



# Corporate Presentation - UBS

12 May 2021



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**01** About MUST

**02** 1Q 2021 Financial and Operational Updates

**03** Looking Forward

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01

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**About  
MUST**

# Manulife US REIT supported by *reputable sponsor*

Vertically-integrated real estate platform: Global real estate AUM of US\$19.0 b

**Manulife**

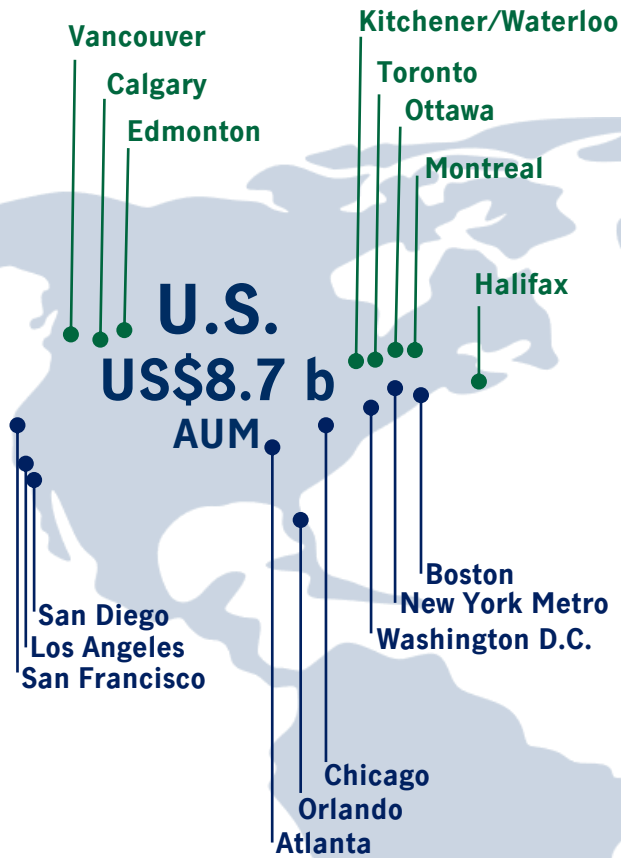
AUM US\$1.0 t



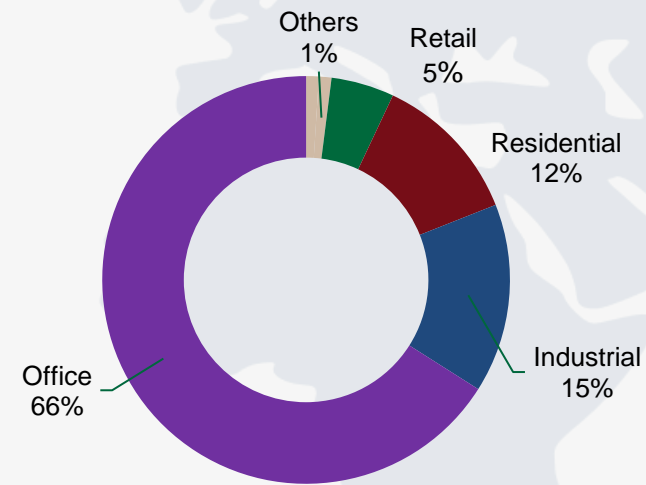
Private Markets  
AUM US\$117.5 b



Global Real Estate  
AUM US\$19.0 b



66% of Real Estate in Office



**Asia US\$2.3 b AUM**



> 80 years in real estate



> 560 professionals in 25 cities globally



Strong leasing network of >1,000 tenants

# Strong *growth* since IPO

## Fortified portfolio of freehold Trophy/Class A assets



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

2017



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

2019

2016

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



2018

Penn and Phipps (US\$387.0 m)



1Q 2021

Heading for new frontiers with transformational deals



Scan for property videos



NLA (m sq ft)<sup>1</sup>  
**4.7**

Tenants<sup>1</sup>  
**176**

AUM (US\$)<sup>1</sup>  
**2.0 b**

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

# 2020 sustainability *milestones*

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

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



**LEED™ Platinum**  
Capitol



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



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



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**1Q 2021  
Financial  
and  
Operational  
Updates**



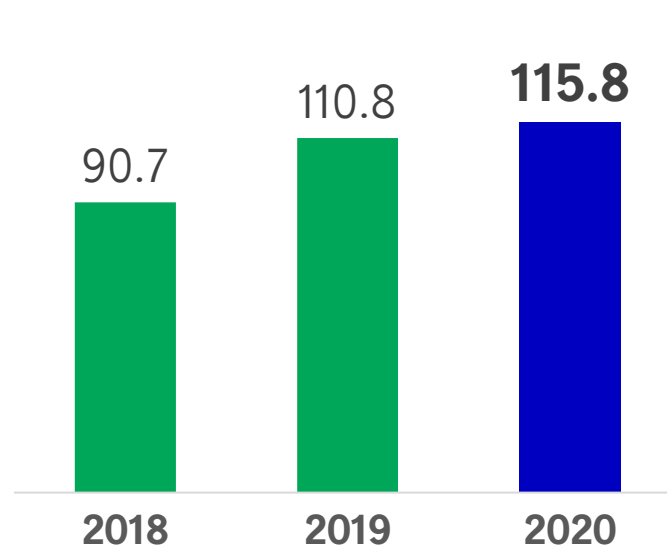
# Weathered FY 2020 with a *resilient* portfolio



Net property income  
(NPI) (US\$ m)

**115.8**

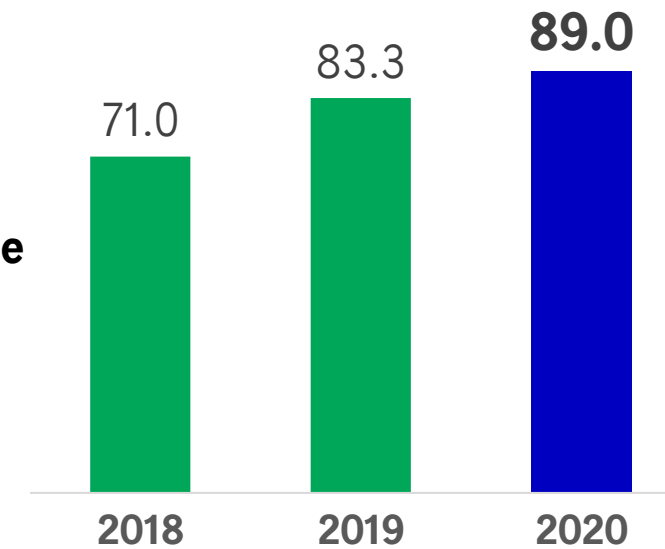
Increased **4.5%** YoY



Distributable income  
(DI) (US\$ m)

