



# Annual General Meeting

29 April 2022



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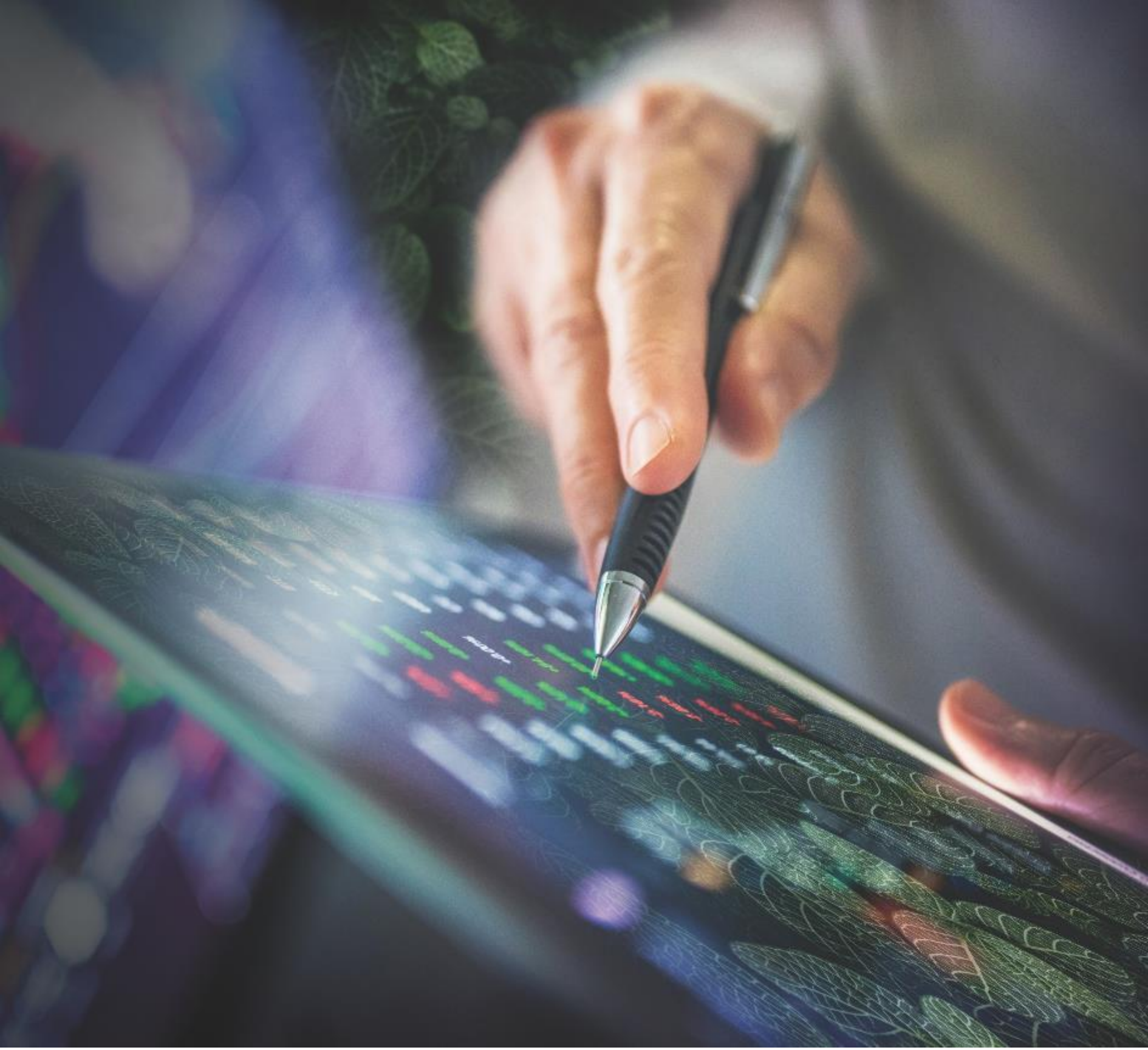
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# *Content*

- 01 Key highlights
- 02 FY 2021 financial and portfolio updates
- 03 ESG highlights
- 04 Looking forward
- 05 Appendix



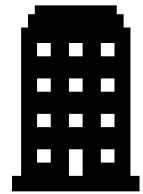


**01**

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**Key highlights**

# FY 2021 – *Stabilisation* and recovery to carry MUST forward



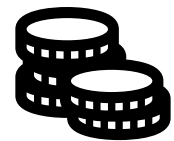
## Organic Growth

- High occupancy of **92.3%** vs U.S. Class A average of ~83.2%<sup>1</sup>
- Executed 654,000 sq ft leases: 12.0% of portfolio by NLA



## Growing Responsibly

- GRESB **5 Star**
- MSCI ESG Rating '**AA**'



## Capital Management

- Lower interest cost **2.82%**, -11.3%<sup>2</sup> YoY
- Increased green financing to **45.1%**<sup>3</sup>



## Inorganic Growth

- Acquired 3 properties in high-growth markets **US\$201.6 m**
- Increased AUM to **US\$2.2 b**



# 02

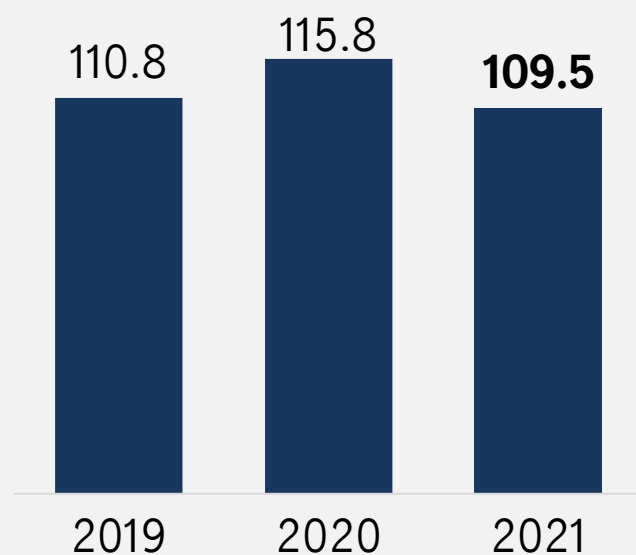
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## **FY 2021 financial and portfolio updates**

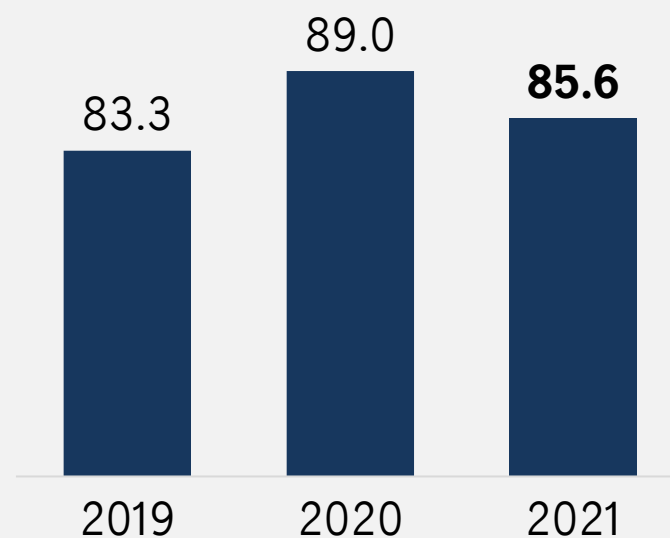
# Financial highlights – *lingering* impact of COVID-19

FY 2021 DPU (-5.5% YoY), 2H 2021 DPU (+1.5% YoY)

