Manulife
US REIT

MUST GO GREEN

ANNUAL REPORT 2021

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$2.2 billion as at 31 December 2021.

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.

Contents

MISSION

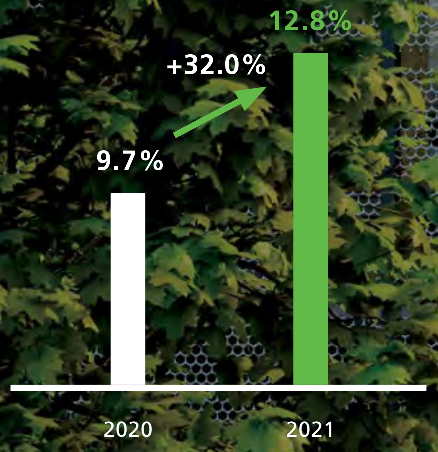
To provide Unitholders with sustainable distributions while maintaining an appropriate capital structure

VISION

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

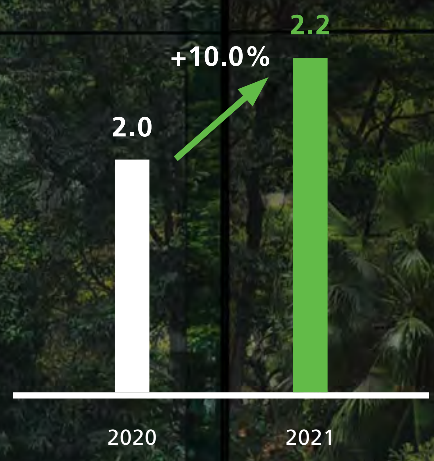
We MUST Pivot Towards Growth

Exposure to High-growth Sectors +32.0% by Gross Rental Income (GRI)



We MUST Create Sustainable Value for our Stakeholders

Assets under Management (AUM)
(US$ billion)



We MUST
Future-proof for a Better Tomorrow

~**90.0%**[1] of portfolio is green-certified

Target **100.0%** green-certified portfolio by 2030

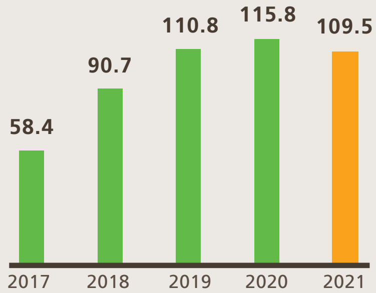
ZERO

Aligned with Sponsor's net zero goal by 2050

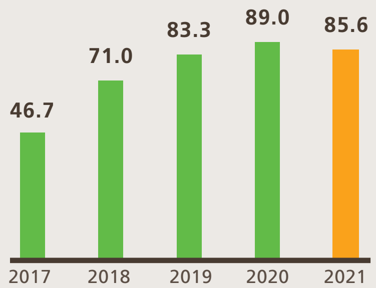
1 Data as at 31 December 2021, excluding acquisition of three properties in December 2021.

FY2021 Financial and Portfolio Highlights

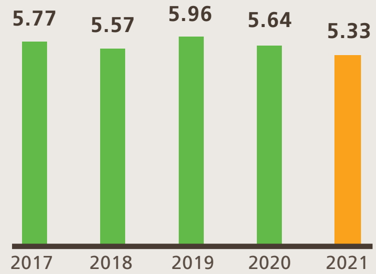
Net Property Income (NPI)
(US$ million)



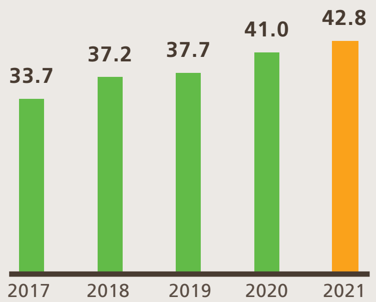
Distributable Income
(US$ million)



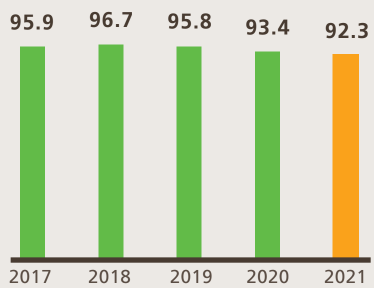
Distribution per Unit (DPU)
(US cents)



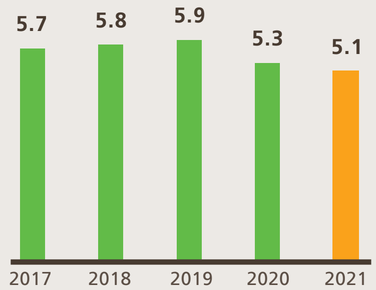
Gearing Ratio
(%)



Occupancy Rate
(%)



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



Key Financial Indicators	FY2021	FY2020	FY2019	FY2018	FY2017
Gross borrowings (US$ million)	975.0	856.5	816.9	670.8	461.9
Gearing ratio (%)	42.8	41.0	37.7	37.2	33.7
Weighted average cost of debt (%)	2.82	3.18	3.37	3.27	2.83
Weighted average debt maturity (years)	2.4	2.3	2.8	2.7	3.4
Interest coverage ratio (times)	3.4	3.5	3.8	4.2	5.5
Market capitalisation (US$ billion)	1.2	1.2	1.6	1.0	0.9

Portfolio	FY2021	FY2020	FY2019	FY2018	FY2017
AUM (US$ billion)	2.2	2.0	2.1	1.7	1.3
WALE by Net Lettable Area (NLA) (years)	5.1	5.3	5.9	5.8	5.7
Occupancy rate (%)	92.3	93.4	95.8	96.7	95.9

FY2021 Distributions

Manulife US REIT's distribution policy is to distribute at least 90.0% of its annual distributable income on a semi-annual basis. Since IPO, MUST has distributed 100.0% of its distributable income.

Financial Period	DPU (US cents)	Payment Date
1 January 2021 to 30 June 2021	2.70	27 September 2021
1 July 2021 to 8 December 2021[1]	2.31	17 February 2022
9 December 2021 to 31 December 2021	0.32	30 March 2022

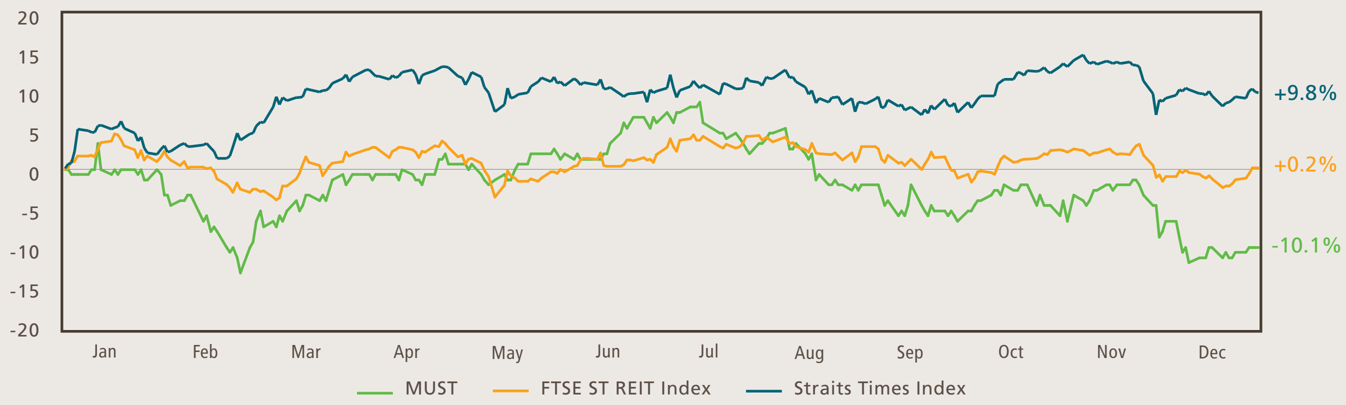
1 Advanced distribution in relation to the private placement announced on 30 November 2021.

Unit Price Performance

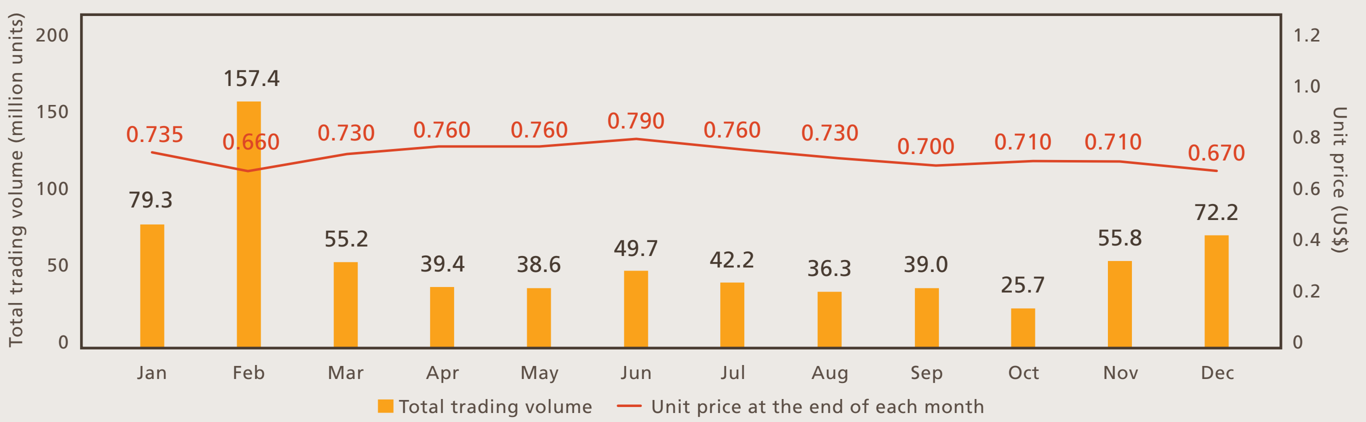
Open (4 January 2021)	Close (31 December 2021)	High (12 July 2021)	Low (1 March 2021)
US$0.745	US$0.670	US$0.815	US$0.645

Average Daily Trading Volume in FY2021	Total Trading Volume in FY2021	Market Capitalisation as at 31 December 2021	Number of Units in Issue as at 31 December 2021
2.7 million units	690.7 million units	US$1.2 billion	1,754,154,689 units

Relative Price Performance for the Period 4 January to 31 December 2021 (%)



Monthly Trading Performance in 2021



Message to Unitholders

(L)
Jill Smith
Chief Executive Officer (CEO)

(R)
Hsieh Tsun-Yan
Chairman

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 2021 (FY2021).

In Conversation with the Chairman and CEO

Chairman Hsieh Tsun-Yan and CEO Jill Smith share their views on a year of stabilisation, recovery and preparations for rejuvenation and transformation of the REIT in the post-pandemic environment to create resilience and sustain growth.

Chairman:

As 2021 commenced and the pandemic entered its second year, MUST was prepared to face further difficult times with a strategy to future-proof its portfolio through a two-pronged approach of increasing its exposure to growth markets and enhancing the sustainability performance of its assets.

In the first half of 2021, the rollout of the U.S. vaccination programme quelled the pandemic, enabling the reopening of the U.S. economy and a strong rebound in annualised GDP growth of 5.7%. As the economy took off, unemployment fell to 3.9% by December, consumer demand surged, and supply chains became disrupted. As a result, by end 2021, inflation had accelerated to an annual rate of 7.0%. To curb the overheating economy, the U.S. Federal Reserve has signalled that interest rates will increase in 2022.

The U.S. office-using sector was not left behind in the recovery and, as business confidence grew, tenants across all trade sectors started planning for a return to the office and for longer term commitment to their space requirements. The year ended on a strong note for U.S. office with greater transaction volumes, increased leasing activity and strong projections for 12-month rent growth in many office markets including those for MUST.

Having built a solid foundation in the four years prior to the pandemic, and despite difficult times in 2021, MUST's high-quality portfolio started to stabilise. In 2021, green shoots of recovery began to appear, and opportunities emerged, enabling management to recommence the REIT's growth path through accretive acquisitions. This renewed momentum heralds the implementation of a strategy for portfolio rejuvenation and transformation that will pave the way for MUST to generate sustainable growth for our investors.

2021 was a challenging but pivotal year for MUST as we made good on our strategy by acquiring three properties in the sunbelt and magnet cities in Arizona and Oregon. Having built a strong portfolio of Trophy and Class A properties since the REIT's IPO, we determined to increase our exposure in the high-growth markets/tenants.

Q: What were MUST's greatest achievements in 2021?

