approximately 64.4% of MUST's total borrowings as at 31 December 2022
- Engaged more than 8,700 media, analysts, institutional and retail investors, and peers across various conferences, webinars and meetings, including several ESG themed events e.g. HSBC-REITAS Sustainability Webinar and SGX-DBS ESG Investment Corporate Day
- MSCI ESG Rating upgraded from 'AA' to 'AAA' in March 2023, placing MUST within the top 21% of MSCI All Country World Index constituents (Real Estate Management & Services)
- Ranked amongst top 1% of companies globally in Sustainalytics ESG Risk Rating
- FTSE Russell ESG Rating of 3.2, higher than the subsector average (Industrial & Office REITs) of 2.5

Robust Corporate Governance

- 100% of Board and employees to whom anti-corruption policies have been communicated
- 100% of Board and employees have received training on anti-corruption
- Maintained zero cases of non-compliance and corruption
- Improved rankings in governance indices:
    - Ranked 10^{th} out of 43 REITs and Business Trusts in the Governance Index for Trusts 2022 (13^{th} in 2021)
    - Ranked 20^{th} out of 44 REITs and Business Trusts in the Singapore Governance and Transparency Index (27^{th} in 2021)

1 As at 20 March 2023. Green certifications include Leadership in Energy and Environmental Design (LEED™), ENERGY STAR®, WiredScore, Fitwel® and BOMA 360. Includes properties not under MUST's operational control.

MESSAGE TO STAKEHOLDERS

Dear Stakeholders,

2022 was a challenging year due to geopolitical uncertainties, rising inflation and interest rates, and fears of a global recession. Despite the difficult times, we remain steadfast in our commitment to implementing sustainability considerations into MUST's operations, management, and strategy. By focusing on the pillars of 'Building Resilience', 'People First', and 'Driving Sustainable Growth', MUST has been able to maintain a market-leader position in sustainability. We will continue to work closely with our tenants, business partners and Sponsor to support the global transition to net zero.

Commitment to Sustainability

MUST's strategy places sustainability at the core of our efforts to create long-term value for our stakeholders. Our focus on upholding high environmental, social and governance standards demonstrates our commitment to being a responsible and sustainable business. We continuously strive to contribute to the SDGs, which serve as a supporting framework to direct our sustainability strategy whilst collaborating with business partners to achieve the goals.

Together with our Sponsor and Asset Manager, MUST has developed GHG and energy reduction targets that are consistent with the Paris Agreement's goal of securing global net zero emissions by 2050. To meet these targets, we are making efforts to increase the utilisation of renewable energy, switch to cleaner fuels, and digitalise operations. We see opportunities in these areas and will work with our business partners and tenants to contribute to a cleaner and greener world together. Amid the growing international momentum around climate action, we believe that investments in these areas will deliver positive returns for the REIT.

Our ESG Risk Rating by Sustainalytics has improved from 9.7 to 6.2 and MUST now ranks in the top 1.0% of the global universe comprising more than 15,000 companies. Our MSCI ESG Rating was also upgraded recently in March 2023 from 'AA' to 'AAA'.

We have maintained a GRESB Public Disclosure level of 'A' for the third consecutive year which is a recognition of our high level of material sustainability disclosures. Similarly in the 2022 GRESB Real Estate Assessment, MUST retained the highest 5 Star rating. In our maiden rating by

MESSAGE TO STAKEHOLDERS

FTSE Russell, we scored 3.2, above the subsector average rating of 2.5.

We remain committed to building a low-carbon portfolio and currently 93.0% of our portfolio by NLA has been green certified by LEEDTM, ENERGY STAR®, WiredScore, Fitwel® and BOMA 360.

We are also delighted to be recognised for Best ESG Materiality Reporting under the small cap category at the IR Magazine South East Asia Awards 2022.

Investing in our People

At MUST, we invest not only in our employees' learning and development, but also in their well-being. In 2022, our Ambassadors of Change (AoC) organised the Steps Challenges to encourage employees to clock their daily steps and to stay active and healthy. We believe that walking is an effective way to keep us healthy in the midst of our busy lives. Other engagement activities, including Breakfast on the House (BOTH) and team bonding sessions, were conducted regularly with employees at all levels to promote communication and increase social cohesion.

We are also heartened to note that 100.0% of MUST's employees across all levels continued to use Podium, our global digital platform that allows employees to reward and recognise fellow employees who demonstrate exceptional effort and results in the course of their work. This enhances opportunities for engagement and helps to achieve a workplace that is focused on recognition and appreciation for all colleagues across the organisation.

As part of MUST's commitment to long-term sustainability, employees and the Board of Directors undergo training on key ESG topics such as climate resilience, anti-bribery, and anti-corruption.

As part of MUST's commitment to long-term sustainability, employees and the Board of Directors undergo training on key ESG topics such as climate resilience, anti-bribery, and anti-corruption. Considering the global trend toward digitalisation, we expect employees to attend more online courses which tend to be shorter in duration and more focused. Thus, we have reduced our training target from 40 to 30 hours per employee per year. Our employees completed an average of 32 training hours in 2022.

Engaging our Investors

In November 2022, MUST held our first in-person Investor Day since 2019, which was attended by approximately 180 Unitholders. 'Reimagining the Future of Office' was the theme of the event, focusing on how tenant and office space needs have changed after COVID-19 and what landlords must do to meet the shifting demand. Valuable insights were exchanged between management and our Unitholders.

Another of our investor outreach programme in 2022 was the inaugural competition, MUST Compete, which was organised to engage and challenge the digital generation to express their views about Singapore REITs (SREITs) in a fun and exciting way. To attract more interest in REITs among younger people, we launched Professor Green Dot, who serves as our thought leadership ambassador. Professor Green Dot has been featured in a five-part thought leadership series on REIT investing as we try to pique the digital generation's curiosity on REITs.

We also continued to engage investors on topics such as the U.S. office landscape and ESG topics, which further entrenched MUST as a thought leader. For example, our Chief Sustainability Officer (CSO), Caroline Fong, taught a class on how ESG affects REITs and investors, and shared MUST's ESG journey at a Singapore Exchange (SGX) Academy class titled 'Building a Diversified REIT Portfolio'. She was also invited as a guest lecturer to present at the National University of Singapore's REIT and Business Trust Management class on the opportunities and challenges of operating an offshore REIT like MUST. During the class, there was lively discussion with students on capital raising, acquisitions, and investor engagement. Moving forward, we will continue to engage with investors via various ongoing outreach programmes and initiatives.

Serving our Communities

We also endeavour to maintain our CSR programmes and continue to give back to the communities in which we operate. MUST believes in doing good, and we aim to deliver lasting social, economic, and environmental benefits to our communities. Some of our efforts include charitable donations, community investments and commercial initiatives that help create a more resilient and inclusive society. Our charitable donation campaigns, such as those that our Property Manager organised in collaboration with local food banks, have yielded positive feedback from tenants. As part of our community development plan, all employees are given two days of volunteer leave annually to give back to their individual communities. We have also focused on helping vulnerable and elderly communities through corporate donations and employee volunteering. We have clocked 225 community hours and contributed about S$25,000 to charitable causes in 2022.

Sustainable Governance

We believe that an effective management and governance structure provide the foundation for a sustainable business. MUST has always been dedicated to good corporate governance and business ethics, as we acknowledge that these are keys to building transparency and trust, which are both critical to long-term success. In 2017, we set up the Sustainability Steering Committee (SSC) to provide oversight on key ESG matters. The SSC regularly communicates its efforts across all business units to encourage the adoption of more sustainable practices, which bolsters our commitment to incorporate sustainability into our business management and daily operations.

For five consecutive years, MUST has qualified as a SGX Fast Track issuer for our high corporate governance standards and compliance track record. This year, we have moved up the ranks in the Singapore Governance and Transparency Index (SGTI) 2022 – REIT and Business Trust Category from 27th to 20th. Likewise, we have improved our rank in the Governance Index for Trusts (GIFT) from 13th in 2021 to 10th in 2022. These improvements reflect our commitment to transparency and corporate governance best practices.

MUST has always been dedicated to good corporate governance and business ethics, as we acknowledge that these are keys to building transparency and trust, which are both critical to long-term success.

Besides good corporate practices, we also believe that training is an important component of a robust corporate governance structure. At MUST, all employees and Directors receive regular training on a variety of topics, including anti-corruption and business ethics.

Transparent Disclosures

MUST supports the TCFD and has incorporated its recommendations in our reporting framework. Manulife Financial Corporation, the Sponsor's parent company, is a signatory to the United Nations Global Compact and we are aligned in our commitment to its 10 principles. This report serves as our communication on progress relating to sustainability and climate-related disclosure and performances. This report has been updated in line with the latest GRI requirements and can be found at https://www.manulifeusreit.sg/sustainability-overview. Data on our emissions and energy reductions compared with the 2018 base year have been included to enhance the transparency of our disclosures. We have also referenced the 27 Core Metrics recommended by SGX-ST and have disclosed additional anti-bribery and anti-corruption related topics.

We would like to thank the MUST Board of Directors and our stakeholders for their continuous support in our ESG programmes and sustainability efforts over the past year. We are committed to further strengthen our ESG capabilities to achieve our targets to ensure a sustainable future for MUST.

Tripp Gantt
Chief Executive Officer

SUSTAINABILITY APPROACH

Sustainability is core to our business and reflects who we are. We believe that integrating ESG considerations into our business strategy and operations will enhance and future-proof the REIT for long-term success and create value for our stakeholders. The ESG issues identified are embedded in our sustainability framework which aligns with the five sustainability real estate commitments outlined in our Asset Manager's Real Estate Sustainability Framework. The sustainability framework provides guidance for MUST's investment, asset, and property management operations.

MUST's Sustainability Framework and Areas of Focus for 2023

Our sustainability strategy is outlined in our sustainability framework which comprises three strategic pillars: Building Resilience, People First, and Driving Sustainable Growth. These pillars are supported by eight ESG focus areas that form an integrated approach to identify the material ESG topics that are aligned with our sustainability goals and Enterprise Risk Management (ERM) framework. The material ESG topics, as set out on page 77, are then mapped back to the three pillars. Our approach and alignment with SDGs can be found in the sections of this report under each pillar.

Mission

Future-proofing our business to create long-term value for our stakeholders

Five Sustainable Real Estate Commitments

1. **Minimise our environmental impact**
2. **Support health and wellness**
3. **Promote responsible business practices**
4. **Engage our stakeholders on sustainability**
5. **Be accountable for our performance**

Sustainability Pillars

Building Resilience Reducing the environmental impact of our properties and supporting the transition to a net zero economy.	**People First** Ensuring the needs of our stakeholders are well-served is key to sustaining our business. This includes creating a safe and healthy environment, and safeguarding the well-being and interests of our employees, tenants and communities.	**Driving Sustainable Growth** Conducting our business responsibly to deliver long-term value to our Unitholders. This includes the sustainable allocation of capital, robust governance framework and proactive risk management practices.

ESG Focus Areas

• Climate Action • Environmental Stewardship	• Nurturing our Talent • Safeguarding Health and Well-being • Serving our Communities	• Economic Sustainability • Governance Framework • Engaging Investors

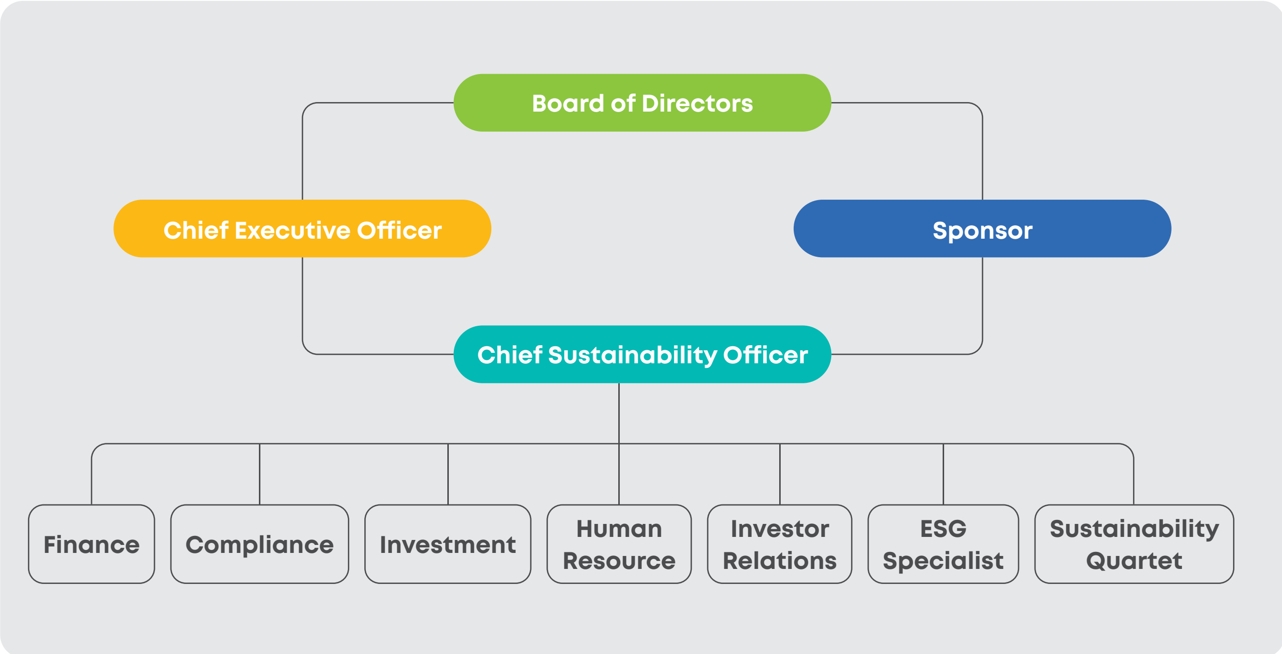
Sustainability Governance

MUST believes that a well-organised and dedicated leadership team is crucial to drive effective sustainability performance. The Board oversees the management of the REIT's ESG issues and takes them into consideration when determining the REIT's strategic direction and policies related to sustainable development. The Board has the responsibility to act with due diligence in the discharge of its duties and ensure that Board members have the relevant knowledge to carry out and discharge their duties as directors, including overseeing the processes to identify and manage the organisation's impacts.

Additionally, MUST has a Sustainability Steering Committee (SSC) which was formed in 2017 to execute the REIT's sustainability agenda. The SSC oversees the execution of MUST's ESG strategies and initiatives, the monitoring of sustainability performance, and the formulation of goals for continuous development. It is led by our CSO and is made up of representatives from key business units. Regular updates of the REIT's sustainability performances, including climate-related issues, are provided by the SSC to the CEO, Sponsor, and Board. On the sustainable finance front, our finance department supports the SSC in overseeing green finance issuances. For more information on MUST's governance approach to address its climate-related risks and opportunities, please refer to pages 81 to 84 of this report.

As a sponsored REIT, MUST works closely with our Sponsor and Asset Manager to ensure that our sustainability strategy is aligned with the sustainability commitment of our Sponsor's real estate team. In 2021, a Sustainability Quartet which consists of ESG teams across discipline-specific groups, was established to support the SSC by facilitating and reviewing MUST's sustainability actions to ensure alignment with the Sponsor's sustainability goals. The Sustainability Quartet also shares ESG updates and regulations to further strengthen MUST's sustainability capabilities and enhance our overall strategy and performance.

Sustainability Governance Structure



SUSTAINABILITY APPROACH

Sustainability in Operations

Guided by our Asset Manager's Real Estate Sustainability Framework as well as industry best practices, our Asset Manager has developed a set of Sustainable Building Standards in 2017 that outlines sustainability focus areas for benchmarking and setting targets for MUST's properties. Each property is reviewed annually against the focus areas. The Sustainable Building Standards act as a guide to advance sustainability within all our properties and define requirements and best practices for third-party property managers.

Sustainable Building Standards		
Environmental	**Social**	**Governance**
• Energy management and assessments • Energy measurement and analysis • Water management and assessments • Waste management • Indoor environment quality • Alternative transportation • Climate change resilience • GHG management and planning	• Health and wellness programming • Procurement programme and tracking • Tenant engagement • Community engagement • Employee engagement	• Certifications and sustainability brand • Sustainability management

At MUST, we monitor our Asset and Property Manager teams' compliance with ESG requirements. Regular meetings are held between employees and the Asset and Property Managers to align understanding and requirements. To facilitate effective implementation of the Real Estate Sustainability Framework, sustainability training and awareness programmes are organised for the Asset and Property Manager teams. In addition, they are provided with an extensive property management handbook as a reference for expectations.

Since 2021, JHUSA, our Property Manager, has outsourced its property management services to third-party property managers. We oversee third-party property managers and require them to adhere to our proprietary sustainability policies.

To ensure that sustainability practices are upheld, our property management agreements include the Sustainable Building Standards. It provides guidance documents, tools, and training to property managers. They are required to provide updates according to our own Sustainable Building Standards, including utility bills on a monthly basis, and requested metrics for information on, for example, energy audits, natural gas consumption, and tenant engagement activities.

We have also developed an annual third-party property manager scorecard to rate compliance with property management agreements, including a qualitative assessment on delivery against our expectations.

Materiality Review

Approach to Materiality

In accordance with GRI Standards 2021, our material topics are defined as those that represent MUST's most significant impacts on the economy, the environment, and people, including their impacts on human rights. By coordinating our approach to align with stakeholders' expectations, MUST has focused its sustainability efforts on prioritising important ESG issues since its first Sustainability Report in 2017.

In 2021, we refined the sustainability framework and conducted a comprehensive review of our material ESG topics, considering changes in the external environment that may affect our operations. The process was supported by an independent consultant with a four-step materiality determination assessment to determine ESG topics that are relevant and material to our internal and external stakeholders. The four-step process involves 1) identifying core ESG topics; 2) rating and clustering similar ESG issues; 3) prioritising them based on likelihood and impact, and finally 4) validating and signing off the prioritised topics by the Board.

In 2022, our prioritisation of material ESG topics has been revised to reflect the updated definition of materiality. Accordingly, the material topics and levels of priority for the reporting period have been updated as shown in the table below.

The Manager has reviewed the material topics and their prioritisation levels in 2022 and concluded that the topics remained relevant for the Reporting Period.

SUSTAINABILITY PILLARS[1]

Environmental

Building Resilience

1. Sustainable building
2. Energy
3. Water management
4. GHG emissions
5. Climate change mitigation and adaptation
6. Waste management
7. Biodiversity

Social

People First

8. Employee well-being, health safety
9. Human rights and non-discrimination
10. Employment practices
11. Customer health and safety
12. Training and development
13. Diversity and inclusion
14. Community development
15. Marketing and labelling

Governance

Driving Sustainable Growth

16. Corporate governance
17. Economic performance
18. Economic contribution to society
19. Supply chain management

Legend:

- Highly Critical Material Issue
- Critical Material Issue
- Moderate Material Issue

1 The identified material topics are mapped to our sustainability pillars, which form the framework of this report. A definition of each of the three pillars can be found on page 74.

SUSTAINABILITY APPROACH

Stakeholder Engagement

The success of the business depends on regular stakeholder engagement and meaningful communication. Key stakeholders are identified based on their potential to influence or be affected by our operations and sustainability performance. Our Board engages with stakeholders during annual general meetings and considers their views in identifying MUST's impacts, as outlined in our approach to materiality.

Stakeholder Groups	Key Concerns / Interests	Engagement Methods and Frequency	MUST's Response in 2022
Internal Stakeholders			
Employees	• Career development and training opportunities • Diversity and equal opportunities • Remuneration and benefits • Employee welfare • Health and safety • Labour and human rights • Engagement with management	• Semi-annual performance review • Regular training programmes • Regular dialogues with senior management • Annual employee engagement surveys • Employee grievance handling procedures	• Provide regular training and skills upgrading programmes • Proactive communications with employees to gather feedback and ideas to improve the workplace e.g. employee coffee chats and breakfast sessions • Provide fair and equal opportunities for all • Maintain a safe and healthy working environment • Offer hybrid work schedule (two in-office days per week) • Benefits enhancement e.g. mental well-being consultation and medical tele-consult • Five personal days in addition to annual leave offered to all employees
External Stakeholders			
Investment Community (investors, analysts, media)	• Transparent and timely updates about MUST's financial and operational performance • Strategy for sustainable growth • Access to senior management • Investor education on U.S. economy and office sector • ESG performance including global sustainability rankings and indices	• Results briefings and conference calls • Ongoing investor roadshows, conferences and meetings • Thought leadership events and investor days • Annual and Sustainability Reports • AGM/EGM with minutes published on website • Website with email alerts and dedicated IR contact • Half-yearly live and archived audio webcasts • Media releases and SGX announcements • Regular LinkedIn updates	• Ensure timely and transparent disclosures • Proactive portfolio and capital management • Resumed in-person Investor Day to engage with retail investors • Sustainability framework to guide MUST's sustainability strategies across all investments, and asset and property management operations • Annual strategic investor survey: extended the survey to include journalists/ bloggers to gather their perception of the U.S. office sector and their key concerns

Stakeholder Groups	Key Concerns / Interests	Engagement Methods and Frequency	MUST's Response in 2022
Local Community	• Engaging and meaningful relationships with vulnerable community groups • Financial support to local community • Business impact on the environment, economy, and people	• Regular donation drives and CSR events • Ongoing social enterprise procurement • Ongoing collaborations with charities and Non-Governmental Organisations (NGOs) for community development • Annual cash donations	• Encourage employee participation in community engagement events by granting two days of volunteer leave annually • Continue to focus on helping vulnerable and elderly communities through corporate donations and employee volunteering • Corporate gifts are sourced mainly from social enterprises • Advocate best practices in sustainability
Tenants	• Clean and safe environment • On-site amenities • Tenant engagement activities • Energy-efficient space	• Ongoing tenant appreciation events • Annual tenant satisfaction survey • Tenant feedback meetings	• Hosting events and engagement activities for tenants • Organising activities to engage tenants while also giving back to the community e.g. blood donation drives, collecting recycled electronics to donate to children in need
Regulators and Industry Associations	• Compliance with policies, rules, regulations including environmental, labour standards and SGX-ST listing requirements • Good corporate governance and transparency • Sharing of industry/ sector trends	• SGX announcements, circulars and other regulatory fillings • Annual and Sustainability Reports • AGM/EGM • Website • Panels and associations	• Participation in industry associations such as the REIT Association of Singapore (REITAS) • Participation on panels at conferences to share industry trends and insights • Consultation with regulators such as SGX and Monetary Authority of Singapore • Review disclosures against best practices
Business Partners (Suppliers, Service providers)	• Health and safety of workers • Human rights • Ethical business practices including anti-money laundering, anti-corruption	• Regular dialogues/ feedback • Vendor Code of Conduct	• Code of Business Conduct and Ethics in place to affirm MUST's commitment to ethical conduct and compliance with all applicable laws • Encourage business partners to follow the human rights standards outlined in the Manulife Vendor Code of Conduct

BUILDING RESILIENCE

OBJECTIVE

Reducing the environmental impact of our properties and supporting the transition to a net zero economy

APPROACH

Climate Action

Building the resilience of our assets to climate change by reducing carbon footprint and managing climate-related risks

Environmental Stewardship

Reducing the environmental impact of our properties through energy efficiency and resource conservation

TARGETS AND PERFORMANCE

2023 and Long-Term Targets	2022 Performance
By 2035: Achieve 38.0% reduction in GHG emissions intensity from 2018 base year By 2050: Achieve 80.0% reduction in GHG emissions intensity from 2018 base year	32.6% reduction in GHG emissions intensity from 2018 base year
By 2035: Achieve 33.0% reduction in energy intensity from 2018 base year By 2050: Achieve 49.0% reduction in energy intensity from 2018 base year	27.3% reduction in energy intensity from 2018 base year
Maintain ~90.0% green-certified portfolio by NLA By 2030: Achieve 100.0% green-certified portfolio by NLA	93.0% green-certified portfolio by NLA
Maintain 'A' rating for GRESB Public Disclosure and 5 Star for Real Estate Assessment	'A' for GRESB Public Disclosure 5 Star for GRESB Real Estate Assessment
Improve water and waste conservation efforts	Water usage intensity of 44.52 L/sq ft, 7.2% lower than 2018

Supporting United Nations SDG

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

BUILDING RESILIENCE

Climate Action

Taskforce on Climate-Related Financial Disclosures (TCFD)

Climate change presents risks to our business. Thus, identifying these risks and managing their impacts is integral to our sustainability strategy. MUST is aligned with both the Sponsor's Climate Action Plan and Journey to Net Zero, as well as the Asset Manager's Climate Change Statement which guide our climate mitigation and adaptation efforts to reduce the impact and vulnerability of our asset operations. Since 2017, our Sponsor has supported the TCFD and published its first disclosure aligned with the TCFD framework in 2019. Our business strategies remain focused on ensuring transparency in disclosures and building climate risk resilience in line with TCFD's recommendations.

Governance of climate-related risks and opportunities

The Board has oversight of the material ESG factors of the REIT, including its climate-related issues, and takes them into consideration in the determination of the REIT's strategic direction and policies.

Additionally, the Board is updated on relevant performance metrics, such as carbon emissions performance, as well as stakeholder expectations and regulatory requirements related to climate change.

Led by MUST's CSO and comprising representatives from key business units, the SSC oversees the implementation of climate and sustainability strategies of the REIT. This includes target setting, ensuring adherence to the Monetary Authority of Singapore (MAS) ERM guideline, and compliance to SGX-ST reporting requirements relating to climate reporting. The SSC holds meetings twice a year to discuss sustainability issues and reports regularly to the CEO, Sponsor, and the Board on the REIT's sustainability performance.

As a sponsored REIT, the Manager works closely with our Sponsor and Asset Manager, communicating our sustainability performance regularly with our Sponsor's real estate team to ensure that the sustainability strategy remains aligned and rooted. Incentives for employees are tied to the achievement of ESG initiatives, with performance indicators linked to them. The remuneration policies for Management also factor in their performance in relation to the management of the REIT's impacts on the economy, environment, and people. Please refer to pages 115-118 of the Annual Report 2022 for more information.

Strategy for responding to climate change

In 2021, MUST conducted a materiality review to refresh the ESG issues that are most relevant and impactful to the REIT, and Climate Change Mitigation and Adaptation was added as one of the material topics impacting the business. In 2022, the Manager reviewed the material topics and concluded that Climate Change Mitigation and Adaptation remained material to the REIT.

ESG considerations are integrated throughout our acquisition and portfolio management processes guided by our Asset Manager's Sustainable Investing and Sustainability Risk Statement as well as Climate Change Statement.

We assess factors such as climate-related exposure, energy performance, and tenant engagement programmes as part of our due diligence process.

A summary of ESG risks and opportunities will be recorded in the final stages of acquisition to ensure MUST's sustainability performance remains consistent. Upon acquisition, the new properties will be incorporated into our existing ESG programme.

A key aspect of our environmental sustainability strategy is reducing our carbon footprint and improving the efficiency of our energy consumption. This includes optimising our building operations to enhance efficiency, fuel switching, and exploring the use of on-site renewables. We will continue to integrate sustainability considerations into our financing mechanisms and strengthen our sources of green funding. As at 31 December 2022, MUST has obtained US$665.0 million in green or sustainability-linked loans.