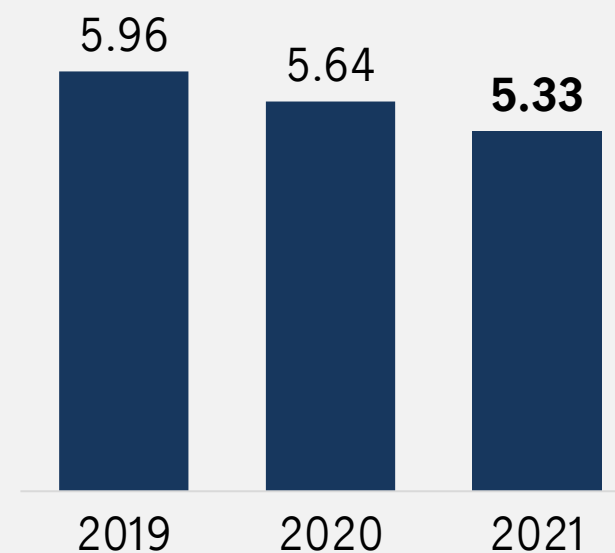
## Net Property Income (NPI) (US\$ m)



## Distributable Income (US\$ m)

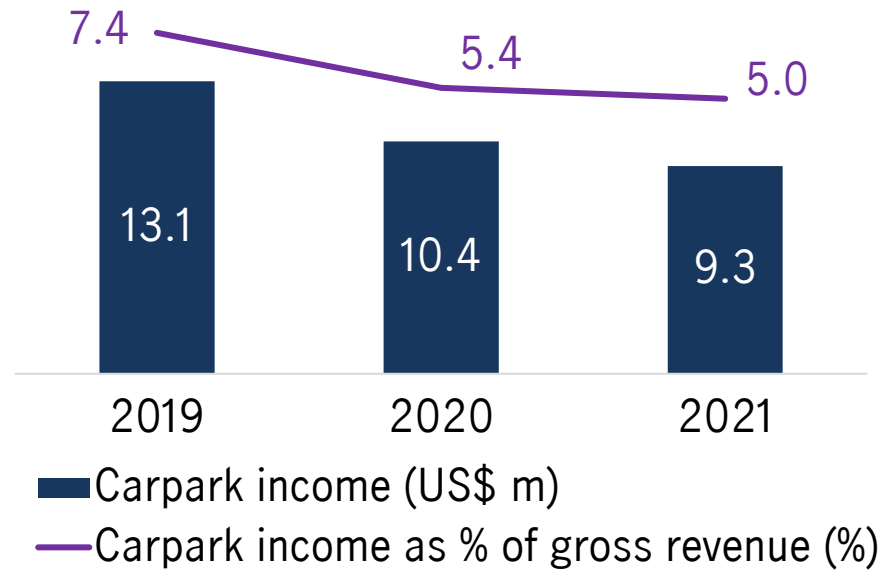


## Distribution per Unit (DPU) (US cents)

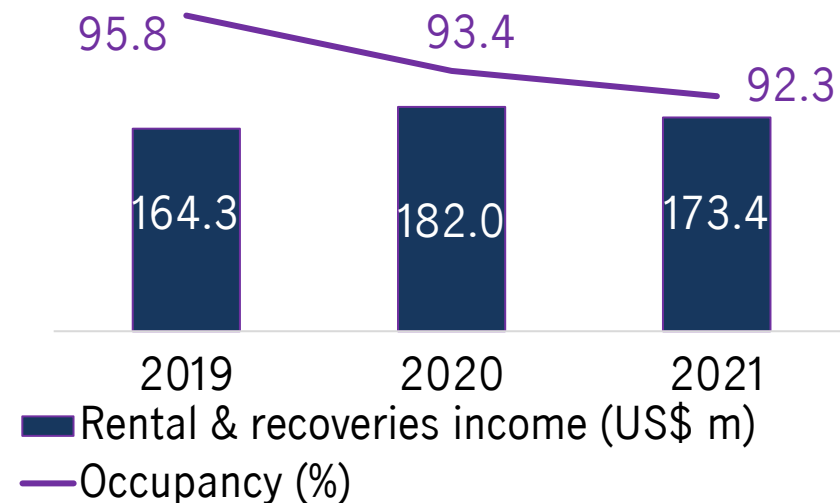


# Unpacking the DPU

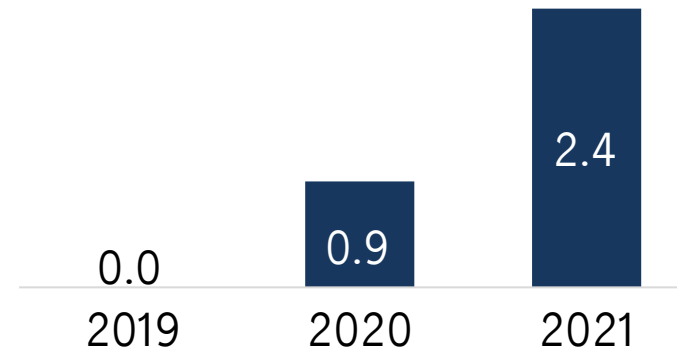
## Car Park Income



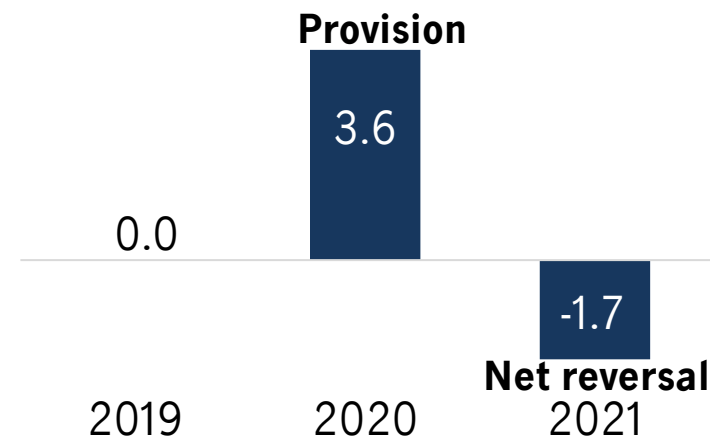
## Occupancy and Rental & Recoveries Income



## Rental Abatements (US\$ m)



## ECL (US\$ m)



### FY 2021 DPU (-5.5% YoY) change mainly due to:

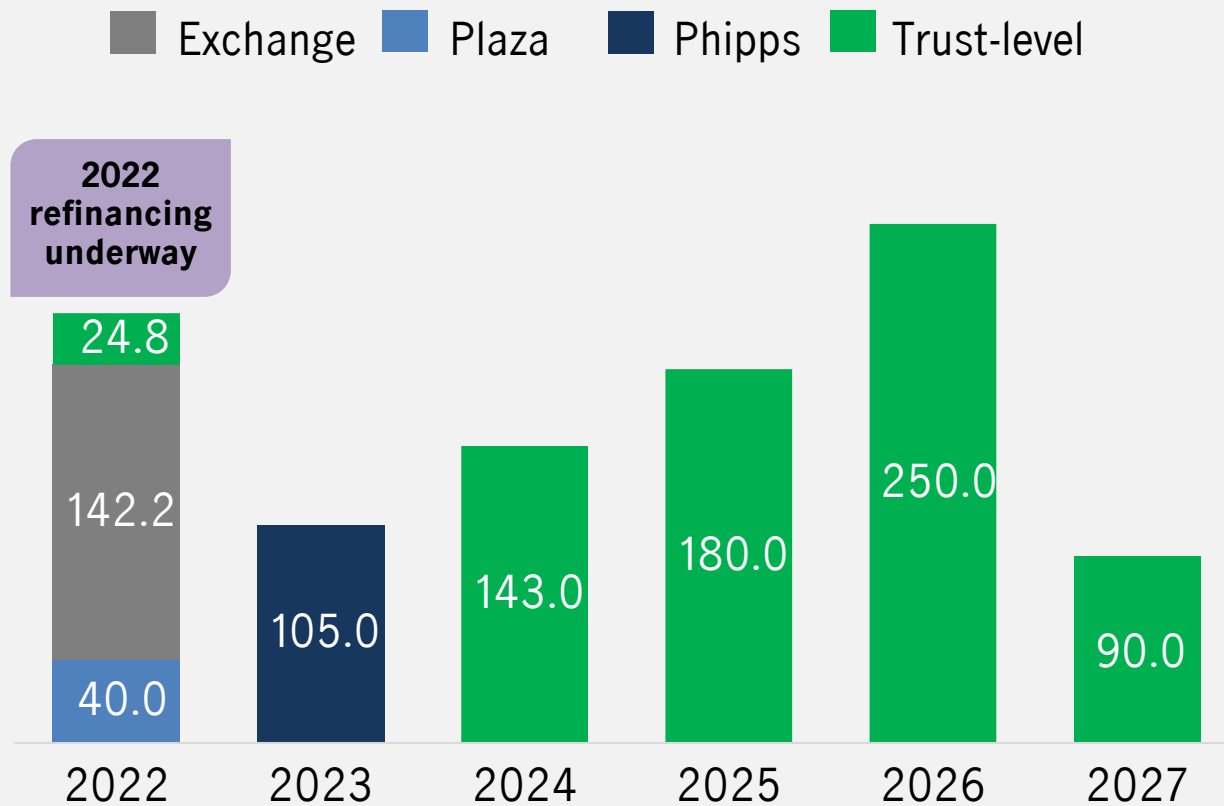
- Lower car park income **-US\$1.1 m**
- Higher rental abatements **-US\$1.5 m**
- Lower rental & recoveries income from lower occupancy **-US\$8.6 m**
- Partially offset by net reversal of provision for expected credit losses (ECL) **US\$1.7 m**