CEO:

2021 was a challenging but pivotal year for MUST as we made good on our strategy by acquiring three properties in the sunbelt and magnet cities in Arizona and Oregon. Having built a strong portfolio of Trophy and Class A properties since the REIT's IPO, we determined to increase our exposure in the high-growth markets/tenants. We have been communicating this strategy to investors for more than a year as the pandemic propelled us to refresh our investment strategy in order to future-proof our business.

Due to reduced volumes of suitable U.S. office transactions in 2020 and 2021, these were our first acquisitions in two years. Since our IPO in 2016, we have been committed to delivering accretive deals. The timing to acquire in 4Q2021 was extremely challenging given the considerable volatility in the U.S. and Singapore stock markets arising from fears over the onset of the Omicron outbreak. Despite the considerable uncertainty, we were able to string together three different third-party deals and complete a swift fund raising exercise totalling US$100.0 million. We were pleased to achieve a 2.8% yield accretion on the acquisition and importantly, increased our exposure by GRI to high-growth tenant sectors by 32.0% from 9.7% to 12.8% and AUM in growth markets by 38.1% from 21.0% to 29.0% as at end December 2021.

Despite the ongoing pandemic, we made big strides in demonstrating MUST's environmental, social and governance (ESG) stewardship. The highlight was planting our green flag through a week-long ESG thought leadership initiative 'MUST Go Green' in October 2021. We were the first SREIT to launch an ESG conference to help our stakeholders better understand how ESG will impact REITs. The conference was a roaring success, branding us as a true sustainability leader and steward in the SREIT space. It also successfully profiled MUST's ESG accomplishments and accolades. As part of our green strategy, we announced our alignment to the Sponsor's target to achieve net zero, and an 80.0% reduction target in greenhouse gas (GHG) emissions by 2050. We are also aiming to achieve a 100.0% green-certified portfolio by 2030. With the increased focus on ESG investing, our goal is to be at the forefront to catch the ESG wave and showcase ourselves as thought leaders in this space. Dovetailing with our heightened commitment to ESG, this year's annual report is titled 'MUST Go Green'.

More information on ESG can be found in the Sustainability Report.

Q: How did MUST's portfolio perform in 2021 against the operational challenges brought on by the pandemic?

CEO:

After a challenging end to 2020 and a difficult first half in 2021, over the second half of the year, MUST's portfolio started to stabilise and show signs of recovery. Whilst MUST's portfolio weathered the storm, inevitably, the financial

Message to Unitholders

performance was impacted. In FY2021, MUST reported a 4.7% drop in gross revenue to US$185.1 million, while net property income declined 5.4% year-on-year (YoY) to US$109.5 million. Distributable income fell 3.8% YoY to US$85.6 million. As a result, MUST declared a FY2021 DPU of 5.33 US cents, 5.5% lower YoY. The decline was mainly due to lower rental income arising from higher vacancies, higher rent abatements for retail and food and beverage (F&B) tenants and lower car park income.

However, as 2021 progressed, there was brighter news. For the full year 2021, 654,000 sq ft of leasing was executed which represented 12.0% of our portfolio by NLA. Leasing demand came mostly from the Finance & Insurance and Public Administration sectors. Thanks to proactive forward renewals secured in 2021, only 8.0% of leases by NLA are due to expire in 2022, compared to 18.1% as at 31 December 2020. MUST's subleasing remained low at 2.4%, down 27.0% YoY as most tenants maintained their real estate space. As at 31 December 2021, MUST's WALE stood at 5.1 years. Rental reversions were still muted at -0.8% for the full year, although reversions would have been +3.3% after stripping out Michelson which had some 'over-rented' leases that were above the average market rents.

At 92.3%, MUST's occupancy as at year end 2021 remained at a high level as compared to the U.S. Class A average of 83.2%[1]. Net effective rents in our portfolio have increased by 3.4% in 2H2021 compared to 1H2021, consistent with the recovery witnessed in the broader U.S. office market as tenant improvement allowances (TIs) and free rent eased. We have closely monitored the physical occupancy of our buildings over the past year, using this as a bellwether for increasing car park income and the health of the F&B tenants. Up until the Omicron outbreak in 4Q2021, we had experienced a steady increase in physical occupancy, but this fell sharply over the year end. In the first few months of 2022, we have started to see the numbers rising again, a good sign that the return-to-office is gathering momentum.

One further piece of good news for the portfolio is that valuations in 2H2021 turned positive for the first time since the onset of COVID-19 and we will be working to better that over 2022.

Q: How did MUST strengthen its capital management in 2021?

CEO:

In 2021, MUST's balance sheet remained strong and we took advantage of the low interest rate environment, reducing the portfolio's weighted average interest rate to 2.82% as at 31 December 2021, versus 3.18% as at 31 December 2020.

In line with our proactive capital management strategy, we engaged in several initiatives that created additional financial flexibility for the REIT. Of note, we obtained our maiden sustainability-linked loan - a five-year US$250.0 million unsecured loan for refinancing existing loan facilities connected to our green buildings and for other purposes. In December 2021, we refinanced an acquisition bridge loan with a second sustainability-linked loan. Our sustainability-linked loans could provide potential savings if certain targets such as GHG, water and energy intensities are met. By January 2022, we had increased our green and sustainability-linked loans to 45.1% of total debt, generating a strong contribution to MUST's ESG credentials.

In FY2021, we reduced our percentage of fixed rate loans from 94.5% as at 31 December 2020, to 86.5% as at 31 December 2021. This will create greater flexibility for portfolio rejuvenation and capital recycling. Although we anticipate that there will be U.S. interest rate hikes in 2022 to cool the economy, we believe that they will have a minimal impact on MUST's total debt, as only 13.5% of debt is exposed to interest rate fluctuations. This means that a 1.0% increase in the interest rate will impact MUST's DPU by 0.075 US cent. Around 96.0% of our current leases have either annual or mid-term/periodic escalations. Overall in-place rental escalations average 2.1% per annum. These escalations will provide a buffer

1 JLL 4Q2021 U.S. Office Outlook.

against rising interest rates. Over time, we may also be able to recover inflation driven increases in property expenses from tenants, and rental rates should rise in tandem with a prolonged spell of inflation.

As at 31 December 2021, MUST's weighted average debt maturity stood at 2.4 years. MUST's gearing level at year end 2021 of 42.8% is well below the regulatory limit of 50.0%. Even so, over the course of 2022, we will continue to conserve spending and aim to generate an improvement in valuations to contain the gearing level. We will continue to increase MUST's financial flexibility by diversifying our sources of funding, lengthening our weighted average debt maturity, and unencumbering the remaining properties as appropriate. As we focus on capital recycling and portfolio rejuvenation, we will also seek opportunities to reduce gearing.

Q: How did MUST engage stakeholders differently as it entered the second year of COVID-19?

CEO: Whilst another year of COVID-19 restrictions made it challenging to meet investors and other stakeholders in sizeable groups or overseas, we continued to engage them through virtual meetings and interactive conference calls. On top of these traditional methods, we found creative ways to reach out to an expanding range of stakeholders using new investor relations (IR) tools.

The first was the launch of our LinkedIn corporate page in September 2021 which gave us a digital platform to engage with media, analysts, and investors to keep them up-to-date on our business developments. With more than 1,000 followers as at end February 2022, LinkedIn has provided us with another engagement tool where we can share up-to-date information on what is happening in the U.S. office market and raise understanding of the operating conditions in our portfolio. The second was our very own in-house investor perception survey. We conducted this survey with around 50 institutional investors, gathering

In 2021, we continued to drive environmental stewardship with our tenants with sustainability initiatives and worked with them to identify energy efficiency opportunities.

their feedback on the future growth prospects for the REIT, as well as their concerns and views on ESG. The results of this survey were shared with the Board and the management team.

In 2021, we engaged in environmental stewardship with our tenants, for instance by conducting regular bike-to-work initiatives to encourage them to reduce their carbon footprint as well as roundtable events to share sustainability best practices. In addition, we worked with tenants to track environmental data to identify energy efficiency opportunities. We will march our green practices a step further in 2022 by starting to incorporate green lease provisions in all new leases.

Not forgetting our local community, and in line with our focus on helping vulnerable families and isolated elderly, we reached out and organised a virtual leather craft making workshop to engage with seniors from the Singapore Methodist Welfare Services. We also continued our strong support of social enterprises by sourcing all our corporate gifts from them where possible. These included our 2022 red packets, designed this year by an artist with mental disability on a theme to encourage mindfulness through colouring.

Q: What is MUST's strategy as the pandemic continues to affect companies' return-to-office plans? Will offices still be relevant in a post-COVID world and what is your immediate focus in 2022?

Chairman:
The pandemic has been an unpredictable force, but as it subsides and the outlook

Message to Unitholders

for U.S. office becomes clearer, we will be focused on improving the leasing outcome and rejuvenating the portfolio through recycling. In 2022, we plan to intensify our leasing drive, working with our Property Manager and leasing agents to attract new tenants and to reposition buildings. We expect to see a further flight to quality and newer, green buildings by office-using tenants. We will therefore continue to pivot to increase exposure to high-growth sunbelt and magnet cities, targeting newer buildings eligible for green credentials and increasing our tenant exposure to technology, healthcare, and new knowledge companies.

Having witnessed a market surge in U.S. office leasing in the latter part of 2021, with the first positive net absorption since the onset of COVID-19 and transactional volumes up 78.0%[1] YoY, we believe that office is still relevant. Whilst companies are increasingly signalling to employees to return to the office, it is likely that hybrid working will be the preferred choice through 2022 and into the future. This does not necessarily mean that employers will reduce office space, but rather they will need to maintain or even expand as their businesses resume growth in the dynamic post-pandemic economic environment. The signing of longer U.S. office leases – averaging 7.1 years in 1Q2021 to 7.8 years in 4Q2021[2] – is further evidence of stronger corporate confidence in securing real estate space.

Over 2021, we delivered on our goal to kickstart growth, increasing MUST's AUM through our accretive acquisitions by ~10.0% YoY to around US$2.2 billion across 12 assets. With the support of our Sponsor, we will continue to expand our exposure to growth markets and high-growth tenant sectors, as well as explore JV/M&A and capital recycling.

In terms of sustainability, we will aim to improve our ratings and rankings following improved Global Real Estate Sustainability Benchmark (GRESB) and MSCI scores in 2021. We will further equip our employees and directors in ESG best practices to keep MUST at the forefront of ESG developments, and comply with SGX-ST listing rules. As climate-related disclosures become compulsory for SREITs from June 2022, we will also work on improving our disclosures to align with the Task Force on Climate-Related Financial Disclosures (TCFD) framework's recommendations in the four key areas of governance, strategy, risk management as well as metrics and targets. For the portfolio, we are setting interim and long-term MUST-specific carbon reduction targets and taking the first step to develop a GHG reduction model. This will prevent stranded assets while keeping our buildings in compliance with U.S. regulations. More details can be found in the Sustainability Report.

Q: Any final words?

CEO:

As we look forward beyond the pandemic to new opportunities for MUST, we pause to voice our appreciation to the Board of Directors for providing sage counsel, and to every member of the management team for its commitment to the REIT through a testing period. To our existing and many new Unitholders in Singapore and further afield, we express our thanks for your support. To our Sponsor, business partners, advisors, tenants, and wider members of the investment community, we thank you for standing alongside us through another challenging year and look forward to better times ahead for all.

Amidst the everchanging conditions in today's world caused by the pandemic, as well as economic and geopolitical concerns, we remain focused on our strategy and vision to be the most sustainable U.S. office REIT listed in Singapore.