**89.0**

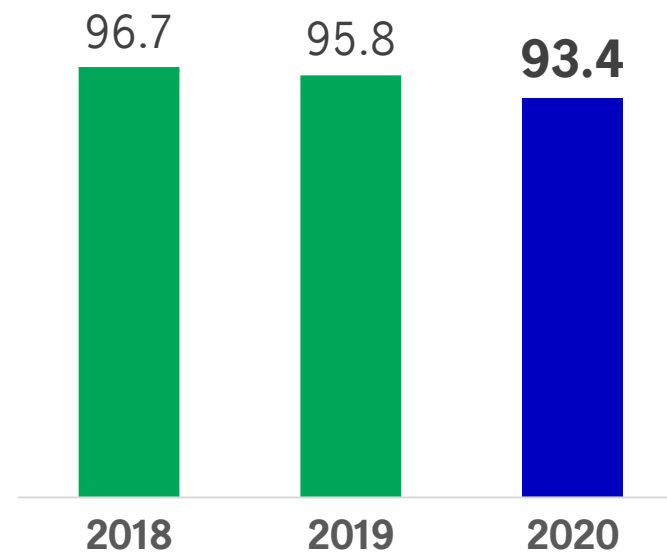
Increased **6.8%** YoY



Occupancy  
(%)

**93.4**

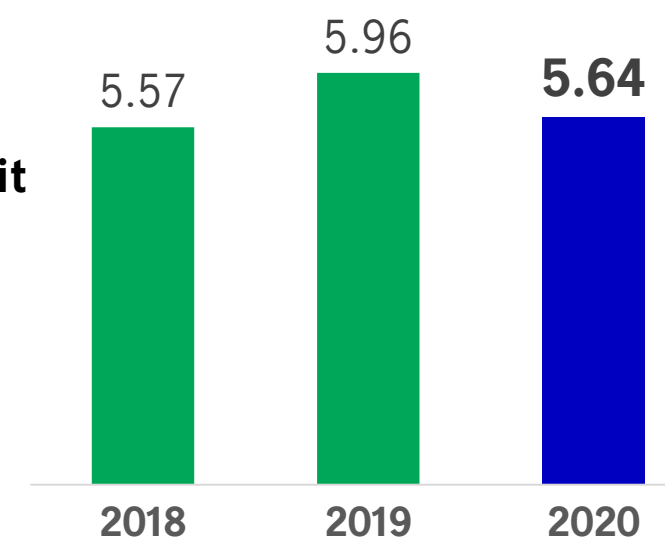
Above U.S. Class A  
average ~ **84%**<sup>1</sup>



Distribution per unit  
(DPU) (US cents)