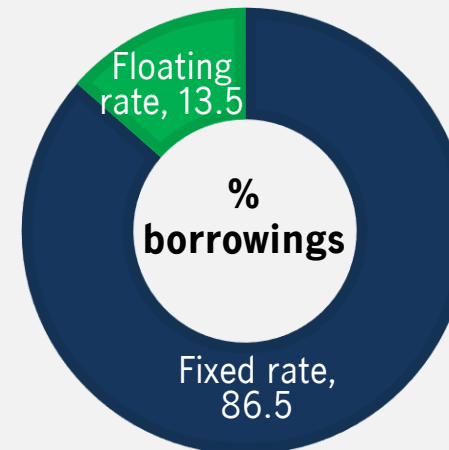
# Proactive capital management

Increased green/sustainability-linked loans to 45.1%<sup>1</sup> from 11.7%

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



## Financials as at 31 Dec 2021



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

**42.8%<sup>2</sup>**

Gearing

**3.4 times<sup>3</sup>**

Interest coverage

**2.82%**

Weighted avg. interest rate

**2.4 years**

Weighted avg. debt maturity

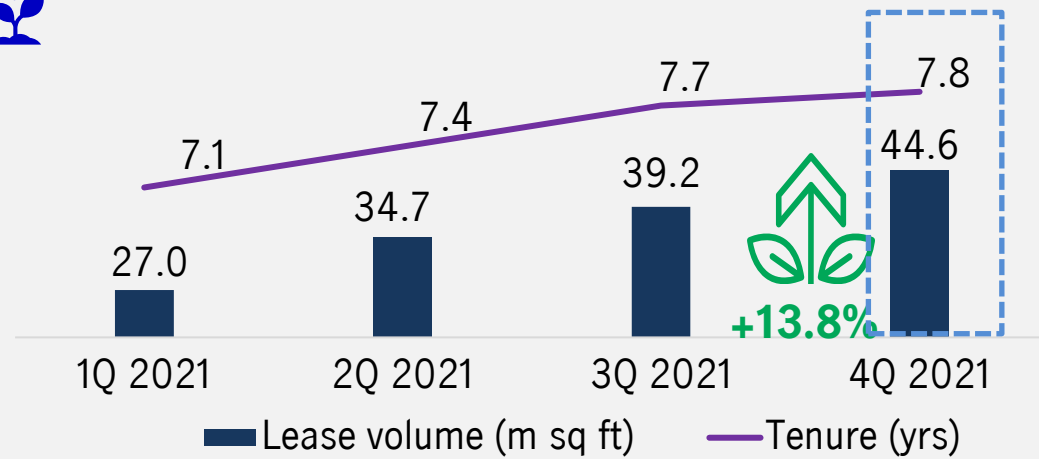
(1) As at Jan 2022

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

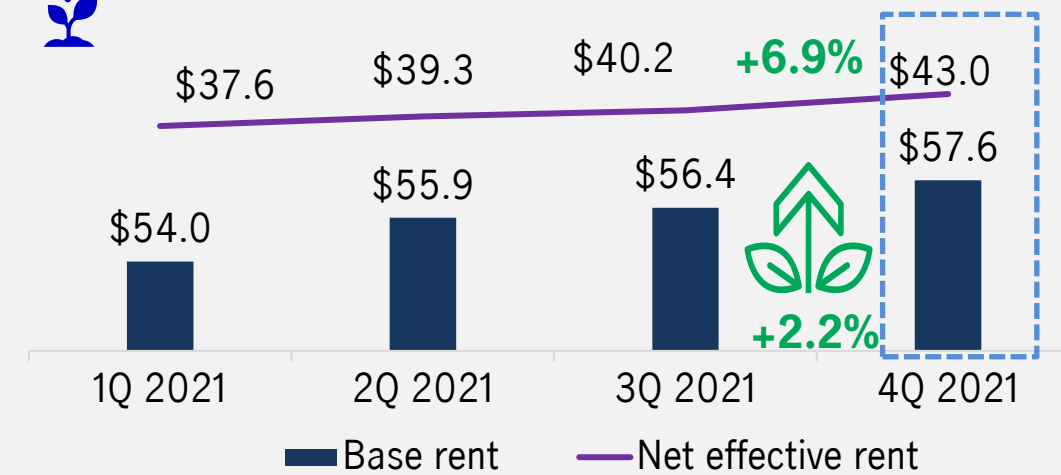
(3) Computed by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees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

# U.S. office strong *recovery* momentum in 4Q 2021

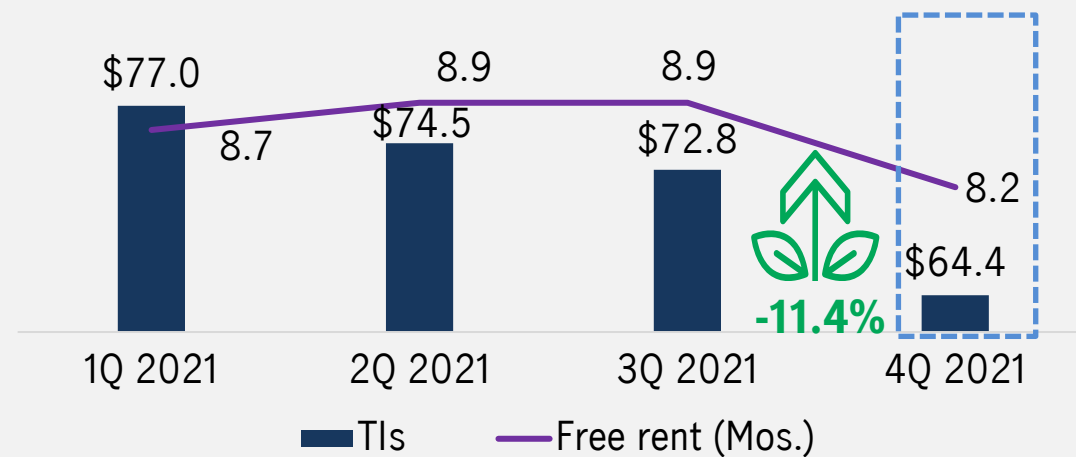
## Higher leasing volume and longer tenure