Please refer to the table on pages 82-83 for our climate-risk, mitigation and opportunity.

BUILDING RESILIENCE

Climate-related risk, mitigation and opportunity[1]

Risk	Mitigation and Opportunity
Transition Risks	
Regulation • Increasing climate-related regulations, including carbon pricing, regional efficiency, or emissions standards, and increasing disclosure requirements. Regulation changes could lead to increasing operating and compliance costs.	We continue to monitor emerging regulations and incorporate assessment of building performance and efficiency in our due diligence to stay ahead of carbon pricing and minimum efficiency requirements.
Market • Shift in capital away from high-emitting products and services, potentially affecting tenant demand, asset value, and fundraising.	Improving portfolio efficiency could create new avenues for financing and increase investor and tenant demand. We continue to certify our properties to green building standards such as LEED™, ENERGY STAR®, WiredScore, Fitwel®, and BOMA 360, implement energy and emission reduction programmes, and collaborate with tenants on shared climate goals.
Technology • There is a cost to move to a low-carbon economy, including capital upgrades to retrofit assets, advanced technologies for buildings, demand for high-quality transactable ESG data, real-time metering, and shifting to renewable energy sources.	Short-term capital costs are expected to be offset from paybacks on lower operating costs and meeting tenant demand.
Reputation • Failure to act or the perception of not acting on climate change could affect our reputation and risk our relationship with tenants, employees, communities, and investors.	To communicate our climate change action and impact, we disclose our objectives and performance annually through GRESB and our Sustainability Report.
Physical Risks	
Acute Risks	
Flooding • Flooding can cause asset damage, downtime, and incur costs through insurance premiums and deductibles. Flooding may affect our ability to obtain insurance in vulnerable markets.	Our insurance team reviews our portfolio's exposure to flood risk annually to understand insurance implications. Properties have regular site assessments completed by our insurer, which include recommendations for protection measures.
Extreme Storms • Climate change is expected to increase the frequency and severity of extreme storms, high winds from hurricanes, typhoons, snowfall, or ice storms from extreme temperature fluctuations. This can cause asset damage and downtime from power loss.	We prepare properties for storms through our emergency management planning and seek to minimise downtime by using on-site backup power generators.
Wildfires • Wildfires can not only cause asset damage, but may also affect occupant health through reduced air quality.	Our teams consider various resilience measures, including fire-resistant building materials, on-site emergency water supply, and high-efficiency air filters to protect indoor air quality.

1 Represents a non-exhaustive list of the main risks and opportunities currently identified across our portfolio. Risks and opportunities are subject to change over time and are ultimately addressed on a case-by-case basis depending on the individual characteristics of each property.

Risk	Mitigation and Opportunity
Physical Risks	
Chronic Risks	
Heat Stress • Rising global temperatures can affect employee and tenant productivity and increase operational costs to maintain safe and comfortable building conditions.	We seek to identify opportunities to improve cooling efficiency and costs through capital upgrades, building commissioning, and operating procedures.
Water Stress • Water scarcity can affect water availability and increase operational costs.	We seek to maximise operational efficiencies while minimising consumption through practices such as water audits and installing low-flow appliances and faucets, and minimising landscaping water requirements where applicable throughout our portfolio.
Sea-level Rise • Rising sea levels can present similar challenges to flooding while also risking failed development approvals and 'stranded' assets in vulnerable areas.	We review and consider exposure to sea-level rise in acquisitions, as well as across our existing portfolio. We invest in preventative infrastructure and consider underwriting, where applicable.

Strategy for decarbonisation of operations

Overview	Description
Sustainability Issue	The world's real estate sector contributes about 40.0% of global carbon emissions. Decarbonisation of the built environment is imperative in tackling climate change.
Our Approach	To build a low-carbon portfolio, we continue to invest in green building features. In 2022, our green building expenditure amounted to approximately 1.0% of our 2022 revenue. This includes Light Emitting Diode (LED) light replacements, chiller improvements, and the incorporation of smart building equipment controls.
Our Progress	• Our portfolio's energy intensity has decreased by 27.3% from the 2018 baseline. • 93.0% of our buildings by NLA are green-certified by either LEED™, ENERGY STAR®, WiredScore, Fitwel® and BOMA 360 certifications. • Refer to our energy conservation initiatives on page 88.
Moving Forward	We aim to achieve 80.0% GHG emissions reduction by 2050, in line with our Asset Manager's target.

BUILDING RESILIENCE

Risk management of climate-related risks

Climate-related risks are identified and assessed according to our Sponsor's Environmental Risk Policy, which outlines an enterprise-wide framework to manage environmental risks.

Climate-related risks and opportunities are identified, prioritised, and mitigated through MUST's ERM framework. We believe that the ERM framework is reasonably designed to identify the REIT's climate-related risks that have the potential to significantly affect our operations.

Our acquisition process evaluates environmental and social risks as part of due diligence and is presented as part of the investment approval to management. Once the property is onboarded, mitigation strategies are incorporated into the asset plans. We work closely with our Asset and Property Managers to monitor and address climate risks. As part of our environmental risk management strategy to strengthen our portfolio's resilience to climate risk, our properties are insured against fire accidents, property damage, terrorism, quakes, business interruptions, and public liabilities, including personal injuries in compliance with U.S. industry practice.

A portfolio risk study was conducted in 2020 using current and forward-looking risk scenarios to assess asset level exposure to climate-related hazards – floods, extreme storms, wildfires, sea-level rise, droughts, and heat stress. Resilience measures associated with flood risk management, property features, the property team's resilience management practices, and emergency and business continuity plans were also assessed as part of the mitigation plan for such risks.

Regulatory risks were also assessed using a third-party tool to determine our portfolio exposure to these transition risks. In addition to identifying climate-related risks, we were also able to identify climate-related opportunities from findings of the study, thereby helping us to plan strategies to strengthen the climate resilience of our properties. New requirements on property climate resilience have been included in our Property Manager's Sustainable Building Standards.

Metrics and targets

We are committed to achieving a 38.0% reduction in GHG emissions by 2035, and 80.0% by 2050[1]. These targets are modelled based on the Carbon Risk Real Estate Monitor (CRREM) science-based decarbonisation pathways that are aligned with the Paris Climate Goals of limiting global temperature rise to 2.0°C, with ambition towards 1.5°C. These targets are also aligned with our Sponsor's net zero target for its investment portfolio, and our Asset Manager's GHG target of 80.0% reduction for its real estate portfolio by 2050. We have also set a long-term target to achieve a 100.0% green-certified portfolio by 2030. Detailed information on our targets and performance can be found on page 80.

We continue to build upon our existing metrics and targets to help guide our decarbonisation strategy and are continually improving our data collection and disclosure. When data is more mature, we may disclose the breakdown by composition of waste generated, waste diverted from, and waste directed to disposal.

In measuring and reporting our GHG emissions, we reference the TCFD recommendations and global standards including the GRI and the GHG Protocol Standard. We use the operational control approach in accounting for our emissions as it is more representative of the REIT's business as compared to the equity approach.

We also partner with tenants, investors, and industry experts to tackle climate change on a broader scale. By working collaboratively with our stakeholders, we are able to strengthen our efforts on reducing potential climate change impacts and realise the economic benefits of the low-carbon transition.

More details of our performance in GHG reduction and sustainable properties can be found on pages 85 to 88 of this report.

1 Targets are intensity-based reduction of Scope 1 and 2 emissions for the properties that are within our operational control, from a base year of 2018. Please refer to page 87 for more details.

Environmental Stewardship

We are committed to maximise our resource efficiency and embed conservation practices into our operations. Reducing the environmental impact of our properties and supporting the transition to a net zero economy remain our key goals.

We are monitoring MUST's target to achieve 80.0% GHG reduction target by 2050, in line with our Asset Manager's goal. One of the approaches to achieving our targets is to improve energy efficiency in our operations. Some examples of our efficiency measures are optimising our operations, exploring fuel switching and the use of renewables in our buildings.

We have also incorporated green lease provisions in our new leases signed in 2022 and will strive to increase coverage as we enter into new leases. We are committed to integrate environmental considerations into our business strategy and decision-making processes.

Commitment to Sustainable Properties

With the real estate sector producing approximately 40.0% of global carbon emissions, the push towards greener buildings has been accelerated as part of the global climate mitigation strategy.

At MUST, our sustainability performance is monitored and managed by our Asset and Property Managers using the Sustainable Building Standards and assessed externally by GRESB Real Estate Assessment.

Environmental factors are considered throughout our properties' lifecycle, from acquisition to operations and redevelopment to divestment. We conduct sustainability due diligence and evaluate the property's environmental performance prior to acquiring a property. After acquisition, we take steps to improve or maintain the performance of the building. Our commitment to sustainable properties has enabled us to maintain a 93.0% green-certified portfolio in terms of NLA.

For the fifth year running, we were awarded with the highest 5 Star rating by GRESB with a score of 92, outperforming both the global average of 74 and peer group average of 85. MUST ranked 5th out of the 14 listed U.S. office REIT peers. Our key strengths include:

- High building certification and rating coverage
- 100.0% GHG emission, energy, and water data coverage
- Strong GHG emissions and energy performance
- Robust ESG disclosures and policies
- Strong stakeholder engagement practices

Green Certifications

Certifications	LEED™ Gold	ENERGY STAR®	WiredScore	Fitwel® and Fitwel® Viral Response (FVR)	BOMA 360	% of NLA with green certification
	Most widely used global green building rating system to recognise healthy and highly efficient green buildings	Certifies the top 25% commercial buildings for meeting strict energy performance standards	Assesses, certifies, and promotes digital connectivity and smart technology in homes, offices, and neighbourhoods globally	Focuses on health, wellness and the impacts a building has on its occupants. The FVR Module sets the industry standard for optimising buildings in response to infectious respiratory diseases	Worldwide standard for operational best practices in the commercial real estate industry	
Properties						
Exchange	√	√	√	√ (orange)		13.5%
Plaza			√	√ (orange)		8.6%
Penn	√	√	√	√ (orange)		5.1%
Centerpointe		√	√	√ (teal)		7.7%
Phipps	√	√		√ (orange)	√	8.7%
Peachtree		√		√ (orange)	√	10.3%
Figueroa	√[1]	√	√	√ (orange)		13.1%
Michelson	√	√	√	√ (orange)		9.8%
Capitol	√	√	√	√ (teal)	√	9.2%
Park Place		√				5.0%
Diablo						Nil
Tanasbourne		√[2]				1.9%[2]
Total	**6**	**10**	**7**	**16**	**3**	**93.0%**

√ Adhere to Fitwel® Viral Response √ Adhere to Fitwel® Viral Response and Fitwel® Built Certification

Note: Amounts may not sum up to 93.0% due to rounding.
1 Figueroa's LEED™ certification was obtained in January 2023.
2 ENERGY STAR® certification was achieved for two out of three buildings at Tanasbourne.

BUILDING RESILIENCE

Based on GRESB 2022 results, our energy, GHG and water intensities are 31.5%, 21.4% and 8.1% lower than our U.S. peers respectively, contributing to a score of 54 compared to the average benchmark score of 49 in the Environment component of the Assessment.

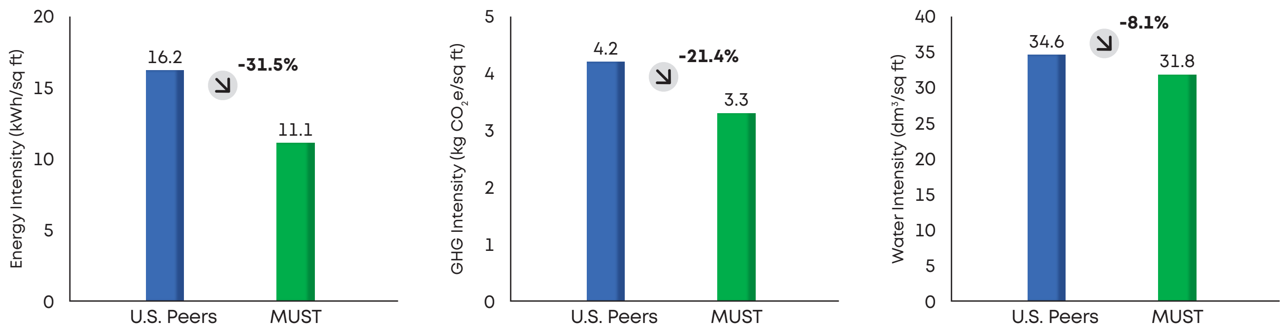
We place emphasis on sustainability performance of our properties and remain committed to ensuring the highest quality of building standards for all properties in our portfolio.

ESG Integration in Investment Process

At MUST, potential acquisitions are sourced by MUST's Chief Investment Officer and our Asset Manager. The Manager then vets the acquisition opportunities which will be presented to the Board for approval. ESG considerations are embedded throughout these processes. Factors such as climate-related exposure, energy performance, and tenant engagement programmes are examples of the ESG considerations that are assessed for potential acquisitions. By integrating ESG considerations at various stages of our acquisition process, we ensure the continuity of MUST's sustainable operations.

Once the acquisitions are approved, environmental and social sustainability risks and opportunities are identified in our due diligence process. This includes metrics such as contamination, energy performance and tenant engagement programmes. In the final stages of the acquisition, a summary of ESG risks and opportunities are recorded to ensure MUST's consistent sustainability performance. Upon acquisition, the new properties will be integrated into our existing ESG programme for continual monitoring of their performance.

GRESB 2022 Results[1]



Initial Screening → Initial Analysis/ Underwriting → Approval Decision → Due Diligence → Finalise Deal → Onboard Property

1	2	3	4	5
ESG in initial analysis	**Integrate ESG in budgets and financial models**	**ESG in due diligence**	**Investment ESG Summary**	**Onboarding properties to Manulife ESG programme**
• Understand high-level ESG risks and performance • Communicate ESG data to Investment Committee	• Budget for ESG costs and savings in financial models • Capture efficiency opportunities	• Ensure material ESG due diligence items are addressed • Include additional information in models and onboarding	• Summarise property ESG risks and strengths • Ensure consistent and thorough process	• Share key information collected during investment process • Ensure effective transition into ESG programme

1 Relating to GRESB's Office: Corporate: High-Rise Office category, which represents 99.6% of our total Gross Asset Value in 2021.

Optimising our Operations

At MUST, we are focused on driving the operational efficiency of our buildings.

The Asset Manager has a process in place to monitor consumption and propose opportunities to lower the carbon footprint of our properties. This helps us evaluate asset enhancement plans to optimise and reduce energy usage of our buildings. Beyond our internal expertise, we also leverage on external consultants to conduct ASHRAE[1] energy audits to identify energy efficiency opportunities. MUST is also capitalising on technology to drive energy efficiency with smart building technologies and data analytics. Such technology replaces time-based building management with real-time insights, reducing labour hours and improving the reliability of our buildings' performance data.

In addition, we have an Environmental Management System (EMS) to monitor and manage the impact of our operations on the environment. The EMS is certified to the requirements of International Organisation for Standardisation (ISO) 14001 and provides us with a systematic approach to understanding and managing our environmental impact.

Energy[2,3,4,5,6,7,12,13] and Emissions[2,3,4,5,8,9,10,11,12,13]

Aligned with our Sponsor and Asset Manager's GHG reduction targets, we have developed targets that aim to achieve the following reduction from our 2018 base year:

- 38.0% reduction in GHG emissions intensity by 2035 and 80.0% reduction by 2050
- 33.0% reduction in energy intensity by 2035 and 49.0% reduction by 2050

We have also enhanced our disclosures by disclosing our energy and emission reduction progress compared to 2018 levels.

In 2022, some of our submarkets experienced colder winters, for example in New Jersey and Washington, D.C., leading to higher consumption of natural gas. As a result, the total energy consumption in our operations rose from 66,333,814 ekWh in the comparative period a year ago to 76,193,387 ekWh in 2022. Energy intensity of our portfolio also rose from 10.84 ekWh/sq ft to 11.27 ekWh/sq ft in 2022. MUST's total GHG emissions was 22,017 tCO_2e, comprising 2,129 tCO_2e of Scope 1 GHG emissions and 19,888 tCO_2e of Scope 2 GHG emissions. Total carbon emissions (Scope 1 and 2) increased by 11.9% to 22,017 tCO_2e while carbon emissions intensity rose by 1.6% to 3.26 kg CO_2e/sq ft compared to the previous year.

In 2022, renewable energy accounts for about 13.0% (9,899,809 ekWh) of MUST's total energy consumption. These relate to renewable energy certificates purchased and retired in 2022.

Against the 2018 baseline year, energy intensity has reduced by 27.3%. Over the years, the Asset Enhancement Initiatives (AEIs), retrofitting of lighting, and installation of energy efficient Heating, Ventilation and Air Conditioning (HVAC) equipment have contributed to the reduction of energy consumption.

The 2022 ESG Data Summary on page 101 provides a complete breakdown of our energy consumption and emissions figures.

1 The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) is a standard and guideline for performing energy audits on buildings.
2 Targets are based on Scope 1 and Scope 2 emissions for the properties that are within our operational control.
3 MUST's carbon footprint is calculated in accordance with the GHG Protocol, developed by the World Resources Institute and the World Business Council on Sustainable Development. The GHG Protocol is the most widely used standard for greenhouse gas accounting in the world.
4 Intensity figures were calculated based on building areas that include below-grade parking if mechanically ventilated and/or heated, in accordance with best practices such as BOMA 360.
5 2021 data published in the 2021 Sustainability Report was based on estimates whereas 2021 data in this report has been revised to reflect the actual consumption.
6 Energy consumption comprises purchased and renewable electricity, as well as natural gas. The total energy consumption is expressed in equivalent kilowatt hours (ekWh). Likewise, the types of energy included in the reduction from baseline year comprise purchased and renewable electricity, as well as natural gas. There was neither electricity sold nor heat, steam and cooling consumption during the Reporting Period.
7 Energy intensity is calculated relative to Gross Floor Area (GFA), expressed as ekWh/sq ft. MUST's weather normalised energy intensity is 11.17 ekWh/ sq ft.
8 Scope 1 emissions are calculated from the consumption of natural gas and expressed in tonnes of CO_2e. Scope 1 emission factors for direct energy consumption in the U.S for natural gas were taken from the Emission Factors for Greenhouse Gas Inventories published by the U.S. Environmental Protection Agency (EPA) in April 2022 (53.06 kg CO_2/mmBTU).
9 Scope 2 emissions are calculated from the consumption of grid electricity, expressed in tonnes of CO_2e. Scope 2 emission factors were taken from the U.S. EPA eGrid Summary Table published in 2022.
10 GHG emissions intensity is calculated by total GHG emissions/GFA, expressed as kg CO_2e/sq ft.
11 Reduction in GHG emissions is based on Scope 1 and Scope 2 emissions compared to the 2018 base year.
12 Figures in the Energy and Emission sections were calculated based on the location-based methods as defined by the GHG Protocol Corporate Standard.
13 The grid electricity provider that a property is using may not always be the same as the one that REC purchases are made from.

BUILDING RESILIENCE

Optimising our operations and maximising resource efficiency are our top priorities. We continue to implement various energy conservation initiatives across our portfolio during the Reporting Period:

Initiatives in 2022

Peachtree, Phipps, Figueroa
- Installation of energy efficient LED lights at common areas

Centerpointe
- Replacement of chiller components and gaskets, and Building Automation System (BAS) to optimise building infrastructure

Exchange
- HVAC units and Air Handling Unit (AHU) upgrades

Penn and Centerpointe
- Replacement of chillers with more energy-efficient models

Water[1,2,3,4,5] Management

We consider water as one of our focus areas in property management. Our properties mainly draw water from municipal water utilities. Any wastewater is discharged responsibly through municipal water utilities across all our properties.

As part of our commitment to conserve water, we periodically review all our properties' water management plans and introduce initiatives where we identify areas for improvement. Our Sustainable Building Standards include guidelines on water efficiency strategies to manage and monitor water usage. Through various initiatives and practices, we will continue to increase water efficiency and reduce water use in our operations.

In 2022, water usage was 301,040 m^3 and water usage intensity was 44.52 L/sq ft, an increase of 44.4% compared to 2021. The increase in water usage is mainly attributed to higher physical occupancies at our properties as more tenants returned to the office post-pandemic and amenities such as cafés and fitness centres reopening.

A full breakdown of our water usage figures is furnished in the 2022 ESG Data Summary on page 101.

Waste Management[1,2,6]

A sustainable and livable city requires proper waste management. In line with the principles of a circular economy, we strive to reduce waste directed to disposal.

The Reporting Period saw 1,997 tonnes of waste generated from tenants. Most of the waste generated in MUST's properties are non-hazardous waste from tenants and disposed in landfills.

We also promote recycling practices within our operations by educating our employees, tenants and business partners as well as encouraging them to take action to reduce, reuse, and recycle. Collection drives for e-waste were held throughout the year in Michelson, Figueroa, Centerpointe and Plaza. In 2022, 30.6% or 612 tonnes of waste was recycled as compared to 34.3% or 434 tonnes in 2021.

Waste intensity was 0.30 kg/sq ft, a 42.7% increase from 0.21 kg/sq ft in 2021.

Please refer to the 2022 ESG Data Summary on page 101 for a breakdown of our waste data.

1 Intensity figures were calculated based on building areas that include below-grade parking if mechanically ventilated and/or heated, in accordance with best practices such as BOMA 360.
2 2021 data published in the 2021 Sustainability Report was based on estimates whereas 2021 data in this report has been revised to reflect the actual consumption.
3 Total amount of water withdrawn is the same as total amount of water discharged into third-party water sewers with negligible amount of water consumed. Hence, the total amount of water usage is reported.
4 Water intensity ratio is calculated by the total volume of water usage, relative to GFA, expressed as L/sq ft.
5 MUST's properties do not store water on-site.
6 Waste intensity is calculated by total waste generated/GFA.

PEOPLE FIRST

OBJECTIVE

Ensuring the needs of our stakeholders are well-served is key to sustaining our business. This includes creating a safe and healthy environment and safeguarding the well-being and interests of our employees, tenants, and the local community.

APPROACH

Nurturing our Talent

Fostering a diverse, equal, inclusive and nurturing culture for employees to thrive at work

Safeguarding Health and Well-Being

Creating a safe and healthy environment for our employees and tenants

Serving our Communities

Enriching the lives of our local communities

TARGETS AND PERFORMANCE

2023 and Long-Term Targets	2022 Performance
Continue to hire employees with diversified age, gender, and type	Achieved
Minimum 30 hours of training per employee annually	32.1 training hours per employee
Maintain an accident and injury-free work environment and comply with Manulife's Health and Safety policy	Achieved zero accident and injuries among employees and workers
Continue to pursue health and wellness related building certifications for our portfolio	Obtained new Fitwel certifications for five properties and Fitwel Viral Response certifications for seven properties[1]
CSR contribution of S$20,000	CSR contribution of S$25,000
Commit at least 200 CSR hours	225 CSR hours committed

Supporting United Nations SDG

1 Exchange, Plaza, Penn, Phipps, and Peachtree achieved both the Fitwel® and Fitwel® Viral Response certification. Centerpointe and Capitol achieved the Fitwel® Viral Response Certification.

PEOPLE FIRST

Nurturing our Talent

At MUST, we believe that our employees are key to our success. As part of our commitment to investing in the development of our employees, we provide them with training and opportunities for personal and professional growth. We strive to provide our employees with a safe working environment where they feel respected and are free to express their views. By doing so, it enhances team spirit and strengthens employees' sense of belonging. In addition, we seek to enhance our competitive edge by bringing together people from diverse expertise, experience, and socio-cultural backgrounds.

Diversity, Equal Opportunity and Non-Discrimination

We strive to maintain a diverse and dynamic workforce to attract and retain talents. MUST embraces Manulife's diversity, equity, and inclusion (DEI) values to cultivate a conducive workplace for employees to thrive. Manulife's global DEI strategy is spearheaded by its Chief Diversity, Equity and Inclusion Officer, the Global DEI Team and the Global Executive DEI Council who collectively guide, support, and facilitate its implementation.

Talent
Diversity at all levels in the organisation that is reflective of the communities we serve

Culture
Employees thrive because they belong and can bring their authentic selves to work

Community
Strong partnership and DEI support in the external communities in which we live, work, and serve

Promoting an Inclusive Workplace

The M|Able DEI Day is an annual information sharing event that aims to promote a greater understanding of bias, discrimination and the importance of allyship in the workplace. External speakers were invited to share experiences and insights during the sessions. The sessions for 2022 included sharing on integrating people with special needs in the workplace, a virtual live charity auction and awareness talks on understanding people with Mild Intellectual Disability (MID). Manulife also sponsored a venue at Manulife Tower Singapore during M|Able DEI Day for social enterprises to set up their booths to advocate for and hire people with special needs.

We adopt a zero-tolerance policy against workplace discrimination and ensure that all employees are treated fairly and equally. Together with Manulife's Singapore office, we uphold our commitment to the five key principles of the Tripartite Guidelines on Fair Employment Practices (TGFEP). We are also a member of the Singapore National Employer Federation which promotes fair and responsible employment practices.

Our stance on human rights and anti-discrimination principles is further reinforced by the Sponsor's Code of Business Conduct. We also have a Discrimination, Harassment and Workplace Violence Policy in place that covers sexual harassment, our zero tolerance for discrimination, training for all employees on workplace discrimination and harassment, corrective action in cases of discriminatory behaviour, and the procedure for reporting incidents.

The Manager has not received any related reports against discriminatory actions or other forms of human right violations across its operations in 2022.

Over the past two years, females have made up more than 30.0% of both executive and non-executive employees. As of 31 December 2022, the Manager had 18 full-time employees[1], with 16 of them based in Singapore.

Please refer to the 2022 ESG Data Summary on page 102 for the complete workforce breakdown.

1 In defining employees, executive refers to the CEO and management, whereas non-executive refers to all other employees of the Manager.

Fair Employment

At MUST, we uphold human rights principles and adhere to fair employment practices. Our recruitment practices, advancement opportunities, and compensation policies are guided by diversity and inclusion principles. Our Sponsor's Human Resource (HR) committee oversees remuneration of MUST's employees. The Manager does not engage remuneration consultants to review employees' salaries. Instead, HR practices consider external business and economic factors, as well as internal feedback from career conversations, exit interviews, performance reviews and employee engagement results to ensure that remuneration packages are fair and reasonable. The remuneration packages of our employees are reviewed annually and are based solely on their performance.

In 2022, MUST's average recruitment rate stood at 22.2%. Four new employees were hired in 2022, with 100.0% of open positions filled through external hiring. MUST also recorded an average turnover rate of 27.8% for 2022. 100.0% of the turnover relates to voluntary resignation. We continue to organise engagement activities and gather feedback from employees to improve employee retention.

More details of our employment figures can be found on pages 102 to 103 in the 2022 ESG Data Summary.

Training and Education

Developing our workforce through lifelong learning ensures that we have a future-ready workforce. Comprehensive onboarding training is conducted for new hires, including mandatory training on governance and risk management. An annual training budget of S$2,000 is set aside per employee. All full-time and part-time employees are eligible for training and we are currently working with educational institutions to develop training courses for all employees. In addition, full-time permanent staff may enrol in a degree programme or take any other programme or examination offered by a recognised university or institution.