Hsieh Tsun-Yan

Chairman

Jill Smith

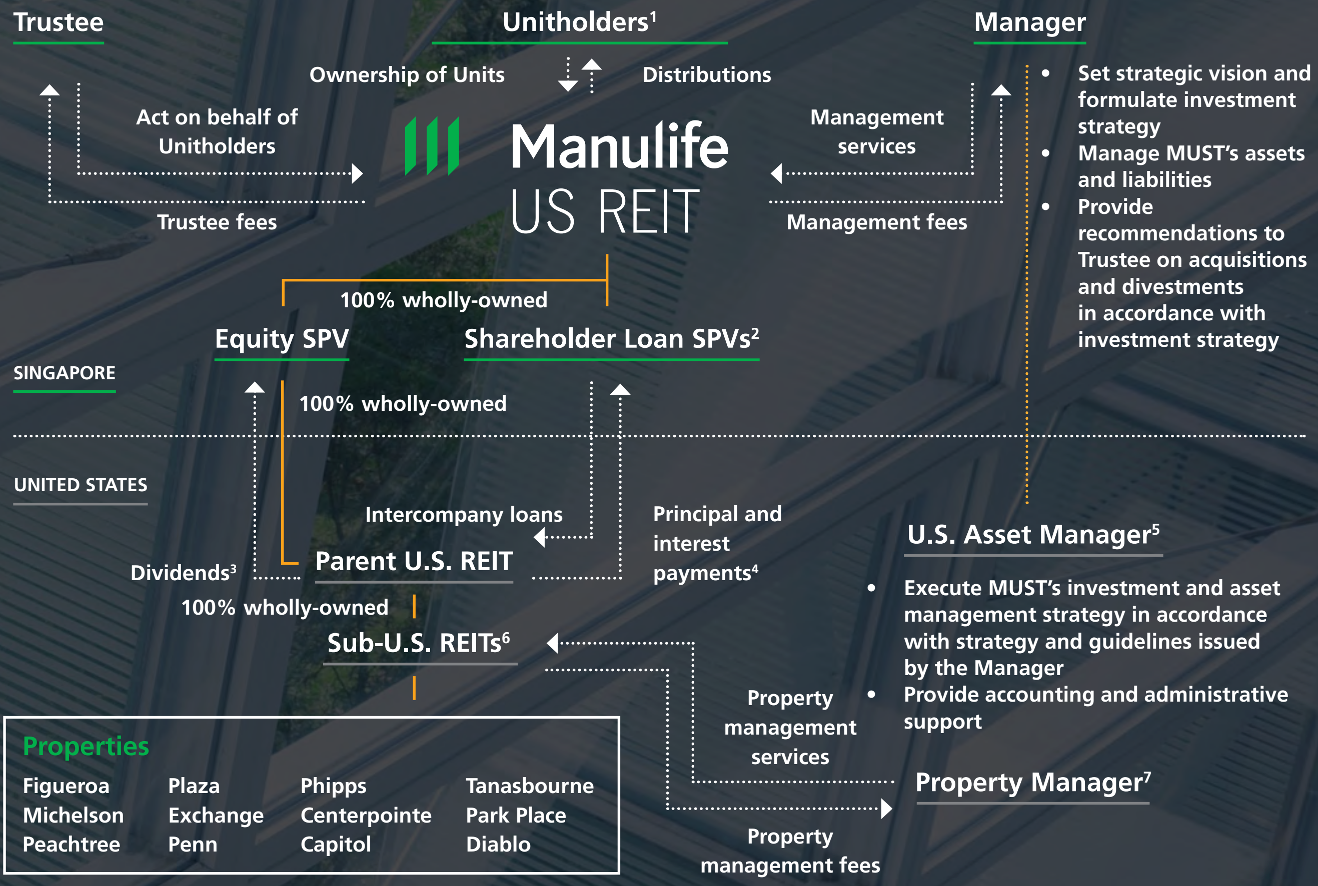
Chief Executive Officer

1 CoStar Capital Markets Data for Class A office as at 3 January 2022.
2 JLL 4Q2021 U.S. Office Outlook.

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 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 Parent U.S. REIT and a property management agreement with each Sub-U.S. REIT.

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

Acquisition of Three Properties in High-growth Cities

In December 2021, MUST completed its acquisition of three office campuses, Diablo and Park Place in Phoenix, Arizona, and Tanasbourne in Portland, Oregon for US$201.6 million, in its bid to pivot towards growth tenants to create value for Unitholders.[1]

Diablo

Park Place

Tanasbourne

1 Refer to SGX announcements dated 30 November, and 17, 18, 21 December 2021.

Our ESG Journey

MUST has been making steady steps forward in its sustainability efforts to grow its portfolio value and ensure that it does not end up with stranded assets that deplete investor returns.

2017

Formed Sustainability Steering Committee (SSC)

Achieved 4 Star in first GRESB Assessment

2018

Achieved 5 Star in GRESB Assessment

Rolled out Sustainable Building Standards

2019

~90.0% of portfolio is green-certified

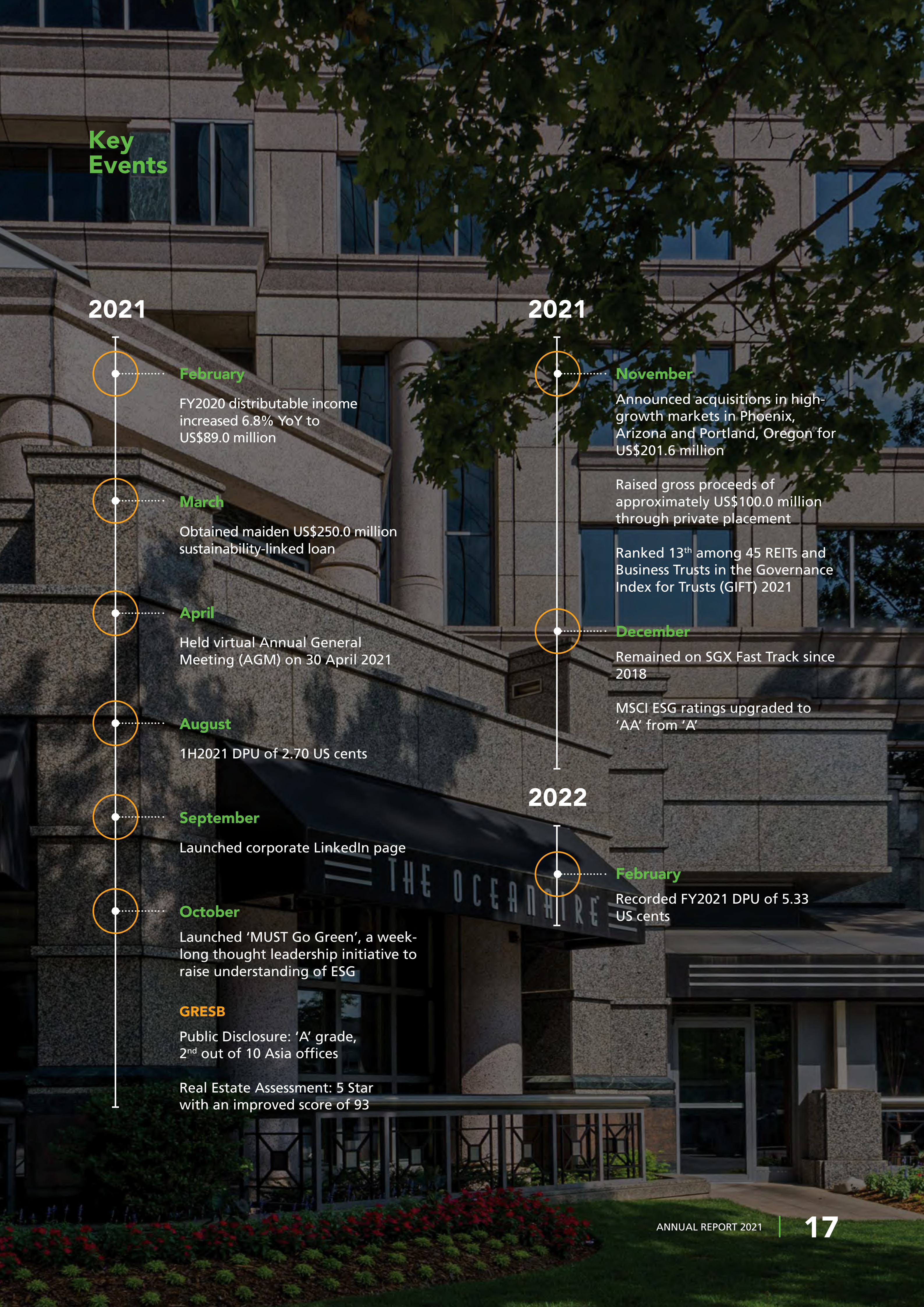
2020

Obtained first green loan

2021

Launched ESG thought leadership initiative 'MUST Go Green'

Announced alignment to Sponsor's net zero and 80.0% GHG emissions reduction target by 2050



Key Events

2021

February

FY2020 distributable income increased 6.8% YoY to US$89.0 million

March

Obtained maiden US$250.0 million sustainability-linked loan

April

Held virtual Annual General Meeting (AGM) on 30 April 2021

August

1H2021 DPU of 2.70 US cents

September

Launched corporate LinkedIn page

October

Launched 'MUST Go Green', a week-long thought leadership initiative to raise understanding of ESG

GRESB

Public Disclosure: 'A' grade, 2nd out of 10 Asia offices

Real Estate Assessment: 5 Star with an improved score of 93

2021

November

Announced acquisitions in high-growth markets in Phoenix, Arizona and Portland, Oregon for US$201.6 million

Raised gross proceeds of approximately US$100.0 million through private placement

Ranked 13th among 45 REITs and Business Trusts in the Governance Index for Trusts (GIFT) 2021

December

Remained on SGX Fast Track since 2018

MSCI ESG ratings upgraded to 'AA' from 'A'

2022

February

Recorded FY2021 DPU of 5.33 US cents

Board of Directors

Hsieh Tsun-Yan, 69

Chairman
Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Science in Mechanical Engineering, University of Alberta, Canada
- Master of Business Administration, Harvard Business School, U.S.

Date of First Appointment as a Director
- 17 June 2015

Date of Last Reappointment as a Director
- 17 June 2020

Length of Service as a Director (as at 31 December 2021)
- 6 years and 6 months

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

Present Directorships in other Listed Companies
- Manulife Financial Corporation, Canada (Director)
- Singapore Airlines Limited (Director)

Present other Principal Commitments
- LinHart Group, Singapore (Lead Counsellor and Chairman)
- The Manufacturers Life Insurance Company (Director)
- National University of Singapore (NUS) Business School (Management Advisory Board Member)
- NUS Business School and Lee Kuan Yew School of Public Policy, Singapore (Professor)
- Singapore Institute of Management Group Limited (Director and Vice Chairman)
- Dyson Holdings Pte. Ltd. (Director)
- Singapore Health Services Pte. Ltd. (Director)

Past Directorships or Principal Commitments held over the Preceding Three Years
- Duke-NUS Graduate Medical School, Singapore (Governing Board Member)

Experience
- Over 30 years of experience in international business, leadership development and corporate transformation
- Previously Director at McKinsey & Company

Koh Cher Chiew Francis, 70

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

Length of Service as a Director (as at 31 December 2021)
- 2 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
- Ngee Ann Polytechnic Investment Committee (Member)
- Ngee Ann Polytechnic Council (Member)
- Helvetic Investments Pte. Ltd. (Advisor)
- SMU (Special Advisor, Office of the President)
- SMU (Mapletree Professor of Real Estate)
- 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, 61

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
- 17 June 2020

Length of Service as a Director (as at 31 December 2021)
- 6 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, 70

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 2021)
- 4 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, 61

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.
- Master 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 2021)
- 1 year 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
- 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, 59

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
- 17 June 2020

Length of Service as a Director (as at 31 December 2021)
- 6 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) (formerly Manulife Asset Management (Hong Kong) Limited)
- PT Manulife Aset Manajemen Indonesia (Director)
- Manulife Investment Management (Singapore) Pte. Ltd. (Director) (formerly Manulife Asset Management (Singapore) Pte. Ltd.)
- Manulife Investment Management (Taiwan) Company Ltd. (Director) (formerly Manulife Asset Management (Taiwan) Company Ltd.)
- Manulife Asset Management (Japan) Ltd. (Director)
- Manulife TEDA Fund Management Co., Ltd. (Director)

Past Directorships or Principal Commitments held over the Preceding Three Years
- Manulife Financial Investment Ltd. (Director)

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

Stephen James Blewitt, 61

Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Arts, Economics, University of Chicago, U.S.A.
- Master 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 2021)
- 2 years and 10 months

Board Committee Served on
NIL

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)
- Hancock Natural Resource Group, Inc (Director)
- Albamen Capital Partners Limited (Director)

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

Experience
- Over 35 years in asset management, investments and corporate finance
- Global Head of Private Markets, Manulife Financial Corporation

Management Team

Jill Smith

Chief Executive Officer

Ms Jill Smith is the CEO of the Manager. She works with the Board to determine the strategy of MUST. Ms Smith is also responsible for the overall day-to-day management and operations of MUST, and works closely with the Manager's investment, asset management, financial, operations plus legal and compliance teams to meet MUST's strategic, investment and operational objectives.

Ms Smith has accumulated over 40 years of experience as an investment management professional in Asia and Europe. She has extensive experience in portfolio management, business development and management, as well as in sales and marketing. Prior to joining the Manager, Ms Smith held several senior executive positions within Manulife Asset Management. She was Senior Managing Director, Chief Executive Officer and Chief Investment Officer for Manulife Asset Management (Singapore) Pte. Ltd. Ms Smith was previously a Director of several Manulife overseas entities.

Prior to joining Manulife in 2007, Ms Smith was with Western Asset Management (Singapore), Rothschild Asset Management (Singapore) and Lazard Investors (Singapore). Before moving to Singapore in 1993, Ms Smith held a number of senior positions with leading U.K. financial companies.