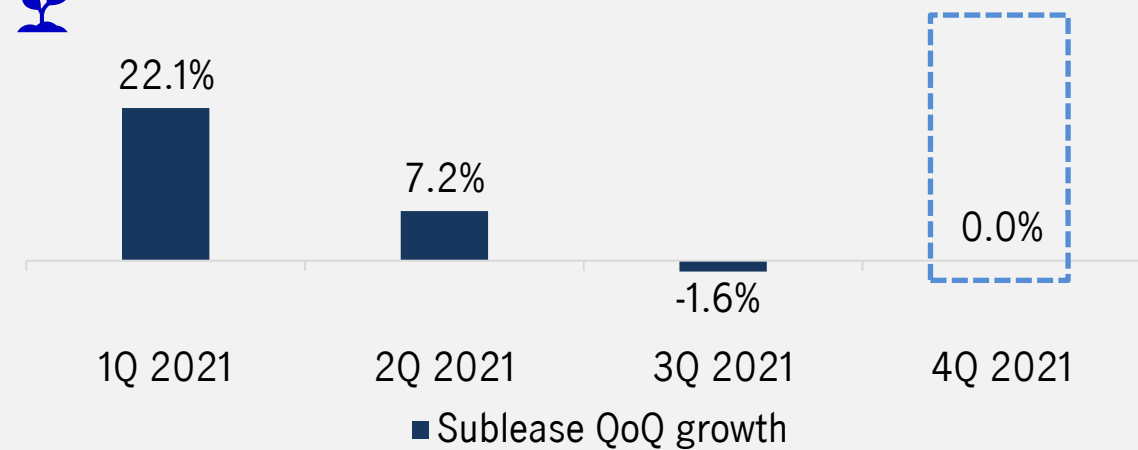
## Base rents and net effective rents increasing



## TIs and free rent starting to ease

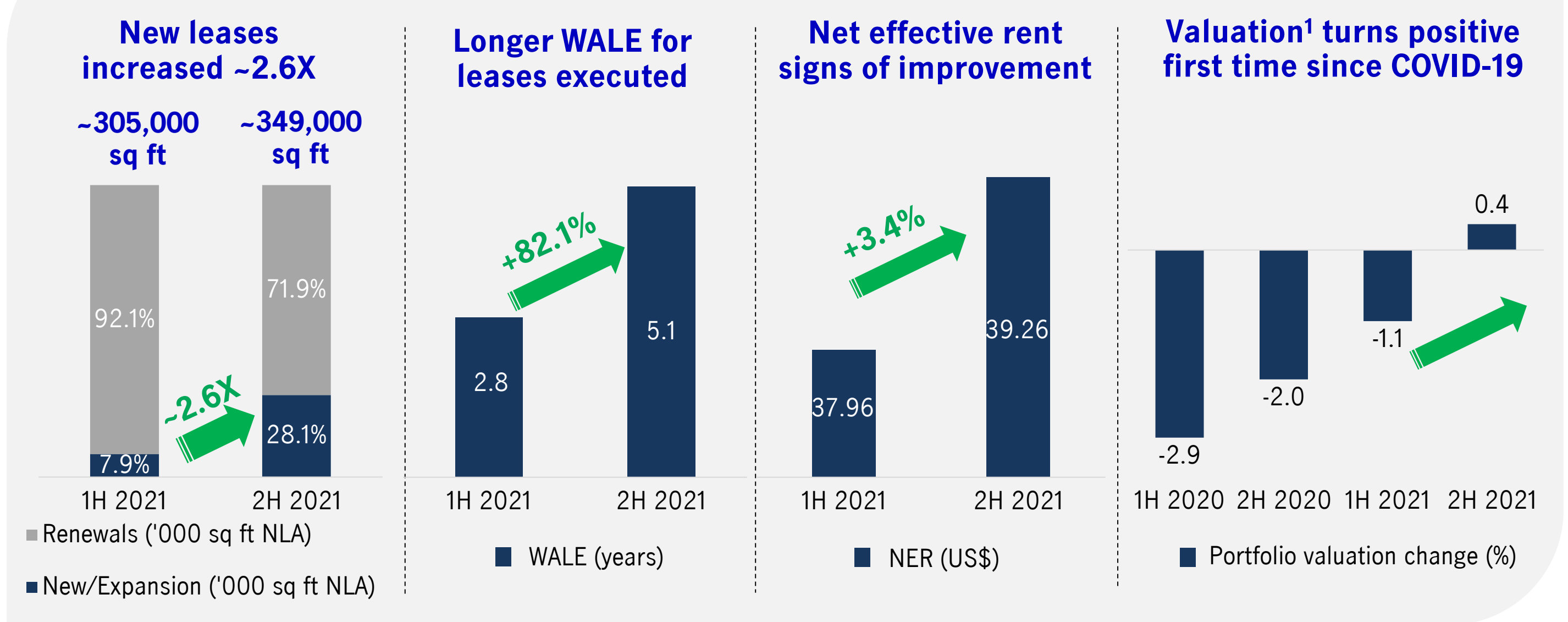


## Subleasing continues to decrease



# Green shoots in 2H 2021

Executed ~654,000 sq ft leases (12.0% of portfolio) in FY 2021

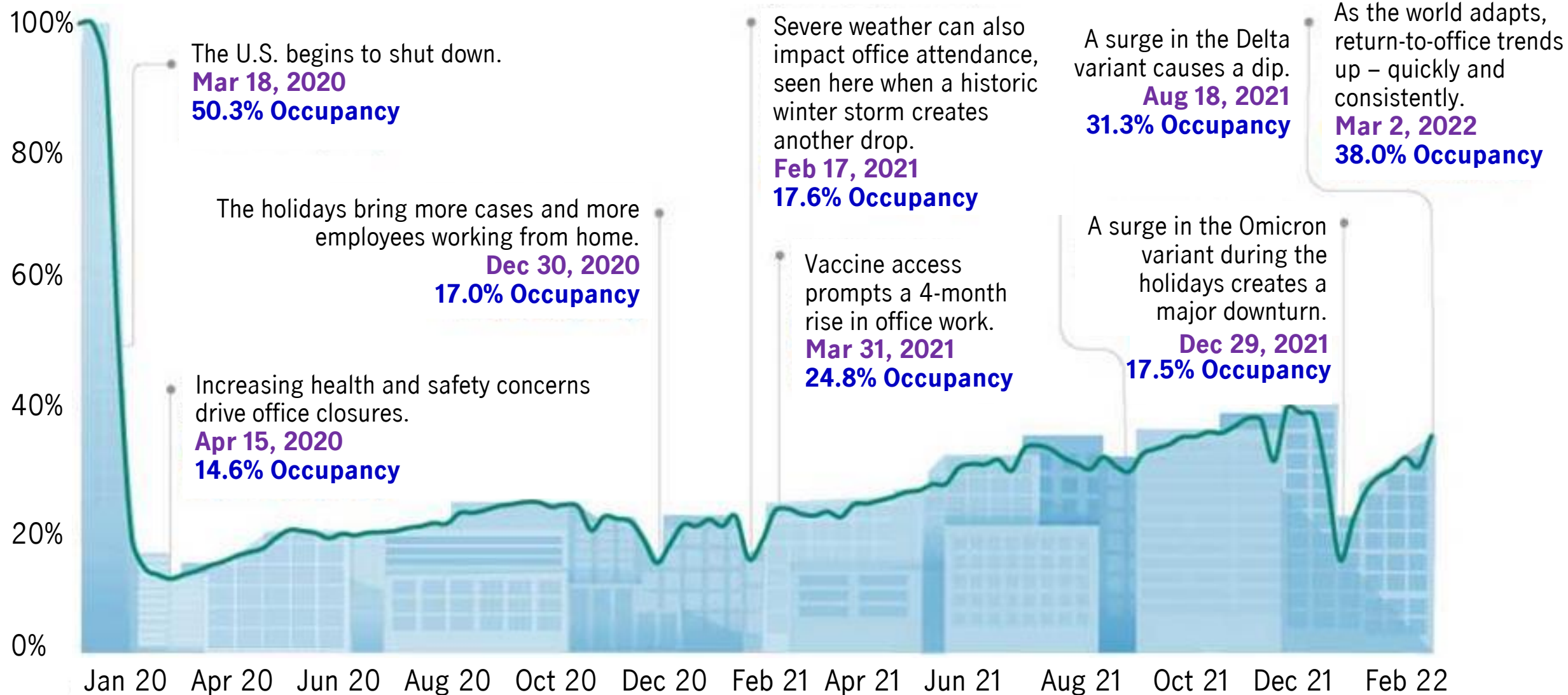


(1) Excludes the latest acquisition of Tanasbourne, Park Place and Diablo announced in Nov 2021