**5.64**

Decreased **5.4%** YoY



# Secured maiden *sustainability-linked* loan

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

## Financials as at 31 Mar 2021

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

Gearing

**3.18%**

Weighted avg. interest rate

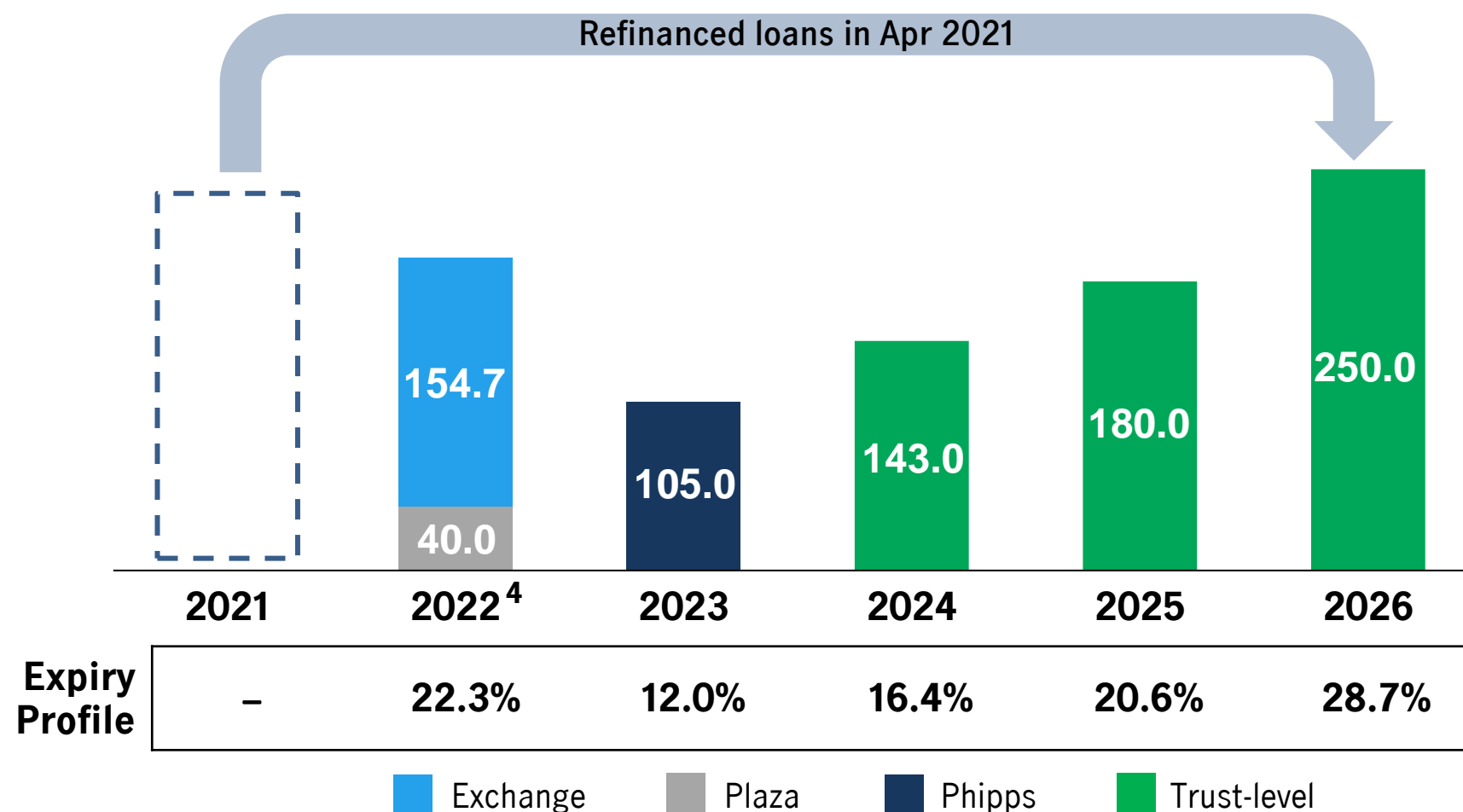
**2.1 years**

Weighted avg. debt maturity

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

Interest coverage

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



(1) Post-refinancing completed in Apr 2021

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

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

(4) Loans are due in 2H 2022

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

## Portfolio as at 31 Mar 2021

**92.0%**

High occupancy

**5.3 years**

Long WALE

**5.8%**

Leases executed by NLA;  
with +2.1% rental reversion

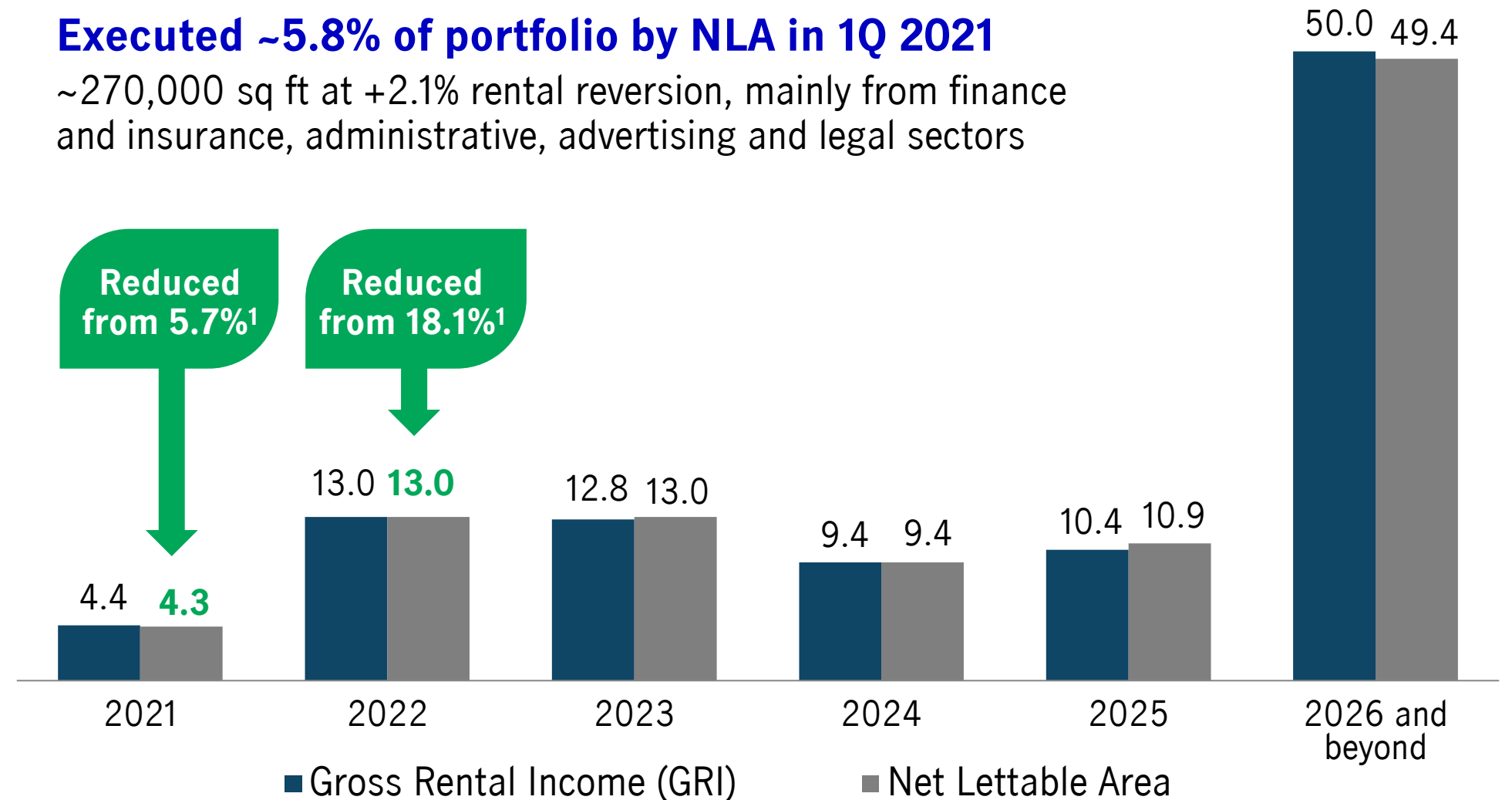
**2.1% p.a.**

Rental escalations

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

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

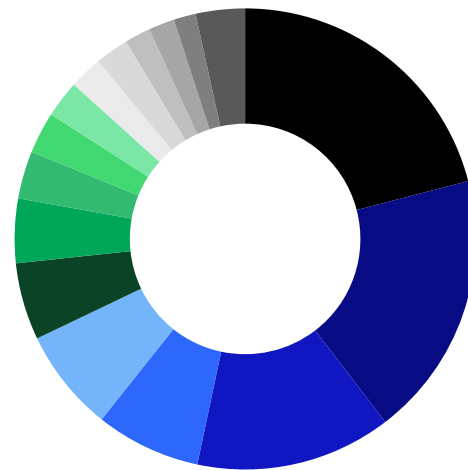
~270,000 sq ft at +2.1% rental reversion, mainly from finance and insurance, administrative, advertising and legal sectors