Ms Smith holds a Bachelor of Arts (Honours) in Sociology and a Postgraduate Certificate of Education, both from Durham University, U.K.

Caroline Fong

Chief Investor Relations and Capital Markets Officer, Chief Sustainability Officer

Ms Caroline Fong is Chief Investor Relations and Capital Markets Officer and the Chief Sustainability Officer at MUST. She is responsible for IR, communication, sustainability and helps to steer the strategy and the equity capital markets requirements for MUST.

Ms Fong has over 15 years of experience in IR, capital markets and research. Prior to joining MUST, Ms Fong was Associate Director, IR and Corporate Finance in Temasek Holdings and Head of IR and Corporate Communications in ESR-REIT. At ESR-REIT, Ms Fong was instrumental in profiling 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 creating the narrative for the company's retail businesses in Singapore and four other countries. 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 the University of Nottingham, U.K. and a Bachelor of Science (Honours) in Banking and Finance from the University of London, U.K.

Robert Wong

Chief Financial Officer

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 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 of 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

	FY2021 (US$'000)	FY2020 (US$'000)	Change (%)
Gross revenue	185,099	194,312	(4.7)
Property operating expenses	(75,552)	(78,475)	(3.7)
Net property income	**109,547**	**115,837**	**(5.4)**
Interest income	21	166	(87.3)
Manager's base fee	(8,560)	(8,897)	(3.8)
Trustee's fee	(284)	(288)	(1.4)
Other trust expenses	(2,494)	(2,646)	(5.7)
Finance expenses	(29,145)	(29,739)	(2.0)
Net income before tax and fair value changes	**69,085**	**74,433**	**(7.2)**
Net fair value change in derivatives	13,896	(11,897)	N.M.
Net fair value change in investment properties	(42,423)	(128,519)	(67.0)
Net income/(loss) for the year before tax	**40,558**	**(65,983)**	**N.M.**
Tax (expense)/income	(1,145)	22,699	N.M.
Net income/(loss) for the year	**39,413**	**(43,284)**	**N.M.**
Income available for distribution to Unitholders	**85,599**	**88,967**	**(3.8)**
DPU (US cents)	**5.33**	**5.64**	**(5.5)**

N.M.: Not meaningful

	FY2021	FY2020
Total operating expenses[1] (US$'000)	86,835	90,370
Net assets[2] (US$'000)	1,187,716	1,157,888
Total operating expenses as percentage of net asset value as at the end of the financial year (%)	7.3	7.8

Gross Revenue

Gross revenue for the year decreased by 4.7% to US$185.1 million in FY2021, largely due to lower rental income arising from higher vacancies, higher rent abatements provided to tenants affected by COVID-19, lower portfolio car park income and higher non-cash amortisation of tenant lease incentives, partly offset by revenue contributions from the newly acquired properties in December 2021.

Property Operating Expenses

Property operating expenses decreased by 3.7% to US$75.6 million mainly due to a net reversal of provision of expected credit losses, partly offset by higher repair and maintenance expenses and incremental property expenses from the enlarged portfolio.

Net Property Income

Net property income of US$109.5 million for FY2021 was lower than FY2020 by 5.4%, mainly due to lower gross revenue, partially offset by contribution from the newly acquired properties and net reversal of provision for expected credit losses.

	FY2021 (US$'000)	FY2020 (US$'000)	Change (%)
Portfolio excluding 2021 acquisitions	184,461	194,312	(5.1)
2021 acquisitions	638	-	N.M.
Gross revenue	**185,099**	**194,312**	**(4.7)**
Portfolio excluding 2021 acquisitions	75,412	78,475	(3.9)
2021 acquisitions	140	-	N.M.
Property operating expenses	**75,552**	**78,475**	**(3.7)**
Portfolio excluding 2021 acquisitions	109,049	115,837	(5.9)
2021 acquisitions	498	-	N.M.
Net property income	**109,547**	**115,837**	**(5.4)**

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 2021 and 31 December 2020, respectively.

Net Income/(Loss)

MUST's base fee and performance fee are based on its distributable income and DPU growth respectively, so as to better align the interests of the Manager and Unitholders. Under the Trust Deed, the Manager is entitled to receive a base fee of 10.0% per annum of the distributable income, as well as a performance fee of 25.0% of the difference in DPU in a financial year compared with the preceding financial year, multiplied by the weighted average number of issued Units.

The base fee for FY2021 was 3.8% lower than FY2020 due to lower distributable income. The Manager has elected to receive the base fee in Units. No performance fee was recorded for FY2021.

Other trust expenses decreased by 5.7% to US$2.5 million in FY2021 mainly due to the absence of one-off fees incurred in FY2020 in relation to the restructuring pursuant to the U.S. tax regulations which was completed in April 2020, partially offset by higher distribution costs incurred in relation to the advanced distribution as well as additional administrative and professional fees arising from the newly acquired properties.

Finance expenses of US$29.1 million were 2.0% lower than FY2020, mainly due to interest savings from the refinancing of the mortgage loans for Peachtree in July 2020, Michelson and Penn in April 2021 at lower interest rates. The interest savings were partly offset by additional borrowings drawn to partially fund the acquisitions in December 2021, capital expenditure and leasing costs.

Net fair value gain on derivatives of US$13.9 million recognised in FY2021 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 of US$42.4 million in FY2021 was largely due to the appraiser factoring in higher vacancies and higher leasing costs assumptions, adjusted for capital expenditure and other costs related to investment properties.

Tax expense of US$1.1 million in FY2021 was mainly due to deferred tax expense from tax depreciation, partially offset by deferred tax income arising from net fair value loss in investment properties.

Due to the effects of the above, the Group recorded a net income of US$39.4 million compared to the net loss of US$43.3 million in FY2020.

Income Available for Distribution

Income available for distribution to Unitholders of US$85.6 million was 3.8% lower than FY2020 largely due to lower net property income. This translated to a DPU of US 5.33 cents, which was a decrease of 5.5% from FY2020.

MUST continues to pay out 100.0% of the distributable income to Unitholders.

Portfolio and Net Asset Value (NAV)

With the completion of the acquisition of the three new properties in December 2021, the portfolio value of MUST increased by 9.6% or US$191.6 million to US$2,184.4 million as at 31 December 2021. The increase in portfolio value from the acquisition was partially offset by net fair value loss on investment properties during the year. The net fair value loss was largely due to appraisers factoring in higher vacancies and higher leasing costs assumptions.

Net assets attributable to Unitholders increased by 2.6% to US$1,187.7 million, which translated to NAV per Unit and adjusted NAV per Unit (excluding distributable income) of US$0.67 as at 31 December 2021.

Key Financial Indicators	As at 31 December 2021	As at 31 December 2020
Gross borrowings (US$ million)	975.0	856.5
Gearing ratio[1] (%)	42.8	41.0
Weighted average cost of debt (%)	2.82	3.18
Weighted average debt maturity (years)	2.4	2.3
Interest coverage ratio[2] (times)	3.4	3.5
Unencumbered properties as % of total portfolio[3] (%)	70.4	42.0

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.
3 Based on appraised values as at 31 December 2021 and 31 December 2020, respectively.

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 April 2021, MUST utilised its unsecured sustainability-linked loan of US$250.0 million which further lowered the interest costs. Proceeds from the loan were used to refinance the Michelson and Penn mortgage facilities, as well as to fund capital expenditures and leasing costs. Post-refinancing, 70.4% of MUST's properties were unencumbered as at 31 December 2021.

In November 2021, MUST raised approximately US$100.0 million through a private placement of 154.1 million new Units, in combination with the utilisation of uncommitted revolving credit facility (RCF), to fund the acquisition of Diablo, Park Place and Tanasbourne. The private placement was more than two times covered and saw strong participation from new and existing institutional investors and private wealth clients.

In December 2021, MUST obtained a US$90.0 million unsecured sustainability-linked facility, which was subsequently utilised in January 2022 to refinance the bridge loan drawn to partially fund the acquisitions of Diablo, Park Place and Tanasbourne. Subsequent to the drawdown, MUST has increased its proportion of green and sustainability-linked loans to 45.1% in January 2022, from 11.7% at the end of 2020.

On 26 January 2022, MUST entered into deeds of release and discharge with the security agent to release the security granted in respect of all its Trust-level loan facilities and committed RCFs. Following the execution of the deeds of release and discharge, all Trust-level facilities are unsecured.

The following table summarises the facilities that MUST had as at 31 December 2021:

Sources of Funding	Capacity (US$ million)	Amount utilised (US$ million)	Utilised (%)
Property level:			
- Property loan facilities	270.1	270.1	100.0
- Good news facilities	39.0	17.1	43.8
	309.1	**287.2**	**92.9**
Trust level:			
- Loan facilities	663.0	573.0	86.4
- Uncommitted RCFs	200.0	107.5	53.8
- Committed RCFs	100.0	7.3	7.3
- Multicurrency debt issuance programme	1,000.0	–	–
	1,963.0	**687.8**	**35.0**
Total	**2,272.1**	**975.0**	**42.9**

The good news facilities and 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 used as bridge financing for acquisitions. This uncommitted and unsecured RCF was obtained during the year to replace the previous secured acquisition bridge facility of US$200.0 million.

Debt Maturity Profile

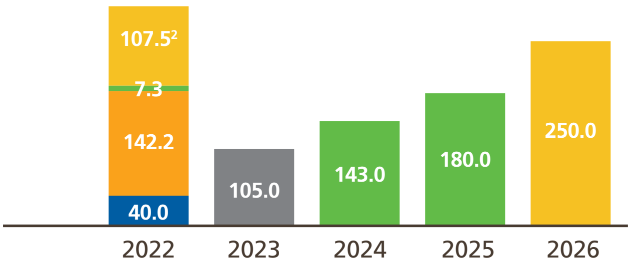
As at 31 December 2021, the total gross outstanding debt of MUST was US$975.0 million with an aggregate leverage of 42.8%, an increase from 41.0% as at 31 December 2020 mainly due to net fair value loss on investment properties. The higher leverage ratio is well within the internal target gearing limit of 45.0% and the regulatory limit of 50.0%[1] set by MAS and is not expected to have a material impact on MUST's risk profile. The interest coverage ratio for the year ended 31 December 2021 was 3.4 times.

MUST's debt maturity profile remains well-staggered with a weighted average debt maturity of approximately 2.4 years as at 31 December 2021.

To mitigate interest rate risk exposures, 86.5% of the gross borrowings has been hedged into fixed rates. The debt maturity profile was also well-staggered over five years with no more than 30.4% 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 0.1% of the net assets of MUST as at 31 December 2021.

Debt Maturity Profile (US$ million)



Expiry Profile (%)	30.4	10.8	14.7	18.5	25.6

Use of Proceeds

On 9 December 2021, an aggregate of 154,084,000 new Units were issued at US$0.649 per Unit with gross proceeds of approximately US$100.0 million from the private placement announced. The use of proceeds raised from the private placement are set out in the table below.

As actual fees and expenses utilised were less than the originally estimated fees and expenses, the remaining balance was used to partially fund the acquisitions of the properties. Save for the redeployment of such amounts as described above, the use of gross proceeds from the private placement was in accordance with the stated use and the percentage of gross proceeds as stated in the announcements.

	Intended use of proceeds (US$ million)	Actual use of proceeds (US$ million)	Balance of proceeds (US$ million)
To partially fund the acquisitions	93.5	94.7	(1.2)
To pay the estimated fees and expenses in connection with the acquisitions and the private placement	6.5	5.3	1.2
Total	**100.0**	**100.0**	**-**

1 MAS had on 16 April 2020 raised the leverage limit for REITs listed on the Singapore Exchange from 45.0% to 50.0% (up to 31 December 2021) and deferred to 1 January 2022 on the implementation of the requirement to have a minimum adjusted interest coverage ratio of 2.5 times before the leverage limit can be increased from the then prevailing 45.0% limit up to a maximum of 50.0%.

2 US$90.0 million of the Trust-level loan had been refinanced with a five-year term loan in January 2022.

Operational Review

Manulife US REIT's portfolio encompasses 12 high-quality office buildings located in key U.S. markets with an NLA of 5.4 million sq ft, long WALE of 5.1 years and a high occupancy rate of 92.3% as at 31 December 2021.