# Valuations turn *positive* for the first time since COVID-19

Property	Valuation			Direct Cap Rates		
	31 Dec 2021 (US\$ m)	30 Jun 2021 (US\$ m)	Change (%)	31 Dec 2021 (US\$ per sq ft)	31 Dec 2021 (%)	30 Jun 2021 (%)
<b>Figueroa</b>	315.2	313.0	0.7	441	5.50	5.50
<b>Michelson</b>	317.0	321.0	(1.2)	594	5.50	5.25
<b>Peachtree</b>	212.9	201.1	5.9	381	5.75	5.75
<b>Plaza</b>	106.0	113.0	(6.2)	227	7.00	7.00
<b>Exchange</b>	324.0	330.0	(1.8)	439	5.75	5.75
<b>Penn</b>	177.3	174.6	1.5	638	5.50	5.25
<b>Phipps</b>	216.0	213.2	1.3	454	5.75	5.75
<b>Centerpointe</b>	112.7	108.7	3.7	268	7.50	7.75
<b>Capitol</b>	197.0	196.0	0.5	393	7.00	7.00
<b>Subtotal</b>	1,978.1	1,970.6	0.4	422		
<b>Tanasbourne<sup>1</sup></b>	34.4	--	--	259	6.75	--
<b>Diablo<sup>1</sup></b>	65.0	--	--	183	7.00	--
<b>Park Place<sup>1</sup></b>	106.9	--	--	389	6.25	--
<b>Total/Weighted Avg</b>	2,184.4	1,970.6		401		

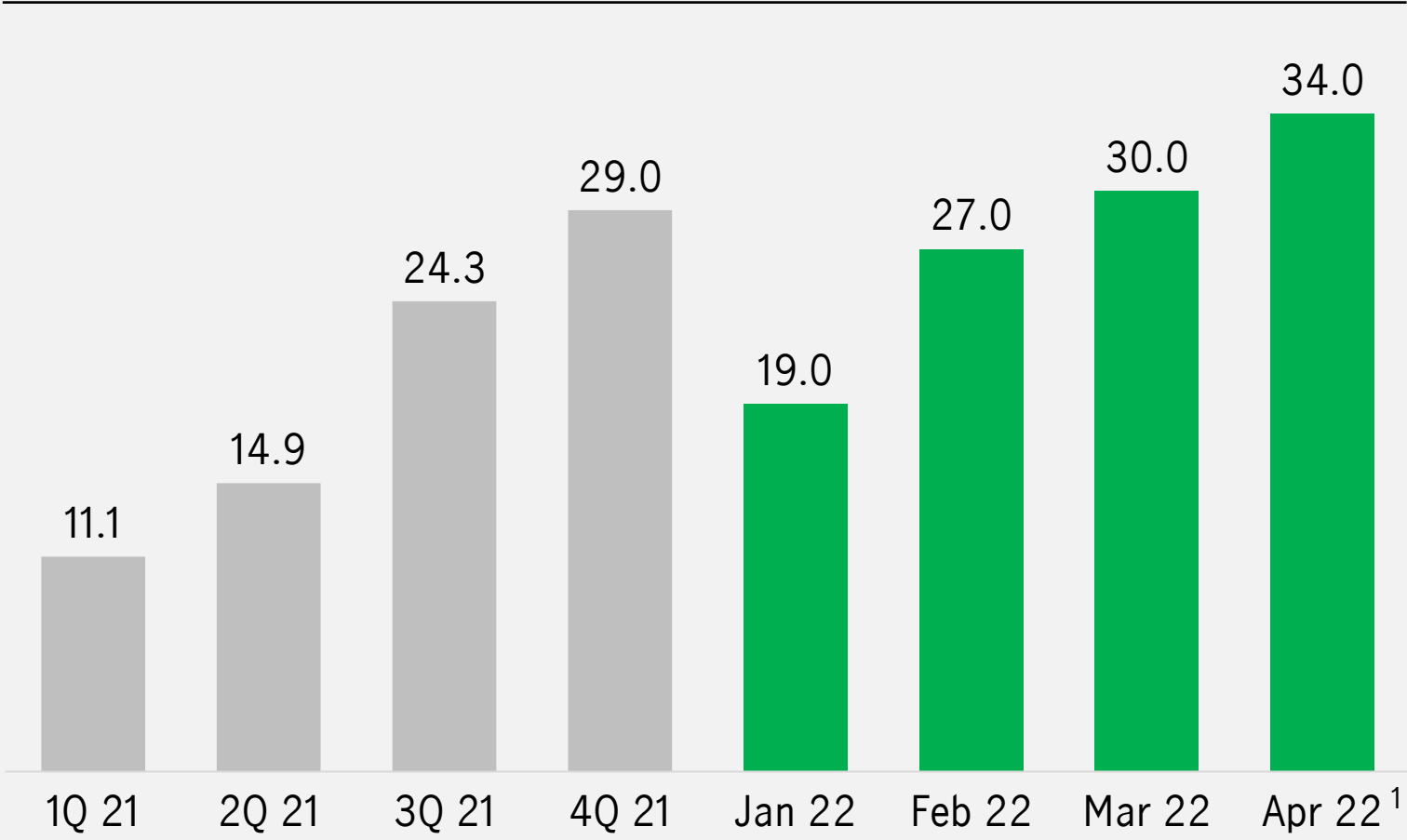
# The *slow and bumpy* return to office



# MUST's tenants back to *office*



**MUST's physical building occupancy (%)**



(1) Data as at 4 Apr 2022

# Limited supply with positive 12 months rent growth

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

Markets	RBA (m sq ft)	Vacancy (%)	Gross Asking Rent Per Sq Ft (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	Last 12 Months Rent Growth <sup>1</sup> (%)	Projected 12 Months Rent Growth <sup>2</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
Downtown Los Angeles	46.1	19.4	42.07	10.2	0	0.9	3.9	0.0	NA
Irvine, Orange County	15.0	20.8	33.29	(122.9)	0	(1.1)	4.2	0.0	NA
Buckhead Atlanta	17.5	23.2	39.74	(8.8)	0	0.8	3.9	340.0 <sup>3</sup>	2022
Midtown Atlanta	24.4	19.4	43.40	367.8	0	1.3	4.3	0.0	NA
Meadowlands, Secaucus	3.5	19.7	35.80	0.0	0	(0.8)	3.5	0.0	NA
Hudson Waterfront, Jersey City	19.3	16.4	44.43	0.2	0	(0.5)	3.5	0.0	NA
Washington, D.C.	31.6	18.7	58.18	(43.8)	0	(0.2)	2.7	814.0 <sup>4</sup>	2022, 2024
Fairfax Center	4.7	20.9	32.73	(9.1)	0	(0.1)	2.8	0.0	NA
Downtown Sacramento	11.4	7.1	39.27	(7.3)	0	1.2	3.6	0.0	NA
Hillsboro, Portland	6.6	10.1	26.21	7.4	0	2.7	4.2	0.0	NA
Tempe, Phoenix	7.2	19.6	25.00	(2.7)	0	2.2	5.2	471.0 <sup>5</sup>	2022
Chandler, Phoenix	6.2	21.5	31.03	(43.1)	0	2.6	5.1	0.0	NA