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

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

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



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

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



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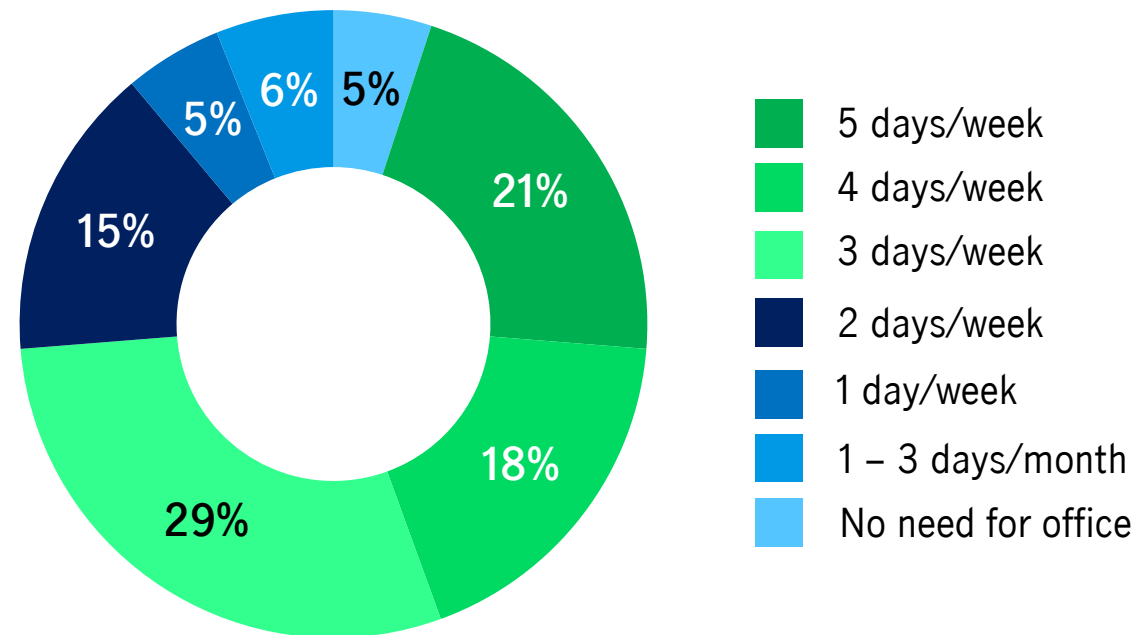
**Looking  
Forward**

# Work from home? Bosses to employees: See you back in *office*

Latest survey: 75% of bosses surveyed expect more than half to WFO by Jul 2021

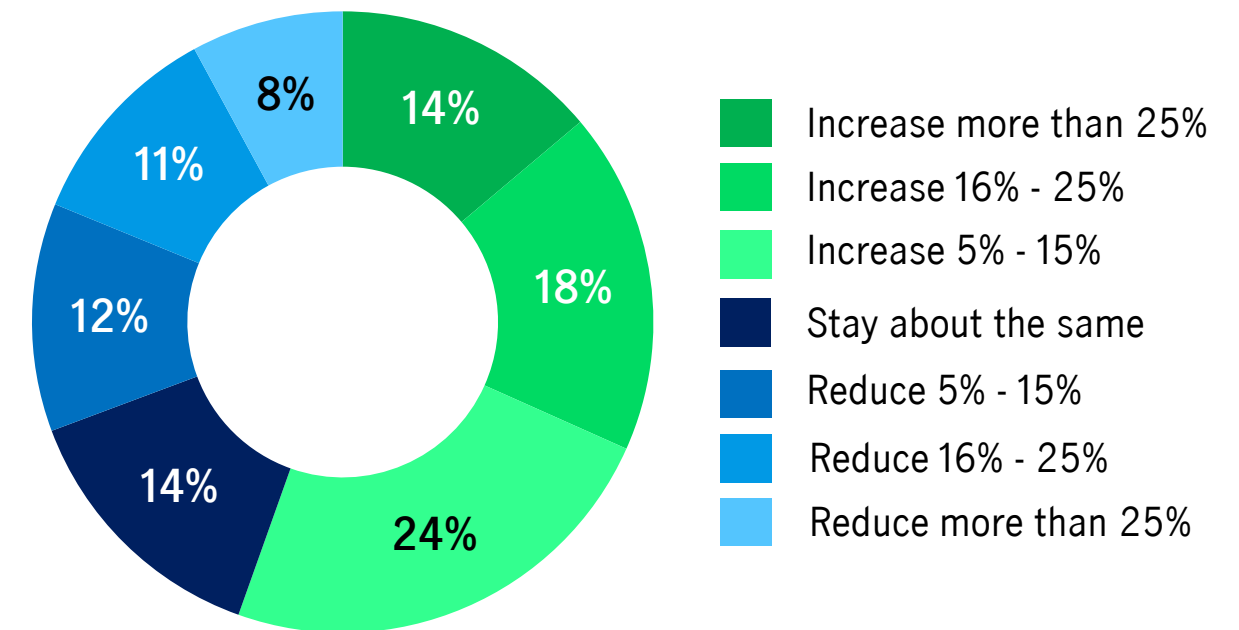
## Hybrid model preferred

- ~70% bosses expect employees to WFO at least 3 days/week to maintain company culture
- Only 5% do not need employees in office



## Physical office remains in demand

- ~70% bosses require same or more space post COVID-19
- Demand due to rising headcount & social distancing needs



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

Source: PwC's US Remote Work Survey 2021. PwC surveyed 133 US executives (chairman, CEO, Exec Directors, VPs) and 1,200 employees (36% were already working in a flexible arrangement pre-COVID-19)

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

## MUST's investment criteria

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

+

## Post COVID-19 themes

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

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**Stronger  
MUST**

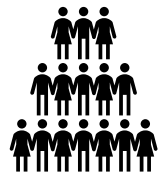
# Target *magnet cities* with large population shifts propelling rent and job growth

