Manulife US REIT

PRESS RELEASE

MUST's 2H 2021 DPU increases 1.5% YoY; Stepping up portfolio rejuvenation in 2022

- **2H 2021 DPU of 2.63 US cents brings FY 2021 DPU to 5.33 US cents**
- **High occupancy of 92.3%, long WALE of 5.1 years**
- **Improvements in 2H 2021 – longer WALE for leases executed, net effective rents +3.4%, valuations positive 1st time since COVID-19**
- **Completed accretive acquisition - three properties totalling US$202 m**
- **Proportion of green financing surged to 45% of loans**
- **Conserve spending, rejuvenate portfolio, recycle capital - contain gearing**

Singapore, 9 February 2022 – Manulife US Real Estate Investment Trust ("MUST" or "REIT") today reported a gross revenue of US$94.3 million and net property income of US$53.5 million for the second half year ended 31 December 2021 ("2H 2021") - a 1.4% and 0.3% YoY dip, respectively. This translated to a 2H 2021 distributable income of US$42.6 million, an increase of 4.0%. DPU added 1.5% YoY to 2.63 US cents, due to lower provision for expected credit losses (ECL) and higher car park income, offset by lower rental income arising from higher vacancies.

For FY2021, gross revenue declined 4.7% YoY to US$185.1 million, while MUST's net property income decreased 5.4% to US$109.5 million. Distributable income was 3.8% lower YoY at US$85.6 million, while DPU declined 5.5% YoY to 5.33 US cents due to higher rental abatements, lower car park income and lower rental income from higher vacancies, partially offset by net reversal of provision for ECL. As announced on 30 November 2021, as a result of MUST's private placement to raise proceeds for the acquisition of three properties, the advanced distribution of 2.31 US cents for the period from 1 July to 8 December 2021 will be paid on 17 February 2022. The remaining distribution of 0.32 US cent for the period from 9 December to 31 December 2021 will be paid on 30 March 2022.

Summary of Manulife US REIT Results

	2H 2021 (US$'000)	2H 2020 (US$'000)	Change (%)	FY 2021 (US$'000)	FY 2020 (US$'000)	Change (%)
Gross Revenue	94,300	95,682	(1.4)	185,099	194,312	(4.7)
Net Property Income	53,478	53,664	(0.3)	109,547	115,837	(5.4)
Distributable Income	42,609	40,989	4.0	85,599	88,967	(3.8)
Distribution per Unit ("DPU") (US cents)	2.63	2.59	1.5	5.33	5.64	(5.5)

Ms Jill Smith, Chief Executive Officer of Manulife US Real Estate Management Pte. Ltd. (the "Manager") said, "2021 was a tale of two halves. The first half was about quelling the pandemic through the vaccination programme and the reopening of the U.S. economy, leading to a surge in GDP growth. On the back of that, from the middle of the year, the U.S. office market started to rebound as transactions and leasing improved, resulting in leasing activity increasing +13.8% from

3Q to 4Q, whilst tenant improvement allowances eased 11.4%[1]. MUST saw similar green shoots in its portfolio in the second half. We signed leases with longer WALE, saw net effective rents improve +3.4% from 1H 2021 to 2H 2021, and portfolio valuations turned positive for the first time since the start of COVID-19. We are extremely pleased to have ended 2021 with the delivery of our previously communicated strategy to enter into high-growth markets with greater exposure to technology and healthcare tenants. Furthermore, these were our first acquisitions in two years. These three acquisitions, with a DPU accretion of +2.8%, will raise our assets under management in growth markets by 38.1% to 29.0%, and our exposure to such tenants by 32.0% to 12.8%. In 2022, we will conserve spending, rejuvenate the portfolio, as well as seek joint ventures, M&A and capital recycling to contain gearing, whilst continuing our recovery and growth momentum."

Proactive Capital Management

MUST's gearing ratio of 42.8% remains well below the regulatory gearing limit of 50.0%, with the weighted average interest rate reduced to 2.82%. To provide cash flow stability while allowing for financial flexibility, 86.5% of gross borrowings is secured on a fixed rate basis. In January 2022, the Manager refinanced US$90.0 million of its trust-level loans out to 2027. Negotiations are underway to refinance the remaining US$207.0 million due in 2022. As the Manager continues with its ESG push, it has increased its proportion of green/sustainability-linked loans to 45.1% in January 2022, from 11.7% at the end of 2020. As at 31 December 2021, MUST's NAV per Unit was US$0.67.