Increasing Exposure to High-growth Markets through Acquisitions

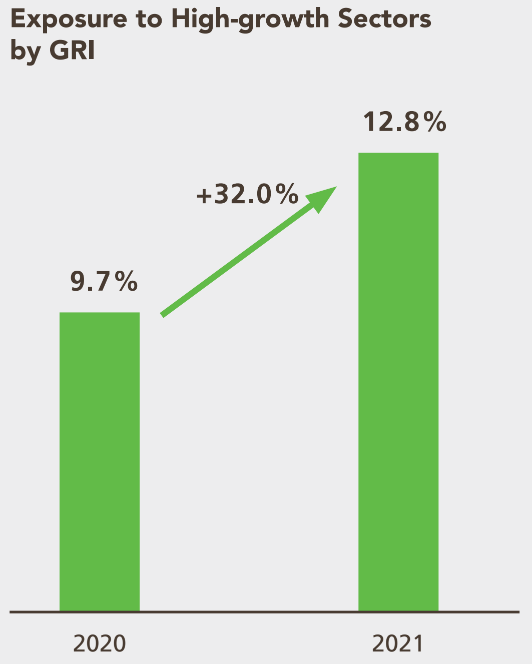
Having built a high-quality portfolio of nine Trophy/Class A properties since its IPO, the next phase of growth for MUST is the entry into high-growth sunbelt and magnet cities. With this defensive and resilient portfolio in place, the Manager actively seeks to increase exposure to cities that would benefit from secular trends spurred by the COVID-19 pandemic. These include:

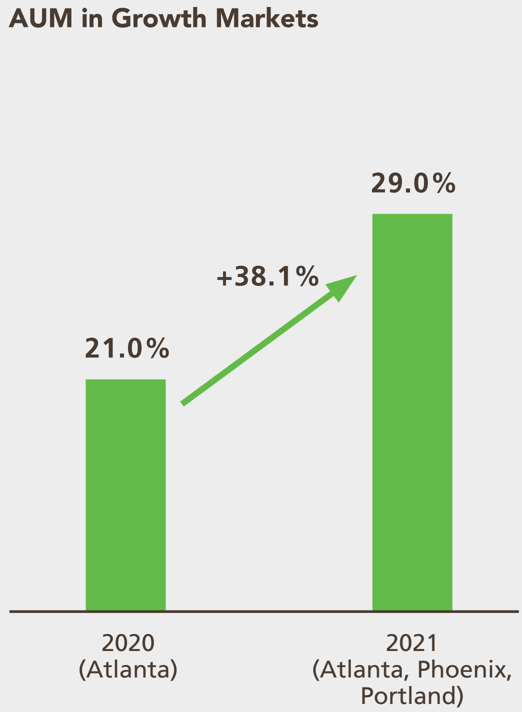
- Population shifting from coastal markets to the sunbelt due to lower costs of living
- Large clusters of tech companies forming in non-coastal magnet cities due to lower rents and lower tax burdens
- U.S. growth markets recording 62.9%[1] higher leasing volume than the broader U.S. market as a result

With these catalysts in mind, and after reviewing close to 50 acquisition opportunities, MUST successfully acquired a portfolio of three assets from different third-party vendors for US$201.6 million in December 2021. These properties capture exposure to the REIT's desired growth trends and markets. Two properties are located in the Phoenix submarkets of Tempe and Chandler in Arizona. The third is located in Hillsboro, a submarket of Portland, in Oregon.

These assets gave MUST an entry into high-growth magnet cities. They also propelled MUST's exposure to high-growth tenants in the technology and healthcare sectors by 32.0% to 12.8% of GRI, and AUM in growth markets by 38.1% to 29.0%. Nearly half of the acquisition portfolio's GRI comes from tenants in these sectors.

The acquired portfolio comes with an occupancy rate of 93.4% and a WALE of 5.9 years, which enhances the overall occupancy and WALE of MUST's portfolio. Based on the upsized private placement of US$100.0 million, the accretion to FY2020 DPU and 1H2021 DPU was +1.8% and +2.8%, respectively.





1 JLL US Market Office Overview 4Q2021. Growth markets include: Austin, Charlotte, Denver, Nashville, Phoenix, Raleigh, San Diego, and Seattle.

Diablo Technology Park

This five-building office campus in Tempe, Phoenix caters to the expanding creative, technology, education and healthcare tenants in the broader Phoenix market. The property features large, flexible floorplates, a state-of-the-art fitness centre and full-service café, indoor and outdoor amenity areas, ample parking, and excellent visibility and frontage along the I-10 freeway. It also has potential data centre capabilities due to an abundance of power and cooling capacity.

Tempe is one of the strongest submarkets in Phoenix where rents achieved a +18.1% premium versus the rest of Phoenix in 2021[1]. During COVID-19, it achieved record levels of net absorption and stable occupancy.

Park Place

This office campus in Chandler, Phoenix consists of two Class A office buildings. Completed in 2019, it is a new 100.0%-leased property occupied by three major credit tenants, namely Voya Services Company, Toyota Motor Credit Corp and Fresenius Management Services. 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, including a one-storey covered parking garage and solar canopy stalls.

Chandler is a semiconductor/tech nexus that attracts high-tech companies relocating or expanding from higher cost markets. It boasts large modern offices at attractive rents, making it a magnet for large corporates.

Tanasbourne Commerce Center

This three-building office campus in Hillsboro, a submarket of Portland, the largest city in Oregon, is 100.0%-leased to major credit tenants with science, technology, engineering, and mathematics or technology, advertising, media and information roots, namely Nike, Kaiser Permanente and Tokyo Electron. 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.

Portland is also known as the Silicon Forest of the U.S., as it is a low-cost alternative to the West Coast for large tech companies and has seen 46.6% growth in rents from 2015 to 2021[1]. It is home to leading athletic and sports brands such as Nike, Adidas, Under Armour, and Columbia Sportswear.

1 JLL Independent Market Review, November 2021.

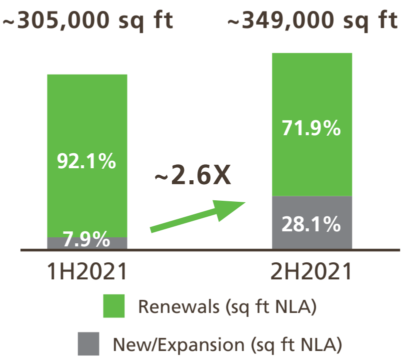
Operational Review

Green Shoots for Offices Despite COVID-19

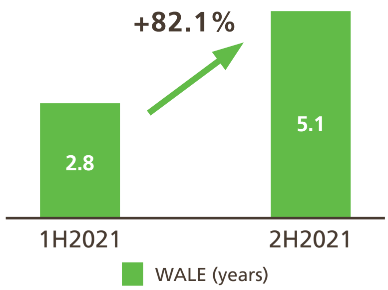
The ongoing COVID-19 pandemic and emergence of new variants continued to disrupt the U.S. office market. Many corporations had announced their plans to return to the office after the Labor Day holiday in September, encouraged by rising vaccination rates in the first half of the year. However, the emergence of the Delta and Omicron variants in the summer and in late 2021 caused them to put those plans on hold. In tandem, the weighted average physical occupancy of MUST's properties increased from 10.0% in January 2021 to 23.0% in July 2021, but largely plateaued and only inched up to 30.0% through the year end.

Despite the uncertainty around the pandemic, leasing momentum recovered especially in the second half of the year. In MUST's portfolio, from 1H to 2H2021, the proportion of new/expansion leases increased ~2.6X to 28.1% of leases executed, while the WALE increased from 2.8 years to 5.1 years. Net effective rents (NERs) also improved 3.4% from US$37.96 to US$39.26 over the same period, as tenant concessions eased. MUST even achieved a Fitwel certification for Michelson for providing building features and amenities that improve the health and productivity of tenants amid the pandemic. More details can be found on page 103 in the Sustainability Report.

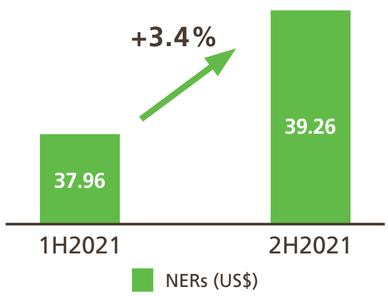
Proportion of New/Expansion Leases Increased ~2.6X



Longer WALE for Leases Executed

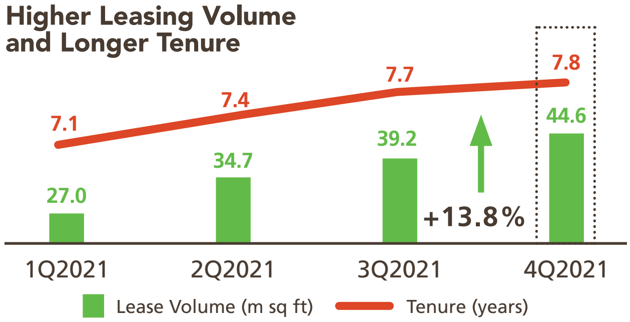


Net Effective Rents Improved

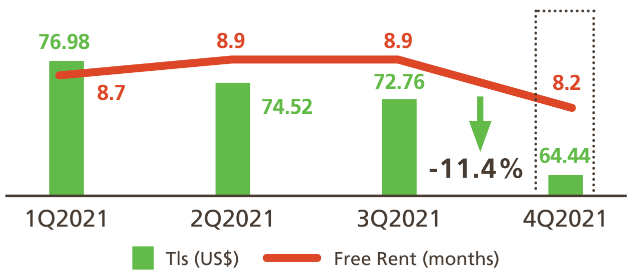


Across the U.S., 4Q2021 was the first quarter of positive net leasing absorption since the onset of COVID-19 at 5.4 million sq ft. Leasing volume showed consistent quarterly gains over the course of 2021, rising 13.8% to 44.6 million sq ft from 3Q to 4Q2021. Full-year office leasing volume was 14.6% above 2020 at 156.9 million sq ft, while the term length of leases signed in the U.S. increased for four consecutive quarters to an average of 7.8 years in 4Q2021. Concurrently, TIs and free rent incentives showed a steady decline, especially in the second half, falling 11.4% from US$72.76 psf to US$64.44 psf, and from 8.9 months to 8.2 months, respectively, from 3Q to 4Q2021. These trends signal a vote of confidence that the U.S. office market is on the mend.

Higher Leasing Volume and Longer Tenure



TIs and Free Rent Easing



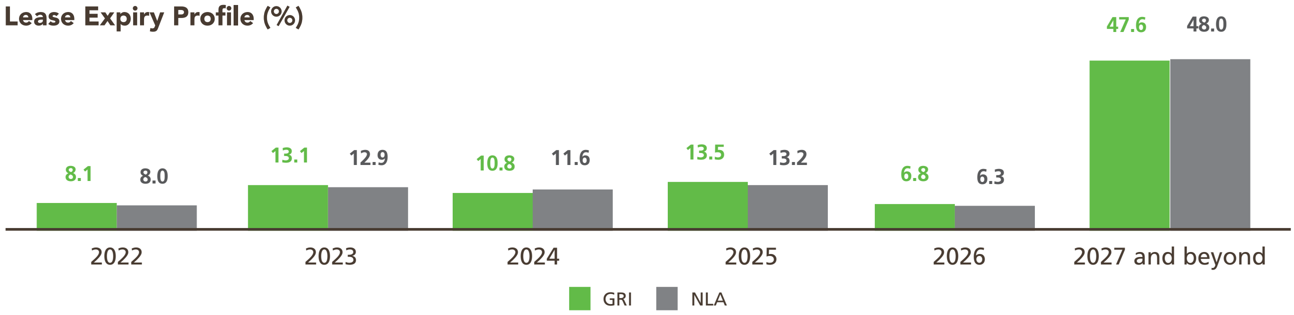
Source: JLL US Market Office Overview 4Q2021.

Proactive Management to Minimise Risk

In 2021, the Manager focused on minimising near-term risks in the portfolio and preserving occupancy, while securing new leases to drive income growth. As a result of its proactive efforts combined with its creditworthy tenants and the robust demand for office space in its assets, MUST recorded several positive outcomes in its portfolio.

- Committed occupancy of 92.3% outperformed the U.S. Class A occupancy levels of 83.2%[1]
- 99.8% of gross rents collected in FY2021
- Executed ~654,000 sq ft of leases, a 2.3x increase relative to 2020, making up 12.0% of NLA, and mainly from the Finance & Insurance, Public Administration, Arts, Entertainment and Recreation, and Real Estate sectors
- Materially reducing 2022 lease expiries from 18.1% (by NLA) at the start of 2021 to 8.0% as at 31 December 2021

Lease Expiry Profile (%)



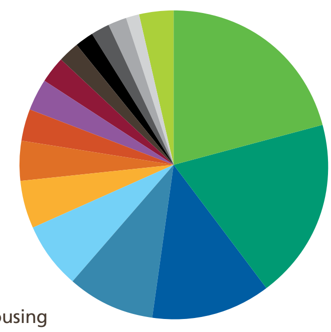
Note: Amounts may not sum up to 100.0% due to rounding.