In compliance with Monetary Authority of Singapore (MAS) regulations, Capital Markets Services (CMS) license holders attend REIT Management courses organised by REITAS to keep abreast of developments in the REIT industry. The CMS license holders have various responsibilities including asset management, investment management, financing and investor relations. 13 of our employees hold the accredited Capital Markets and Financial Advisory Services (CMFAS) Module 10 certification[1] issued by The Institute of Banking & Finance Singapore as at 31 December 2022. Also, all license holders fulfilled the required nine hours of Continuing Professional Development training in 2022.

In addition, Fuel Up Fridays, a group-wide initiative that grants all staff an afternoon to pursue learning opportunities every second Friday of the month, helps support our employees' learning and development. Employees can access Pursuit, an automated AI powered learning platform that offers tailored learning plans to enhance employees' skills and capabilities. In 2022, Manulife held a Learning Fiesta event to develop employees' soft skills and workplace capabilities in an interactive and dynamic format to enhance their professional competency.

The average number of training hours per employee was 32.1 hours in 2022. The average training hours per female employee was 34.9 hours while male employee was 26.0 hours. Our target is to maintain at least 30 training hours per employee.

In addition to our talent management efforts, we offer leadership development programmes for our board and key executives. Annual 360-degree evaluation on the CEO is conducted with both the board and key executives to ensure alignment of the REIT's objectives and key competencies. Mentoring programmes are also provided for high-potential key management for career development and succession planning. To align the performance and developmental needs of key management personnel, the Chairman of MUST's Nominating and Remuneration Committee (NRC) also conducts annual interviews with them to gather feedback and identify areas for further improvement.

All Singapore-based employees and the Board have received training on sustainability reporting standards, practices, and knowledge relating to the identification of material ESG issues. In 2022, all six of our current directors[2] attended at least one of the sustainability training courses prescribed by the Singapore Institute of Directors (SID).

MUST has an Internship Programme to create a pipeline for new talent and provide mentorship opportunities for existing employees. Through our Internship Programme, we hired an intern to join the investor relations team and will continue to work with tertiaries to recruit talents.

1 The CMFAS Module 10 - Rules & Regulations for REIT Management, with Product Knowledge & Analysis examination is applicable for all persons who wish to conduct REIT management in Singapore.

2 Mr Stephen James Blewitt, Professor Francis Koh Cher Chiew, Ms Veronica Julia McCann, Dr Choo Kian Koon, Ms Karen Tay Koh, and Mr Michael Floyd Dommermuth.

PEOPLE FIRST

Performance Management

Our compensation philosophy is built around pay for performance. Employee compensation is linked to the achievement of the REIT's goals, including ESG initiatives. This motivates employees to strive towards goals that are aligned with the creation of value for the business.

We have a performance management system in place that periodically evaluates employee progress through semi-annual self-performance reviews and managerial feedback. In 2022, 100.0% of our employees across all job levels received performance and career development reviews. These reviews enable employees to engage and communicate with their supervisors to identify targets and improvements, as well as explore opportunities for career advancement and development. To cultivate a culture of high-performance, employees' performance is assessed using a performance appraisal system that evaluates the achievement of objectives associated with behavioural expectations that are consistent with the Group's core values. Sustainability is also integrated into all employees' performance evaluations, with performance metrics linked to the achievement of ESG goals, such as environmental performance, employee engagement, and leadership responsibility, where applicable.

A full breakdown of our training, performance, and career development reviews data is furnished in the 2022 ESG Data Summary on page 104.

Employee Engagement

To build an engaged workforce, employees take turns as AoCs to collect feedback, organise team bonding activities, and propose ideas for work environment improvements.

In 2022, we continued to engage our workforce through AoC and BOTH, where senior management engaged with employees at all levels and shared business updates over breakfast meetings. Besides BOTH, employees also participated in other bonding activities which helped to strengthen team cohesion. Additionally, we held regular conversations (online and in-person) with employees of all levels to determine how employee engagement could be enhanced.

Employee Health and Well-being

Supported by the Group, MUST has taken a range of actions to support the well-being of our employees and their families in response to the challenges they face. We are dedicated to increasing productivity, employee satisfaction and talent retention to achieve organisational excellence.

In 2022, all employees were granted five additional days of paid leave for well-being, rest and relaxation. Additionally, we provide occupational health services that include annual health screenings and fitness programmes for employees.

Encouraging Stock Ownership

MUST employees are eligible for Manulife's Global Share Ownership Plan to encourage them to own shares and grow with the company. Employees may invest up to 5.0% of their annual base income in Manulife Financial Corporation (MFC) common shares. MFC will match a percentage of eligible employee investments up to a set amount. All funds are utilised to buy common shares in the open market and are instantly vested.

This initiative garnered a favourable response from our employees. In 2022, 50.0% of MUST's employees participated in this programme. 77.8% of MUST's employees are registered in employee stock schemes, including those who were given Restricted Share Units under the Long-Term Incentive Scheme.

Respect for Freedom of Association

MUST respects our employees' right to freedom of association and being members of trade unions. Although MUST is not unionised, we are guided by the Industrial Relations Act in Singapore, which allows our employees to be represented by trade unions for collective bargaining. This allows an avenue for employees to seek redress in cases of disputes.

Grievance Mechanism

MUST follows the Group's principles in providing employees with formal grievance reporting or escalation procedures to ensure our workplace is free of discrimination, harassment, and violence. A designated and confidential whistle-blowing channel, as specified by the Whistle-blowing Policy, as well as proper escalation processes, are in place to ensure that employee concerns are communicated to the relevant authorities in management and that appropriate measures are taken when necessary.

The whistle-blowing channel is operated by an independent company, and its operations are overseen by the Audit and Risk Committee (ARC). The ARC is designated as an independent function to investigate all whistle-blowing reports made in good faith at its scheduled meetings. If cases are reported through the whistle-blowing channel, the ARC will investigate the reports to ensure effective closure of the cases. The channel can be accessed anonymously via hotlines and website. All advice and concerns expressed are treated with confidentiality. Employees are advised to contact their immediate supervisor should they have any concerns or questions about business practices or potential conflicts of interest. Retaliation of any form for reporting unlawful or unethical behaviour in good faith is strictly prohibited.

Safeguarding Health and Well-Being

Providing a safe and healthy environment for our tenants and employees is a priority for us. In line with our Health and Safety Policy, we strive to ensure the safety of all users of our properties.

Occupational Health & Safety (OHS)

MUST follows the Group's Global Health and Safety Policy to safeguard the occupational health and safety of our employees, establishing our 'internal responsibility system' whereby all employees and managers are collectively responsible for workplace safety. To further instil a mindset that is conscious of workplace health and safety, the Manager integrates Occupational, Health & Safety objectives into the performance appraisal and compensation of all employees. Manulife's Global Head of Employee Relations reviews and approves the Policy at least once a year, whilst the implementation of OHS practices is overseen by the Manager. Regular meetings are held between the Asset Manager, third-party property managers and management to evaluate and improve the health and safety performance of the properties. Asset and property managers are also required to attend annual trainings.

Manulife's Health and Safety Programme is designed to safeguard employees from workplace injury and disease, promote wellness initiatives, prevent workplace violence and harassment, and maintain compliance with local occupational health and safety regulatory standards that are relevant to our industry. We also conduct regular monitoring, education, and training as well as enforcement procedures to ensure that the programme runs smoothly.

Our robust Business Continuity Management Programme helps to facilitate the development, execution, and maintenance of business continuity and disaster recovery planning initiatives for our tenants. Pandemic response plans and desktop drills are conducted on a regular basis to evaluate the resilience of these plans and to implement safe management and distancing measures in our premises. Our Property Manager in the U.S. contacts tenants on a regular basis to discuss security issues and performs emergency drills to prepare them for emergency situations.

In 2022, there were no recorded accidents or injuries at the Manager's workplace or our properties, and no cases of non-compliance with any health and safety regulations.

There were zero work-related fatalities, and employees did not suffer any high-consequence injury[1], or recordable injury[2] related to their work in 2022.

Also, during the Reporting Period, there was an average of 26 workers from our Asset and Property Manager teams. Similarly, there were no fatalities, high-consequence injury or recordable injury reported among workers.

Tenants' Health & Wellness

We have a responsibility to ensure that our tenants and users of our properties remain safe from injury in our properties. The Asset Manager has a compliance team to manage compliance at the property level. Regular training and engagement sessions are conducted for tenants to raise any relevant issues. Grievance mechanisms such as feedback channels, anonymous hotlines, and whistle-blowing channels are also available for all other stakeholders.

We engage an external consultant every year to conduct tenant satisfaction surveys to better understand the needs and concerns of our tenants. The survey collects data on the tenants' overall satisfaction, property perception, contentment with management, leasing and maintenance, etc. In the recent survey held in 2022, tenants continued to rate their overall satisfaction highly: 4.36 out of 5 (excellent).

Tenant Wellness Activity and Food Drive

Tenant wellness activity cum food donation drive

At Park Place and Diablo, we rallied our tenants to participate in a 5 km walk/run and food donation drive for the local community in November 2022. Tenants enjoyed the fitness event and donated generously to the Chandler Care Center and Tempe Community Action Agency.

1 A high-consequence work-related injury is one that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

2 A recordable injury is one that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

PEOPLE FIRST

Serving our Communities

We believe in doing well by doing good and continue to serve our local communities through several initiatives in 2022. We recognise that it is critical for MUST to instil a culture of sustainability within the organisation and develop a mindset that is conscious of the potential impacts that each action has on the economy, environment, and society. As part of our community development plan, our outreach activities focused on assisting vulnerable families and isolated seniors, while continuing to enhance the financial resilience of social enterprises. In 2022, 100.0% of our employees volunteered in various CSR activities. We recorded 225 community hours and donated about S$25,000 to the communities where we operate. Some of the CSR activities include:

Sustainability Game and Upcycling Workshop

In May 2022, we organised an on-site sustainability game for our employees as a team building activity and enhanced their awareness on the potential impacts of their actions on the economy, environment and society. We supplemented the sustainability game by introducing the concept of circularity through an upcycling workshop for our employees to create their own Japanese watercress self-watering planter from used plastic bottles.

Sustainability game and upcycling workshop

Batik Painting with the Elderly at Methodist Welfare Services (MWS)

According to research[1] conducted by Duke-NUS Medical School, socially isolated seniors may face issues and challenges that could lead to a depressive state of mind. As such, we engage in annual CSR activities aimed at supporting vulnerable families and the elderly. In 2022, together with MWS, we organised a Batik Painting workshop where our employees engaged with the seniors and introduced the basics of batik painting to them.

Batik painting with the elderly

1 Research Brief Series: 4 Home Alone: Older Adults in Singapore

Responsible Supply Chain

Vendors who work with MUST are expected to adhere to the Group's Vendor Code of Conduct, which reinforces the principles of ethical business practices and good governance from suppliers. The Vendor Code of Conduct covers areas pertaining to business conduct, labour practices, health and safety and environmental management. Regular checks are conducted by our employees and Asset Manager to ensure adherence to MUST's ESG requirements as stipulated in the Vendor Code of Conduct. We also adhere to our Asset Manager's Responsible Contracting Statement that highlights the importance of working with responsible partners and ensuring sustainable operations through responsible contracting.

Human Rights Due Diligence

As part of our Global Human Rights Statement, MUST is committed to respecting and protecting the human rights of all our employees. We strive to ensure that all employees and workers have their human rights protected in accordance with internationally recognised principles. Our approach is guided by the United Nations Guiding Principles on Business and Human Rights, which states that businesses must 'avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved'. This is embedded in our values, in our decision-making and in our expectations of ourselves and those with whom we work.

Our Code of Business Conduct, Discrimination, Harassment and Workplace Violence Policy, and Global Health and Safety Policy reinforce our human rights obligations and we will not tolerate any infringement of human rights values. Our business partners are also urged to follow the human rights standards outlined in the Manulife Vendor Code of Conduct, which holds them responsible for ethical labour practices in their operations.

Employees are advised to report any instances of misconduct or malpractice that they may have witnessed during their course of work. Employees and other stakeholders also have the option of posing questions to Manulife's Global Compliance Office or reporting unethical, unprofessional, illegal, fraudulent, or other questionable behaviour, through Manulife's Ethics Hotline.

DRIVING SUSTAINABLE GROWTH

OBJECTIVE

We conduct our business activities responsibly to deliver long-term value for our Unitholders. This includes the sustainable allocation of capital, robust governance framework and proactive risk management practices.

APPROACH

Economic Sustainability

Delivering sustainable returns for Unitholders through prudent capital management and investment decisions

Governance Framework

Prioritising transparency and accountability in our business operations

Engaging Investors

Establishing long-term relationships with investors through regular engagements and timely updates on performance metrics

TARGETS AND PERFORMANCE

2023 and Long-Term Targets	2022 Performance
Maintain zero incidents of non-compliance with relevant regulations resulting in fines or sanctions	Zero incidents of non-compliance with relevant regulations resulting in fines or sanctions
Maintain zero incidents of corruption	Zero incidents of corruption
Continue to increase green financing in our portfolio where feasible	Obtained US$315.0 million of new sustainability-linked loans
Maintain 'A' grade for GRESB Public Disclosure	'A' grade for GRESB Public Disclosure
To conduct at least two thought leadership events a year	Investor outreach and education initiatives included: • MUST Insights webinar: 'From Recovery to Growth in the U.S. Office Market' • MUST Compete: Inaugural nationwide competition to engage the digital generation

Supporting United Nations SDG

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

DRIVING SUSTAINABLE GROWTH

Economic Sustainability

MUST continues to deliver long-term returns for our Unitholders through sound and sustainable capital management. The four pillars supporting our long-term economic value creation are:

Capital Management	Sustainable distributions through proactive leasing while maintaining optimal occupancy levels
Inorganic Growth	Optimise capital structure and increase financial flexibility
Organic Growth	Yield-accretive acquisition of properties in key locations with strong fundamentals
Growing Responsibly	Building a sustainable business while striving for ESG excellence

For detailed information on MUST's economic performance in 2022, please refer to the Financial and Portfolio Highlights on page 2 of the Annual Report 2022.

Green Financing

In 2022, we obtained two new sustainability-linked loans amounting to US$315.0 million that were utilised to refinance existing loans. As at 31 December 2022, MUST's total green and sustainability-linked loans amounted to US$665.0 million, accounting for 64.4% of MUST's total borrowings. These facilities are pegged to pre-determined ESG targets that are mutually agreed by MUST and the issuing banks. The achievement of targets such as MUST's GRESB score, energy and water efficiency, and reduction of GHG emissions, allows MUST to save on borrowing costs by enjoying lower interest rates.

Governance Framework

Corporate Governance

MUST is committed to enhancing long-term value for our Unitholders by maintaining high standards of corporate governance across all levels of our organisation underpinned by strong leadership and a robust approach to risk management. Good governance enables us to ensure that the right resources are allocated to strengthen business resilience and ensure sustainable growth.

Good corporate governance practices are critical to a company's success. We are dedicated to upholding the highest standards of corporate governance and risk management in our business operations with the aim to safeguard our Unitholders' interests and increase long-term Unitholder value. MUST has zero tolerance for any form of fraud, corruption, or unethical behavior. To minimise our exposure to corruption risks, we have implemented strong internal business controls as part of our corporate governance framework.

We ensure that MUST's corporate governance framework is consistent with that of our Sponsor, whose business is registered with the Securities and Exchange Commission (SEC). The Manager's compliance team collaborates closely with the Sponsor's legal and compliance team as well as appointed external Singapore and U.S. legal counsels to ensure that MUST and the Manager operate within each of their regulatory ambits.

As an SGX-ST listed REIT, we adhere to the relevant industry rules and regulations as outlined in the Code of Corporate Governance (2018) issued by the MAS. Our management of fraud risk is supported by various policies and programmes such as the Board Diversity Policy, Investor Relations Policy, Whistle-Blowing Policy and Manulife Code of Business Conduct and Ethics.

All business actions are discussed with the compliance team to reduce and manage potential compliance issues. The compliance team oversees licensing applications and reviews, as well as the periodic submission of data to regulators. The internal audit team evaluates business practices and procedures alongside the compliance team. The Manager adheres to a thorough framework for enterprise risk management and frequently provides Board members with corporate governance report updates.

Board Effectiveness

The Board and management fully appreciate that an effective Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals is fundamental to good corporate governance practice.

Every year, Directors are requested to complete the Board Performance Questionnaire and all respective Board Committee members are also required to complete the ARC and NRC Performance Questionnaires. In 2023, we will enhance the questionnaire by including evaluations on the performance of the Board in overseeing the REIT's impact on the economy, people, and the environment. This ensures that sustainability objectives are effectively managed by the Board.

Board Diversity

MUST's Board Diversity Policy recognises the importance and value of having a diverse Board composition to enhance the quality of its function. It recognises that diversity at the Board level is crucial to achieving MUST's strategic goals in fostering sustainable development of the organisation. Diversity elements are considered as part of appointing the Board members, taking into account a variety of characteristics, including but not limited to gender, age, nationality, educational background, experience, skills, knowledge, and independence. All Board appointments are made based on merit in the context of these diversity elements to uphold the purpose of the policy.

According to the policy, MUST should appoint at least a total of 33.0% of female directors over time and ensure that 25.0% of its independent directors are women. As at 31 December 2022, 33.3% of the Board comprises female directors and 50.0% of the Independent Directors are female.

More information on MUST's corporate governance guidelines and practices can be found on pages 106 to 127.

Recognised for Governance

We are proud to be at the forefront of corporate governance practices in Singapore. MUST is recognised for its high corporate governance standards and good compliance record as a SGX Fast Track issuer for the fifth consecutive year. MUST's MSCI ESG Rating was upgraded from 'AA' to 'AAA' in March 2023, in recognition of its strong governance practices. We also maintained our 'A' grade in GRESB Public Disclosure Assessment for the third year running for our high level of material sustainability disclosures, ranking 1st out of 10 U.S. listed office peers.

In January 2023, MUST improved its Sustainalytics ESG Risk Rating to 6.2 from 9.7 and was assessed to be at negligible risk of experiencing material financial impacts from ESG factors. The latest rating places MUST in the top 1% within the real estate industry as well as in the global universe of more than 15,000 companies in terms of exposure and management of material ESG risks. FTSE Russell also rated MUST with an ESG rating of 3.2, which is above the subsector (Industrial & Office REITs) average rating of 2.5. Testament to our good corporate governance practices, we have moved up the ranks in the Singapore Governance and Transparency Index 2022 – REIT and Business Trust Category and the Governance Index for Trusts 2022.

Code of Business Conduct

The Manager, as a subsidiary of Manulife Group, follows the latter's Code of Business Conduct and Ethics. The Code outlines fundamental guidelines for employees to adhere to when carrying out their responsibilities in accordance with the highest standards of professional integrity. It addresses workplace behaviour, business conduct, conflicts of interest, the whistle-blowing mechanism, and prohibitions against bribery and corruption. Violation of the Code by employees will result in appropriate disciplinary action, including termination of employment and prosecution.

Mandatory and optional training are offered to employees to ensure that they are aware of their duties and reporting responsibilities, which is in accordance with the Group's fundamental principle of 'Do the right thing'. Programmes for orientation and induction are required for new employees. The compliance team provides the Board of Directors and employees with frequent updates on changes in legal and organisational standards to ensure that all employees, from top to bottom, are kept abreast of regulatory changes.

We are committed to preventing potential violations of sensitive topics that may result in repercussions or fines. We continue to manage this

DRIVING SUSTAINABLE GROWTH

risk by providing our employees with the required understanding and capabilities to prevent potential breaches. In 2022, there were no incidents of non-compliance with applicable laws and regulations involving remuneration and dismissal, recruitment and promotion, working hours, rest intervals, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. As such, no incidents of critical concerns were conveyed to the Board during the Reporting Period.

Orientation programmes are conducted to ensure that all newly appointed directors are familiar with MUST's business, strategies, and direction, as well as the regulatory environment in which the REIT operates in. We also organise relevant trainings on topics such as directors' roles and obligations and the code of conduct for all directors. Training courses on sustainability organised by REITAS and SID were among those offered to our directors in 2022 to strengthen their sustainability knowledge.

Anti-Corruption

As a REIT listed on the SGX-ST, we confirm the alignment of our business procedures to the applicable industry standards outlined in the MAS' 2018 Code of Corporate Governance. Our management of fraud risk is supported by various policies and programmes. These policies, including the Manulife Code of Business Conduct and Ethics, the Investor Relations Policy and Whistle-Blowing Policy can be found publicly on our website. Employees can also access relevant Anti-Corruption Policies on the staff intranet.

All employees are required to complete training on Anti-Money Laundering and Countering the Financing of Terrorism, Anti-Bribery and Anti-Corruption Compliance, Information Protection, and the Code of Business Conduct and Ethics on a yearly basis to ensure that employees are aware of the significance of adhering to applicable laws, as well as to educate employees on regulations surrounding gifts and entertainment.

Additionally, employees are required to update their respective Conflict of Interest Disclosure questionnaire annually and whenever any actual conflict, potential conflict, or the appearance of a conflict of interest arises. This is in addition to completing a certification of compliance with the Code of Business Conduct and Ethics. In 2022, 100% of our employees and Board have been informed of our anti-corruption policy and procedure. Our key business partners are expected to adhere to anti-corruption laws as stated in our Vendor Code of Conduct and are also informed of our responsible contracting practices. We have also recorded zero incidents of corruption during the Reporting Period.

Engaging Investors

As Manager of the REIT, we are committed to disclosing material, timely and accurate information. We regularly engage with the investment community, including institutional and retail investors, as well as analysts, the media, and financial bloggers, to garner feedback and address any concerns that they may have. Our engagement initiatives are guided by the requirements outlined by the SGX-ST and our Investor Relations Policy to ensure compliance to the relevant regulatory standards. Our key modes of engagement with the investment community can be found on page 78.

Engagement Initiatives in 2022

To extend our global network and engagement in 2022, MUST participated in conferences organised by various international publications and overseas organisations such as PERE America and Singapore Summits, FuturePlace's Future of Office Space Summit, and Arab Federation of Capital Markets (AFCM) Annual Conference.

Besides participating in conferences, we participated in webinars with platforms targeting millennial investors, such as ProsperUS and Tiger Brokers. Through these two webinars, we have engaged more than 7,000 investors. We introduced MUST's portfolio and strategy, and shared insights on the U.S. office market. We also organised our inaugural competition, MUST Compete, and launched Professor Green Dot, MUST's thought leadership ambassador to appeal to the interests of millennials and Gen-Zs in REITs. More details are on page 99.

In 2022, we held our first in-person Investor Day since the pandemic and also continued to actively engage investors via virtual and physical meetings. We proactively communicated with our investors and stakeholders through digital channels such as LinkedIn and webinars.

Post-event feedback from the investing community are collected on a regular basis to monitor and refine our engagement activities in the following year. We also issue bi-annual e-newsletters after our financial results to ensure our retail investors are kept abreast of the REIT's latest developments.

Following the success of our MUST Go Green conference in 2021, we have engaged 1,600 investors through several ESG panels/conferences such as HSBC-REITAS sustainability webinar, Manulife Sustainability RE panel (internal event) and SGX-DBS ESG Investment Corporate Day.

For more details on our investor engagement efforts, please refer to the Investor and Media Relations section on pages 58 to 61 in our Annual Report 2022.

Strategic Memberships and Collaboration

As a member of REITAS, MUST is committed to strengthening and promoting the SREITs industry through education, research, and professional development. MUST supports initiatives promoted by REITAS and SGX that encourage best practices in investing and sustainability. MUST's Deputy CEO, Ms Caroline Fong, was invited and continues to be a member of the promotions sub-committee which focuses on ways to increase investors' awareness and understanding of SREITs. Since 2018, she has been teaching the Investor and Media Relations module at the REITAS Professional Development Series conducted twice a year.

MUST Compete

MUST Compete winning team with CEO Mr Tripp Gantt

MUST Compete is an inaugural competition for university students organised by MUST to engage and challenge the digital generation to express their views about SREITs in a fun and exciting way. The shortlisted participants presented their views via slides and a one-minute social media content to the panel of judges comprising real estate professionals. The winners walked away with prizes, internship opportunities, and more importantly, valuable experience and feedback from the judges.

Launch of Professor Green Dot

Five-part thought leadership series with Professor Green Dot

In July 2022, MUST launched Professor Green Dot, its thought leadership ambassador to attract the millennials and Gen-Zs. Professor Green Dot regularly shares insights with investors about the U.S. economy and the U.S. office sector. In 2022, Professor Green Dot was featured in a five-part thought leadership series on REIT investing as we try to pique the digital generation's curiosity on REITs.

CORPORATE POLICIES, PROCEDURES AND FRAMEWORKS

The Manager is guided by relevant policies and procedures of the Sponsor. We work closely with our Asset Managers in carrying out strategies, abiding by all relevant policies and procedures. The corporate policies provide guiding principles of business conduct and ethics that all employees and stakeholders are required to follow. Corporate policies can be accessed through our staff intranet and common folders, while public policies can be accessed via our website (https://www.manulifeusreit.sg/about#policy_procedure).