## Key market attributes of magnet cities including Sun Belt<sup>1</sup>



### Growing tech tenant presence

Facebook, Tesla, Oracle, Hewlett Packard growing in Texas



### Robust population growth

1.6% growth p.a. in Sun Belt vs. 0.7% in dense West Coast markets



### Business friendly/corporate in-migration

Average office rents > 40% cheaper



### Lower cost of living

Personal income tax and home values > 50% lower

## 12 month rent forecast<sup>2</sup>



## 5 year rent forecast<sup>2</sup>



## Expected annual job growth<sup>3</sup>



(1) Green Street Office Insights – Following U-Hauls to the Sun Belt as at 15 Apr 2021; Sun Belt markets compared to West Coast Gateways

(2) CoStar Office Market Reports as at 15 Apr 2021 – Gateway markets include NY, Chicago, Boston, LA, SF and DC; Sun Belt markets include Austin, Charlotte, Nashville, Raleigh and Orlando

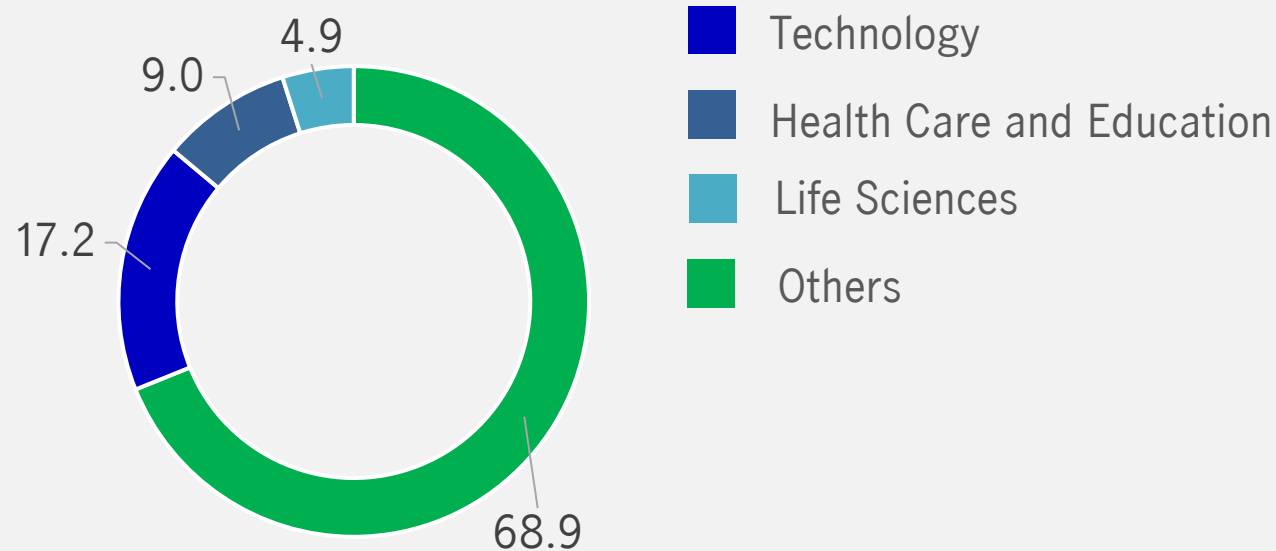
(3) Green Street Office Market Snapshots as at 24 Mar 2021 – Gateway markets include NY, Chicago, Boston, LA, SF and DC; Sun Belt markets include Austin, Charlotte, Nashville, Raleigh and Orlando



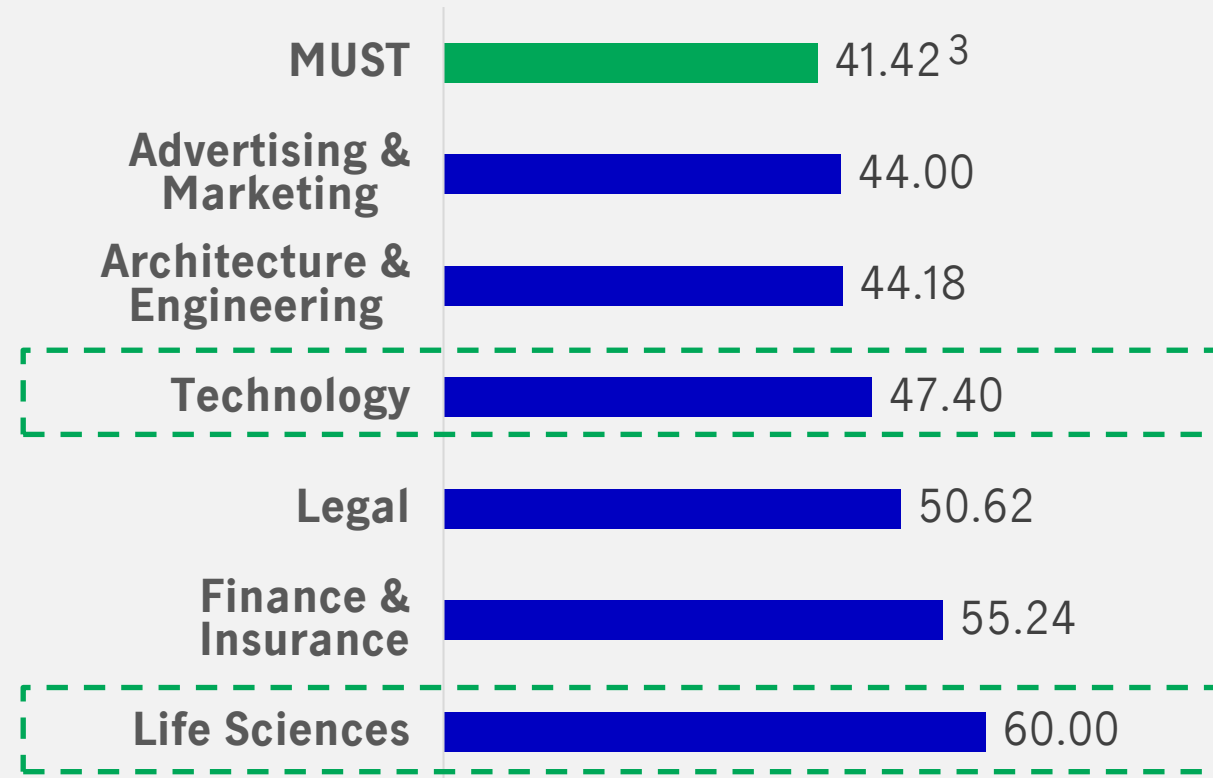
# Capture in-demand *tech, life sciences and health care* tenants