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

(1) Data excludes Hillsboro, Tempe and Chandler markets

(2) All building classes

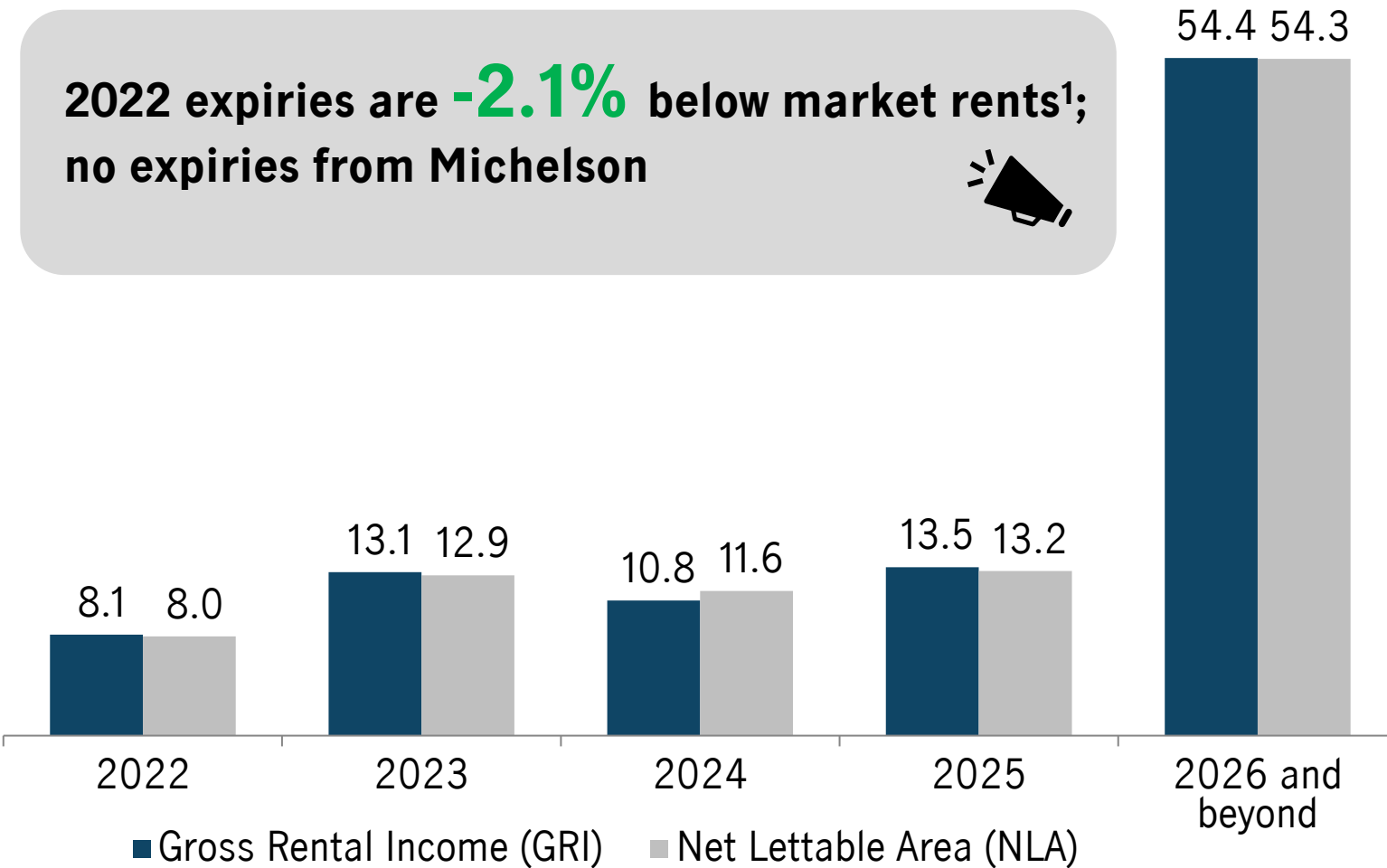
(3) 28% pre-leased to Novelis

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

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

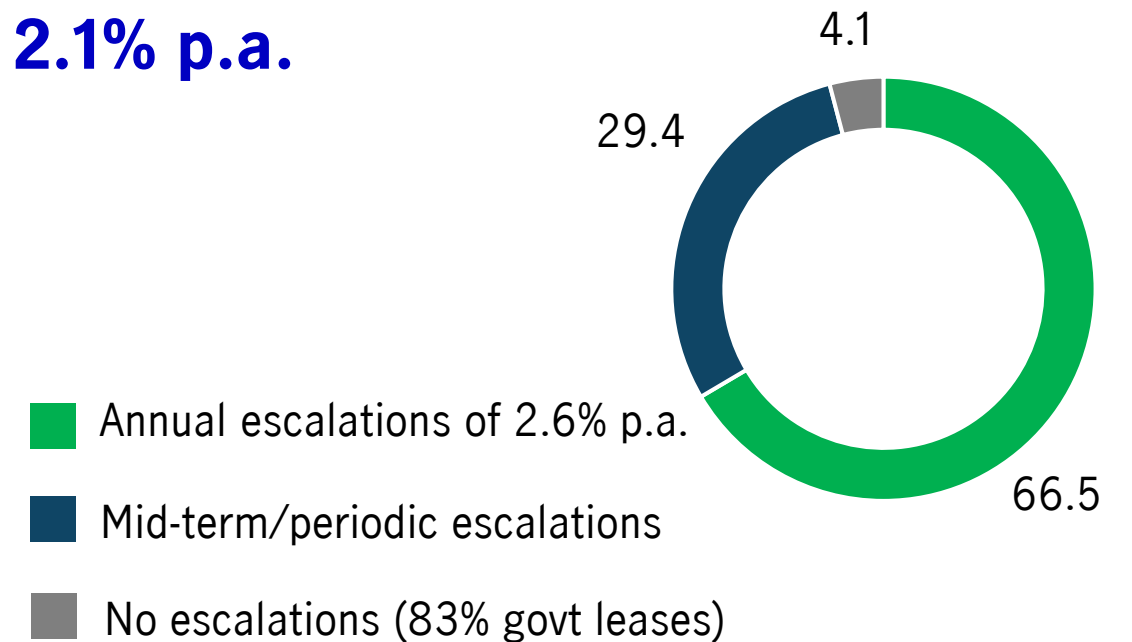
# Long WALE of *5.1 years*; expect *positive* rental reversion in 2022

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



## In-place rental escalations as at 31 Dec 2021 (%)

**2.1% p.a.**



**Portfolio rental reversion -0.8%; excluding Michelson +3.3%**





03








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**ESG highlights**

# Our ESG journey



# Our 2021 ESG highlights

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

(1) Biennial engagement survey conducted in 2020

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



04

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Looking  
forward

# Global uncertainty and volatility

## Global environment



### Invasion

- Geopolitical crisis
- Global tensions
- Market volatility

%

### Inflation

- Energy costs
- Costs of living
- Wage increases
- Construction costs
- Supply chain disruption



### Interest rate hikes

## U.S. outlook

- **Rampant inflation 8.5%<sup>1</sup>**  
➡ Highest in 40 years
- **Unemployment at 3.6%<sup>1</sup>**  
**back at pre-COVID-19 level**  
Office-using unemployment even lower 3.0%
- **Aggressive Fed interest rate increases expected**
- **2022 U.S. GDP forecast +3.7%<sup>2</sup>**
- **Recession/Stagflation?**

# U.S. office *trends and pressures*

## U.S. office still relevant – but how much space?



**Return to office – Hybrid model**



**Flight to quality for newer building with amenities**



**Cost of tenant incentives remains high**

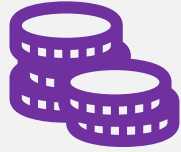


**Rising interest rates and construction costs**



**U.S. safe haven - Overseas capital flowing into real estate**

# MUST - Entering a new phase of portfolio *rejuvenation*



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



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



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



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

# *Thank You!*

For enquiries, please contact:

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Chief Investor Relations and Capital Markets Officer