Policies & Procedures	Objectives
Information Risk Management Policy	Describes the process of identifying, assessing, managing, and reporting of significant information risks in alignment with operational risk management
Global Privacy Risk Management Policy	Describes the framework within which MUST manages privacy risk when handling personal information
Business Continuity Management Policy and Disaster Recovery Standard	Outlines the Group's business continuity process in the event of any disaster
Enterprise Risk Management Policy	Provides a structured approach when implementing risk-taking and risk management activities at an enterprise level
Code of Ethics	Supplementary standards which set out the general principles of business conduct (including personal trading rules) for all employees
Anti-Fraud Policy	Outlines framework and controls in place to prevent, identify, and detect fraud
Discrimination, Harassment and Workplace Violence Policy	Outlines the identification and process of reporting discrimination, harassment, or violence in the workplace
Insider Trading Policy and Procedure	Provides guidance for the Directors, officers, and employees in the context of dealing with the Units of MUST
Anti-Money Laundering and Anti-Terrorist Financing Policy	Outlines the responsibilities and processes to mitigate risks associated with money laundering and terrorist financing activities
Global Entertainment & Gift Policy	Outlines specific rules to ensure that employees do not engage in improper shared business entertainment or gift practices
Social Media Policy	Minimises reputational, business, compliance and legal risks associated with social media usage
Environmental Risk Policy	Sets out an enterprise-wide risk management framework for the management of environmental risks to the Sponsor's business activities
Publicly Available Policies	
Whistle-Blowing Policy	Reporting mechanism to encourage stakeholders to raise concerns about possible unethical or fraudulent work practices in confidence
Board Diversity Policy	Sets out the approach to achieve diversity on the Manager's Board of Directors
Code of Business Conduct and Ethics	Affirms MUST's commitment to ethical conduct and compliance with all applicable laws
Manulife Vendor Code of Conduct	Describes the principles of ethical business practices and good governance from suppliers
Responsible Contracting Statement	Outlines our approach to responsible contracting
Global Human Rights Statement	Commitment to respecting and protecting human rights of all employees
Global Health and Safety Policy	Ensures the safety of all users of our properties, employees as well as ensure compliance with the Workplace Safety and Health Act
Privacy Policy	Ensures MUST's compliance with the Personal Data Protection Act (PDPA)
Real Estate Sustainability Framework	Outlines the sustainability commitments and guides the investment, development, asset and property management activities across our Asset Manager's operations
Sustainable Investing and Sustainability Risk Statement	Outlines our commitment to sustainable investing and describes our core beliefs about sustainability
Climate Change Statement	Outlines our Asset Manager's approach on climate change and supporting the transition to a low-carbon economy
Investor Relations Policy	Outlines the principles and practices that guides the Manager in ensuring regular, effective and fair communication of information to the investment community

2022 ESG DATA SUMMARY

Environmental

Metrics	Unit of Measurement	Base Year 2018	2020	2021	2022
Portfolio gross floor area	sq ft	3,455,120	6,121,495	6,121,495	6,761,978
Energy[a] (GRI 302-1, 302-2, 302-4)					
Total energy consumption	ekWh	53,563,176	70,586,269	66,333,814	76,193,387
Total non-renewable fuel consumption	ekWh	9,340,699	10,162,370	8,730,126	11,724,150
Total renewable energy consumption (RECs)	ekWh	–	–	11,597,494	9,899,809
Total electricity consumption	ekWh	44,222,477	60,423,899	46,006,194	54,569,428
Energy intensity ratio for the organisation by gross floor area	ekWh/sq ft	15.50	11.53	10.84	11.27
Reduction in energy consumption intensity compared to base year	Percentage	–	25.6%	30.1%	27.3%
Renewable energy coverage	Percentage	–	–	17.5%	13.0%
Emission[b] (GRI 305-1, 305-2, 305-4, 305-5)					
Total Scope 1 and 2 GHG emissions	tCO_2e	16,737	21,951	19,673	22,017
Total Scope 1 and 2 GHG emissions intensity	kg CO_2e/sq ft	4.84	3.59	3.21	3.26
Reduction in GHG emission intensity compared to base year	Percentage	-	25.8%	33.7%	32.6%
Scope 1					
Total direct (Scope 1) GHG emissions	tCO_2e	1,740	1,893	1,626	2,129
Total biogenic emissions	tCO_2e	-	-	-	-
Scope 2					
Total location-based indirect (Scope 2) GHG emissions	tCO_2e	14,997	20,058	18,047	19,888
Total market-based indirect (Scope 2) GHG emissions	tCO2e	No RECs purchased	No RECs purchased	14,442	17,053
Water and Effluents[c] (GRI 303-5)					
Water usage	m^3	165,823	194,335	188,796	301,040
Total water usage from all areas with water stress	m^3	165,823	194,335	188,796	301,040
Water usage intensity by gross floor area	L/sq ft	47.99	31.75	30.84	44.52
Effluents and Waste					
Total waste generated	metric tonne	1,206	1,263	1,267	1,997
Total waste directed to disposal	metric tonne	774	844	833	1,385
Total waste diverted from disposal (recycled)	metric tonne	432	419	434	612

Notes:

a. In general, energy consumption was calculated for each identified relevant energy source using the following formula:
Energy consumption = Activity data × Calorific value
The total energy consumption within MUST is calculated using the following formula:
Total energy consumption = Fnr + Fr + Ec
Fnr = Non-renewable fuel consumed
Fr = Renewable energy consumed
Ec = Electricity purchased for consumption

Total renewable energy consumption represents RECs purchased and retired during the respective years.
Renewable energy coverage = Total renewable energy consumption / Total energy consumption

b. Direct (Scope 1) emissions refer to the direct emissions resulting from activities that are within the reporting entity's organisational boundary. MUST does not have biogenic emissions as a part of its Scope 1 emissions. Scope 1 emission factors for direct energy consumption in the U.S for natural gas were taken from the Emission Factors for Greenhouse Gas Inventories published by the U.S. Environmental Protection Agency (EPA) in April 2022 (53.06 kg CO_2/mmBTU).

Indirect (Scope 2) emissions refer to the indirect emissions coming from activities taking place within the organisational boundary of MUST but occurring at operations owned or controlled by another entity. Figures for Scope 2 emissions in the table above were calculated using emission factors taken from the U.S. EPA eGrid Summary Table published in 2022. Scope 2 emissions using the market-based method include the reduction in emissions from the purchase of RECs.

c. All properties are located in areas with water stress. All water is provided through municipal water suppliers; none is directly withdrawn from water sources on-site.

2022 ESG DATA SUMMARY

Social

Metrics	Unit of Measurement	2020			2021			2022		
Workforce[d] (GRI 2-7, 2-8, 405-1)										
		Male	Female	**Total**	Male	Female	**Total**	Male	Female	**Total**
Total employees	Number	5	12	**17**	5	14	**19**	6	12	**18**
Total employees by age										
Employees under 30 years old	Number	1	4	**5**	0	4	**4**	0	3	**3**
Employees between 30 – 50 years old	Number	4	6	**10**	5	6	**11**	5	8	**13**
Employees above 50 years old	Number	0	2	**2**	0	4	**4**	1	1	**2**
Total employees by employment category										
Executive	Number	3	3	**6**	3	3	**6**	4	2	**6**
	Percentage	17.6%	17.6%	**35.3%**	15.8%	15.8%	**31.6%**	22.2%	11.1%	**33.3%**
Non-executive	Number	2	9	**11**	2	11	**13**	2	10	**12**
	Percentage	11.8%	52.9%	**64.7%**	10.5%	57.9%	**68.4%**	11.1%	55.6%	**66.7%**
Total employees by working status										
Total full-time employees by region										
Singapore	Number	4	12	**16**	3	14	**17**	4	12	**16**
United States	Number	1	0	**1**	2	0	**2**	2	0	**2**
Total permanent employees by region										
Singapore	Number	4	12	**16**	3	14	**17**	4	12	**16**
United States	Number	1	0	**1**	2	0	**2**	2	0	**2**
Total non-employees	Number							6	20	**26**
Asset Manager	Number	New disclosure in 2022			New disclosure in 2022			3	3	**6**
Property Managers	Number							3	17	**20**
Total employees hire	Number	2	1	**3**	1	4	**5**	1	3	**4**
New employee hire rate	Percentage			**17.6%**			**26.3%**			**22.2%**
Total new employee hires by age										
New employee hires under 30 years old	Number	1	1	**2**	0	1	**1**	0	0	**0**
New employee hires between 30 – 50 years old	Number	1	0	**1**	1	2	**3**	0	3	**3**
New employee hires above 50 years old	Number	0	0	**0**	0	1	**1**	1	0	**1**
Total new employee hires by region										
Singapore	Number	1	1	**2**	0	4	**4**	1	3	**4**
United States	Number	1	0	**1**	1	0	**1**	0	0	**0**
Total new employee hires by type										
Executive	Number	1	0	**1**	0	0	**0**	1	0	**1**
Non-executive	Number	1	1	**2**	1	4	**5**	0	3	**3**
Total internal hire	Number	0	0	**0**	0	0	**0**	0	0	**0**
Total external hire	Number	2	1	**3**	1	4	**5**	1	3	**4**

Note:
d. Employees
- The Manager did not have temporary, part-time and non-guaranteed hours employees from 2020 to 2022. All employees were employed on a full-time basis, and they were considered permanent employees.
- Computation of annual employee headcount is based on the number of employees at the end of the Reporting Period.
- Executive refers to the CEO and management, whereas non-executive refers to all other employees of the Manager.
- New employee hires and employee turnover rates are calculated using the following formulas:

$$\textbf{New employee hires} = \frac{\text{Total number of new employee hires}}{\text{Total number of employees}}$$

$$\textbf{Employee turnover} = \frac{\text{Total number of employee turnover}}{\text{Total number of employees}}$$

$$\textbf{Employee involuntary turnover} = \frac{\text{Total number of employee involuntary turnover}}{\text{Total number of employees}}$$

Non-employees
- Non-employees, generally known as workers, refer to Asset and Property Managers. Asset Managers execute MUST's investment and asset management strategy and Property Managers provide property management services.
- Computation of annual workers headcount is based on the average full-time workers across the Reporting Period.

Social

Metrics	Unit of Measurement	2020			2021			2022		
		Male	Female	**Total**	Male	Female	**Total**	Male	Female	**Total**
Total employee voluntary turnover	Number	0	0	**0**	1	2	**3**	0	5	**5**
Employee voluntary turnover rate	Percentage			**0.0%**			**15.8%**			**27.8%**
Employee turnover by age										
Employee turnover under 30 years old	Number	0	0	**0**	1	1	**2**	0	1	**1**
Employee turnover between 30 – 50 years old	Number	0	0	**0**	0	1	**1**	0	1	**1**
Employee turnover above 50 years old	Number	0	0	**0**	0	0	**0**	0	3	**3**
Employee turnover by region										
Singapore	Number	0	0	**0**	1	2	**3**	0	5	**5**
United States	Number	0	0	**0**	0	0	**0**	0	0	**0**
Employee turnover by type										
Executive	Number	0	0	**0**	0	0	**0**	0	1	**1**
Non-Executive	Number	0	0	**0**	1	2	**3**	0	4	**4**
Total employee involuntary turnover	Number	0	0	**0**	0	0	**0**	0	0	**0**
Employee involuntary turnover rate	Percentage			**0.0%**			**0.0%**			**0.0%**

Metrics	Unit of Measurement	2020	2021	2022
Health and Safety[e] (GRI 403-9)				
All employees				
Total fatalities as a result of work-related injury	Number	Zero	Zero	Zero
Rate of fatalities as a result of work-related injury	Percentage	0.0%	0.0%	0.0%
Total high-consequence work-related injuries	Number	Zero	Zero	Zero
Rate of high-consequence work-related injuries per 1,000,000 hours	Percentage	0.0%	0.0%	0.0%
Total recordable work-related injuries	Number	Zero	Zero	Zero
Rate of recordable work-related injuries per 1,000,000 hours	Percentage	0.0%	0.0%	0.0%
Total number of lost time injuries	Number	New disclosure in 2022	New disclosure in 2022	Zero
Lost Time Incident Rate (LTIR) per 200,000 hours	Percentage			0.0%
Non-employees				
Total fatalities as a result of work-related injury	Number	New disclosure in 2022	New disclosure in 2022	Zero
Rate of fatalities as a result of work-related injury	Percentage			0.0%
Total high-consequence work-related injuries	Number			Zero
Rate of high-consequence work-related injuries per 1,000,000 hours	Percentage			0.0%
Total recordable work-related injuries	Number			Zero
Rate of recordable work-related injuries per 1,000,000 hours	Percentage			0.0%
Total number of lost time injuries	Number			Zero
Lost Time Incident Rate (LTIR) per 200,000 hours	Percentage			0.0%

Note:
e. Rates are calculated using a denominator of 1,000,000 according to the American National Standards Institute (except LTIR, which is 200,000 based on S&P Global Corporate Sustainability Assessment). As such, the following formulas were used to calculate the rates:

Rate of fatalities as a result of work-related injury =

$$\frac{\text{Number of fatalities as a result of work-related injury x 1,000,000}}{\text{Number of hours worked}}$$

Rate of high-consequence work-related injury =

$$\frac{\text{Number of high-consequence work-related injuries (excluding fatalities) x 1,000,000)}}{\text{Number of hours worked}}$$

Rate of recordable work-related injuries =

$$\frac{\text{Number of recordable work-related injuries x 1,000,000}}{\text{Number of hours worked}}$$

Lost Time Incident Rate (LTIR) =

$$\frac{\text{Number of lost-time injuries}}{\text{Total hours worked in the reporting period x 200,000}}$$

2022 ESG DATA SUMMARY

Social

Metrics	2020	2021	2022
Training and Education[f] (GRI 404-1, 404-3)			
Average hours of training per employee	35.5	51.1	32.1
Average hours of training per executive	35.3	31.7	20.8
Average hours of training per non-executive	38.2	64.9	37.6
Average hours of training per male	31.5	36.8	26.0
Average hours of training per female	38.9	60.6	34.9
Total number of employees who received a performance and career development review	17	19	18
Percentage of employees who received a performance and career development review	100.0%	100.0%	100.0%
Diversity and Equal Opportunity (GRI 2-9, 405-1) – Diversity of Governance Bodies[g]			
Total Board of Directors	7	7	6
Percentage of governance bodies (Board) by gender	Total	Total	Total
Male	71.4%	71.4%	66.7%
Female	28.6%	28.6%	33.3%
Percentage of governance bodies (Board) by tenure	Total	Total	Total
1 to 2 years (including < 1 year)	42.9% (2 Males, 1 Female)	42.9% (2 Males, 1 Female)	16.7% (0 Male, 1 Female)
3 to 4 years	14.3% (1 Males, 0 Female)	14.3% (1 Male, 0 Female)	33.3% (2 Males, 0 Female)
5 to 6 years (including > 6 years)	42.9% (2 Males, 1 Female)	42.9% (2 Males, 1 Female)	50.0% (2 Males, 1 Female)
Total	**100.0% (5 Males, 2 Females)**	**100.0% (5 Males, 2 Females)**	**100.0% (4 Males, 2 Females)**
Percentage of governance bodies (Board) by independence	Total	Total	Total
Independent	57.1% (2 Males, 2 Females)	57.1% (2 Males, 2 Females)	66.7% (2 Males, 2 Females)
Non-independent	42.9% (3 Males, 0 Female)	42.9% (3 Males, 0 Female)	33.3% (2 Males, 0 Female)
Total	**100.0% (5 Males, 2 Females)**	**100.0% (5 Males, 2 Females)**	**100.0% (4 Males, 2 Females)**
Percentage of governance bodies (Board) by ethnicity	Total	Total	Total
Chinese	57.1% (3 Males, 1 Female)	57.1% (3 Males, 1 Female)	50.0% (2 Males, 1 Female)
Caucasian	42.9% (2 Males, 1 Female)	42.9% (2 Males, 1 Female)	50.0% (2 Males, 1 Female)
Total	**100.0% (5 Males, 2 Females)**	**100.0% (5 Males, 2 Females)**	**100.0% (4 Males, 2 Females)**

Notes:

f. Average training hours is calculated using the following formula:

$$\textbf{Average training hours} = \frac{\text{Total number of training hours in current Reporting Period}}{\text{Average number of full-time equivalent employees across the Reporting Period}}$$

g. All directors are above 50 years old and are non-executive.

Governance

Metrics	Unit of Measurement	2020	2021	2022
Anti-Corruption (GRI 205-2, 205-3)				
Percentage of members to whom anti-corruption policies and procedures have been communicated to[h]				
Board of Directors	Percentage	100.0%	100.0%	100.0%
Employee - Executive	Percentage	100.0%	100.0%	100.0%
Employee - Non-executive	Percentage	100.0%	100.0%	100.0%
Percentage of members who have undergone anti-corruption training				
Board of Directors	Percentage	100.0%	100.0%	100.0%
Employee - Executive	Percentage	100.0%	100.0%	100.0%
Employee - Non-executive	Percentage	100.0%	100.0%	100.0%
Total number of employees who have received training on anti-corruption by region				
Singapore	Number	New disclosure in 2022	New disclosure in 2022	16
United States	Number			2
Total number of employees who have received training on anti-corruption by employee category				
Executive	Number	New disclosure in 2022	New disclosure in 2022	6
Non-executive	Number			12
Total number of employees who have received training on anti-corruption by gender				
Male	Number	New disclosure in 2022	New disclosure in 2022	6
Female	Number			12
Training hours and incidents related to anti-corruption				
Total training hours for employees on anti-corruption training	Hours	New disclosure in 2022	New disclosure in 2022	9
Total number and nature of confirmed incidents of corruption	Number	Zero	Zero	Zero
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	Number	Zero	Zero	Zero
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	Number	New disclosure in 2022	New disclosure in 2022	Zero
Public legal cases regarding corruption brought against the organisation or its employees during the Reporting Period and the outcomes of such cases	Number	Zero	Zero	Zero

Note:
h. The Manager does not track the number of business partners whom we have communicated our anti-corruption policies and procedures to. However, all our business partners are expected to adhere to anti-corruption laws as stated in our Vendor Code of Conduct and are also informed of our responsible contracting practices.

CORPORATE GOVERNANCE

The Manager has general powers of management over the assets of MUST. The Manager's main responsibility is to manage MUST's assets and liabilities for the benefit of Unitholders. The Manager sets the strategic direction of MUST and gives recommendations to DBS Trustee Limited (the Trustee), on the acquisition, divestment, development and/or enhancement of assets of MUST in accordance with its stated investment strategy.

The Manager provides, amongst others, the following services to the REIT:

- Investment: Formulating MUST's investment strategy, including determining the location, sub-sector type and other characteristics of MUST's property portfolio. Overseeing negotiations and providing supervision in relation to investments of MUST and making final recommendations to the Trustee.

- Asset management: Formulating MUST's asset management strategy, including determining the tenant mix, asset enhancement works and the rationalisation of operation costs. Providing supervision in relation to asset management of MUST and making final recommendations to the Trustee on material matters.

- Capital management: Formulating the plans for equity and debt financing for MUST's property acquisitions, distribution payments, expense payments and property maintenance payments. Executing the capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee.

- Accounting: Preparing accounts, financial reports and Annual Reports for MUST on a consolidated basis.

- Compliance: Making all regulatory filings on behalf of MUST, and using its commercially reasonable best efforts to assist MUST in complying with the applicable provisions of the relevant legislations for pertaining to the location and operations of MUST, the Listing Manual of the SGX-ST (the Listing Manual), the Trust Deed, any tax ruling and all relevant contracts.

- Investor relations: Communicating and liaising with investors, analysts and the investment community.

The Manager holds a Capital Markets Services licence (CMS Licence) issued by the Monetary Authority of Singapore (MAS) for REIT management pursuant to the Securities and Futures Act.

The Manager was appointed in accordance with the terms of the Trust Deed constituting MUST dated 27 March 2015 (as amended, varied or supplemented from time to time). The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

This report describes the Manager's main corporate governance framework and practices with reference to the Code of Corporate Governance 2018 (CG Code). Compliance with, and observation of, the Principles of the CG Code (the Principles and each Principle) are mandatory and to the extent that if there are any variations from the Provisions of the CG Code, these are stated and explained as to how the Manager's practices are still consistent with the aim and philosophy of the Principle in question.

The Manager also considers managing sustainability risks (including environmental, social and governance, or ESG, factors) as part of its responsibilities. More details can be found in the Sustainability Report.

(A) Board Matters

The Board's Conduct of Affairs

Principle 1

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board, which comprises a majority of Independent Directors, is collectively responsible for the overall corporate governance of the Manager, including establishing goals for management and monitoring the achievement of these goals. The Board also sets the values and ethical standards of MUST. The Board seeks to ensure that the Manager manages MUST's assets and liabilities for the benefit and in the best interests of Unitholders.

All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the Directors.

Role
The key roles of the Board are to:

- guide the corporate strategy and directions of the Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and
- oversee the proper conduct of the Manager.

MFC Code of Business Conduct and Ethics
The Manager has adopted the MFC Code of Business Conduct and Ethics. It affirms MUST's commitment to ethical conduct and its practice of complying with all applicable laws and avoiding potential or actual conflicts of interest, underscoring MUST's dedication as well to setting the appropriate tone from the top and desired organisation culture, to ensure proper accountability. All Directors and employees of the Manager are subject to this code and must complete an annual training and certification of compliance with the code. The MFC Code of Business Conduct and Ethics is available at https://www.manulifeusreit.sg/about#policy_procedure.

Board Committees
Two Board Committees, namely the Audit and Risk Committee (ARC) and Nominating and Remuneration Committee (NRC) have been constituted with written terms of reference to assist the Board in discharging its responsibilities and may decide on matters within its terms of reference and applicable limits of authority. The terms of reference of the respective Board Committees set out their compositions, authorities and duties, including reporting back to the Board. All terms of reference are reviewed and updated as and when necessary to ensure their continued relevance. Notwithstanding the delegation of authority to the Board Committees, the ultimate responsibility for decision-making and oversight rests with the Board as a whole. The composition of the ARC and NRC, the terms of reference, and a summary of each committee's activities, are disclosed in the subsequent sections of this corporate governance report.

Each of these Board Committees operates under delegated authority from the Board, with the Board retaining overall oversight. The Board may form other Board Committees as dictated by business imperatives. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

Internal Limits of Authority
The Manager has also adopted a set of internal controls which establishes financial approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments. Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those limits to the Board Committees and management. Approval sub-limits are also provided at management level to optimise operational efficiency.

The Board has reserved authority to approve certain matters which have been clearly communicated to management in writing and these include, among others:

1. acquisitions and divestments;
2. equity fund raising and new debt financing;
3. income distributions and other returns to Unitholders; and
4. matters which involve a conflict of interest for a controlling Unitholder or a Director.

CORPORATE GOVERNANCE

Matters requiring Board approval are disclosed in MUST's Annual Report, as required of an issuer listed on the SGX-ST in accordance with Provision 1.3 of the CG Code.

Meetings of Board and Board Committees
Directors attend and actively participate in Board and Board Committee meetings. The Board meets regularly to deliberate the strategies of MUST, including approval of material transactions such as acquisitions and divestments (taking into consideration the recommendations of the ARC), funding and hedging activities, approval of the annual budget and review of its performance. The Board or the relevant Board Committee will also review MUST's key financial risk areas and the outcome of such reviews will be disclosed in the Annual Report or where the findings are material, immediately announced via SGXNet.

Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors. The Constitution of the Manager permits the Directors to participate via audio or video conference. All Directors are invited to attend scheduled Board Committee meetings even if they are not a Committee member.

In view of the responsibilities of a Director, in regard to those Directors who possess multiple board representations, each of such Directors confirms he/she is able to devote sufficient time and attention to adequately perform and discharge his/her duties as Director of the Manager.

In-Camera Session
To facilitate open discussions and the review of the performance and effectiveness of management, time is set aside at the end of every Board meeting (and Board Committee meeting where necessary) for closed door discussions between the Directors without the presence of management and feedback, if any, is provided to the Chief Executive Officer (CEO) and management.

In addition to regular scheduled meetings, the Board and Board Committees may also hold ad hoc meetings as required by business imperatives. The Independent Directors, led by the Lead Independent Director or other Independent Director as appropriate, meet regularly without the presence of management. The Chairman of such meetings provides feedback to the Board and/or management as appropriate.

The meeting attendance of the Board, the ARC, the NRC and Annual General Meeting (AGM) held in FY2022 is as follows:

Name of Directors	Board		ARC		NRC		AGM	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Hsieh Tsun-Yan[1]	3	2[1]	4	2*[1]	2	2[1]	1	1
Koh Cher Chiew Francis	3	3	4	4	2	2	1	1
Veronica Julia McCann	3	3	4	4	2	2*	1	1
Choo Kian Koon	3	3	4	3*	2	2	1	1
Karen Tay Koh	3	3	4	4	2	2*	1	1
Michael Floyd Dommermuth	3	3	4	3*	2	2*	1	1
Stephen James Blewitt	3	3	4	4*	2	2*	1	1

Note:
* Attendance by invitation.
1 Hsieh Tsun-Yan retired as Chairman and Non-Executive Director on 1 October 2022. He was present at all Board and NRC meetings held, and 2 out of 3 of the ARC meetings held, prior to his retirement.

Director Orientation
Upon appointment, each Director is provided with a formal letter of appointment setting out the Director's duties and obligations. The Manager has put in place an orientation programme with formal training to ensure that newly-appointed Directors are familiar with MUST's business, strategies and directions and the regulatory environment in which MUST operates as well as the main corporate governance practices of the Manager. New Directors are provided with the terms of references of the ARC and NRC, including materials and minutes of past Board and Board Committees to familiarise themselves with MUST's activities. No new Director was appointed to the Board in FY2022.

Training

The Board receives regular updates on any new and material changes to applicable regulations, including MAS and SGX-ST regulatory changes, as well as their implications on MUST and the Manager. The Manager believes that the provision of continuing education opportunities to Directors will keep them updated on matters relevant to their appointments and responsibilities, and additionally, ensure that Directors understand MUST's business. Directors are also encouraged to put forward to the NRC training topics on which they would like to receive training. In FY2022, the training and professional development programmes for Directors included seminars organised by REITAS and SID. All directors also underwent training on sustainability matters as prescribed by the SGX-ST in FY2022. The costs of training are borne by the Manager. Training for the Directors was supplemented with periodic formal reports to ensure their understanding of MUST's property portfolio and the U.S. office real estate market, its trends and the economic environment.

Directors who have no prior experience as a director of an issuer listed on the SGX-ST will be provided with training on the roles and responsibilities of a director of a listed issuer in accordance with the listing rules of the SGX-ST.

Access to Information

Management provides the Board with complete, adequate and timely information at least five days prior to Board and Board Committee meetings and on an ongoing basis through regular updates on financial results, market trends and business developments so as to enable the Board to effectively discharge its duties. The Directors are provided with tablet devices to enable them to access meeting materials prior to the Board and Board Committee meetings (including complete and adequate background information and explanatory updates on the affairs of MUST) so that the respective Board Committees and Board members have sufficient time to review the information provided to enable them to make informed decisions to discharge their duties and responsibilities. However, papers containing sensitive matters may be tabled at the meetings or discussed without any papers being distributed. On occasions, printed copies of the Board and Board Committee meeting materials are provided upon request. The Directors are also able to review and approve written resolutions on the tablet devices via a secured board portal.

The Board meets regularly to review the performance of MUST. The financial results of MUST are also reviewed by the Board before dissemination to Unitholders via SGXNet within the reporting deadlines stipulated in the Listing Manual. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of MUST's performance, position and prospects.

Company Secretary

The Board has separate and independent access to senior management and the company secretary at all times. The company secretary attends to the administration of corporate secretarial matters and ensures all Board procedures and requirements of the Companies Act 1967 and the Listing Manual are complied with. The company secretary also attends all Board and Board Committee meetings. The appointment and removal of the company secretary are subject to the approval of the Board as a whole. The Board also has access to independent professional advice where appropriate and when requested, at the Manager's expense.

Conflict of Interest

The Board recognises that the Directors are fiduciaries, and are collectively and individually obliged at all times to act honestly and with due diligence, and objectively in the best interests of MUST. Consistent with this principle, the Board is committed to ensuring proper accountability within management. Further, the Directors must have appropriate experience and expertise to manage MUST's business. The Manager requires that its Directors disclose their interests in transactions and any conflicts of interests. The Directors recuse themselves from any discussions and decisions involving the issues of conflict. Each of the Directors has complied with the above.

CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Annual Review of Board Size and Composition

The Board is represented by members with a broad range of commercial experience including expertise in funds management, audit and accounting and the real estate industry. Each Director of the Manager has been appointed on the basis of his/her professional experience and ability to contribute to the proper guidance of MUST. Save in relation to Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt as disclosed below, none of the Directors of the Manager are related to one another, the Manager, any related corporations, substantial shareholder or officers of the Manager or any substantial unitholder.

The Board comprises six Non-Executive Directors, of whom four are independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic planning process. This, together with a clear separation of the roles of the Chairman and the CEO, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The Board, through the NRC, reviews from time to time the composition and size of the Board to ensure that the Board and the respective Board Committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The Board's policy on diversity and composition, including its objectives and progress made towards implementation, is described under the section "Board Membership" on page 112.