Tech tenants accounted for more leasing demand than other industries in the U.S. since 2013<sup>1</sup> and are among the highest rent paying industries nationally<sup>2</sup>

Tech/Health Care/Life Sciences made up 31.1% of leasing demand in 2020 (%)<sup>1</sup>

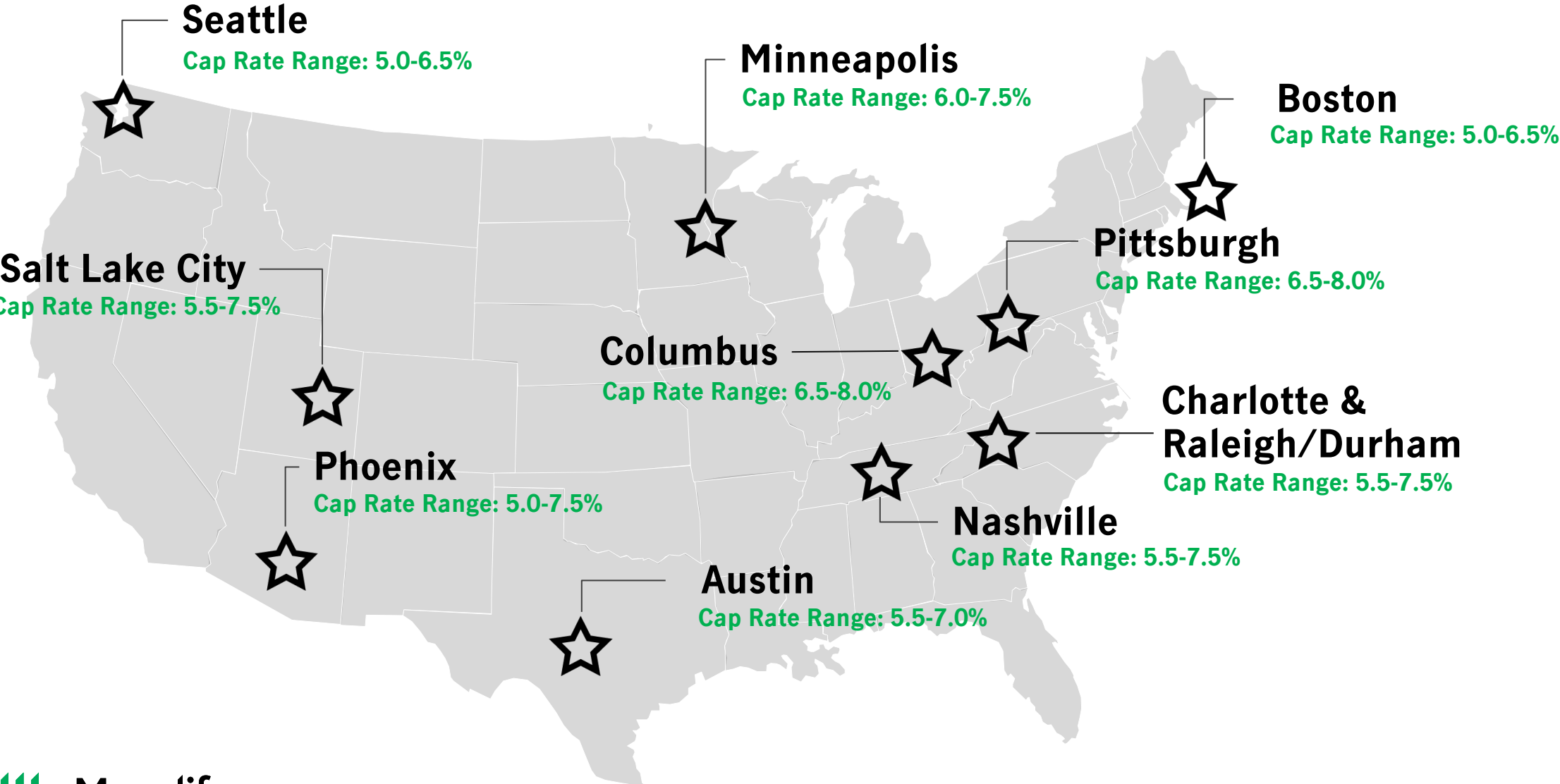


Tech/Life Sciences amongst top paying tenant industries (US\$)<sup>2</sup>



# Subset of target markets with *desired growth traits*

Growth around tech, health care, demographics, cost-of-living/doing business



Ability to acquire accretive deals in markets with cap rates ranging from 6.5% to 7.5%

# Patience required for future growth



## U.S. economy - tailwinds

- Stellar GDP of +6.4% achieved
- Improving unemployment rate<sup>1</sup>
  - ✓ 6.0% in Mar 2021 versus 14.8% in Apr 2020
- Further US\$1.9 t fiscal stimulus plus US\$2.3 t infrastructure renewal programme proposed<sup>2</sup>
- Fast-paced vaccination roll-out:
  - ✓ ~250 m doses of vaccine administered nationally<sup>3</sup> (U.S. population: 333 m)
  - ✓ Everyone aged 16+ eligible for vaccine
  - ✓ ~83% of population aged 65+ has received at least one dose<sup>4</sup>



## 2021 - headwinds

- Tenants continue to pay rent; abatement persists
  - ✓ Rental collection: 98%<sup>5</sup>; abatement: 0.6%<sup>6</sup>
- Low physical occupancy at 5% - 25%<sup>5</sup> = low carpark income
- Existing vacancies remains a challenge
  - ✓ Larger spaces taking longer to fill
  - ✓ Tenants' market = higher TIs and free rent



## Transformational growth

- Acquire yield-accretive properties/portfolio in key locations with strong fundamentals
- Target at least 20% in high growth sectors (currently at ~10%)
- Seek joint ventures/M&A