Well-diversified Tenant Mix with Enhanced Exposure to High-growth Sectors

The portfolio continues to enjoy a well-diversified tenant roster with more than 16 trade sectors represented. During 2021, the portfolio exposure to high-growth tenants in the technology and healthcare sectors increased significantly after the acquisition. The top three largest trades – Finance & Insurance, Legal and Retail – made up approximately 52.3% of the portfolio's GRI as at end December 2021.

Trade Sector by GRI (%)

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



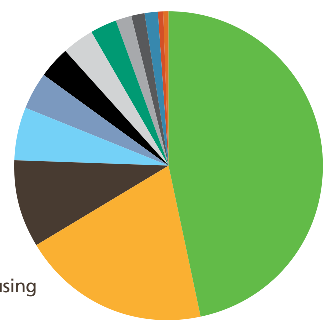
Note: Others comprise of Administrative & Support Services, Accommodation & Food Services, Education and Wholesale Trade.

Trade Sectors of Leases Signed in 2021

The leases signed in 2021 came from 13 different trade sectors, including the portfolio's two largest sectors, Finance & Insurance and Public Administration. The new leases, renewals, and tenant expansions executed in 2021 had a WALE by NLA of 4.1 years and accounted for 14.5% of GRI[2].

2021 Leasing Trade Sector by GRI (%)

46.7	Finance & Insurance
19.7	Public Administration
9.3	Arts, Entertainment & Recreation
5.4	Real Estate
3.9	Administrative & Support Services
3.4	Advertising
3.3	Architectural & Engineering
2.7	Legal
1.7	Manufacturing
1.5	Transportation & Warehousing
1.2	Information
0.7	Health Care
0.4	Consulting



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

1 JLL 4Q2021 U.S. Office Outlook.
2 For the leases executed and commenced in FY2021, totaling ~118,000 sq ft, the WALE is 5.7 years.

Operational Review

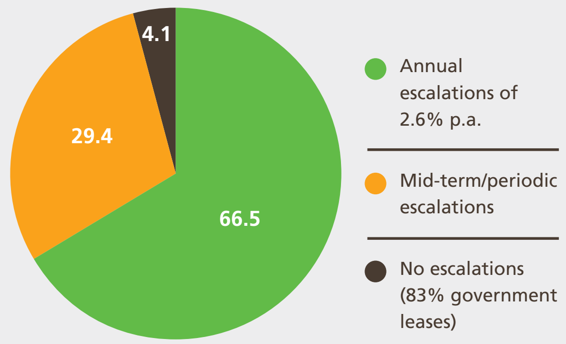
Tenant Retention and Rental Reversion

Notwithstanding COVID-related challenges, MUST was able to successfully retain 55.7% of its tenants in 2021, with a rental reversion of -0.8%. The rental reversion is +3.3% excluding Michelson. There is no income support arrangement within the portfolio.

Passing Rent and Portfolio Rental Escalations by GRI

The portfolio's average passing rent as at 31 December 2021 and average rent set to expire in 2022 are US$39.23 psf and US$39.96, respectively. The expiring rents in 2022 are currently ~2.1% below market rents of US$40.82. There are no lease expiries in Michelson in 2022.

In-place Rental Escalations as at 31 December 2021 (%)



Top 10 Tenants by GRI (%)

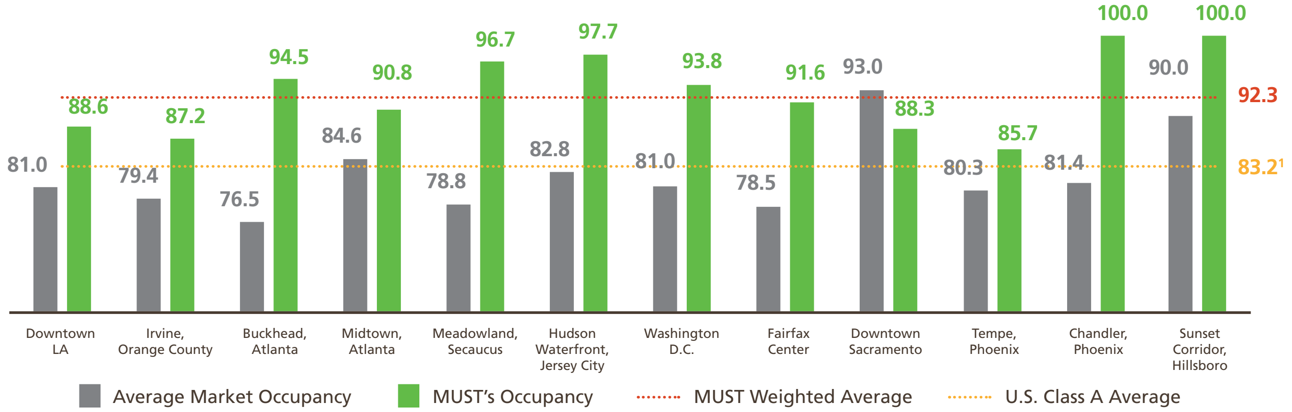
The portfolio's top 10 tenants contributed 32.8% of the portfolio's GRI as at 31 December 2021. Most of these anchor tenants include headquarters, listed companies as well as government agencies. This reflects the high quality and stability as well as low tenant concentration risk in MUST's portfolio. The total number of tenants was 186 as at 31 December 2021.

Tenants	% by GRI
The William Carter Company	5.4
TCW Group	3.8
Kilpatrick Townsend	3.5
The Children's Place	3.1
United Nations Foundation	3.1
US Treasury	3.0
Quinn Emanuel Trial Lawyers	2.9
Hyundai Capital America	2.9
Amazon Corp	2.8
ACE American	2.3
Total	**32.8**

Strong Portfolio Occupancy Rate

As at 31 December 2021, the portfolio had a high occupancy rate of 92.3%, which is above the U.S. National Class A occupancy rate of ~83.2%.

Portfolio's Occupancy above U.S. Market Average in Respective Submarkets (%)[1]



1 JLL 4Q2021 U.S. Office Outlook.

Portfolio Valuation

The YoY decline in valuation was due to the independent valuers factoring in higher vacancies and higher leasing cost assumptions as a result of the COVID-19 pandemic. There were a few bright spots throughout the portfolio, primarily in the Atlanta assets, Peachtree and Phipps, as the local market experienced healthy leasing demand and was one of the most liquid markets in terms of office transactions in 2021.

The valuations decline in several other buildings such as Figueroa, Plaza, and Centerpointe also bottomed out during the year and experienced gains on their fair values in the second half of 2021. As a result, the portfolio valuation as at 31 December 2021 was 0.4% above that as at 30 June 2021. For all the properties, the independent valuers were appointed by the Trustee of MUST on the recommendation of the Manager.

Property	Valuation (US$ million)[1]			YoY Change	Direct Cap Rates as at 31 December 2021[2]
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2020	(%)	(%)
Figueroa	315.2	313.0	320.0	-1.5	5.50
Michelson	317.0	321.0	319.0	-0.6	5.50
Peachtree	212.9	201.1	203.1	4.8	5.75
Plaza	106.0	113.0	114.6	-7.5	7.00
Exchange	324.0	330.0	333.0	-2.7	5.75
Penn	177.3	174.6	176.5	0.5	5.50
Phipps	216.0	213.2	212.1	1.8	5.75
Centerpointe	112.7	108.7	118.5	-4.9	7.50
Capitol	197.0	196.0	196.0	0.5	7.00
Subtotal	**1,978.1**	**1,970.6**	**1,992.8**	**-0.7**	
Diablo[3]	65.0	-	-		6.75
Park Place[3]	106.9	-	-		5.50
Tanasbourne[3]	34.4	-	-		6.50
Total	**2,184.4**	**1,970.6**	**1,992.8**		

Going Forward

Office rent growth is rebounding throughout the U.S. With each quarter in 2021, the projected 12-month rent growth continued to inch up, as evidenced by the expected rent growth of -2.5% from April 2021, -1.2% from July 2021, -0.4% from October 2021, and 2.3% growth in January 2022[4]. YoY projected 12-month rent growth is now close to pre-pandemic levels, which gives MUST optimism for its rental outlook in 2022.

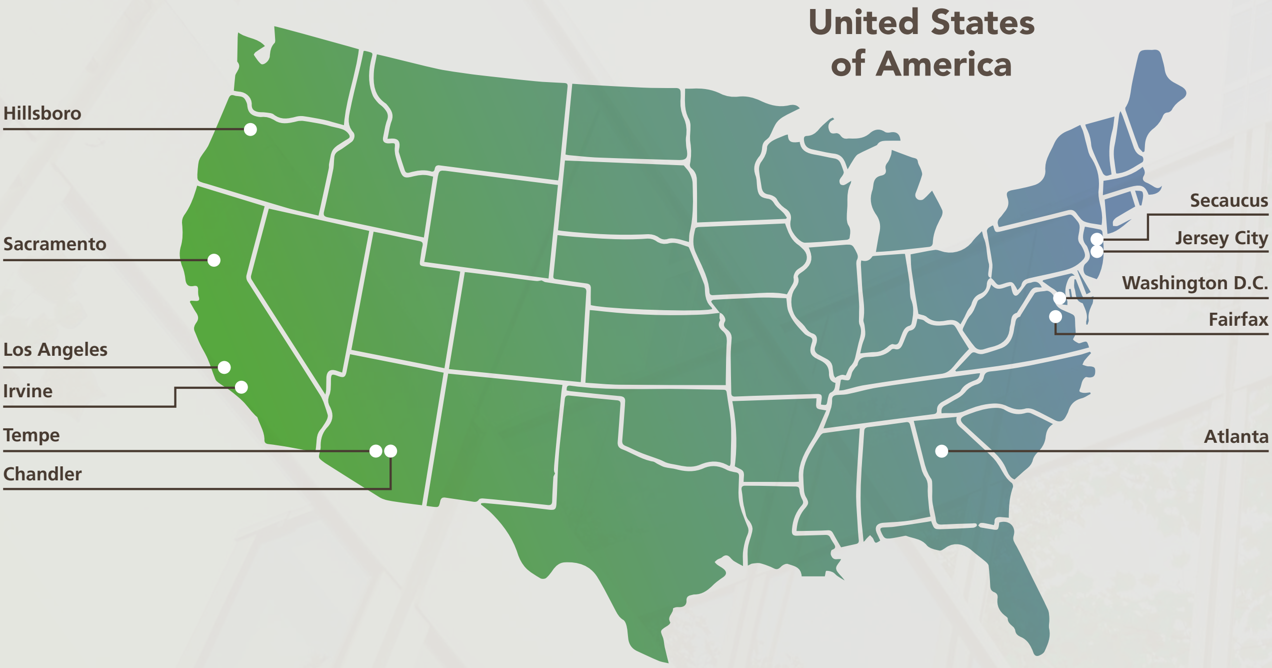
In 2022, the U.S. office sector will remain a core part of MUST's portfolio. The Manager will focus on improving leasing to drive income, while future-proofing the business through portfolio rejuvenation and improving MUST's green credentials to capture rising demand for green office space. MUST continues to be recognised for its high ESG standards, maintaining its 5 Star in its GRESB Real Estate Assessment and a 90.0% Leadership in Energy and Environmental Design (LEED™), Energy Star® and/or BOMA certified portfolio. With the support of its Sponsor, MUST will continue to expand its exposure to growth markets and tenants in the sunbelt and magnet cities, explore JV/M&A and capital recycling, so as to deliver sustainable returns to Unitholders.

Projected 12-month Rent Growth across MUST Markets[4]

Markets	1Q2021	2Q2021	3Q2021	4Q2021
Downtown LA	(4.4)	(1.5)	0.0	2.3
Irvine, Orange County	(4.1)	(1.4)	(0.4)	2.3
Buckhead, Atlanta	(1.7)	(0.7)	0.0	3.4
Midtown, Atlanta	(1.7)	(0.7)	0.0	3.3
Meadowlands, Secaucus	(5.8)	(2.3)	(2.1)	1.8
Hudson Waterfront, Jersey City	(5.6)	(2.4)	(2.1)	1.8
Washington, D.C.	(2.2)	0.2	0.7	0.2
Fairfax Center	(2.6)	0.0	0.4	2.8
Downtown Sacramento	(1.9)	(0.6)	1.1	2.7
Tempe, Phoenix	---	---	---	5.7
Chandler, Phoenix	---	---	---	5.9
Hillsboro, Portland	---	---	---	3.7
Weighted Average	**(2.5)**	**(1.2)**	**(0.4)**	**2.3**

1 Valuations conducted by CBRE Valuation & Advisory Services (CBRE).
2 Based on overall cap rates used in direct capitalisation valuation approach.
3 Based on time specified appraisals completed by JLL during acquisition.
4 CoStar Market Analysis & Forecast Reports as at January 2022.