The current composition of the Board and Board Committees is set out below:

Name of Directors	Board	ARC	NRC
Stephen James Blewitt	Interim Chairman and Non-Executive Director	–	Member
Koh Cher Chiew Francis	Lead Independent Director	Member	Member
Veronica Julia McCann	Independent Director	Chairman	–
Choo Kian Koon	Independent Director	–	Chairman
Karen Tay Koh	Independent Director	Member	–
Michael Floyd Dommermuth	Non-Executive Director	–	–

Board Independence

The Board, through the NRC, reviews and assesses annually the independence of each Director in accordance with the CG Code and Regulations 13D to 13H of Securities and Futures (Licensing and Conduct of Business) Regulations (SF(LCB)R). Directors disclose their relationships with MUST, its related corporations, its substantial unitholders or its officers, if any, which may affect their independence, to the Board. In an event where the Board, having taken into account the views of the NRC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

Under the CG Code, an Independent Director (ID) means a director who is independent in conduct, character and judgement and has no relationship with the Manager, its related corporations or its officers and with substantial Unitholders that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of MUST.

Under the SF(LCB)R, an ID means a Director who:

(i) is independent from the management of the manager and the REIT that is managed or operated by the manager;

(ii) is independent from any business relationship with the manager and the REIT that is managed or operated by the manager;

(iii) is independent from every substantial shareholder of the manager, and every substantial Unitholder of the REIT;

(iv) is not a substantial shareholder of the manager, or a substantial Unitholder of the REIT that is managed or operated by the manager; and

(v) has not served as a director of the manager for a continuous period of nine years or longer.

Accordingly, the Board has reviewed and determined that each of the four aforementioned IDs satisfies the above criteria of independence as set out in the CG Code and the SF(LCB)R. Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt have also not served as a Director of the Manager for a continuous period of nine years or longer.

Board of Directors	Stephen James Blewitt[1]	Koh Cher Chiew Francis	Veronica Julia McCann	Choo Kian Koon	Karen Tay Koh	Michael Floyd Dommermuth[1]
(i) is independent in conduct, character and judgement and has no relationship with the Manager, its related corporations or its officers and with substantial unitholders that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of MUST	√	√	√	√	√	√
(ii) had been independent from the management of the Manager and MUST during FY2022		√	√	√	√	
(iii) had been independent from any business relationship with the Manager and MUST during FY2022	√	√	√	√	√	√
(iv) had been independent from every substantial shareholder of the Manager and every substantial Unitholder of MUST during FY2022		√	√	√	√	
(v) had not been a substantial shareholder of the Manager or a substantial Unitholder of MUST during FY2022	√	√	√	√	√	√
(vi) has not served as a director of the Manager for a continuous period of nine years or longer as at the last day of FY2022	√	√	√	√	√	√

1 Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt are employed by subsidiaries of MFC. As such, during FY2022, each of them is deemed (a) to have a management relationship with the Manager and MUST; and (b) connected to a substantial shareholder of the Manager and substantial Unitholder of MUST.

CORPORATE GOVERNANCE

For the purposes of Regulation 13E(b)(ii) of the SF(LCB)R, the Board of the Manager is satisfied that as at the last day of FY2022, each of Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt were able to act in the best interests of all the Unitholders of MUST as a whole.

Chairman and Chief Executive Officer

Principle 3

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of Chairman of the Board and CEO are separately held by two persons in order to maintain an effective check and balance. The Interim Chairman of the Board is Mr Stephen James Blewitt, while the CEO is Mr Tripp Gantt. The Interim Chairman and the CEO are not immediate family members.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO of the Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the Directors and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also presides over the AGM and other general meetings, ensuring constructive dialogue between the Unitholders, the Board and Management. The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

This provides a healthy professional relationship between the Board and the Management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

In accordance with Provision 3.3 of the CG Code, Professor Koh Cher Chiew Francis is appointed as the Lead Independent Director as the Chairman is not an ID. The Lead Independent Director is available to the Board and Unitholders where they have concerns and for which contact through the normal channels of communication with the Chairman or management has failed to resolve or are inappropriate or inadequate. As the Lead Independent Director, Professor Koh Cher Chiew Francis has the discretion to hold meetings with the ID (without the presence of management) as he deems appropriate or necessary, and he will provide feedback to the Chairman, where appropriate. Contact details of the Lead Independent Director are available on MUST's website at http://www.manulifeusreit.sg/contact.html.

Board Membership

Principle 4

The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

NRC

To ensure the long-term effectiveness of the Board, the Manager has established an NRC at the outset to make recommendations to the Board for the appointment and reappointment of each Director. The NRC's written terms of reference, as approved by the Board, sets out its scope of authority and responsibilities in performing its functions. The NRC comprises three Directors, the majority of whom are independent.

The members of the NRC are:

1. Dr Choo Kian Koon (Chairman)
2. Mr Stephen James Blewitt
3. Professor Koh Cher Chiew Francis

The NRC's responsibilities include:

- developing a process and the criteria for evaluation of the performance of the Board, its Board Committees and Directors;

- reviewing the training and professional development programmes for the Board;

- the appointment and reappointment of Directors (including alternate Directors, if applicable), having regard to the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as an Independent Director;

- determining annually, and as and when circumstances require, if a Director is independent; and

- deciding if a Director is able to and has been adequately carrying out his duties as a Director of the company, taking into consideration the Director's principal commitments.

Process for Appointment of New Directors, Renewal of the Board and Succession Planning for the Board
The NRC is responsible for reviewing the succession plans for the Board (in particular the appointment and/or replacement of the Chairman of the Board), Board Committees and senior management (including the CEO). In this regard, it has put in place a formal process for the renewal of the Board, including the re-election of Directors to the Board once every two years, and the selection of new Directors. Each Director provides an annual confirmation that he/she is "fit and able" and consents to continue in office and submit himself/herself for nomination and re-election as a Director of the Manager on a rotational basis. The NRC leads the process and makes recommendations to the Board as follows:

1. the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;

2. in light of such review and in consultation with management, the NRC assesses if there are any inadequate representations in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;

3. external help (for example, the SID, search consultants or advertisements) may be used to source for potential candidates if need be. Directors and management may also make suggestions;

4. the NRC meets the shortlisted candidate(s) to assess suitability based on the skills required and skills represented on the Board and whether the candidate's skills, knowledge and professional experience will complement the existing Board, and whether he or she is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by the MAS (which requires the candidate to be, amongst other things, competent, honest, to have integrity and be financially sound). The NRC will also ensure that the candidate(s) is/are aware of the expectations and the level of commitment required of the proposed directorship; and

5. the NRC makes recommendations to the Board for approval.

In reviewing succession plans, the Board has in mind the Manager's strategic priorities and the factors affecting the long-term success of the Manager. Further, the Board aims to maintain an optimal Board composition by considering the trends affecting the Manager, reviewing the skills needed and identifying gaps, including considering whether there is an appropriate level of diversity of thought. A skills matrix is also maintained for the Board and reviewed by the NRC and Board annually. In addition, the Board considers different time horizons for succession planning as follows: (i) long-term planning, to identify competencies needed for the Manager's strategy and objectives; (ii) medium-term planning, for the orderly replacement of Board members and key management personnel, and (iii) contingency planning, for preparedness against sudden and unforeseen changes.

Review of Directors' Ability to Commit Time
Provision 4.5 of the CG Code requires listed companies to disclose the listed company directorships and principal commitments of each director in the Annual Report and where a director holds a significant number of such directorships and commitments, it provides the Board's reasoned assessment of the ability of the director to diligently discharge his/her duties. The Board believes that it is not practicable to impose a limit on the maximum number of listed company board representations each Director may hold or stipulate the

CORPORATE GOVERNANCE

amount of time that each Director should devote to the affairs of the Manager. The effectiveness of the Board and contributions of each Director cannot be assessed solely on a quantitative basis. However, Directors are required to pre-notify/consult the Board Chairman and the Manager before taking on any new directorship or principal commitment to ensure the new commitment does not create or give rise to a potential, actual or perceived conflict of interest. None of the Directors serve together on the board of another listed company.

The number of listed company directorships and principal commitments of each Director, such as whether they are in full-time employment and the nature of their other responsibilities, are considered on a case-by-case basis and taken into account in the NRC's and the Board's assessment of the ability of each Director to diligently discharge his/her duties as a Director. A Director with multiple directorships and significant commitments is expected to ensure that sufficient attention can be given to the affairs of the Manager. A Director's capacity is determined by metrics such as his/her attendance at Board and Board Committee meetings and contributions to the effective supervision of MUST. By taking the above measures, the practices of MUST remain consistent with the aims and philosophies of Principle 4 of the CG Code.

Each Director is or has been a senior executive and has knowledge about, and/or experience in, serving as Director of listed corporations. Further, each of the Directors confirms that he/she is able to devote sufficient time to discharge his/her duties as Director of the Manager.

Alternate Director
Alternate directors will only be approved in exceptional circumstances. To date, the Manager has no alternate directors on the Board.

Board Diversity
The Board seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to MUST's business. The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, investment, accounting, risk management and international backgrounds. The Board recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision-making through diversity of perspectives in its boardroom deliberations, the varied backgrounds of the Directors also enable management to benefit from their respective expertise and diverse backgrounds.

Towards this end, the Board has approved and adopted, with the recommendation of the NRC, a Board Diversity Policy which sets out the Manager's approach to achieve diversity on the Board. The Board Diversity Policy is available on MUST's website at https://www.manulifeusreit.sg/about#policy_procedure. Under the Board Diversity Policy, the NRC will, in identifying qualified candidates for nomination to the Board, consider prospective candidates based on merit, having regard to competencies, expertise, skills, background and other qualities, which have been identified from time to time by the Board as being important in fostering a diverse and inclusive culture which solicits multiple perspectives and views and is free of conscious or unconscious bias and discrimination. The NRC will also consider relevant legal and regulatory requirements, and give due consideration to characteristics such as gender, age, ethnicity, cultural background, educational background and industry knowledge in order to arrive at an optimum balanced composition of the Board.

In 2020, the Board attained its objective set out in the Board Diversity Policy to increase the number of Independent Directors that are female to 40% to achieve greater gender parity. Currently, 33% of the Board comprises female directors, and 50% of the Independent Directors are female. The NRC will ensure that, in the nomination process, the pipeline of candidates will have at least one female out of every two candidates until the diversity goal is achieved. As part of the Board renewal process, the NRC will review these objectives from time to time and may recommend changes or may recommend additional objectives to achieve greater diversity.

Board Performance

Principle 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NRC recommends for the Board's approval the objective performance criteria, and the Board undertakes a process for the evaluation of the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman and each individual director to the Board. The evaluation process for FY2022 was facilitated by the company secretary.

On an annual basis, all Directors are requested to complete the Board Performance Questionnaire and all respective Board Committee members are also requested to complete the ARC and NRC Performance Questionnaires. Each year, the format of the evaluations are alternated between a full set of questionnaires drafted largely based on the CG Code and a set of specific issues which had been identified in the preceding year's performance evaluations as having potential room for further improvements. For FY2022, the evaluations were based on a full set of questionnaires based on the CG Code. The scope of the full set of questionnaires used included (1) Board composition, (2) Board processes, internal control & risk management, (3) Board access to information, (4) Board accountability and committee effectiveness. The survey also required the Board to consider whether the creation of value for Unitholders has been taken into consideration in its decision-making process.

In addition, each Director is requested to rate their peers and themselves annually on areas including interactive skills, knowledge and directors' duties. The results of the survey are first reviewed by the NRC Chairman and subsequently presented and deliberated by the Board, and all necessary follow-up actions will be undertaken with a view to enhance the effectiveness of the Board in the discharge of its duties and responsibilities.

Based on the Board assessment exercise, the Board is of the view that it has met its performance objectives, and that each of its members is contributing to the overall effectiveness of the Board.

(B) Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The role of the NRC is to make recommendations to the Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the Board and the executive officers.

CORPORATE GOVERNANCE

The NRC's responsibilities in relation to remuneration matters also include, amongst others:

- reviewing and recommending to the Board a general framework of remuneration for the Board and the executive officers;
- reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the executive officers;
- reviewing MUST's obligations arising in the event of termination of executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- reviewing the disclosures in the Annual Report on the Manager's remuneration policies, level and mix of remuneration, and the procedure for setting remuneration.

Remuneration Policy in respect of Key Management Personnel
The NRC reviews the remuneration policy and the overall remuneration packages for executive officers annually, taking into account feedback from MFC's executive compensation governance and human resource teams. The NRC, Board and MFC teams come together to ensure that the Manager's remuneration policy is aligned with the wider Manulife Group's compensation policy and is benchmarked to the market and that the remuneration payable is in line with the objectives of the remuneration policies.

The Manager's compensation programme is well balanced, competitive, performance-based and aligned with the achievement of each employee's short-, medium- and long-term goals. On an annual basis, quantitative and qualitative performance measures are set by the Manager. The performance scorecard monitors factors in distributable income, DPU, total Unitholders' returns, leasing activities, implementation and enhancement of infrastructure, capital management, investor engagement, corporate governance, sustainable initiatives and training and development. At the end of each calendar year, the performance scores are calculated and awards are made accordingly. These factors were chosen because of their measure of both short- and long-term goals and to capture the qualitative versus quantitative targets of performance measurement.

Remuneration of Key Management Personnel
The NRC and the Board review the performance measures and the outcome on an annual cycle. In determining the actual quantum of the variable component of remuneration paid to the key management personnel, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that the performance conditions for 2022 were met and remuneration was aligned with performance during FY2022. The remuneration for all Key Management Personnel are paid in the form of cash only. The Manager did not engage a remuneration consultant for FY2022.

While the approach reflects a pay-for-performance culture, it is also designed to attract, motivate and retain high-performing and high-potential employees in their respective field of expertise. Employees are also incentivised through annual variable bonus awards that are tied to a variety of financial and non-financial measures and key staffs are eligible for a Long-Term Incentive Scheme. The NRC has ensured that the Manager's compensation programme conforms to the Financial Stability Board's (FSB) principles for sound compensation practices as well as the FSB's implementation standards. The FSB is an international body endorsed by the G20 nations that monitors and makes recommendations about the global financial system. The FSB's set of principles were developed in 2009 to align compensation with prudent risk-taking.

Long Term Incentive Scheme
The Long-Term Incentive Scheme is designed to motivate the performance of management personnel, and promote greater alignment of interests with Unitholders. Based on Manulife's internal equity policy, the CEO and key management personnel of the Manager are granted Restricted Share Units (RSUs) under the Long-Term Incentive Scheme which has been linked to MUST Units from its listing in 2016 onwards. MUST RSUs are vested on a three-year cycle. The RSUs entitles the holder to receive payment in cash linked to the value of the MUST Units at the time of vesting. No employee share option schemes or share schemes have been implemented by MUST. The Long-Term Incentive Scheme has been put in place to increase the Manager's

flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value.

Certain key management personnel are subject to a claw-back policy which requires repayment of all or a portion of the incentive awards that have already been paid and/or cancellation of some or all of the vested or unvested awards, if fraud, theft, embezzlement or serious misconduct has been committed, whether or not there is a financial restatement.

No long-term incentives in the form of Stock Option Plans, which permit the option holder to purchase shares in MFC, were granted by MFC to the Non-Independent Non-Executive Directors, Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt for FY2022. Stock options granted in previous years pursuant to the Stock Option Plans will vest over a period of four years and expire 10 years later.

The Stock Option Plans granted by MFC to Mr Dommermuth and Mr Blewitt have been granted as part of their remuneration packages as employee. Mr Dommermuth and Mr Blewitt's holdings in MFC shares are non-material. Accordingly, the Stock Option Plans will not result in a misalignment of interests of the Directors with the long-term interests of the Unitholders given that Mr Dommermuth and Mr Blewitt are employed by the Manulife Group. Furthermore, there is unlikely to be any potential misalignment of interests given that Mr Dommermuth and Mr Blewitt act as Non-Independent Non-Executive Directors and do not hold executive positions in the Manager. As Non-Independent Directors, they would in any event have to abstain from approving and recommending any Interested Person Transactions and Interested Party Transactions (Related Party Transactions) with an entity within the Manulife Group, mitigating any potential misalignment of interests with those of Unitholders.

Remuneration of Directors
The Directors' fees consist of a base retainer fee as a Director and an additional fee for serving on Board Committees. This serves to compensate the Directors according to the level of responsibility, time and effort required for their role. The Directors' remuneration package is benchmarked to the market to ensure competitiveness and is reviewed annually. There were no changes in the Directors' Fees framework for FY2022. All fees are paid in cash directly by the Manager, not by Unitholders.

The NRC and the Board have given assurance that the level and structure of remuneration of Directors align with the long-term interests and risk management policies of MUST for FY2022.

There are no termination, retirement and post-employment benefits granted to the Directors, CEO and key management personnel over and above what have been disclosed.

Annual Remuneration Report
The Manager is cognisant of the requirements under MAS' Notice to All Holders of a CMS Licence for REIT Management to disclose:

(a) the remuneration of the CEO and each individual Director on a named basis; and

(b) the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are Directors), on a named basis, in bands of S$250,000.

Provision 8.1 of the CG Code requires an issuer to disclose the CEO's exact remuneration amount and the requisite remuneration band for each of the other key management personnel (who are not also Directors or the CEO). The Manager has assessed carefully and decided not to disclose the dollar remuneration of the CEO and the aggregate total remuneration paid to the top five executive officers (which shall not include the CEO and executive officers who are Directors) for the following reasons:

- remuneration matters are highly confidential and sensitive;

- with keen competition for the limited talent pool in the Singapore REIT management industry, such disclosures may result in talent retention issues;

CORPORATE GOVERNANCE

- the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies, structure and composition of remuneration and procedures for determining remuneration is sufficient to enable Unitholders to understand the alignment of remuneration paid to the CEO and the key executive officers with the performance of MUST and value creation for Unitholders; and

- remuneration of the Manager's CEO and the key executive officers is paid out of the fees which the Manager receives from MUST and not by MUST.

The Manager is of the view that its practice of disclosing the aforementioned information and the other disclosures in this Report is consistent with the intent of Principle 8 of the CG Code and provides sufficient information and transparency to the Unitholders on the Manager's remuneration policies and the level and mix of remuneration, the procedure for setting remuneration and the relationship between remuneration, performance and value creation.

The framework for determining the Directors' fees is set out in the table below.

	Chairman	Member
Main Board	S$80,000 per annum	S$50,000 per annum
ARC	S$25,000 per annum	S$15,000 per annum
NRC	S$20,000 per annum	S$10,000 per annum

Note: Attendance fee on a per day basis is payable for participation in meetings of the Board/Board Committees, project meetings and verification meetings. Attendance fees are paid up to a maximum of S$15,000 per annum and each Director may receive up to 20% of his/her fee in the form of Units.

The Directors' fees for FY2022 are set out in the table below. Non-Executive Directors who are full-time employees of the Manulife Group do not receive any Directors' fees.

Name of Directors	Fees for FY2022 (S$)	Variable or Performance Related Income/Bonuses	Benefits-in-Kind
Hsieh Tsun-Yan[1]	76,300	–	–
Koh Cher Chiew Francis	90,100	–	–
Veronica Julia McCann	90,100	–	–
Choo Kian Koon	82,500	–	–
Karen Tay Koh	80,100	–	–

1 Hsieh Tsun-Yan retired as Chairman and Non-Executive Director on 1 October 2022. His director's fee is pro-rated accordingly.

There is no employee who is a substantial Unitholder of MUST or substantial shareholder of the Manager, or immediate family member of a Director, the CEO, a substantial Unitholder of MUST or a shareholder of the Manager, and whose remuneration exceeds S$100,000 for FY2022.

2022 Remuneration Band and Names of CEO and Executive Officers	Base Salary Inclusive of Employer's CPF	Variable or Performance-Related Bonus Inclusive of Employer's CPF[1]	Benefits-in-Kind	RSUs[2]
S$500,001 to S$750,000				
Tripp Gantt	73%	21%	6%	NA
Caroline Fong	63%	27%	2%	8%[2]
Patrick Browne	54%	38%	8%	NA
Robert Wong	72%	27%	1%	NA
S$250,000 to S$500,000				
Choong Chia Yee	72%	21%	2%	5%[2]
Daphne Chua	71%	27%	NA	2%[2]
Total for CEO and Executive Officers	**S$3,274,033**			

1 The amounts disclosed relates to bonuses paid in 2022.
2 The RSUs granted to eligible employees with MUST units in 2019 was vested and paid in 2022.

(C) Accountability and Audit

Risk Management and Internal Controls

Principle 9

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Manager has put in place a system of internal controls including financial, operational, compliance and information technology controls and risk management processes to manage risk and safeguard the interests of Unitholders. The Manager employs an enterprise-wide approach to all risk-taking and risk management activities, adopting an Enterprise Risk Management (ERM) Framework which has been reviewed by the ARC and approved by the Board. The Board determines the nature and extent of the significant risks which MUST is willing to take in achieving its strategic objectives and value creation. Details of the Manager's ERM framework can be found on pages 62 to 67 of this Annual Report.

In respect of FY2022, the Board has received assurance from:

(a) the CEO and CFO of the Manager that the financial records of MUST have been properly maintained and the financial statements for the financial year ended 31 December 2022 give a true and fair view of MUST's operations and finances; and

(b) the CEO and CFO of the Manager (being the key management personnel responsible for risk management and internal control systems) that MUST's internal controls, including financial, operational, compliance and information technology controls and risk management systems are adequate and effective.

Based on the risk management and internal control systems established and maintained by the Manager, reviews conducted by KPMG, internal auditors and external auditors as well as management and the ARC's review of the above assurance from the CEO and CFO pursuant to Rule 1207(10) of the Listing Manual, the Board, with the concurrence of the ARC, is of the opinion that MUST's risk management systems and systems of internal controls were adequate and effective in addressing financial, operational, compliance and information technology risks for the financial year ended 31 December 2022.

Whistle-Blowing Policy

The Manager has put in place a Whistle-Blowing Policy which sets out the procedures for its employees and any other persons to make a report to the Manager on misconduct or wrongdoings relating to the Manager and its officers, and serves to encourage its employees to raise concerns about possible improprieties in matters of financial reporting and other malpractices (including fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual and concealment of any of the aforementioned) in confidence. The Whistle-Blowing Policy is available on MUST's website at https://www.manulifeusreit.sg/about#policy_procedure. The objective of this policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal. The Manager is committed to ensuring protection of the whistle-blower against detrimental or unfair treatment. The ARC is designated as an independent function to investigate all whistle-blowing reports made in good faith at its scheduled meetings. Independent, thorough investigation and appropriate follow-up actions are taken.

Concerns about illegal, unprofessional, fraudulent or other unethical behaviour may be referred to the ARC Chairman or the Ethics Hotline at www.manulifeethics.com. The ethics hotline is a phone and web-based communications tool operated by an independent company, keeping the whistle-blower's identity confidential. The Manager ensures that the identity of the whistle-blower is kept confidential. Any concerns which are not resolved by these channels may be raised with the Lead Independent Director of the Manager, or Manulife's Global Compliance Chief or General Counsel may be contacted. Accounting

CORPORATE GOVERNANCE

and auditing complaints or concerns may be forwarded in a sealed envelope on an anonymous basis, addressed to the ARC Chairman. Following a review of the complaint or concern, the ARC Chairman, where appropriate, will take steps to have the matter investigated and, if warranted, will request that the Board and management implement corrective measures. The ARC is responsible for oversight and monitoring of all matters regarding whistle-blowing. No whistle-blowing incident was reported for FY2022.

Dealings in Units

Each Director and the CEO of the Manager has to give notice to the Manager of any acquisition of Units or of changes in the number of Units which he/she holds or in which he/she has an interest, within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he/she holds or in which he/she has an interest. All dealings in Units by the Directors and the CEO of the Manager will be announced via SGXNet.

The Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of MUST's results and property valuations, in a prescribed embargo period immediately preceding, and up to the time of each public announcement of MUST's financial results and property valuations during a financial year;

- at any time while in possession of price sensitive information.

The Directors and employees of the Manager are also prohibited from communicating price sensitive information to any person. Under the policy, Directors and employees of the Manager are also discouraged from trading on short-term or speculative considerations. In addition, Directors, the CEO and employees of the Manager are required to obtain pre-approvals from the Manager's Chief Compliance Officer before dealing in any Units under the Manager's internal policy.

Pursuant to Section 137ZC of the SFA, the Manager is required to, inter alia, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the business day following the day on which the Manager became aware of the acquisition or disposal.

Potential Conflicts of Interest

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- the Manager will not manage any other REIT which invests in the same type of properties as MUST;

- all executive officers work exclusively for the Manager and do not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager;

- all resolutions in writing of the Directors in relation to matters concerning MUST must be approved by at least a majority of the Directors (excluding any interested Director), including at least one Independent Director;

- at least half the Board comprises Independent Directors;

- in respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from deliberation and voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;

- in respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of the Sponsor and/or its subsidiaries;

- as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest; and

- it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of MUST with an interested person and/or, as the case may be, an interested party of the Manager (Related Party), the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of MUST, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the IDs) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Related Party Transactions

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Related Party Transactions:

- will be undertaken on normal commercial terms; and

- will not be prejudicial to the interests of MUST and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria which may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or

- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager maintains a register to record all Related Party Transactions which are entered into by MUST and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into. Interested person transactions undertaken during the financial year are set out on page 184 of this Annual Report.

The Manager also incorporates into its internal audit plan a review of all Related Party Transactions entered into by MUST. The ARC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee also has the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with.

The following procedures are undertaken with respect to Related Party Transactions:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of MUST's net tangible assets will be subject to review by the ARC at regular intervals;

CORPORATE GOVERNANCE

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of MUST's latest audited net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on an arm's length basis, on normal commercial terms and not prejudicial to the interests of MUST and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of MUST's latest audited net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning MUST relate to transactions entered into or to be entered into by the Trustee for and on behalf of MUST with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or MUST, the Trustee is required to consider the terms of the transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;

- are not prejudicial to the interests of MUST and the Unitholders; and

- are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

MUST will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of MUST's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year is disclosed on page 184 of the Annual Report.

The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the ARC.

Audit Committee

Principle 10
The Board has an Audit Committee which discharges its duties objectively.

ARC
The ARC is governed by a set of written terms of reference approved by the Board, setting out its scope of authority and responsibilities in performing its functions. The ARC comprises three Directors, all of whom are Independent Directors resident in Singapore. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains. None

of the ARC members are former partners of the incumbent external auditors, Ernst & Young LLP (EY). The ARC also does not comprise any member who has any financial interest in EY.

The members of the ARC are:

1. Ms Veronica Julia McCann (Chairman)
2. Professor Koh Cher Chiew Francis
3. Mrs Karen Tay Koh

The role of the ARC is to monitor and evaluate the adequacy and effectiveness of the Manager's internal controls and risk management systems at least annually. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports and is responsible for the nomination of external auditors and reviewing the adequacy and effectiveness of external audits in respect of cost, scope and performance.