*Thank you!*

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04

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Appendix

# World's largest economy *bouncing back*

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

**1Q 2021  
GDP growth**

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

**1Q 2021  
jobs gained**

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

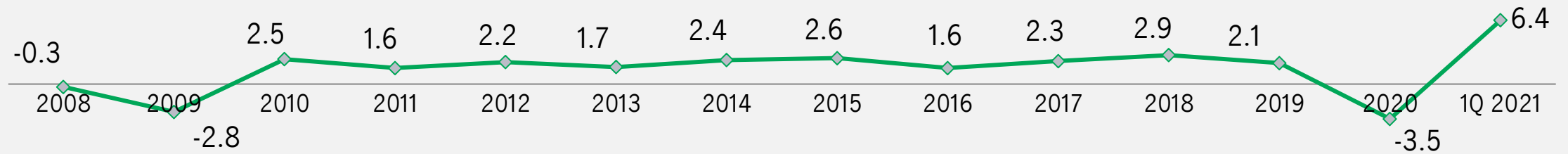
**Unemployment**

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

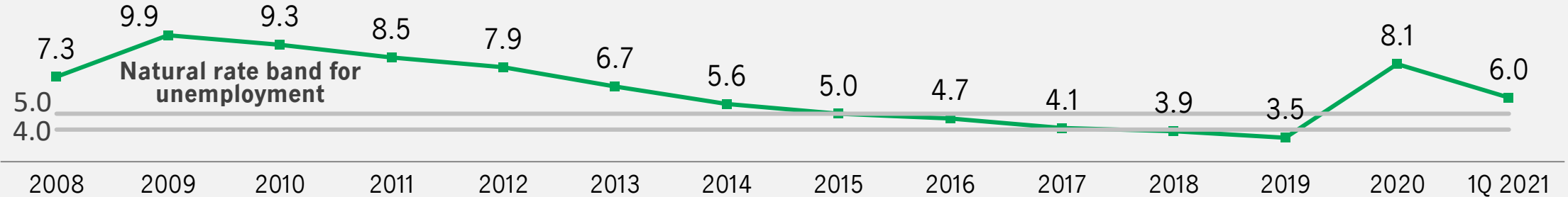
**Jobs  
added in March**

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

**U.S. GDP Growth (%)<sup>3</sup>**



**U.S. Unemployment (%)<sup>4</sup>**



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

# U.S. office real estate activities remain muted

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

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

1Q 2021 vacancy

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

QoQ direct average market rent growth

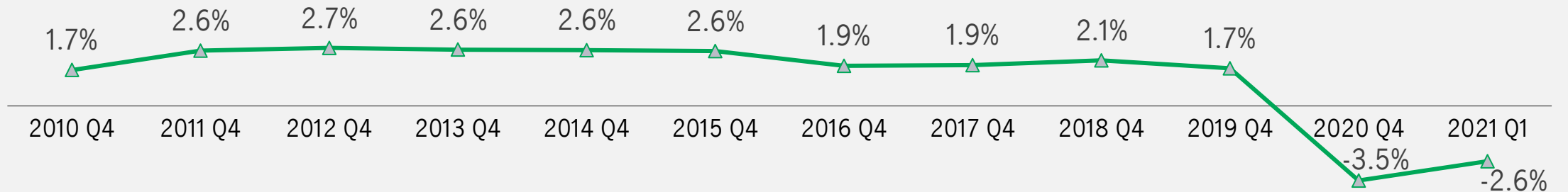
**-44.7m<sup>3</sup>**

1Q 2021 net absorption (sq ft)

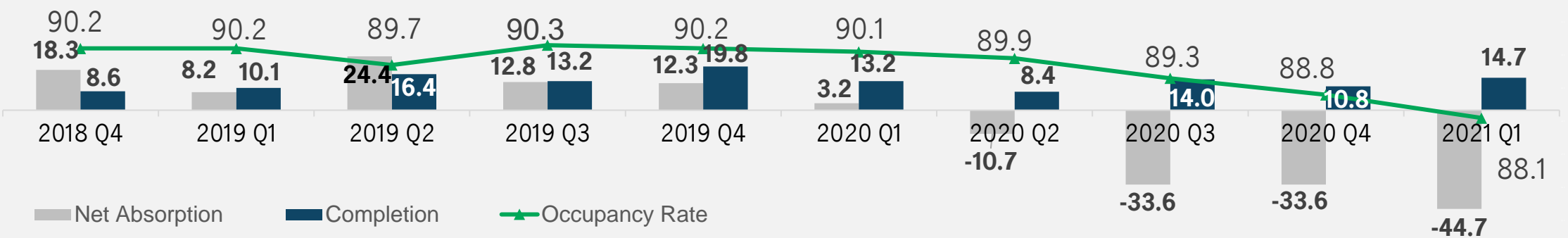
**14.7m<sup>3</sup>**

1Q 2021 new supply delivered (sq ft)