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# 05

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## Appendix

# Manulife US REIT supported by *reputable sponsor*

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

**Manulife**

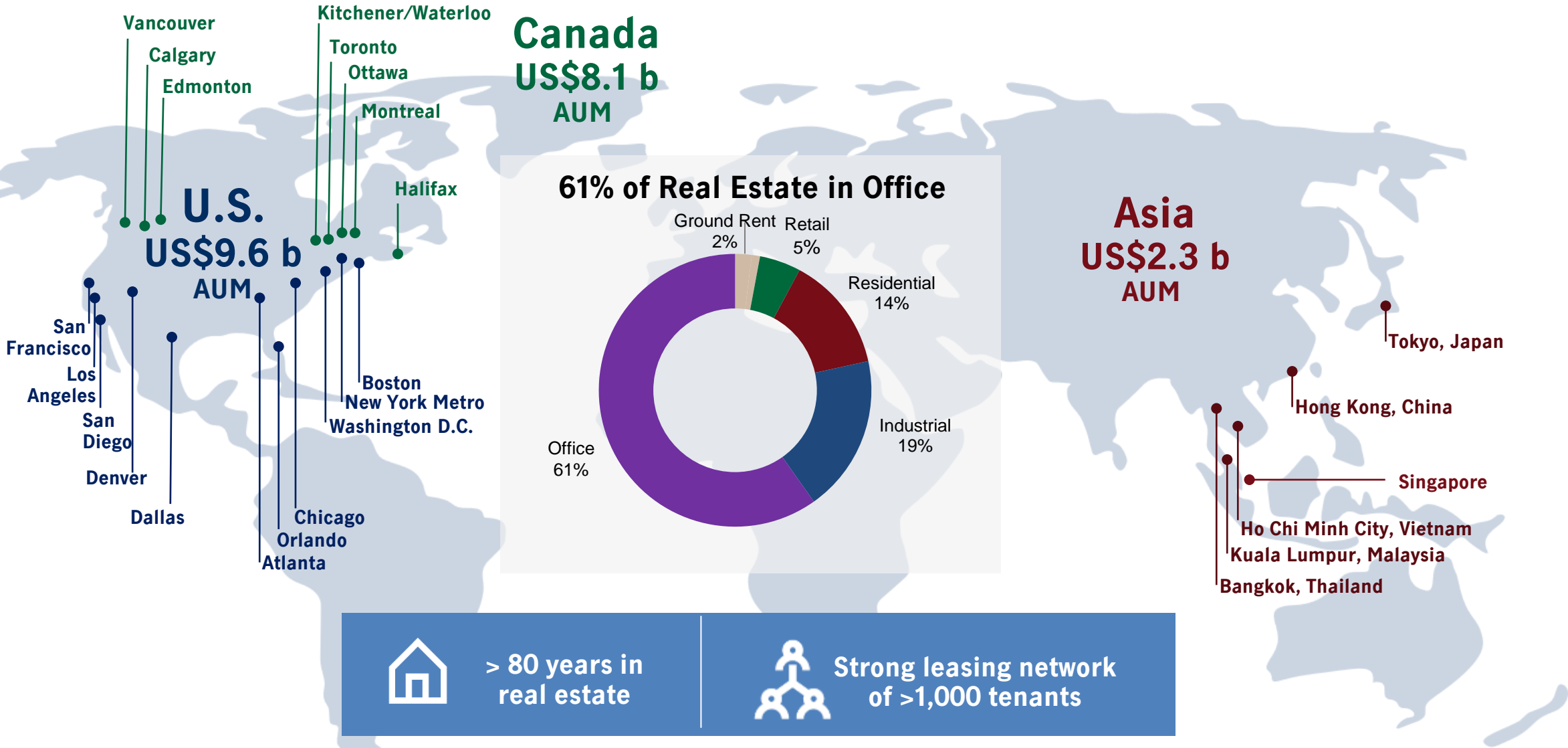
AUM US\$1.1 t



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



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





> 80 years in real estate

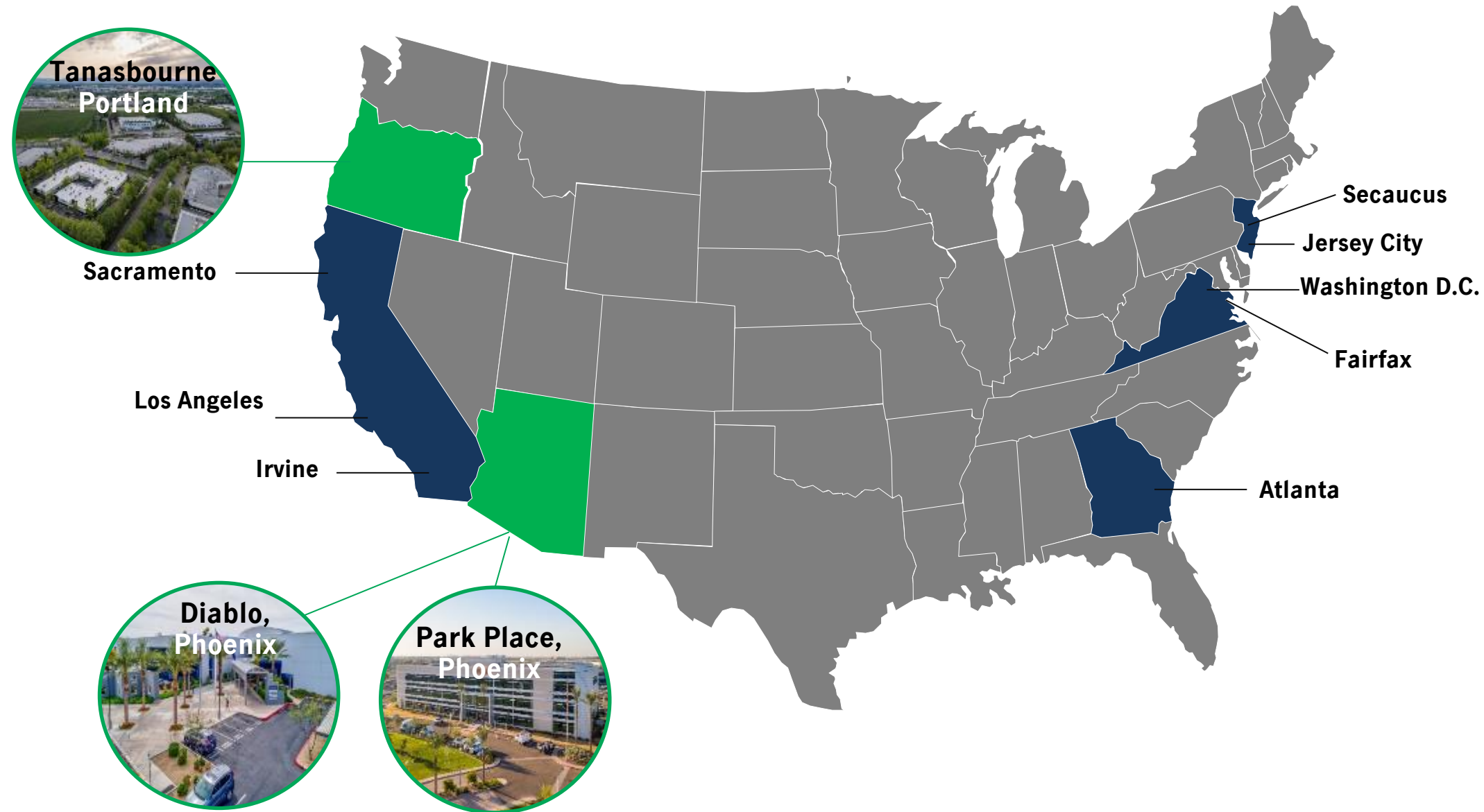


Strong leasing network of >1,000 tenants

**Manulife**  
US REIT

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

# 2021 acquisitions in sunbelt/magnet cities



No of Properties

12



Scan for videos

Net Lettable Area

5.4 m sq ft

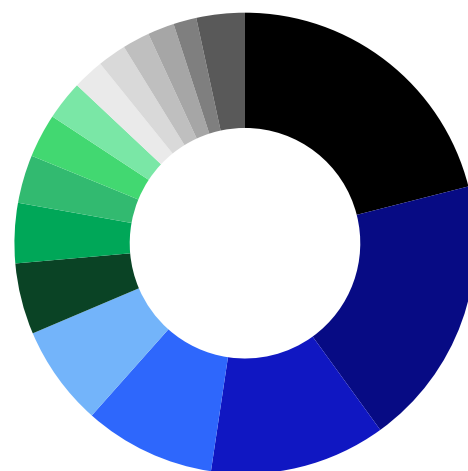
No of tenants

186

# Solid and well-diversified tenant base; majority *HQ/listed/govt*

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

■ Finance and Insurance	21.0
■ Legal	19.0
■ Retail Trade	12.3
■ Information	9.2
■ Real Estate	7.0
■ Public Administration	5.0
■ Consulting	4.2
■ Health Care	3.4
■ Grant Giving	3.1
■ Accounting	2.8
■ Arts, Entertainment, and Recreation	2.2
■ Advertising	2.0
■ Transportation and Warehousing	1.9
■ Manufacturing	1.9
■ Architectural and Engineering	1.6
■ Others	3.4