The ARC's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to interested person transactions;

- reviewing transactions constituting Related Party Transactions;

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of MUST and any announcements relating to MUST's financial performance;

- reviewing on an annual basis a report on conflict decisions regarding asset allocation, pursuant to the Sponsor's allocation process;

- deliberating on conflicts of interest situations involving MUST, including situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of MUST with a Related Party (as defined herein) of the Manager and where the Directors, controlling shareholders of the Manager and associates are involved in the management of or have shareholding interests in similar or related businesses as the Manager, and in such situations, the ARC will monitor the investments by these individuals in MUST's competitors, if any, and will make an assessment whether there is any potential conflict of interest;

- reviewing the results and scope of external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

- reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;

- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with MUST;

- reviewing on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context of MUST's risk management system;

- reviewing the statements included in MUST's Annual Report on its internal controls and risk management framework;

- the appointment, reappointment or removal of internal auditors (including the review of their fees and scope of work);

CORPORATE GOVERNANCE

- monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;
- making recommendations to the Board on the proposals for the selection, appointment, reappointment, resignation and removal of the external auditor based on a thorough assessment of the external auditors' functioning;
- reviewing the external audit fees (remuneration and terms of engagement of the external auditors) and making recommendations to the Board on the proposal;
- reviewing the nature and extent of non-audit services performed by external auditors;
- reviewing on an annual basis, the independence and objectivity of external auditors;
- meeting with external and internal auditors, without the presence of the executive officers, at least on an annual basis;
- assisting the Board to oversee the formulation, updating and maintenance work of an adequate and effective risk management framework;
- reviewing at least annually the adequacy and effectiveness of the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;
- reviewing the financial statements and the internal audit report;
- reviewing and providing their views on all hedging policies and instruments to be implemented by MUST to the Board;
- reviewing the assurances from the CEO and CFO on the financial records and financial statements;
- reviewing and approving the procedures for the entry into any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
- investigating any matters within the ARC's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

The ARC has direct and unrestricted access to the external auditors and internal auditors. The ARC also meets (a) with the external auditors and (b) with the internal auditors, in each case without the presence of management, at least annually to discuss matters or concerns.

During FY2022, the ARC reviewed and approved both the internal and external auditors' plans to ensure that the scope of audit was sufficient for purposes of reviewing the significant internal controls of MUST and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal and external auditors were forwarded to the ARC. Significant issues were discussed at these meetings.

Taking cognisance that the external auditor should be free from any business or other relationships with MUST that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to MUST's relationships with them during FY2022. In determining the independence of the external auditor, the ARC reviewed all aspects of MUST's relationships with it, including the processes, policies and safeguards adopted by MUST and the external auditor relating to audit independence. The ARC also considered the nature of the provision of the non-audit services in FY2022 and the corresponding fees and ensured that the fees for such non-audit services did not affect the independence of the external auditor. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of MUST's statutory financial audit.

In the review of the financial statements, the ARC has discussed with management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements was discussed with management and the external auditor.

Valuation of Properties

The ARC evaluated the qualifications, competence and independence of the valuer, JLL Valuation & Advisory Services, LLC. The ARC discussed the portfolio property valuation methodologies and assumptions used by the valuers with management.

The above is included as a key audit matter in the Auditor's Report (pages 131 to 133 of the Annual Report).

For FY2022, an aggregate amount of US$356,597 comprising non-audit service fees of US$11,000 and audit service fees of US$345,597 was paid/payable to MUST's external auditor. The non-audit fees were paid to the auditors for services rendered in relation to potential divestments.

In FY2022, changes to accounting standards and accounting issues which had a direct impact on the financial statements were reported to and discussed with the ARC at its meetings.

The Manager confirms, on behalf of MUST, that MUST has complied with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of its auditing firm.

The Manager outsourced its internal audit function to KPMG Services Pte. Ltd. (KPMG), which is staffed by qualified professionals with relevant qualifications and experience. The audit methodology is in conformance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit function reports directly to the ARC. The internal audit team has unfettered access to the Manager's documents, records, properties and employees, including access to the ARC, and has appropriate standing within MUST. The ARC, comprising only Independent Directors, exercises oversight over the internal audit activities of the Manager, including reviewing internal audit reports, reviewing the adequacy and effectiveness of the internal audit function, the appointment, reappointment or removal of internal auditors and meeting with internal auditors without the presence of management.

The ARC has considered the appropriateness of using KPMG's audit team for the internal audit function and with respect to FY2022, the ARC has reviewed and is satisfied as to the independence, adequacy and effectiveness of the internal audit function. The ARC is also of the opinion that the internal audit function is independent, effective and adequately resourced.

(D) Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings

Principle 11

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

CORPORATE GOVERNANCE

Engagement with Shareholders

Principle 12

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Manager is committed to promoting regular and effective communication with Unitholders in order to allow them to make informed and sound investment decisions. The Trust Deed is available for inspection at the Manager's office (prior appointment would be appreciated). All announcements such as press releases, presentation slides, annual and sustainability reports and financial statements are uploaded onto SGXNet in a timely and accurate manner. This information is concurrently available at www.manulifeusreit.sg. In order to obtain regular updates, Unitholders may also subscribe to the email alert found on the website.

The Manager has a dedicated IR team that regularly interacts with analysts, media and investors to engage and facilitate communication. In FY2022, the Manager met with about 8,700 investors, analysts and media through virtual conferences, calls, meetings, non-deal roadshows and webinars.

More information of the Manager's IR and media activities can be found on pages 58 to 61 of this Annual Report.

The Manager has in place an IR Policy which outlines the principles and practices followed by the Manager to ensure regular, effective and fair communication of accurate and timely information to the investment community such that current and prospective Unitholders are able to make well-informed investment decisions. It also provides a specific IR contact, through which Unitholders are able to ask questions and receive responses in a timely manner, within two business days. The IR Policy is published on MUST's website at https://www.manulifeusreit.sg/about#policy_procedure.

MUST's distribution policy is to distribute at least 90.0% of its distributable income and distributions are paid on a semi-annual basis in which the Manager determines the actual level of distribution. For every dividend declaration made, Unitholders will be notified via an announcement made through SGXNet.

The Manager strongly believes in the principle of encouraging Unitholders to participate and exercise their votes at the general meetings.

In view of the COVID-19 pandemic, the 2022 AGM was held on 29 April 2022 via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Temporary Measures Order") and the checklist jointly issued by ACRA, MAS and SGX (Checklist). The forthcoming AGM to be held on 20 April 2023 will be held in a wholly physically format. There will be no options for Unitholders to participate in the AGM virtually. Details of the AGM on 20 April 2023, including physical attendance at the AGM and submission of questions to the Chairman of the Meeting in advance of the AGM by Unitholders are set out in the Notice of AGM dated 29 March 2023 and may be accessed at MUST's website at https://www.manulifeusreit.sg and on the SGX website at https://www.sgx.com/securities/company-announcements.

Annual reports and circulars are sent to Unitholders before the AGM. When an EGM is convened, copies of the circular will be sent to Unitholders containing matters that will be raised for Unitholders' consideration and approval. These notices are also uploaded on SGXNet.

Provision 11.4 of the CG Code requires an issuer's constitution to allow for absentia voting at general meetings of Unitholders. MUST's Trust Deed currently does not permit Unitholders to vote at general meetings in absentia (such as via mail or email). The Manager will consider implementing the relevant amendments to MUST's Trust Deed to permit absentia voting after it has carried out careful study and is satisfied that the integrity of information and the authentication of the identity of Unitholders through the internet will not be compromised, and after the implementation of legislative changes to, recognise remote voting. The Manager is of the view that despite the deviation from Provision 11.4 of the Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting MUST even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

Unitholders are strongly encouraged to communicate their views on matters pertaining to MUST. Prior to the AGM, Unitholders are encouraged to email all substantial and relevant questions to the Chairman of the AGM and may do so via email to AGM.TeamE@boardroomlimited.com with the subject title "AGM Questions". Unitholders will be able to raise questions on the motions being considered at these meetings where representatives of the Directors (including Chairman of the Board, ARC and NRC) and senior management will be present to address their questions and clarify any issues on the proposed resolutions. All the Directors attended the general meeting held during their tenure in FY2022. Directors' attendance at such meetings held during the financial year is disclosed on page 108 of this Annual Report. The external auditors are also present to address enquiries on the audit and financial statements of MUST.

A distinctly separate issue is proposed as a separate resolution at general meetings to protect the interests and rights of Unitholders. Each resolution proposed at a general meeting will be conducted through electronic voting to ensure full transparency in the voting process. Unitholders or their proxies present at these meetings are able to vote on all proposed resolutions at these meetings. Voting and vote counting procedures are disclosed at these meetings. An independent scrutineer is also appointed to count and validate the votes at the meetings. The results of all votes cast for and against each resolution and the respective percentages are immediately displayed at the meetings and announced via SGXNet after the meetings on the same day.

Minutes of the general meetings, questions raised and responses from the Board and management are prepared and available to Unitholders at https://investor.manulifeusreit.sg/agm_egm.html.

(E) Managing Stakeholders' Relationships

Engagement with Stakeholders

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Manager believes that engaging stakeholders is imperative for the success of MUST's performance. MUST has identified its stakeholders based on their impact on MUST's business and those with a vested interest in MUST's operations.

MUST's stakeholders include investors, analysts, media, tenants and the local community. MUST is able to strengthen its relationships with its stakeholders and obtain valuable feedback through open and regular communications, and tailored various engagement initiatives to meet stakeholders' needs.

More information of MUST's key engagement initiatives, performance and targets set for the forthcoming year can be found on page 89 of this Annual Report.

MUST maintains a corporate website to communicate and engage with stakeholders which can be accessed at https://www.manulifeusreit.sg.

FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE TRUSTEE

For the year ended 31 December 2022

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Manulife US Real Estate Investment Trust (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Manulife US Real Estate Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 27 March 2015 (as amended and restated) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the period covered by these financial statements set out on pages 134 to 183, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
13 March 2023

STATEMENT BY THE MANAGER

For the year ended 31 December 2022

In the opinion of the directors of Manulife US Real Estate Management Pte. Ltd. (the "Manager"), the manager of Manulife US Real Estate Investment Trust (the "Trust"), the accompanying financial statements set out on pages 134 to 183 comprising the Statements of Financial Position of the Trust and its subsidiaries (the "Group") and the Trust as at 31 December 2022, the Statements of Changes in Unitholders' Funds of the Group and the Trust, and the Consolidated Statement of Comprehensive Income, Distribution Statement, Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2022, Statement of Portfolio of the Group as at 31 December 2022 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, the consolidated financial performance, distribution, consolidated cash flows, consolidated changes in unitholders' funds and portfolio holdings of the Group, and changes in unitholders' funds of the Trust, in accordance with the International Financial Reporting Standards and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 27 March 2015 (as amended and restated) and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

For and on behalf of the Manager,
Manulife US Real Estate Management Pte. Ltd.

Stephen James Blewitt
Director

Singapore
13 March 2023

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Unitholders of Manulife US Real Estate Investment Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Manulife US Real Estate Investment Trust (the "Trust" or "Manulife US REIT") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2022, the Statements of Changes in Unitholders' Funds of the Group and the Trust, and the Consolidated Statement of Comprehensive Income, Distribution Statement, Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2022, Statement of Portfolio of the Group as at 31 December 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Statement of Changes in Unitholders' Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS"), so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2022, the consolidated financial performance, distributions, consolidated cash flows, consolidated changes in unitholders' funds and portfolio holdings of the Group, and changes in unitholders' funds of the Trust for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical requirements in accordance with the IESBA Code. In addition, we are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>*Valuation of investment properties*</u>
As at 31 December 2022, the carrying amount of investment properties was US$1,947.0 million which accounted for 92.0% of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of estimates made by the external appraisers engaged by the Manager. As disclosed in Note 6, valuations of investment properties are sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. This is aggravated by an increase in the level of estimation uncertainty and judgement required arising from the rapid changes in market and economic conditions. Accordingly, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Unitholders of Manulife US Real Estate Investment Trust

Key Audit Matters (cont'd)

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. Our audit procedures included, amongst others, an assessment of the Group's process relating to the selection of the external appraisers, the determination of the scope of work of the appraisers, and a review of the valuation reports issued by the external appraisers. We evaluated the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation model and the reasonableness of the significant assumptions by reference to historical rates and market data. Our procedures also included checking the reliability of property related data used by the external appraisers, assessing the appropriateness of the valuation techniques and basis for the significant assumptions used, including key valuation adjustments made by the external valuers in response to the changes in market and economic conditions. We assessed the overall reasonableness of the movements in fair value of the investment properties and the associated deferred tax consequences. We also assessed the adequacy of disclosures in Note 6 to the consolidated financial statements.

Other Information

The Manager is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of financial statements in accordance with the IFRSs, relevant provisions of the Trust Deed and relevant requirements of the CIS Code issued by the MAS, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Unitholders of Manulife US Real Estate Investment Trust

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Low Yen Mei.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
13 March 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Trust	
		2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Current assets					
Cash and cash equivalents	4	112,863	78,581	10,350	6,927
Prepayments		1,669	1,444	54	79
Trade and other receivables	5	5,399	5,550	42,304	39,993
Financial derivatives	10	1,264	–	1,264	–
		121,195	85,575	53,972	46,999
Non-current assets					
Investment properties	6	1,947,000	2,184,400	–	–
Investment in subsidiaries	7	–	–	1,848,645	1,839,890
Financial derivatives	10	47,655	5,653	47,655	5,653
		1,994,655	2,190,053	1,896,300	1,845,543
Total assets		2,115,850	2,275,628	1,950,272	1,892,542
Current liabilities					
Trade and other payables	8	31,268	58,769	6,076	40,710
Loans and borrowings	9	144,635	296,643	39,700	114,800
Security deposits		390	230	–	–
Rent received in advance		8,107	8,019	–	–
		184,400	363,661	45,776	155,510
Non-current liabilities					
Trade and other payables	8	2,369	2,898	–	–
Loans and borrowings	9	884,350	674,650	884,350	569,842
Financial derivatives	10	–	4,742	–	4,742
Security deposits		4,262	3,875	–	–
Preferred units	11	1,078	825	–	–
Deferred tax liabilities	12	19,075	37,261	–	–
		911,134	724,251	884,350	574,584
Total liabilities		1,095,534	1,087,912	930,126	730,094
Net assets attributable to Unitholders		1,020,316	1,187,716	1,020,146	1,162,448
Represented by:					
Unitholders' Fund		1,020,316	1,187,716	1,020,146	1,162,448
Net assets attributable to Unitholders		1,020,316	1,187,716	1,020,146	1,162,448
Units in issue and to be issued ('000)	13	1,798,425	1,764,085	1,798,425	1,764,085
Net asset value per Unit (US$) attributable to Unitholders	14	0.57	0.67	0.57	0.66

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000
Gross revenue	15	202,559	185,099
Property operating expenses	16	(89,396)	(75,552)
Net property income		113,163	109,547
Interest income		46	21
Manager's base fee		(8,787)	(8,560)
Trustee's fee		(304)	(284)
Other trust expenses	17	(2,397)	(2,494)
Finance expenses	18	(33,935)	(29,145)
Net income before tax and fair value changes		67,786	69,085
Net fair value change in derivatives		48,008	13,896
Net fair value change in investment properties	6	(263,631)	(42,423)
Net (loss)/income for the year before tax		(147,837)	40,558
Tax income/(expense)	19	18,116	(1,145)
Net (loss)/income for the year attributable to Unitholders		(129,721)	39,413
Earnings per Unit ("EPU") (US cents)			
Basic and diluted EPU	20	(7.34)	2.46

The accompanying notes form an integral part of the financial statements.

DISTRIBUTION STATEMENT

For the year ended 31 December 2022

	Group 2022 US$'000	Group 2021 US$'000
Amount available for distribution to Unitholders at the beginning of the year	5,682	41,018
Net (loss)/income for the year	(129,721)	39,413
Distribution adjustments (Note A)	217,591	46,186
Income available for distribution to Unitholders for the year	87,870	85,599
Amount available for distribution to Unitholders	93,552	126,617
Distributions to Unitholders:		
– Distribution of US 2.59 cents per Unit for the period from 1 July 2020 to 31 December 2020	–	(40,998)
– Distribution of US 2.70 cents per Unit for the period from 1 January 2021 to 30 June 2021	–	(42,975)
– Distribution of US 2.31 cents per Unit for the period from 1 July 2021 to 8 December 2021	–	(36,962)
– Distribution of US 0.32 cents per Unit for the period from 9 December 2021 to 31 December 2021	(5,613)	–
– Distribution of US 2.61 cents per Unit for the period from 1 January 2022 to 30 June 2022	(46,043)	–
Total distribution to Unitholders	(51,656)	(120,935)
Amount available for distribution to Unitholders at the end of the year	41,896	5,682
Less:		
Amount retained for general corporate and working capital	(3,821)	–
Distribution amount to Unitholders (after retention) at the end of the year	38,075	5,682
Distribution per Unit ("DPU") (US cents):		
– DPU	4.97	5.33
– DPU (after retention)[1]	4.75	5.33
Note A – Distribution adjustments comprise:		
– Property related non-cash items[2]	4,350	1,932
– Amortisation of upfront debt-related transaction costs[3]	1,696	1,711
– Manager's base fee paid/payable in Units	8,787	8,560
– Property Manager's management fee paid/payable in Units	5,190	4,595
– Trustee's fee	304	284
– Net fair value change in derivatives	(48,008)	(13,896)
– Net fair value change in investment properties	263,631	42,423
– Deferred tax (income)/expense	(18,186)	978
– Other items[4]	(173)	(401)
Distribution adjustments	217,591	46,186

1 The DPU relates to the distributions in respect of the relevant financial year. The distribution for the period from 1 July 2022 to 31 December 2022 will be paid subsequent to the financial year end. The distributions for the period from 1 July 2021 to 8 December 2021 and 9 December 2021 to 31 December 2021 were paid in 2022.
2 This includes straight-line rent adjustments, amortisation of tenant improvement allowance, leasing commissions and free rent incentives.
3 Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
4 This includes non-tax deductible items and other adjustments including rent-free reimbursements. The rent-free reimbursements were in relation to the vendors of certain properties that had granted rent-free periods to certain tenants under the existing lease arrangements. As part of the terms of the acquisitions, these vendors reimbursed Manulife US REIT the free rent under existing lease arrangements and the rent-free reimbursements are applied towards the distributable income.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the year ended 31 December 2022

	Note	Attributable to Unitholders Units in issue and to be issued US$'000	(Accumulated losses)/ Retained earnings US$'000	Total US$'000
Group				
At 1 January 2022		1,228,500	(40,784)	1,187,716
Operations				
Net loss for the year		–	(129,721)	(129,721)
Net decrease in net assets resulting from operations		–	(129,721)	(129,721)
Unitholders' transactions				
Issue of new Units:				
– Manager's base fee paid/payable in Units		8,787	–	8,787
– Property Manager's management fee paid/ payable in Units		5,190	–	5,190
Distributions	13	(7,933)	(43,723)	(51,656)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		6,044	(43,723)	(37,679)
At 31 December 2022		1,234,544	(214,228)	1,020,316
At 1 January 2021		1,138,312	19,576	1,157,888
Operations				
Net income for the year		–	39,413	39,413
Net increase in net assets resulting from operations		–	39,413	39,413
Unitholders' transactions				
Issue of new Units:				
– Private placement		100,001	–	100,001
– Manager's base fee paid/payable in Units		8,560	–	8,560
– Property Manager's management fee paid/ payable in Units		4,595	–	4,595
Issuance costs		(1,806)	–	(1,806)
Distributions	13	(21,162)	(99,773)	(120,935)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		90,188	(99,773)	(9,585)
At 31 December 2021		1,228,500	(40,784)	1,187,716

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the year ended 31 December 2022

	Note	Units in issue and to be issued US$'000	Accumulated losses US$'000	Total US$'000
Trust				
At 1 January 2022		1,228,500	(66,052)	1,162,448
Operations				
Net loss for the year		–	(104,623)	(104,623)
Net decrease in net assets resulting from operations		–	(104,623)	(104,623)
Unitholders' transactions				
Issue of new Units:				
– Manager's base fee paid/payable in Units		8,787	–	8,787
– Property Manager's management fee paid/ payable in Units		5,190	–	5,190
Distributions	13	(7,933)	(43,723)	(51,656)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		6,044	(43,723)	(37,679)
At 31 December 2022		1,234,544	(214,398)	1,020,146
At 1 January 2021		1,138,312	(26,837)	1,111,475
Operations				
Net income for the year		–	60,558	60,558
Net increase in net assets resulting from operations		–	60,558	60,558
Unitholders' transactions				
Issue of new Units:				
– Private placement		100,001	–	100,001
– Manager's base fee paid/payable in Units		8,560	–	8,560
– Property Manager's management fee paid/ payable in Units		4,595	–	4,595
Issuance costs		(1,806)	–	(1,806)
Distributions	13	(21,162)	(99,773)	(120,935)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		90,188	(99,773)	(9,585)
At 31 December 2021		1,228,500	(66,052)	1,162,448

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	Group 2022 US$'000	Group 2021 US$'000
Cash flows from operating activities			
Net (loss)/income for the year before tax		(147,837)	40,558
Adjustments for:			
Amortisation	6	4,350	1,932
Net change in provision for expected credit losses	5	1,003	(1,743)
Interest income		(46)	(21)
Finance expenses	18	33,935	29,145
Manager's base fee paid/payable in Units		8,787	8,560
Property Manager's management fee paid/payable in Units		5,190	4,595
Net fair value change in derivatives		(48,008)	(13,896)
Net fair value change in investment properties	6	263,631	42,423
Net unrealised foreign exchange (gains)/losses		(27)	51
Operating income before working capital changes		120,978	111,604
Changes in working capital:			
Trade and other receivables		(852)	3,120
Prepayments		(225)	214
Trade and other payables		1,691	1,450
Security deposits		547	(65)
Rent received in advance		88	1,370
Cash from operating activities		122,227	117,693
Tax paid		(65)	(134)
Interest paid		(30,174)	(26,933)
Net cash from operating activities		91,988	90,626
Cash flows from investing activities			
Acquisition of investment properties and related assets and liabilities		–	(200,966)
Payment for capital expenditure and other costs related to investment properties		(25,414)	(29,981)
Interest received		46	21
Net cash used in investing activities		(25,368)	(230,926)
Cash flows from financing activities			
Proceeds from issuance of Units	13	–	100,001
Payment of transaction costs relating to issuance of Units	13	–	(1,806)
Proceeds from issuance of preferred units	11	345	1,150
Redemption of preferred units	11	–	(125)
Payment of transaction costs relating to preferred units	11	(92)	(325)
Proceeds from loans and borrowings	9	380,400	367,300
Repayment of loans and borrowings	9	(322,716)	(248,800)
Payment of transaction costs relating to loans and borrowings	9	(1,688)	(1,205)
Distributions paid to Unitholders		(88,618)	(83,973)
Net cash (used in)/from financing activities		(32,369)	132,217
Net increase/(decrease) in cash and cash equivalents		34,251	(8,083)
Cash and cash equivalents at beginning of the year		78,581	86,674
Effect of exchange rate fluctuations on cash held in foreign currency		31	(10)
Cash and cash equivalents at end of the year	4	112,863	78,581

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2022

Description of Property	Tenure of Land	Occupancy Rates[1] as at 31 December 2022 %	Occupancy Rates[1] as at 31 December 2021 %	Fair Value as at 31 December 2022 US$'000	Fair Value as at 31 December 2021 US$'000	Percentage of Total Net Assets as at 31 December 2022 %	Percentage of Total Net Assets as at 31 December 2021 %
Group							
Commercial Office Properties							
Figueroa	Freehold	76.3	88.6	211,000	315,200	20.7	26.5
Michelson	Freehold	90.7	87.2	292,000	317,000	28.6	26.7
Peachtree	Freehold	84.7	90.8	205,000	212,900	20.1	17.9
Plaza	Freehold	91.1	96.7	92,000	106,000	9.0	8.9
Exchange	Freehold	86.2	97.7	290,000	324,000	28.4	27.2
Penn	Freehold	90.9	93.8	156,000	177,300	15.3	15.0
Phipps	Freehold	94.5	94.5	210,000	216,000	20.6	18.2
Centerpointe	Freehold	88.1	91.6	101,000	112,700	9.9	9.5
Capitol	Freehold	85.4	88.3	190,000	197,000	18.6	16.6
Tanasbourne	Freehold	100.0	100.0	33,500	34,400	3.3	2.9
Park Place	Freehold	100.0	100.0	103,000	106,900	10.1	9.0
Diablo	Freehold	91.1	85.7	63,500	65,000	6.2	5.5
Investment properties				**1,947,000**	**2,184,400**	**190.8**	**183.9**
Other assets and liabilities (net)				(926,684)	(996,684)	(90.8)	(83.9)
Net assets				**1,020,316**	**1,187,716**	**100.0**	**100.0**

1 Based on committed leases.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

These notes form an integral part of the financial statements.

1 GENERAL

Manulife US Real Estate Investment Trust (the "Trust" or "Manulife US REIT") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 27 March 2015 (as amended and restated) (the "Trust Deed") made between Manulife US Real Estate Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust. The Trust and its subsidiaries are collectively referred to as the "Group" and individually as "Group entities".

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 May 2016.

The registered office and principal place of business of the Manager is located at 8 Cross Street, #16-03 Manulife Tower, Singapore 048424.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The primary objective of the Group is to provide Unitholders with regular and stable distributions and to achieve long-term growth in distributions and the net asset value per Unit, while maintaining an appropriate capital structure.

The consolidated financial statements relate to the Trust and its subsidiaries.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of Trust's annual distributable income (calculated before accounting for the base fee and the performance fee). The base fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% of its base fee in the form of Units for the financial years ended 31 December 2022 and 31 December 2021.

The portion of the base fee, payable either in the form of cash or Units, is payable semi-annually in arrears for the financial years ended 31 December 2022 and 31 December 2021. Where the base fee is payable in Units, Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL (CONT'D)

(a) Manager's fees (cont'd)

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to a performance fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the performance fee is payable may be less than the DPU in any preceding financial year.

The performance fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

No performance fee was payable for the financial years ended 31 December 2022 and 31 December 2021.

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 0.75% of the acquisition price of any real estate purchased, whether directly or indirectly through one or more subsidiaries, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate acquired) from related parties and 1.0% of the acquisition price for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion). Under Appendix 6 of the CIS Code (the "Property Funds Appendix"), in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of Units issued by the Trust at prevailing market price. Such Units may not be sold within one year from the date of their issuance. With respect to acquisitions from third parties, the acquisition fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

No acquisition fee was payable for the financial year ended 31 December 2022.

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold or divested, whether directly or indirectly through one or more subsidiaries, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate sold or divested).

The divestment fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

No divestment fee was payable for the financial years ended 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL (CONT'D)

(b) Trustee's fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the deposited property, subject to a minimum of S$10,000 per month, excluding out-of-pocket expenses and GST, in accordance with the Trust Deed. The Trustee's fee is accrued daily and will be paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time.

(c) Fees under the property management agreements

Under the property management agreement in respect of the properties, the property manager will provide property management services, lease management services and construction supervision services. The Property Manager is entitled to the following fees:

Property management fee

The Property Manager is entitled to a monthly property management fee from each subsidiary of Hancock S-REIT Parent Corp. (the "U.S. Sub") for each property equal to the Applicable Fee Percentage (as defined herein) of the gross income from such property for each month, if any, for such month, payable monthly in arrears. The "Applicable Fee Percentage" is 2.5% for properties with greater than 300,000 square feet of net lettable area and 3.0% for properties with up to 300,000 square feet of net lettable area. The Applicable Fee Percentage for a property shall be adjusted every five years to reflect market management fees paid by owners of properties similar to such property in the same submarket to managers affiliated with owners.