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



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



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

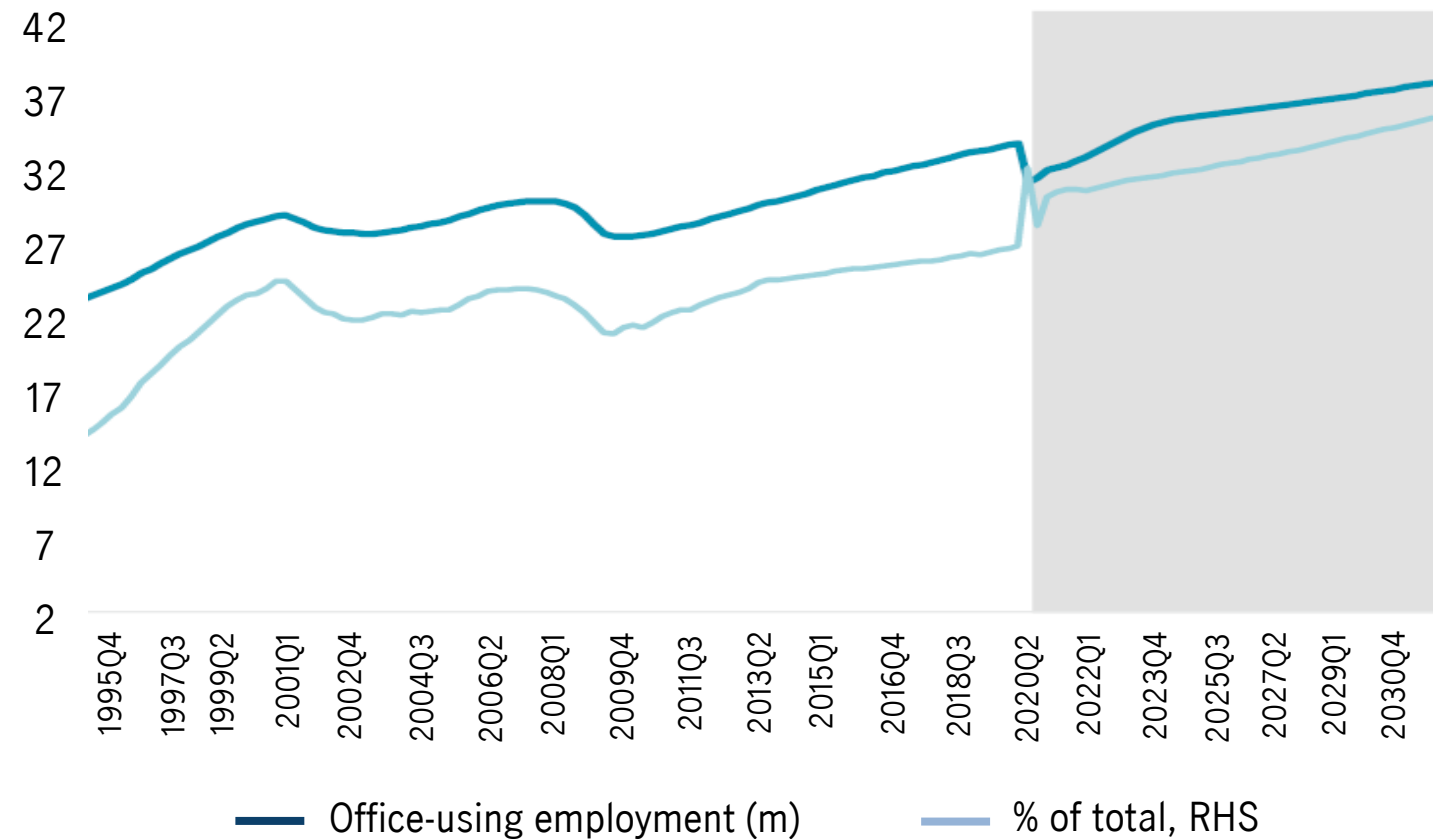
(2) Office employment includes the professional and business services, financial and information service sectors; as per CoStar Market Analysis & Forecast Reports. Amounts reflect YoY % change

(3) CoStar Market Analysis & Forecast Reports

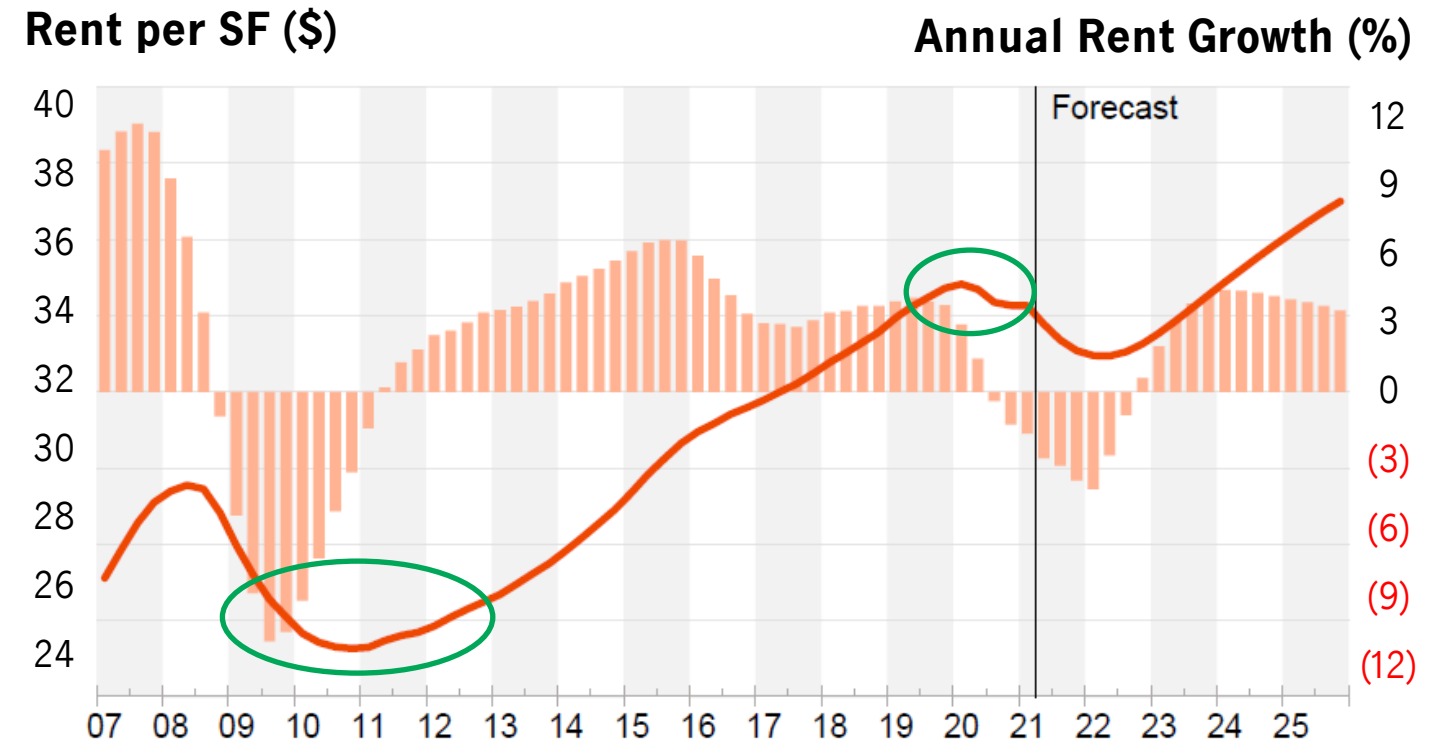
# Future of U.S. office – strong *structural demand* fuels growth

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

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



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



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



# MUST's tax *advantage*

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

## For illustrative purposes only

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

Source: Bloomberg

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

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

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

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

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