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

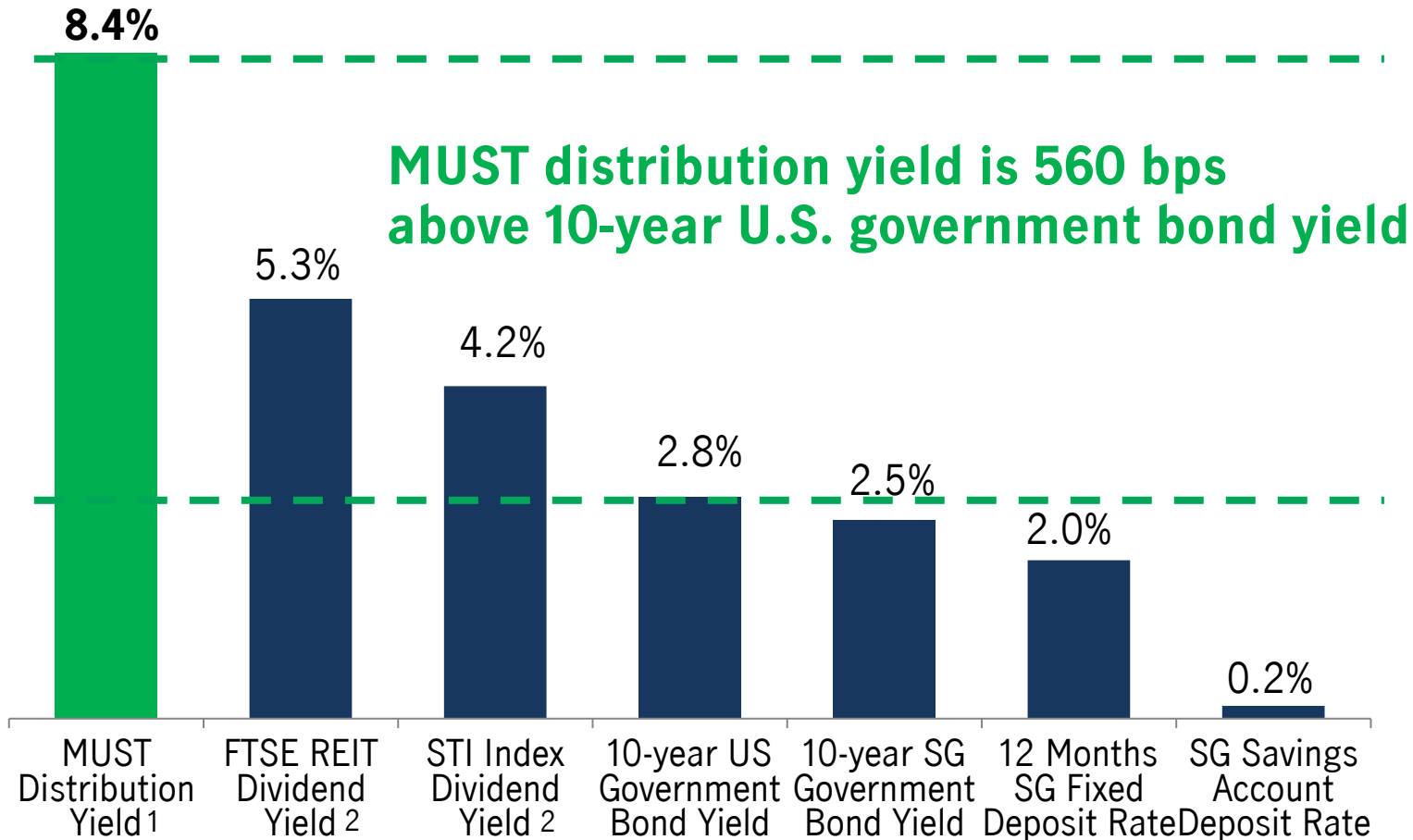
Tenant	Sector	Property, Location	Lease Expiry	NLA (sq ft)	% of GRI
The William Carter	Retail trade	Phipps, Atlanta	Apr 2030	277,920	5.4
TCW Group	Finance and ins	Figueroa, LA	Dec 2023	188,835	3.8
Kilpatrick Townsend	Legal	Peachtree, Atlanta	Jul 2025	184,653	3.5
The Children's Place	Retail trade	Plaza, Secaucus	May 2029	197,949	3.1
United Nations	Grant giving	Penn, Wash	Dec 2028	94,988	3.1
US Treasury	Public admin	Penn, Wash	Aug 2025	120,324	3.0
Quinn Emanuel Trial	Legal	Figueroa, LA	Aug 2023	135,003	2.9
Hyundai Capital America	Finance and ins	Michelson, Irvine (CA)	Apr 2030	97,587	2.9
Amazon Corp.	Retail trade	Exchange, Jersey	Apr 2025	129,259	2.8
ACE American Ins. Co.	Finance and ins	Exchange, Jersey	Dec 2029	101,858	2.3
<b>Total</b>				<b>1,528,376</b>	<b>32.8</b>

# Portfolio overview

	Figueroa	Michelson	Peachtree	Plaza	Exchange	Penn	Phipps	Centerpointe	Capitol	Diablo	Park Place	Tanasbourne
Location	Los Angeles	Irvine	Atlanta	Secaucus	Jersey City	Washington, D.C.	Atlanta	Virginia	Sacramento	Tempe	Chandler	Hillsboro
Property Type	Class A	Trophy	Class A	Class A	Class A	Class A	Trophy	Class A	Class A	Class B	Class A	Class B
Completion Date	1991	2007	1991	1985	1988	1964	2010	1987 / 1989	1992	1980 - 1998	2019	1986 - 1995
Last Refurbishment	2019	-	2015	2016	2020	2018	-	2018	2016	-	-	2015, 2017 & 2020
Property Value (US\$ m)	315.2	317.0	212.9	106.0	324.0	177.3	216.0	112.7	197.0	65.0	106.9	34.4
Occupancy (%)	88.6	87.2	90.8	96.7	97.7	93.8	94.5	91.6	88.3	85.7	100.0	100.0
NLA (sq ft)	715,024	533,567	558,835	466,496	737,207	278,063	475,778	420,421	500,661	354,434	274,700	132,851
WALE by NLA (years)	3.2	5.3	4.4	6.1	4.9	4.9	6.9	5.1	5.0	4.6	7.9	4.9
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold
No. of Tenants	29	14	24	9	24	9	10	18	36	7	3	3

# Attractive distribution yield; Tax advantage

## High distribution yield



Source: Bloomberg

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

(2) Based on Bloomberg estimates as at 26 Apr 2022

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

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

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

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

## MUST's tax advantage

For illustrative purposes only

	U.S. REIT	SREIT <sup>3</sup>	MUST
DPU Yield	6.0% <sup>4</sup>	8.4%	<b>8.4%<sup>1</sup></b>
U.S. Withholding Taxes	(1.0%)	-	-
Net Yield – Singapore Retail Investor	5.0%	8.4%	<b>8.4%</b>
Net Yield – Singapore Institutions	5.0%	7.0% <sup>5</sup>	<b>8.4%</b>
Net Yield – Foreign Institutions	5.0%	7.6% <sup>6</sup>	<b>8.4%</b>

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

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