U.S. Office Green Shoots Reflected in MUST's Portfolio

As at the end of 2021, MUST recorded a stable occupancy of 92.3% and long WALE of 5.1 years. MUST's portfolio boasts a high-quality and well-diversified tenant base comprising numerous multinational corporations across more than 16 different trade sectors. The majority of the REIT's top 10 tenants are either public-listed companies, government agencies or corporate headquarters. As at 31 December 2021, no single tenant contributed more than 5.4% of GRI. In FY 2021, the REIT executed leases amounting to ~654,000 sq ft or 12.0% of the portfolio by NLA, at an average rental reversion of -0.8%. Excluding Michelson, the rental reversion for executed leases in FY 2021 would have been +3.3%. The expiring rents in MUST's portfolio in 2022 are currently 2.1% below market rents. There are no lease expiries in Michelson in 2022.

As a result of proactive forward renewals, only 8.0% and 12.9% of leases by NLA will expire in 2022 and 2023 respectively, while 54.3% of the portfolio's leases will expire in 2026 and beyond. As at 31 December 2021, the Manager has collected 99.8% of rents. From 1H to 2H 2021, the proportion of new/expansion leases has increased ~2.6X to 28.2% of leases executed, while the WALE increased from 2.8 years to 5.1 years. Net effective rents in MUST's portfolio also improved 3.4% from US$37.96 to US$39.26 over the same period, as tenant concessions eased. The valuation of its nine properties (excluding the recent three acquisitions) rose 0.4% over the six months to US$1.98 billion as at 31 December 2021, signalling a stabilising in MUST's office values.

ESG

In 2021, MUST conducted a review on its material ESG issues and refined its sustainability framework which is underpinned by three strategic pillars – Building Resilience, People First and Driving Sustainable Growth. During the year, the Manager continued to show progress in its

[1] Source: JLL US Market Office Overview 4Q 2021

sustainability efforts across these pillars. It maintained its 5 Star rating with an improved ESG score in its GRESB Real Estate Assessment, outperforming its peer benchmark in GRESB's Environmental component by 7.8%. It also saw its MSCI ESG ratings upgraded to 'AA' from 'A'. As at December 2021, 90% of its portfolio is green-certified. The Manager also increased its staff engagement score for the third consecutive year +2% YoY, and improved its engagement with analysts/media/investors +27% YoY, while its average training hours per staff rose +40% YoY to 50 hours.

U.S. Market Outlook

Despite the emergence of the Delta and Omicron variants over the course of 2021, U.S. real GDP grew an annualised +6.9% in 4Q 2021 and overall +5.7% in 2021. GDP growth was fuelled mainly by record levels of consumer spending. The U.S. economy has been resilient despite COVID-19 but there is now a new challenge, namely inflation. The consumer price index grew at an annual rate of 7% through year-end 2021, driven by supply chain issues, labour shortages and pent-up consumer demand. Unemployment in the U.S. during COVID-19 peaked at 14.8% but has steadily declined to 3.9% at the end of 2021 on the back of total non-farm employment growing by 6.4 million jobs. Job gains have been strongest in the trade and transportation as well as financial sectors, which have now recovered all lost jobs. Professional service jobs are also on the verge of a full rebound.

According to JLL, after experiencing 44.6 million sq ft of leasing volume in Q4 2021, the U.S. office leasing market closed out 2021 with 156.9 million sq ft of leases executed for the year, representing a +14.6% YoY growth. Additionally, the market experienced positive net absorption of 5.4 million square feet in Q4 – the first quarter of positive net absorption since COVID-19 started.

The Way Ahead

Moving forward, the U.S. office sector will remain a core part of MUST's portfolio. The Manager will focus on improving leasing to drive income, while futureproofing the business through portfolio rejuvenation and improving MUST's green credentials to capture rising demand for green office space. With the support of its Sponsor, MUST will continue to expand its exposure to growth markets and tenants in the Sun Belt/magnet cities, explore JVs/M&A and capital recycling, so as to deliver sustainable returns to Unitholders.

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Manulife US REIT

About Manulife US REIT

Manulife US Real Estate Investment Trust ("Manulife US REIT") is the first pure-play U.S. office REIT listed in Asia. It is a Singapore listed REIT 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. MUST's portfolio comprises 12 freehold office properties in Arizona, California, Georgia, New Jersey, Oregon, Virginia and Washington D.C. The current portfolio has an aggregate net lettable area of 5.4 million sq ft and is valued at US$2.2 billion as at 31 December 2021.

About the Sponsor – The Manufacturers Life Insurance Company ("Manulife")

Manulife is part of a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. The Sponsor operates as John Hancock in the U.S. and as Manulife in other parts of the world, providing a wide range of financial protection and wealth management products, such as life and health insurance, group retirement products, mutual funds and banking products. The Sponsor also provides asset management services to institutional customers. Manulife Financial Corporation is listed on the Toronto Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange and the Philippine Stock Exchange.

About the Manager – Manulife US Real Estate Management Pte. Ltd.

The Manager is Manulife US Real Estate Management Pte. Ltd., an indirect wholly-owned subsidiary of the Sponsor. The Manager's key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.