The Property Management Fee is payable to the Property Manager in the form of cash and/or Units as each U.S. Sub may elect, in such proportions as may be determined by each U.S. Sub.

Leasing Fee

The Property Manager is entitled to a leasing fee from each U.S. Sub equal to US$1.00 multiplied by the lettable square footage of any lease or amendment to a lease adding lettable space or extending the term (a "lease amendment") during the term of the applicable property management agreement or, as to any lease or lease amendment as to which the Property Manager shall have submitted a proposal and had direct communication with the tenant prior to expiration or earlier termination of the applicable property management agreement, if such lease or lease amendment is executed within six months thereafter; provided that no leasing fee shall be due and payable with respect to any lease amendment which merely confirms the exercise of any renewal, expansion or extension option contained in any lease and does not require material negotiation by the Property Manager, nor shall the Property Manager be entitled to any leasing fee as to any extension or renewal of a lease for a period less than one year. The leasing fee in connection with any lease or lease amendment shall be due and paid upon execution of the lease or lease amendment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 GENERAL (CONT'D)

(c) Fees under the property management agreements (cont'd)

Construction Supervision Fee

The Property Manager is entitled to a construction supervision fee ("Construction Supervision Fee") from each U.S. Sub (or such U.S. Sub's taxable REIT subsidiary ("TRS") if in connection with services that are to be performed for such TRS) in connection with any construction project (including any series of related construction projects) the cost of which, excluding design fees and permit costs (the "Construction Cost"), is in excess of US$500,000 in any 12-month period, other than ordinary maintenance and repair and other than any costs incurred or improvements performed to leased premises pursuant to a lease equal to:

(i) 5.0% of the Construction Cost for any construction project (or series of related projects) between US$500,000 and US$1,000,000; and

(ii) 3.0% of the Construction Cost or any construction project (or series of related projects) in excess of US$1,000,000.

In addition, the Property Manager shall receive any construction, supervision or management fees that may be charged pursuant to a lease or otherwise relating to any alterations performed to any premises under a lease provided that the Construction Supervision Fee shall not be duplicative of any such fee.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

As at 31 December 2022, the Group's current liabilities exceed its current assets by US$63.2 million (2021: current liabilities exceed its current assets by US$278.1 million). Notwithstanding the net current liability position, based on the Group's cash flows from operating activities and sufficient financing options, which includes a new unsecured sustainability-linked loan facility of US$105.0 million obtained on 20 December 2022 as well as the option to rollover the loan utilised under the revolving credit facility of US$39.7 million up to the facility's final maturity date on 7 August 2024, the Manager is of the opinion that the Group and the Trust will be able to refinance its borrowings and meet its current obligations as and when they fall due.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollars ("US$" or "USD"), which is the functional currency of the Trust. All financial information presented has been rounded to the nearest thousand (US$'000), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements and accounting estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

- Note 5 – Measurement of expected credit losses ("ECLs") for trade receivables
- Note 6 – Valuation of investment properties
- Note 10 – Fair value of derivatives

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms and financial institutions to perform valuations. The Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: for unadjusted prices quoted in active markets for identical assets or liabilities;

- Level 2: for inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: for inputs that are based on unobservable market data. These unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances (which might include the Group's own data).

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group consistently to the year presented in these financial statements.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the acquisition of an investment property does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been changed where necessary to align with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or carried at fair value in accordance with IFRS 9 *Financial Instruments*.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Trust.

Changes in the Trust's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Trust.

3.2 Foreign currency

Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from settlement of monetary items or retranslation of monetary items at the end of reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to presentation currency at exchange rates at the dates of the transactions.

The exchange differences arising on the translation are recognised in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated under foreign currency reserve in equity.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both. Investment properties are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured at cost, including transaction costs, on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The Trust Deed requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss. To the extent that lease commissions paid increase the future economic benefits of investment properties, they are capitalised as part of the assets.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's non-derivative financial assets comprise of cash and cash equivalents and trade and other receivables, which are classified in the amortised cost measurement category.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Financial assets at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using effective interest method and are subject to impairment. Financial assets measured at amortised cost are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial liabilities as financial liabilities at amortised cost. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense, and gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

Financial liabilities at amortised cost comprise trade and other payables, security deposits, loans and borrowings, and preferred units.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group does not hold or issue derivative financial instruments for trading purposes. The Group has not elected to apply hedge accounting for its derivative financial instruments.

Preferred units

Preferred units are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expense in profit or loss as accrued.

Preferred units are recognised initially at fair value and any directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment

Non-derivative financial assets

The Group recognises an allowance for ECLs for all trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a prior loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Unitholders' funds

Unitholders' funds are classified as equity.

Issuance costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.7 Revenue

Revenue is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rental income from operating leases

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change in profit or loss. Tenant lease incentives are included in the cost basis of the investment property and recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

Recoveries from tenants are recognised as revenue in the period in which the applicable costs are incurred. The operating lease agreements include certain services to tenants comprising the overall property management, including common area maintenance services (such as cleaning, security, landscaping, utilities, and repairs and maintenance) as well as other administrative and support services. These services are specified in the lease agreements and separately invoiced. The Group has determined that these services constitute distinct non-lease components and are within the scope of IFRS 15 *Revenue from Contracts with Customers*. The Group has allocated the consideration in the contract to the separate lease and non-lease components on a relative basis. These services, which are provided to tenant in exchange for operating cost recoveries, are considered to be a single performance obligation delivered to tenants over time.

Lease cancellation fees are recognised as revenue on a straight-line basis over the remaining term of the lease once an agreement is reached with the tenant to terminate the lease and the collectability is reasonably assured.

Car park income

Car park income consists of monthly and hourly parking income. Monthly and hourly parking income are recognised on utilisation of car parking facilities. In addition, car park income represents the right to park in a determined amount of parking stalls on certain tenant leases.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Finance expenses

Finance expenses comprise interest expense on loans and borrowings, amortisation of transaction costs incurred on the borrowings, commitment and financing fees, and dividends on preferred units that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

3.9 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

The Group applies judgement in identifying uncertainties over income tax treatments. The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Tax (cont'd)

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised except for:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

3.10 Distribution Policy

Manulife US REIT's distribution policy is to distribute at least 90% of its annual distributable income. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager.

3.11 Leases – As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.7.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components;
- whose operating results are regularly reviewed by the Chief Executive Officer and the directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Group's investment properties comprise commercial office properties located in the United States. Therefore, the Manager considers that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in these financial statements.

3.14 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations have been issued as of the reporting date but are not yet effective for the financial year ended 31 December 2022. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
• Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
• Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
• Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to IAS 1: Non-current Liabilities with Covenants	1 January 2024

The Group expects that the adoption of the standards above will have no significant impact on the financial statements in the year of initial application.

4 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Cash at bank	112,863	78,581	10,350	6,927

Cash at bank earns interest based on bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Trade receivables	3,330	3,096	–	–
Impairment losses	(1,304)	(833)	–	–
Trade receivables, net	2,026	2,263	–	–
Other receivables	3,373	3,287	3,384	3,423
Dividends receivable	–	–	38,920	36,570
	5,399	5,550	42,304	39,993

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. The Group's historical experience in the collection of trade receivable falls within the recorded allowances, if any. Due to these factors, the Manager believes that no additional credit risk, beyond amounts provided for collection losses, is inherent in the Group's trade receivables.

Impairment losses

The ageing of trade receivables at the end of the reporting date is as follows:

	Gross		Impairment	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Group				
Not past due	–	334	–	155
Past due 0 to 1 month	1,321	1,443	57	52
Past due 1 to 3 months	347	467	71	61
Past due more than 3 months	1,662	852	1,176	565
	3,330	3,096	1,304	833

The movement in allowance for impairment losses recognised in respect of trade receivables during the year is as follows:

	Group	
	2022 US$'000	2021 US$'000
As at 1 January	833	3,598
Provision for ECLs	1,166	1,214
Reversal of provision for ECLs	(163)	(2,957)
Amount written off	(532)	(1,022)
As at 31 December	1,304	833

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have been adversely impacted by the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5 TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables not impaired

The Group has trade receivables amounting to US$2.0 million (2021: US$2.3 million) that are not impaired at the end of the reporting period.

The Manager believes that no provision of ECLs is necessary in respect of the remaining trade receivables as majority of the balances are not past due or relate to creditworthy debtors and counterparties with good payment record.

The Group's and Trust's exposure to credit risk related to trade and other receivables are set out in Note 21.

6 INVESTMENT PROPERTIES

	Group	
	2022	**2021**
	US$'000	**US$'000**
Consolidated Statement of Financial Position		
As at 1 January	2,184,400	1,992,800
Acquisitions[1]	–	204,563
Capital expenditure capitalised	30,581	31,392
Fair value changes in investment properties	(267,981)	(44,355)
As at 31 December	1,947,000	2,184,400
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	(267,981)	(44,355)
Net effect of amortisation and straight lining	4,350	1,932
Net fair value changes recognised in the statement of comprehensive income	(263,631)	(42,423)

1 Including acquisition fees and acquisition costs.

Investment properties comprise commercial office properties which are leased to external tenants.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6 INVESTMENT PROPERTIES (CONT'D)

As at 31 December 2022, one investment property is pledged as security to secure a bank loan (see Note 9). Details of the investment properties as at 31 December 2022 and 31 December 2021, which are all located in United States, are set out below:

Description of property	Tenure	Location	Existing use	Appraised value 2022 US$'000	Appraised value 2021 US$'000
Group					
Los Angeles					
Figueroa	Freehold	865 South Figueroa Street, Los Angeles, California 90017	Commercial	211,000	315,200
Irvine					
Michelson	Freehold	3161 Michelson Drive, Irvine, Orange County, California 92612	Commercial	292,000	317,000
Atlanta					
Peachtree	Freehold	1100 Peachtree Street NE, Atlanta, Fulton County, Georgia 30309	Commercial	205,000	212,900
Phipps	Freehold	3438 Peachtree Road NE, Atlanta, Fulton County, Georgia 30326	Commercial	210,000	216,000
New Jersey					
Plaza	Freehold	500 and 600 Plaza Drive, Secaucus, Hudson County, New Jersey 07094	Commercial	92,000	106,000
Exchange	Freehold	10 Exchange Place, Jersey City, Hudson County, New Jersey 07302	Commercial	290,000	324,000
Washington, D.C.					
Penn	Freehold	1750 Pennsylvania Avenue NW, Washington, D.C. 20006	Commercial	156,000	177,300
Fairfax					
Centerpointe	Freehold	4000 & 4050 Legato Road, Fairfax, Virginia 22033	Commercial	101,000	112,700
Sacramento					
Capitol	Freehold	400 Capitol Mall, Sacramento, California 95814	Commercial	190,000	197,000
Hillsboro					
Tanasbourne	Freehold	3188 & 3175 NE Aloclek Drive and 3300 NE 83rd Avenue, Hillsboro, Oregon 97124	Commercial	33,500	34,400

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6 INVESTMENT PROPERTIES (CONT'D)

Description of property	Tenure	Location	Existing use	Appraised value 2022 US$'000	2021 US$'000
Chandler					
Park Place	Freehold	1650 & 1700 South Price Road, Chandler, Arizona 85286	Commercial	103,000	106,900
Tempe					
Diablo	Freehold	2900 South Diablo Way, Tempe, Arizona 85282	Commercial	63,500	65,000
Total				1,947,000	2,184,400

Measurement of fair value

(i) Fair value hierarchy

As at 31 December 2022, the investment properties were stated at fair value based on independent valuations undertaken by JLL Valuation & Advisory Services, LLC.

As at 31 December 2021, the investment properties, except for Tanasbourne, Park Place and Diablo, were stated at fair value based on independent valuations undertaken by CBRE, Inc. Tanasbourne, Park Place and Diablo were acquired in December 2021 and the carrying amounts were based on independent valuations obtained for the acquisitions as at 1 November 2021 for Tanasbourne and 9 November 2021 for Park Place and Diablo which were undertaken by JLL Valuation & Advisory Services, LLC. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values were generally calculated using the income approach. The two primary income approaches that may be used are the Discounted Cash Flow ("DCF") and the Direct Capitalisation Method ("DCM"). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine the fair value. DCM measures the relationship of value to the stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The market or direct comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Level 3 fair value

Valuation techniques and significant unobservable inputs

The following table shows the significant unobservable inputs used in the measurement of fair value of investment properties:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Rental rate per square foot per year 2022: US$15.50 – US$55.00 (2021: US$17.00 – US$56.00)	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.
	Discount rate 2022: 6.00% – 9.00% (2021: 6.00% – 9.00%) Terminal capitalisation rate 2022: 5.25% – 7.75% (2021: 5.00% – 7.50%)	Higher discount rate or terminal capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
Direct capitalisation method	Rental rate per square foot per year 2022: US$15.50 – US$55.00 (2021: US$17.00 – US$56.00)	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.
	Capitalisation rate 2022: 5.25% – 7.75% (2021: 5.50% – 7.50%)	Higher capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
Market or Direct comparison approach	Price per square foot 2022: US$204 – US$575 (2021: US$185 – US$624)	Higher price per square foot would result in a higher fair value, while a lower price per square foot would result in a lower fair value.

The table below presents the sensitivity analysis of the valuation to changes in the most significant assumptions underlying the valuation of investment properties:

	Group 2022 US$'000	Group 2021 US$'000
Fair value of investment properties as at 31 December		
Increase in discount and terminal capitalisation rate of 25 basis points	(87,281)	(101,302)
Decrease in discount and terminal capitalisation rate of 25 basis points	94,659	110,497

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7 INVESTMENT IN SUBSIDIARIES

	Trust 2022 US$'000	Trust 2021 US$'000
Unquoted equity investment, at cost	2,044,431	1,839,890
Impairment losses	(195,786)	–
	1,848,645	1,839,890

During the year, the Trust has assessed the carrying amount of the investments in subsidiaries following indicators of impairment mainly from a decrease in fair value of investment properties held by indirect subsidiaries, and recognised an impairment loss of US$195.8 million on its investment in subsidiaries. The recoverable amounts of the subsidiaries were assessed based on fair value less costs to sell, estimated based on the net assets of the subsidiaries which approximates their fair values as at the reporting date. The fair value measurement was categorised as level 3 on the fair value hierarchy.

Details of the key subsidiaries of the Trust are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2022 %	Effective equity interest held 2021 %
Direct subsidiaries:				
Manulife US REIT Alpha (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 2 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 3 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 4 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 5 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 6 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 7 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 8 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 9 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 10 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2022 %	2021 %
Indirect subsidiaries:				
Hancock S-REIT Parent Corp.[2]	United States	Investment holding	100	100
Hancock S-REIT LA Corp.[2]	United States	Property owner	100	100
Hancock S-REIT Irvine Corp.[2]	United States	Property owner	100	100
Hancock S-REIT ATL LLC[2]	United States	Property owner	100	100
Hancock S-REIT SECA LLC[2]	United States	Property owner	100	100
Hancock S-REIT JCITY LLC[2]	United States	Property owner	100	100
Hancock S-REIT DC 1750 LLC[2]	United States	Property owner	100	100
Hancock S-REIT ATL Phipps LLC[2]	United States	Property owner	100	100
Hancock S-REIT Centerpointe LLC[2]	United States	Property owner	100	100
Hancock S-REIT Sacramento LLC[2]	United States	Property owner	100	100
Hancock S-REIT Portland LLC[2]	United States	Property owner	100	100
Hancock S-REIT Chandler LLC[2]	United States	Property owner	100	100
Hancock S-REIT Tempe LLC[2]	United States	Property owner	100	100
MUSREIT HoldCo (Barbados) 1 SRL[3,4]	Barbados	Investment holding	100	100
MUSREIT HoldCo (Barbados) 2 SRL[3,4]	Barbados	Investment holding	100	100
MUSREIT HoldCo (Barbados) 3 SRL[3,4]	Barbados	Investment holding	100	100
MUSREIT Intermediary (Barbados) 1 SRL[5]	Barbados	Investment holding	–	100
MUSREIT Intermediary (Barbados) 2 SRL[5]	Barbados	Investment holding	–	100
MUSREIT Intermediary (Barbados) 3 SRL[5]	Barbados	Investment holding	–	100

1 Audited by Ernst & Young LLP Singapore
2 Audited by Ernst & Young LLP Canada
3 Not required to be audited under local regulations
4 In the process of liquidation as at reporting date
5 Liquidation completed in 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8 TRADE AND OTHER PAYABLES

	Group		Trust	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Current				
Trade payables	3,076	132	–	–
Accrued expenses	19,088	13,452	1,230	1,449
Property tax payable	2,130	2,257	–	–
Interest payable	5,335	3,291	4,846	2,299
Other payables	1,639	39,637	–	36,962
	31,268	58,769	6,076	40,710
Non-current				
Deferred revenue	2,369	2,898	–	–
	2,369	2,898	–	–
	33,637	61,667	6,076	40,710

As at 31 December 2022, other payables include tenant improvement payables of US$0.5 million (2021: US$2.1 million) and nil for advanced distribution payable (2021: US$37.0 million for advanced distribution payable for the period from 1 July 2021 to 8 December 2021 declared to Unitholders in December 2021).

Deferred revenue relates to fees received in relation to lease amendments for certain tenants to be amortised over the remaining lease term.

9 LOANS AND BORROWINGS

	Group		Trust	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
Current				
Secured bank loans	105,000	182,216	–	–
Secured revolving credit facilities ("RCFs")	–	7,300	–	7,300
Unsecured RCFs	39,700	107,500	39,700	107,500
Less: Unamortised transaction costs	(65)	(373)	–	–
	144,635	296,643	39,700	114,800
Non-current				
Secured bank loans	–	428,000	–	323,000
Unsecured bank loans	888,000	250,000	888,000	250,000
Less: Unamortised transaction costs	(3,650)	(3,350)	(3,650)	(3,158)
	884,350	674,650	884,350	569,842
	1,028,985	971,293	924,050	684,642

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9 LOANS AND BORROWINGS (CONT'D)

As at 31 December 2022, the Group had gross borrowings of US$1,032.7 million (2021: US$975.0 million) comprising of (i) US$105.0 million (2021: US$287.2 million) drawn from property-level loan facilities, and (ii) US$927.7 million (2021: US$687.8 million) drawn from Trust-level credit facilities. The average interest rate on borrowings as at 31 December 2022 was 3.74% (2021: 2.82%) per annum.

The Group has obtained a new unsecured sustainability-linked loan facility of US$105.0 million on 20 December 2022.

The outstanding principal, interest rate and maturity of the Facilities as at 31 December 2022 and 31 December 2021 are as set forth below:

			2022		2021	
	Nominal interest rate %	Year of maturity	Face value US$'000	Carrying amount US$'000	Face value US$'000	Carrying amount US$'000
Group						
Plaza	3.60	2022	–	–	40,000	39,927
Exchange	3.48	2022	–	–	125,100	124,800
Exchange[1]	LIBOR + 1.50	2022	–	–	17,116	17,116
Phipps	4.42	2023	105,000	104,935	105,000	104,808
Secured bank loans	1.85 – 3.77	2024 – 2025	–	–	323,000	321,012
Unsecured bank loans	1.85 – 5.55 (2021: 2.44)	2024 – 2027	888,000	884,350	250,000	248,830
RCF	5.72 (2021: 1.39 – 1.40)	2023[2]	39,700	39,700	114,800	114,800
			1,032,700	1,028,985	975,016	971,293
Trust						
Secured bank loans	1.85 – 3.77	2024 – 2025	–	–	323,000	321,012
Unsecured bank loans	1.85 – 5.55 (2021: 2.44)	2024 – 2027	888,000	884,350	250,000	248,830
RCF	5.72 (2021: 1.34 – 1.40)	2023[2]	39,700	39,700	114,800	114,800
			927,700	924,050	687,800	684,642

1 Relates to good news facilities drawn to fund capital expenditures and leasing costs with variable interest rates.
2 While the loan utilised is due for rollover in 2023, the Manager has the option to roll over the RCF up to the facility's final maturity date on 7 August 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

		Financing cash flows			Others	
	1 January US$'000	Net proceeds from / repayment of loans and borrowings US$'000	Net proceeds from issuance / redemption of preferred units US$'000	Payment of transaction costs US$'000	Finance expense US$'000	31 December US$'000
Group						
2022						
Loans and borrowings	971,293	57,684	–	(1,688)	1,696	1,028,985
Preferred units (Note 11)	825	–	345	(92)	–	1,078
	972,118	57,684	345	(1,780)	1,696	1,030,063
2021						
Loans and borrowings	852,287	118,500	–	(1,205)	1,711	971,293
Preferred units (Note 11)	102	–	1,025	(325)	23	825
	852,389	118,500	1,025	(1,530)	1,734	972,118

The details of credit facilities available and utilised as at 31 December are set out below:

		2022		2021	
	Note	Facility available US$'000	Utilised US$'000	Facility available US$'000	Utilised US$'000
Group					
Secured					
Mortgage facilities	(a)	105,000	105,000	309,100	287,216
Trust-level term loans[3]	(b)	–	–	323,000	323,000
US$50.0 million committed RCF ("First US$50.0 Million Committed RCF")	(b)	–	–	50,000	–
US$50.0 million committed RCF ("Second US$50.0 Million Committed RCF")	(b)	–	–	50,000	7,300
		105,000	105,000	732,100	617,516
Unsecured					
Trust-level term loans[3]		993,000	888,000	340,000	250,000
Committed RCFs		100,000	39,700	–	–
Uncommitted RCF		200,000	–	200,000	107,500
		1,293,000	927,700	540,000	357,500
		1,398,000	1,032,700	1,272,100	975,016

3 For the Trust-level term loans, the Group entered into interest rate swaps to hedge the floating rate under certain loans drawn to a fixed rate. Please refer to Note 10.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

9 LOANS AND BORROWINGS (CONT'D)

		2022		2021	
	Note	Facility available US$'000	Utilised US$'000	Facility available US$'000	Utilised US$'000
Trust					
Secured					
Trust-level term loans[3]	(b)	–	–	323,000	323,000
First US$50.0 Million Committed RCF	(b)	–	–	50,000	–
Second US$50.0 Million Committed RCF	(b)	–	–	50,000	7,300
		–	–	423,000	330,300
Unsecured					
Trust-level term loans[3]		993,000	888,000	340,000	250,000
Committed RCFs		100,000	39,700	–	–
Uncommitted RCF		200,000	–	200,000	107,500
		1,293,000	927,700	540,000	357,500
		1,293,000	927,700	963,000	687,800

3 For the Trust-level term loans, the Group entered into interest rate swaps to hedge the floating rate under certain loans drawn to a fixed rate. Please refer to Note 10.

(a) Mortgage Facilities

The mortgage facilities are secured by, amongst other collateral:

(i) a first mortgage on Phipps (the "Property");

(ii) an assignment of Hancock S-REIT ATL Phipps LLC's (the "Phipps Sub") rights, title and interest in present and future leases, subleases, licenses and all other agreements relating to the management, leasing and operation of the Property; and

(iii) an assignment of the Phipps Sub's right to all goods, building and other materials, supplies, inventory, equipment, machinery, fixtures, furniture and other personal property, together with all payments and other rents and security deposits in respect of the Property.

In addition, Hancock S-REIT Parent Corp., which directly holds the Phipps Sub, has granted a limited guarantee to the mortgage lenders in respect of certain obligations of the Phipps Sub under the mortgage facilities as well as a hazardous materials indemnity agreement.

The mortgage facility includes customary representations, warranties and covenants (including due-on-sale and due-on-encumbrance provisions) by the Phipps Sub in favour of the mortgage lender.

(b) Trust-level Term Loans, First US$50.0 Million Committed RCF and Second US$50.0 Million Committed RCF

On 26 January 2022, Manulife US REIT and certain of its subsidiaries entered into deeds of release and discharge ("Deeds of Release and Discharge") with the security agent to release the security granted in respect of the Trust-level term loans, the First US$50.0 Million Committed RCF and the Second US$50.0 Million Committed RCF.

Following the execution of the Deeds of Release and Discharge, these facilities are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 FINANCIAL DERIVATIVES

	Group and Trust	
	2022	2021
	US$'000	US$'000
Current		
Derivative assets		
Interest rate swaps used for hedging	1,264	–
Non-current		
Derivative assets		
Interest rate swaps used for hedging	47,655	5,653
Derivative liabilities		
Interest rate swaps used for hedging	–	(4,742)
	47,655	911
	48,919	911
Financial derivatives as a percentage of the Group's net assets	4.8%	0.1%
Financial derivatives as a percentage of the Trust's net assets	4.8%	0.1%

The Group has entered into interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing borrowings by swapping the interest expense on these borrowings from floating rates to fixed rates. As at the reporting date, the notional principal amount of the financial instruments was US$693.0 million (2021: US$573.0 million).

The changes in fair value of the interest rate swaps are recognised in profit or loss for the financial year.

Offsetting financial assets and financial liabilities

The Group entered into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the Statements of Financial Position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10 FINANCIAL DERIVATIVES (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

The following table sets out the carrying amounts of recognised financial instruments that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statements of Financial Position:

	Gross amounts of recognised financial instruments US$'000	Gross amounts of recognised financial instruments offset in the Statement of Financial Position US$'000	Net amounts of financial instruments presented in the Statement of Financial Position US$'000	Related financial instruments that are not offset US$'000	Net amount US$'000
Group and Trust					
2022					
Financial assets					
Interest rate swaps	48,919	–	48,919	–	48,919
2021					
Financial assets					
Interest rate swaps	5,653	–	5,653	(2,352)	3,301
Financial liabilities					
Interest rate swaps	(4,742)	–	(4,742)	2,352	(2,390)
	911	–	911	–	911

11 PREFERRED UNITS

	Group 2022 US$'000	Group 2021 US$'000
As at 1 January	825	102
Issuance of preferred units (net of issuance costs)	253	825
Redemption of preferred units	–	(102)
31 December	1,078	825

On 7 January 2021, Hancock S-REIT LA Corp., Hancock S-REIT Irvine Corp., Hancock S-REIT ATL LLC, Hancock S-REIT SECA LLC, Hancock S-REIT JCITY LLC, Hancock S-REIT DC 1750 LLC, Hancock S-REIT ATL Phipps LLC, Hancock S-REIT Centerpointe LLC and Hancock S-REIT Sacramento LLC and Hancock S-REIT Parent Corp each issued 115 new preferred shares at US$1,000 per preferred share to persons who are unrelated to The Manufacturers Life Insurance Company and the Group (the "Preferred Shares Issuance"). Immediately before the Preferred Shares Issuance, Hancock S-REIT Parent Corp. has also redeemed all of its existing 125 units of preferred shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11 PREFERRED UNITS (CONT'D)

On 26 January 2022, Hancock S-REIT Portland LLC, Hancock S-REIT Chandler LLC and Hancock S-REIT Tempe LLC each issued 115 preferred units at US$1,000 per preferred unit to persons who are unrelated to The Manufacturers Life Insurance Company and the Group.