Portfolio Overview



Capitol

Location
400 Capitol Mall, Sacramento, CA

NLA
500,661 sq ft

Occupancy
88.3%

WALE by NLA
5.0 years

Latest Valuation
US$197.0 million (US$393.5 psf)

Centerpointe

Location
4000 & 4050 Legato Road, Fairfax, VA

NLA
420,421 sq ft

Occupancy
91.6%

WALE by NLA
5.1 years

Latest Valuation
US$112.7 million (US$268.1 psf)

Diablo

Location
2900 South Diablo Way, Tempe, AZ

NLA
354,434 sq ft

Occupancy
85.7%

WALE by NLA
4.6 years

Latest Valuation
US$65.0 million (US$183.4 psf)

Exchange

Location
10 Exchange Place, Jersey City, NJ

NLA
737,207 sq ft

Occupancy
97.7%

WALE by NLA
4.9 years

Latest Valuation
US$324.0 million (US$439.5 psf)

Figueroa

Location
865 S. Figueroa Street, Los Angeles, CA

NLA
715,024 sq ft

Occupancy
88.6%

WALE by NLA
3.2 years

Latest Valuation
US$315.2 million (US$440.8 psf)

Michelson

Location
3161 Michelson Drive, Irvine, CA

NLA
533,567 sq ft

Occupancy
87.2%

WALE by NLA
5.3 years

Latest Valuation
US$317.0 million (US$594.1 psf)

Park Place

Location
1650 & 1700 South Price Road, Chandler, AZ

NLA
274,700 sq ft

Occupancy
100.0%

WALE by NLA
7.9 years

Latest Valuation
US$106.9 million (US$389.2 psf)

Peachtree

Location
1100 Peachtree Street NE, Atlanta, GA

NLA
558,835 sq ft

Occupancy
90.8%

WALE by NLA
4.4 years

Latest Valuation
US$212.9 million (US$381.0 psf)

Penn

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

NLA
278,063 sq ft

Occupancy
93.8%

WALE by NLA
4.9 years

Latest Valuation
US$177.3 million (US$637.6 psf)

Phipps

Location
3438 Peachtree Road NE, Atlanta, GA

NLA
475,778 sq ft

Occupancy
94.5%

WALE by NLA
6.9 years

Latest Valuation
US$216.0 million (US$454.0 psf)

Plaza

Location
500 Plaza Drive, Secaucus, NJ

NLA
466,496 sq ft

Occupancy
96.7%

WALE by NLA
6.1 years

Latest Valuation
US$106.0 million (US$227.2 psf)

Tanasbourne

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

NLA
132,851 sq ft

Occupancy
100.0%

WALE by NLA
4.9 years

Latest Valuation
US$34.4 million (US$258.9 psf)

Portfolio Overview

Capitol

400 Capitol Mall, Sacramento, CA

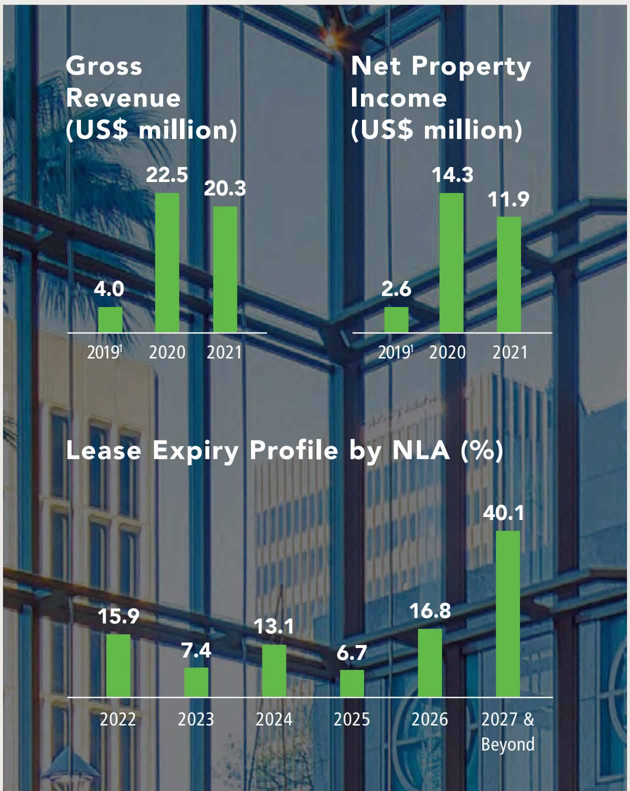
Occupancy
88.3%

Valuation
US$197.0M

NLA
500,661 SQ FT

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 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.

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**



1 The acquisition was completed on 29 October 2019.

TOP THREE TENANTS BY GRI (%)

11.7	10.7	10.4
Wells Fargo	WeWork	Weintraub Tobin Chediak Coleman & Gordin

Centerpointe

4000 & 4050 Legato Road, Fairfax, VA

Occupancy	Valuation
91.6%	**US$112.7M**

NLA
420,421 SQ FT

Class A

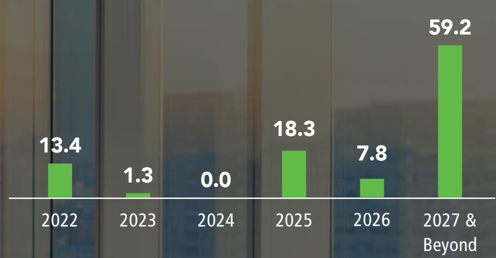
2022 DISTINCTION Fitwel® Viral Response Certified

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)

Net Property Income (US$ million)

Lease Expiry Profile by NLA (%)



1 The acquisition was completed on 10 May 2019.

Land Tenure	**Freehold**
Building Completion	**1987/1989**
Acquisition Date	**10 May 2019**
Purchase Price	**US$122.0 million** (US$290 psf)
WALE by NLA	**5.1 years**
No. of Tenants	**18**

TOP THREE TENANTS BY GRI (%)

23.2 ASM Research	**19.7** Edelman Financial Services	**17.6** Board of Supervisors for Fairfax County

Portfolio Overview

Diablo

2900 South Diablo Way, Tempe, AZ

Occupancy
85.7%

Valuation
US$65.0M

NLA
354,434 SQ FT

Class B

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.

1 The acquisition was completed on 20 December 2021.
2 Acquired from Tempe Diablo LLC, Diablo's valuation was US$65.0 million as announced on 30 November 2021. JLL had valued the property based on the income capitalisation approach and the sales comparison approach. The income capitalisation approach consisted of a discounted cash flow analysis and direct capitalisation method.

Land Tenure	**Freehold**
Building Completion	**1980 – 1998**
Acquisition Date	**20 December 2021**
Purchase Price[2]	**US$61.8 million** (US$174 psf)
WALE by NLA	**4.6 years**
No. of Tenants	**7**
Seller	**Tempe Diablo LLC**

TOP THREE TENANTS BY GRI (%)

31.6 Conduent Commercial Solutions

28.1 Smart Embedded Computing

23.2 Computershare Loan Services

Exchange

10 Exchange Place, Jersey City, NJ

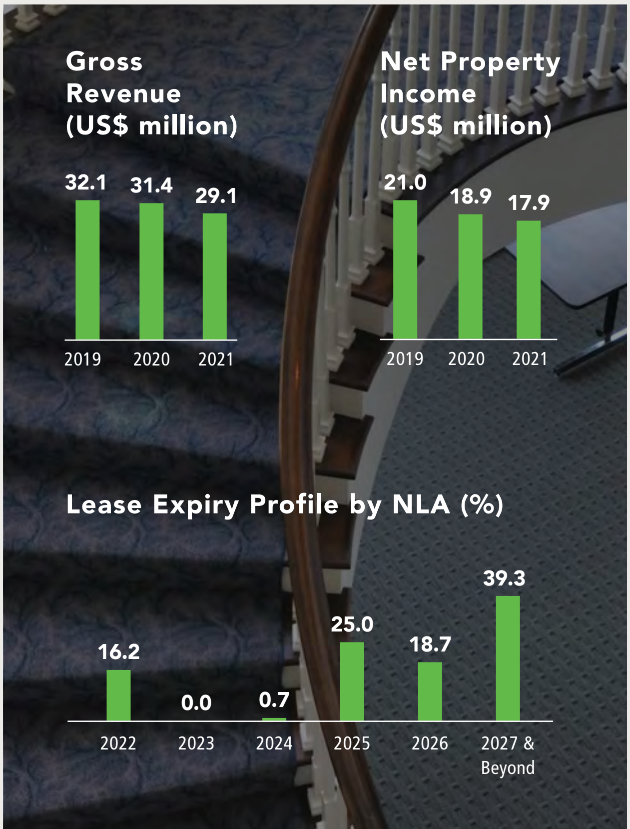
Occupancy
97.7%

Valuation
US$324.0M

NLA
737,207 SQ FT

Class A | ENERGY STAR | LEED GOLD | WiredScore GOLD

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.



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

Land Tenure	**Freehold**
Building Completion	**1988**
Acquisition Date	**31 October 2017**
Purchase Price	**US$315.1 million** (US$431 psf)
WALE by NLA	**4.9 years**
No. of Tenants	**24**

TOP THREE TENANTS BY GRI (%)

18.0 Amazon Corp	**14.6** ACE American	**11.7** Rabo Support Services

Portfolio Overview

Figueroa

865 South Figueroa Street, Los Angeles, CA

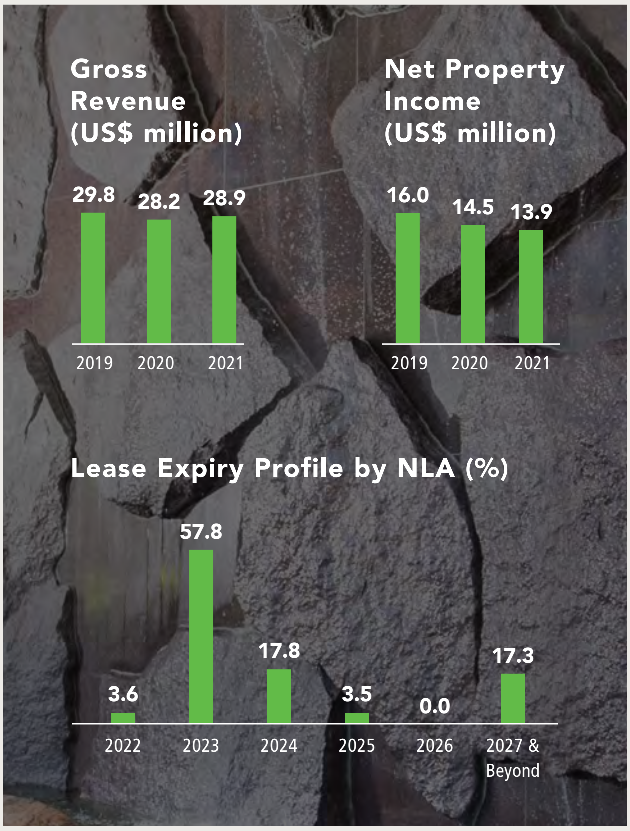
Occupancy
88.6%

Valuation
US$315.2M

NLA
715,024 SQ FT

Class A | ENERGY STAR | WiredScore GOLD | 2021 DISTINCTION | Fitwel Viral Response Certified

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.



Land Tenure	**Freehold**
Building Completion	**1991**
Acquisition Date	**19 May 2016**
Purchase Price	**US$284.7 million** (US$410 psf)
WALE by NLA	**3.2 years**
No. of Tenants	**29**

TOP THREE TENANTS BY GRI (%)

26.9 TCW Group	**20.6** Quinn Emanuel Trial Lawyers	**11.3** Allen Matkins

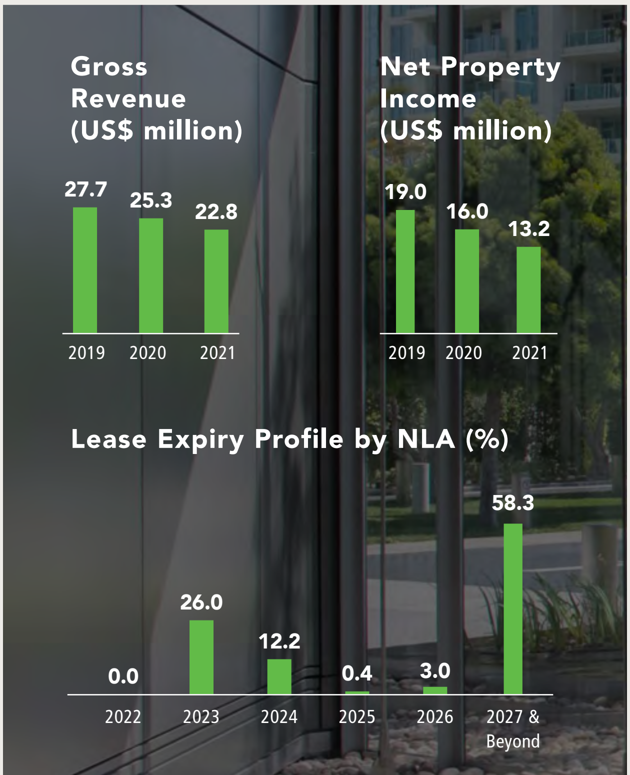
Michelson

3161 Michelson Drive, Irvine, CA

Occupancy	Valuation
87.2%	**US$317.0M**

NLA **533,567SQ FT**

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.