The preferred units which are issued by indirect subsidiaries of the Trust with a par value of US$0.01 per preferred unit, and they rank senior to all units of the indirect subsidiaries. Each holder of the preferred units is entitled to receive cumulative preferential cash dividends (recorded as finance expense) at a rate 12.0% per annum per preferred unit plus all accrued and unpaid dividends which is payable annually in arrears.

The preferred units are not convertible into, or exchangeable for, any other property or securities of the subsidiaries. The Board of Directors of the subsidiaries may, in its sole and absolute discretion, cause the subsidiaries to redeem units of the preferred units at US$1,000 per unit plus all accrued and unpaid dividends.

The preferred units have been classified as financial liabilities in accordance with IAS 32.

12 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group	
	2022 US$'000	2021 US$'000
Investment properties	19,075	37,261

	At 31 December 2020 US$'000	Statement of Comprehensive Income (Note 19) US$'000	At 31 December 2021 US$'000	Statement of Comprehensive Income (Note 19) US$'000	At 31 December 2022 US$'000
Deferred tax liabilities					
Investment properties					
– Change in fair value of investment properties	(6,239)	(12,743)	(18,982)	(33,822)	(52,804)
– Tax depreciation	42,522	13,721	56,243	15,636	71,879
	36,283	978	37,261	(18,186)	19,075

Deferred income tax assets are recognised for changes in fair value of investment properties carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2022, the Group had unrecognised deferred tax assets of US$44.0 million arising from changes in fair value of investment properties at the end of the financial year which can be carried forward and used to offset against future fair value changes subject to meeting certain requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2022		2021	
	No of Units '000	US$'000	No of Units '000	US$'000
Units in issue				
As at 1 January	1,754,155	1,221,878	1,582,933	1,131,815
Issuance of Units:				
– Private placement	–	–	154,084	100,001
– Manager's base fee paid in Units	14,400	8,857	11,042	8,398
– Property Manager's management fees paid in Units	8,010	4,926	6,096	4,632
Issuance costs	–	–	–	(1,806)
Capital distribution	–	(7,933)	–	(21,162)
As at 31 December	1,776,565	1,227,728	1,754,155	1,221,878
Units to be issued				
Manager's base fee payable in Units	13,440	4,190	6,389	4,261
Property Manager's management fees payable in Units	8,420	2,626	3,541	2,361
	21,860	6,816	9,930	6,622
Total Units issued and to be issued as at 31 December	1,798,425	1,234,544	1,764,085	1,228,500

Units issued were as follows:

- 14,399,879 (2021: 11,041,655) new Units were issued at issue prices ranging from US$0.5738 to US$0.6669 (2021: US$0.7443 to US$0.7768) per Unit, amounting to US$8,857,000 (2021: US$8,398,000) as satisfaction of the Manager's base fee payable in Units for the period from 1 July 2021 to 30 June 2022 (2021: 1 July 2020 to 30 June 2021).

- 8,010,853 (2021: 6,096,012) new Units were issued at issue prices ranging from US$0.5738 to US$0.6669 (2021: US$0.7443 to US$0.7768) per Unit, amounting to US$4,926,000 (2021: US$4,632,000) as satisfaction of the Property Manager's management fee payable in Units for the period from 1 July 2021 to 30 June 2022 (2021: 1 July 2020 to 30 June 2021).

- On 9 December 2021, 154,084,000 new Units were issued at an issue price of US$0.649 per Unit in connection with the private placement.

- There were 13,439,596 (2021: 6,389,176) Units to be issued in satisfaction of the Manager's base fee for the period from 1 July 2022 to 31 December 2022 (2020: 1 July 2021 to 31 December 2021) and 8,419,799 (2021: 3,541,538) Units to be issued in satisfaction to Property Manager's management fee for the period from 1 July 2022 to 31 December 2022 (2021: 1 July 2021 to 31 December 2021). Units to be issued are based on the volume weighted average price for the last 10 Business Days immediately preceding the year end of US$0.3118 (2021: US$0.6669). Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding the year end or (ii) the closing price on the day of issuance of Units in payment of property management fees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13 UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and included the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or Unitholders representing not less than 10% of the total Units issued give written request for a meeting to be convened.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate or interest in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issuance costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units. Included in issuance costs for the year ended 31 December 2021 are US$22,274 of fees paid to the auditors of the Group.

14 NET ASSET VALUE PER UNIT

	Note	Group		Trust	
		2022	**2021**	**2022**	**2021**
Net asset value per Unit is based on:					
– Net assets (US$'000)		1,020,316	1,187,716	1,020,146	1,162,448
– Total Units issued and to be issued at 31 December ('000)	13	1,798,425	1,764,085	1,798,425	1,764,085

15 GROSS REVENUE

	Group	
	2022 US$'000	**2021 US$'000**
Rental income	115,131	105,668
Recoveries income	72,709	67,745
Car park income	12,896	9,259
Others	1,823	2,427
	202,559	185,099

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16 PROPERTY OPERATING EXPENSES

	Group	
	2022 US$'000	2021 US$'000
Real estate taxes	28,235	26,044
Repairs and property maintenance expenses	21,211	18,556
Utilities	10,415	8,877
Property management fees and reimbursements	13,820	12,108
Provision for ECL/(net reversal of provision for ECL)	1,003	(1,743)
Other operating expenses	14,712	11,710
	89,396	75,552

17 OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	Group	
	2022 US$'000	2021 US$'000
Audit fees paid/payable to:		
– Auditors of the Group	346	315
Non-audit fees paid/payable to:		
– Auditors of the Group	11	–
Valuation fees	143	101
Tax and legal expenses	598	732
Investor relations and related expenses	246	243
Foreign exchange losses	10	55
Other expenses	1,043	1,048
	2,397	2,494

18 FINANCE EXPENSES

	Group	
	2022 US$'000	2021 US$'000
Interest expense on loans and borrowings	31,728	26,890
Amortisation of upfront debt-related transaction costs	1,696	1,711
Dividends on preferred units	177	136
Redemption of preferred units	–	23
Commitment and financing fees	334	385
	33,935	29,145

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19 TAX (INCOME)/EXPENSE

	Group	
	2022 US$'000	2021 US$'000
Current tax expense		
Income tax	70	167
Deferred tax (income)/expense		
Movement in temporary differences	(18,186)	978
	(18,116)	1,145
Reconciliation of effective tax rate		
Net (loss)/income for the year before tax	(147,837)	40,558
Tax calculated using Singapore tax rate of 17% (2021: 17%)	(25,132)	6,895
Effect of different tax rate in foreign jurisdictions	(11,602)	(3,388)
Income not subject to tax	(8,161)	(2,362)
Change in unrecognised temporary differences	26,779	–
	(18,116)	1,145

Provision for Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations in the jurisdictions in which the Group operates and the amount and timing of future taxable income. Given the span of tax regulations which may apply to the various taxable entities or persons within the Group, the cross-border and long-term nature and complexity of the contractual arrangements and the conditions to the tax rulings which have been obtained, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions recorded or require new or additional tax provisions to be recorded. The Group establishes provisions, based on reasonable estimates, for anticipated tax liabilities or possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations between the taxable entity or person involved and the relevant tax authority and anticipated future changes in the tax laws that may have a direct impact on any tax ruling or favourable tax treatment relied upon. Such instances may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the respective entity or person involved.

20 EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group	
	2022 US$'000	2021 US$'000
Net (loss)/income for the year	(129,721)	39,413
	No. of Units '000	**No. of Units '000**
Weighted average number of Units	1,767,087	1,603,032

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20 EARNINGS PER UNIT (CONT'D)

Basic EPU is calculated based on the weighted number of Units for the year. This is comprised of:

(i) the weighted average number of Units in issue for the year; and
(ii) the estimated weighted average number of Units issuable as payment of the Manager's fees and Property Manager's management fees for the year.

Diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the year.

21 FINANCIAL RISK MANAGEMENT

Capital management

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Trust's properties. To maintain or achieve an optimal capital structure, the Manager may issue new Units or source additional borrowings from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as net property income from the property divided by the latest valuation for the property. The Manager also monitors the level of distributions made to Unitholders.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code, calculated as total borrowings and deferred payments divided by total assets. The Property Funds Appendix stipulates that on or after 1 January 2022, the aggregate leverage of a property fund may exceed 45% of the fund's deposited property (up to a maximum of 50%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings. The Property Funds Appendix provides that the aggregate leverage limit and the minimum adjusted interest coverage ratio is not considered to be breached if it is due to circumstances beyond the control of the manager, including a depreciation in the asset value of the property fund and any redemption of units or payments made from the property fund. If aggregate leverage limit is exceeded as a result of such circumstances, the manager should not incur additional borrowings or enter into further deferred payment arrangements. As set out in the Property Funds Appendix, refinancing of existing borrowings is not construed as incurring additional borrowings.

The Group has complied with the aggregate leverage limit of 50.0% during the financial year, with an aggregate leverage ratio of 48.8% (2021: 42.8%) and ICR of 3.1 times (2021: 3.4 times) as at 31 December 2022.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 FINANCIAL RISK MANAGEMENT (CONT'D)

Overview of risk management

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

Market risk

Foreign currency risk

Foreign currency risk arises when transactions are denominated in a currency other than the functional currency of the Group, and such changes will impact the Group's profit.

The Group has transactional currency exposures arising from cash and cash equivalents and trade and other payables that are denominated in a currency other than its functional currency. These transactions are mainly denominated in Singapore Dollars ("SGD"). Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

The exposures to currency risk of the Group and the Trust are as follows:

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Cash and cash equivalents	1,803	1,459	1,781	1,431
Trade and other payables	(799)	(794)	(730)	(729)
Net assets	1,004	665	1,051	702

A 5.0% weakening of USD against the following foreign currency at the reporting date would increase the profit or loss by the amounts shown below. This sensitivity analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group		Trust	
	2022	**2021**	**2022**	**2021**
	US$'000	**US$'000**	**US$'000**	**US$'000**
SGD	50	33	53	35

A 5.0% strengthening of USD against the above currency would have had an opposite effect of similar quantum on the above currency to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk

As at 31 December 2022, the Group had US$798.0 million (2021: US$843.1 million) of fixed rate interest-bearing borrowings, including borrowings which are hedged with interest rate swaps, and US$234.7 million (2021: US$131.9 million) of unhedged variable rate interest-bearing borrowings.

For the variable rate interest-bearing borrowings, a 1.0% (2021: 1.0%) increase in interest rate at the reporting date, with all other variables held constant, would decrease the Group's profit or loss by US$2.3 million (2021: US$1.3 million). A 1.0% decrease in interest rate would have had an opposite effect of similar quantum on the basis that all other variables remain constant.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements. The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of the Group's gross revenue and obtaining security deposits or letter of credits from the tenants. At the end of the reporting period, approximately 60% (2021: 40%) of the Group's trade receivables were due from 3 tenants.

The Group's risk for trade receivables is disclosed in Note 5. The Manager believes that there is no other credit risk inherent in the Group's remaining trade receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash is placed with financial institutions which are regulated.

Financial derivatives are entered into with bank and financial institution counterparties which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash and credit facilities deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The Group's credit facilities are set out in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

21 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows Within 1 year US$'000	Within 2 to 5 years US$'000	More than 5 years US$'000
Group					
2022					
Non-derivative financial liabilities					
Trade and other payables and security deposits^	35,920	35,920	31,658	1,831	2,431
Preferred units	1,078	1,495	–	–	1,495
Loans and borrowings	1,028,985	1,150,142	179,763	970,379	–
	1,065,983	1,187,557	211,421	972,210	3,926
2021					
Non-derivative financial liabilities					
Trade and other payables and security deposits^	62,874	62,874	58,999	2,245	1,630
Preferred units	825	1,150	–	–	1,150
Loans and borrowings	971,293	1,039,554	321,992	717,562	–
	1,034,992	1,103,578	380,991	719,807	2,780
Trust					
2022					
Non-derivative financial liabilities					
Trade and other payables	6,076	6,076	6,076	–	–
Loans and borrowings	924,050	1,042,912	72,533	970,379	–
	930,126	1,048,988	78,609	970,379	–
2021					
Non-derivative financial liabilities					
Trade and other payables	40,710	40,710	40,710	–	–
Loans and borrowings	684,642	740,602	130,271	610,331	–
	725,352	781,312	170,981	610,331	–

^ Excluding deferred revenue

The maturity analyses show the contractual undiscounted cash flows of the Group's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/outflows relate to these instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that have simultaneous gross cash settlement e.g. interest rate swaps. Net settled derivative instruments are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's floating rate interest-bearing loans.

The interest payments on floating rate loans and borrowings in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 FAIR VALUES OF ASSETS AND LIABILITIES

(a) Classification and fair value of financial instruments

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US$'000	Financial liabilities at amortised cost US$'000	FVTPL US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group									
2022									
Financial assets measured at fair value									
Financial derivatives	10	–	–	48,919	48,919	–	48,919	–	48,919
Financial assets not measured at fair value									
Cash and cash equivalents	4	112,863	–	–	112,863				
Trade and other receivables^	5	5,381	–	–	5,381				
		118,244	–	–	118,244				
Financial liabilities not measured at fair value									
Trade and other payables#	8	–	31,268	–	31,268				
Loans and borrowings	9	–	1,028,985	–	1,028,985	–	–	1,031,669	1,031,669
Security deposits		–	4,652	–	4,652				
Preferred units	11	–	1,078	–	1,078	–	–	1,495	1,495
		–	1,065,983	–	1,065,983				

^ Excluding GST receivables
# Excluding deferred revenue

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(a) Classification and fair value of financial instruments (cont'd)

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US$'000	Financial liabilities at amortised cost US$'000	FVTPL US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group									
2021									
Financial assets measured at fair value									
Financial derivatives	10	–	–	5,653	5,653	–	5,653	–	5,653
Financial assets not measured at fair value									
Cash and cash equivalents	4	78,581	–	–	78,581				
Trade and other receivables^	5	5,296	–	–	5,296				
		83,877	–	–	83,877				
Financial liabilities not measured at fair value									
Trade and other payables#	8	–	58,769	–	58,769				
Loans and borrowings	9	–	971,293	–	971,293	–	–	980,398	980,398
Security deposits		–	4,105	–	4,105				
Preferred units	11	–	825	–	825	–	–	1,150	1,150
		–	1,034,992	–	1,034,992				
Financial liabilities measured at fair value									
Financial derivatives	10	–	–	4,742	4,742	–	4,742	–	4,742

^ Excluding GST receivables
# Excluding deferred revenue

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(a) Classification and fair value of financial instruments (cont'd)

		Carrying amount				Fair value			
	Note	Financial assets at amortised cost US$'000	Financial liabilities at amortised cost US$'000	FVTPL US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Trust									
2022									
Financial assets measured at fair value									
Financial derivatives	10	–	–	48,919	48,919	–	48,919	–	48,919
Financial assets not measured at fair value									
Cash and cash equivalents	4	10,350	–	–	10,350				
Trade and other receivables^	5	42,286	–	–	42,286				
		52,636	–	–	52,636				
Financial liabilities not measured at fair value									
Trade and other payables	8	–	6,076	–	6,076				
Loans and borrowings	9	–	924,050	–	924,050	–	–	927,700	927,700
		–	930,126	–	930,126				

^ Excluding GST receivables

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(a) Classification and fair value of financial instruments (cont'd)

	Note	Carrying amount				Fair value			
		Financial assets at amortised cost US$'000	Financial liabilities at amortised cost US$'000	FVTPL US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Trust									
2021									
Financial assets measured at fair value									
Financial derivatives	10	–	–	5,653	5,653	–	5,653	–	5,653
Financial assets not measured at fair value									
Cash and cash equivalents	4	6,927	–	–	6,927				
Trade and other receivables^	5	39,739	–	–	39,739				
		46,666	–	–	46,666				
Financial liabilities not measured at fair value									
Trade and other payables	8	–	40,710	–	40,710				
Loans and borrowings	9	–	684,642	–	684,642	–	–	687,800	687,800
		–	725,352	–	725,352				
Financial liabilities measured at fair value									
Financial derivatives	10	–	–	4,742	4,742	–	4,742	–	4,742

^ Excluding GST receivables

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22 FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(b) Measurement of fair values

The following is a description of the valuation techniques and inputs used in the measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Financial derivatives

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Loans and borrowings

The fair values of loans and borrowings are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

23 COMMITMENTS

(a) Operating lease commitments – as lessor

Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Within 1 year	149,405	150,195
After 1 year but within 5 years	486,655	494,755
After 5 years	215,203	264,313
	851,263	909,263

The above operating lease receivables are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

(b) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Capital commitments in respect of investment properties	21,141	10,721

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out at terms agreed between the parties during the financial years:

	Group	
	2022 US$'000	**2021 US$'000**
Rental received/receivable from a related party	977	902
Manager's acquisition fee paid	–	2,016
Manager's base fee paid/payable	8,787	8,560
Property manager's management fee paid/payable	5,190	4,595
Trustee's fee paid/payable[1]	304	299
Leasing fees to a related party	581	715
Construction supervision fee to a related party	23	201
Reimbursements to a related party	3,377	5,767
Settlement of liabilities including withholding taxes	539	326

1 Including fees capitalised into issuance costs

25 FINANCIAL RATIOS

	Group	
	2022 %	**2021 %**
Ratio of expenses to weighted average net assets[1]		
– including performance component of the Manager's management fees	0.94	0.99
– excluding performance component of the Manager's management fees	0.94	0.99
Portfolio turnover rate[2]	–	–

1 The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense. The Group did not incur any performance fee for the period ended 31 December 2022 and 31 December 2021.

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value in accordance with the formulae stated in the CIS Code.

26 SUBSEQUENT EVENTS

Distribution

On 9 February 2023, the Manager announced a distribution of US 2.14 cents per Unit for the period from 1 July 2022 to 31 December 2022.

27 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Manager and the Trustee on 13 March 2023.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual of the SGX–ST and Property Funds Appendix of the Code of Collective Investment Scheme, are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$'000
Manulife US Real Estate Management Pte. Ltd.	Manager		
– Base fees		8,787	–
John Hancock Life Insurance Company (U.S.A) ("JHUSA")	A subsidiary of the controlling shareholder of the Manager		
– Rental and other related income		1,174	–
– Property management fees, leasing fees and construction supervision fees including reimbursable		9,171	–
– Reimbursement of withholding taxes paid by JHUSA to U.S. Internal Revenue Service on behalf of Manulife US REIT		539	–
DBS Trustee Ltd	Trustee		
– Trustee fees		304	–

For the purpose of the disclosure, the full contract sum was used where an interested person transaction had a fixed term and contract value, while the annual amount incurred and accrued was used where an interested person transaction had an indefinite term or where the contract sum was not specified.

Save as disclosed above, there were no additional interested person transactions (excluding transactions less than S$100,000) and Manulife US REIT has not obtained a general mandate from Unitholders for interested person transactions.

The fees and charges payable by Manulife US REIT to the Manager under the Trust Deed and to JHUSA under the Master Property Management Agreement and the Property Management Agreements form part of the Exempted Agreements as set out in Manulife US REIT's Prospectus dated 12 May 2016, each of which constitutes an Interested Person Transaction. Accordingly, such transactions are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Manulife US REIT.

Please also see Significant Related Party Transactions in Note 24 to the Financial Statements.

SUBSCRIPTION OF MANULIFE US REIT UNITS

For the financial year ended 31 December 2022, an aggregate of 22,410,732 Units were issued and subscribed for in relation to the Manager's base fees and Property Manager's management fees.

STATISTICS OF UNITHOLDINGS

As at 1 March 2023

ISSUED AND FULLY PAID UNITS

There were 1,776,565,421 Units issued in MUST as at 1 March 2023 (voting rights: one vote per Unit).

There is only one class of Units in MUST.

No treasury units and no subsidiary holdings held.

Market Capitalisation: US$488,555,490 based on market closing price of US$0.275 per Unit on 1 March 2023.

DISTRIBUTION OF UNITHOLDINGS

SIZE OF UNITHOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1 – 99	88	0.99	4,382	0.00
100 – 1,000	567	6.38	436,666	0.02
1,001 – 10,000	3,733	42.06	21,350,912	1.20
10,001 – 1,000,000	4,458	50.23	232,128,002	13.07
1,000,001 AND ABOVE	30	0.34	1,522,645,459	85.71
TOTAL	**8,876**	**100.00**	**1,776,565,421**	**100.00**

TWENTY LARGEST UNITHOLDERS

NO.	NAME	NO. OF UNITS	%
1	DBS NOMINEES (PRIVATE) LIMITED	446,985,514	25.16
2	CITIBANK NOMINEES SINGAPORE PTE LTD	391,540,903	22.04
3	RAFFLES NOMINEES (PTE.) LIMITED	247,549,113	13.93
4	DBSN SERVICES PTE. LTD.	99,655,991	5.61
5	HSBC (SINGAPORE) NOMINEES PTE LTD	99,222,799	5.59
6	DB NOMINEES (SINGAPORE) PTE LTD	50,472,195	2.84
7	PHILLIP SECURITIES PTE LTD	27,062,347	1.52
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	21,778,480	1.23
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	21,764,198	1.23
10	ABN AMRO CLEARING BANK N.V.	11,822,309	0.67
11	MAYBANK SECURITIES PTE. LTD.	10,863,045	0.61
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,826,129	0.61
13	IFAST FINANCIAL PTE. LTD.	10,477,531	0.59
14	BPSS NOMINEES SINGAPORE (PTE.) LTD.	9,382,439	0.53
15	OCBC SECURITIES PRIVATE LIMITED	9,049,101	0.51
16	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	7,919,378	0.45
17	UOB KAY HIAN PRIVATE LIMITED	7,094,968	0.40
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	5,782,311	0.33
19	LIEW CHEE KONG	5,725,000	0.32
20	AAH INVESTMENT PTE LTD	5,100,000	0.29
	TOTAL	**1,500,073,751**	**84.46**

STATISTICS OF UNITHOLDINGS

As at 1 March 2023

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 1 March 2023)

	Direct Interest		Deemed Interest		Total Interest	
Name of Substantial Unitholders	No. of Units	%(1)	No. of Units	%(1)	No. of Units	%(1)
Manulife Financial Asia Limited(2)	1	n.m.(6)	162,254,652	9.13	162,254,653	9.13
Manulife Holdings (Bermuda) Limited(3)	–	–	162,254,653	9.13	162,254,653	9.13
The Manufacturers Life Insurance Company(4)	–	–	162,254,653	9.13	162,254,653	9.13
Manulife Financial Corporation(5)	–	–	162,254,653	9.13	162,254,653	9.13

Notes:
(1) The percentage of unitholding is calculated based on the total number of 1,776,565,421 Units in issue as at 1 March 2023.
(2) Manulife (International) Limited ("**MIL**") is a wholly-owned subsidiary of Manulife International Holdings Limited ("**MIHL**"). MIHL is therefore deemed interested in MIL's direct interest in 84,657,792 Units. Manulife Financial Asia Limited ("**MFAL**") wholly owns (i) MIHL and is deemed to be interested in MIHL's deemed interest in 84,657,792 Units, (ii) Manufacturers Life Reinsurance Limited ("**MLRL**") and is deemed to be interested in MLRL's direct interest in 65,007,467 Units, and (iii) Manulife US Real Estate Management Pte. Ltd. ("**MUSREM**") and is deemed to be interested in MUSREM's direct interest in 12,589,393 Units.
(3) MFAL is a wholly-owned subsidiary of Manulife Holdings (Bermuda) Limited ("**MHBL**"). MHBL is therefore deemed interested in (i) MFAL's direct interest in 1 Unit; and (ii) MFAL's deemed interest in 162,254,652 Units.
(4) MHBL is a wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**"). The Sponsor is therefore deemed interested in MHBL's deemed interest in 162,254,653 Units.
(5) The Sponsor is a wholly-owned subsidiary of Manulife Financial Corporation ("**MFC**"). MFC is therefore deemed interested in the Sponsor's deemed interest in 162,254,653 Units.
(6) Not meaningful.

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2023)

	Direct interest		Deemed interest	
Directors	No. of Units	%(1)	No. of Units	%(1)
Stephen James Blewitt	–	–	–	–
Koh Cher Chiew Francis(2)	50,000	0.003	–	–
Veronica Julia McCann(3)	793,364	0.045	–	–
Choo Kian Koon	–	–	–	–
Karen Tay Koh	–	–	–	–
Michael Floyd Dommermuth	–	–	–	–

Notes:
(1) The percentage of unitholding is calculated based on the total number of 1,776,565,421 Units in issue as at 1 March 2023.
(2) The 50,000 Units are jointly owned by Professor Koh Cher Chiew Francis and his spouse, Ms Chan Wah Mei.
(3) The 793,364 Units are jointly owned by Ms Veronica Julia McCann and her spouse, Mr Steven John Baggott.

FREE FLOAT:

Based on information available to the Manager as at 1 March 2023, 90.82% of the Units in MUST are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST is complied with.

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CORPORATE INFORMATION

Manager

Manulife US Real Estate Management Pte. Ltd.
(Company registration no. 201503253R)
8 Cross Street
#16-03 Manulife Tower
Singapore 048424
Tel: +65 6238 0222
Fax: +65 6801 1056
Email: usreitinquiry@manulifeusreit.sg
Website: www.manulifeusreit.sg

Board of Directors

Mr Stephen Blewitt
Interim Chairman and
Non-Executive Director

Professor Koh Cher Chiew Francis
Independent Non-Executive Director,
Lead Independent Director

Ms Veronica McCann
Independent Non-Executive Director

Dr Choo Kian Koon
Independent Non-Executive Director

Mrs Karen Tay Koh
Independent Non-Executive Director

Mr Michael Dommermuth
Non-Executive Director

Audit and Risk Committee

Ms Veronica McCann
Chairman

Professor Koh Cher Chiew Francis

Mrs Karen Tay Koh

Nominating and Remuneration Committee

Dr Choo Kian Koon
Chairman

Mr Stephen Blewitt

Professor Koh Cher Chiew Francis

Management Team

Mr Tripp Gantt
Chief Executive Officer

Ms Caroline Fong
Deputy CEO, Chief Investor Relations
and Sustainability Officer

Mr Robert Wong
Chief Financial Officer

Mr Patrick Browne
Chief Investment Officer

Ms Daphne Chua
Chief Compliance Officer

Mr Choong Chia Yee
Head of Finance

Company Secretary

Ms Ling Chui Shee
Appointment Date: 6 July 2022

Trustee

DBS Trustee Limited
12 Marina Boulevard Level 44
DBS Asia Central @ Marina Bay
Financial Centre Tower 3
Singapore 018982
Tel: +65 6878 8888
Fax: +65 6878 3977

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Tel: +65 6535 7777
Fax: +65 6532 7662

Partner-in-charge
Ms Low Yen Mei
(with effect from financial year ended 31 December 2021)

Unit Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel: +65 6536 5355
Fax: +65 6438 8710

For updates or change of mailing address, please contact:

The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: www.sgx.com/cdp

MANULIFE US REIT

REIMAGINE

ANNUAL REPORT 2022

Manulife
US REIT

Manulife US Real Estate Management Pte. Ltd.
8 Cross Street
#16-03 Manulife Tower
Singapore 048424
Email: usreitinquiry@manulifeusreit.sg