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

Land Tenure	**Freehold**
Building Completion	**2007**
Acquisition Date	**19 May 2016**
Purchase Price	**US$317.8 million** (US$597 psf)
WALE by NLA	**5.3 years**
No. of Tenants	**14**

TOP THREE TENANTS BY GRI (%)

25.7	**19.0**	**13.0**
Hyundai Capital America	Gibson Dunn	Jones Day

Park Place

1650 & 1700 South Price Road, Chandler, AZ

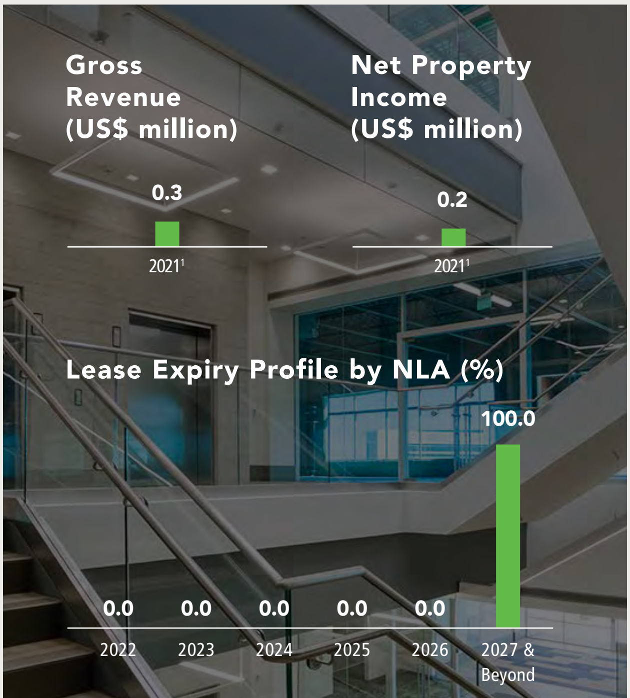
Occupancy
100.0%

Valuation
US$106.9M

NLA
274,700SQ FT

Class A

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.



1 The acquisition was completed on 17 December 2021.
2 Acquired from CAZ 5 DE LLC, Park Place's valuation was US$106.9 million as announced on 30 November 2021. JLL had valued the property based on the income capitalisation approach and the sales comparison approach. The income capitalisation approach consisted of a discounted cash flow analysis and direct capitalisation method.

Land Tenure	**Freehold**
Building Completion	**2019**
Acquisition Date	**17 December 2021**
Purchase Price[2]	**US$106.0 million** (US$386 psf)
WALE by NLA	**7.9 years**
No. of Tenants	**3**
Seller	**CAZ 5 DE LLC**

TOP THREE TENANTS BY GRI (%)

52.8 Voya Services Company	**31.9** Toyota Motor Credit Corp	**15.3** Fresenius Management Services

Peachtree

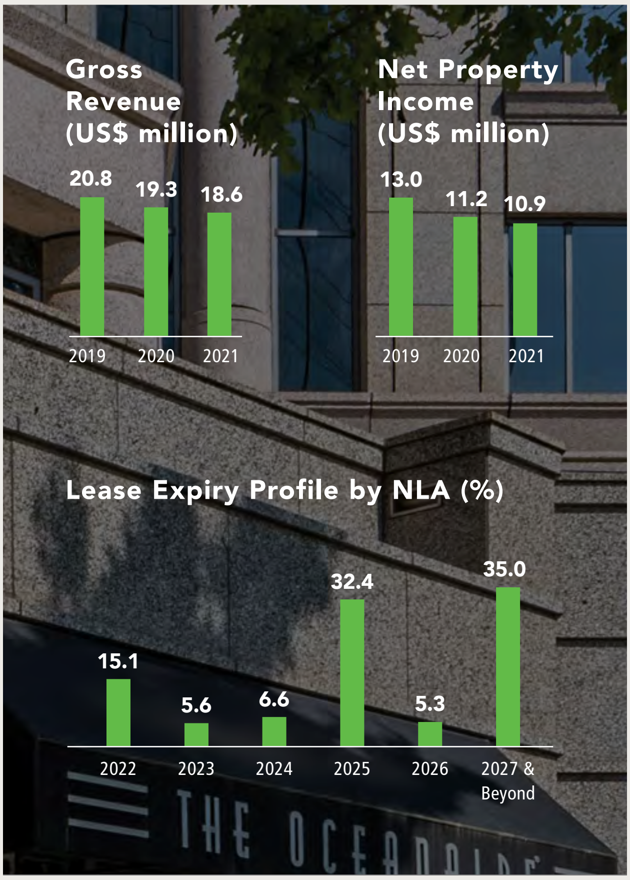
1100 Peachtree Street NE, Atlanta, GA

Occupancy	Valuation
90.8%	**US$212.9M**

NLA
558,835 SQ FT

Class A | ENERGY STAR | 2022 DISTINCTION Fitwel Viral Response Certified

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.



Land Tenure	**Freehold**
Building Completion	**1991**
Acquisition Date	**19 May 2016**
Purchase Price	**US$175.0 million** (US$315 psf)
WALE by NLA	**4.4 years**
No. of Tenants	**24**

TOP THREE TENANTS BY GRI (%)

36.2	9.3	9.3
Kilpatrick Townsend	Grant Thornton	Triage Consulting Group

Portfolio Overview

Penn

1750 Pennsylvania Avenue NW, Washington, D.C.

Occupancy
93.8%

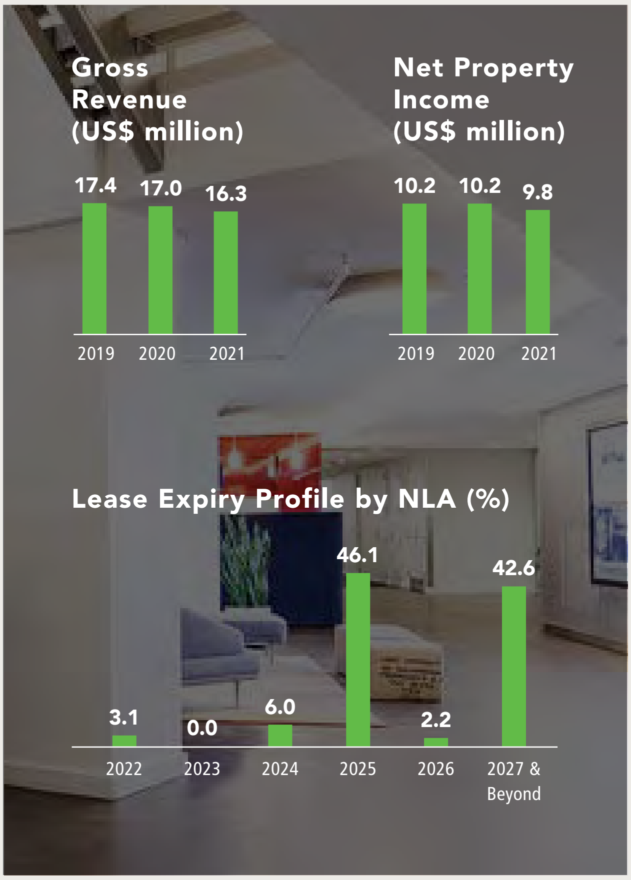
Valuation
US$177.3M

NLA
278,063 SQ FT

Class A

ENERGY STAR

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.



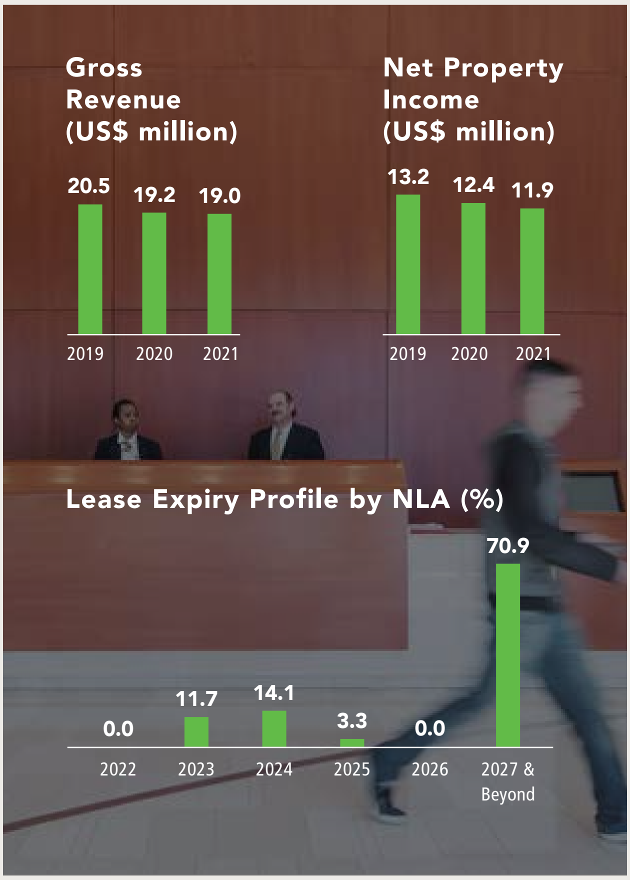
Land Tenure	**Freehold**
Building Completion	**1964**
Acquisition Date	**22 June 2018**
Purchase Price	**US$182.0 million** (US$656 psf)
WALE by NLA	**4.9 years**
No. of Tenants	**9**

TOP THREE TENANTS BY GRI (%)

41.9 United Nations Foundation

41.3 US Treasury

4.9 Board of Regents of the University of Texas



Phipps

3438 Peachtree Road NE, Atlanta, GA

Occupancy
94.5%

Valuation
US$216.0M

NLA
475,778 SQ FT

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.

Land Tenure	**Freehold**
Building Completion	**2010**
Acquisition Date	**22 June 2018**
Purchase Price	**US$205.0 million** (US$431 psf)
WALE by NLA	**6.9 years**
No. of Tenants	**10**

TOP THREE TENANTS BY GRI (%)

59.8 The William Carter Company

13.6 CoStar Group

13.5 Northwestern Mutual

Portfolio Overview

Plaza

500 Plaza Drive, Secaucus, NJ

Occupancy
96.7%

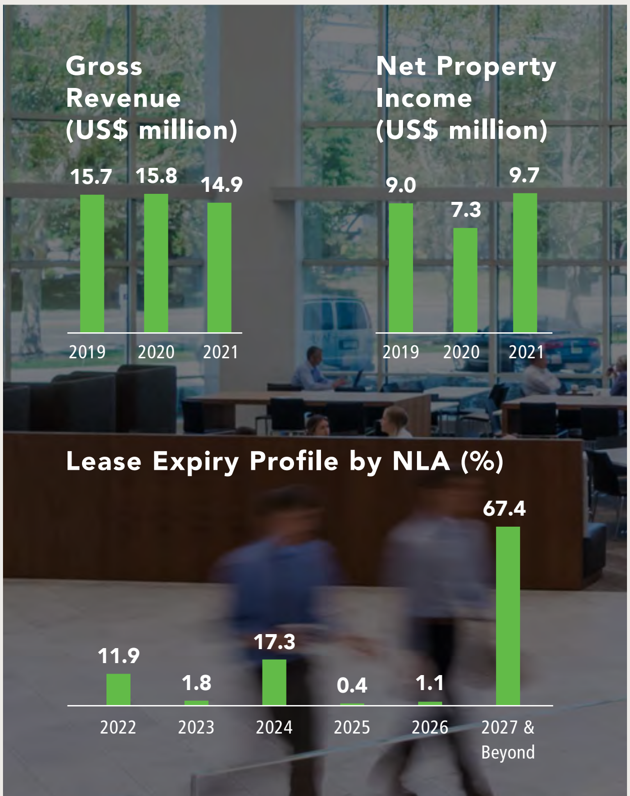
Valuation
US$106.0M

NLA
466,496 SQ FT

Class A | ENERGY STAR | WiredScore GOLD

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.

Land Tenure	**Freehold**
Building Completion	**1985**
Acquisition Date	**19 July 2017**
Purchase Price	**US$115.0 million** (US$249 psf)
WALE by NLA	**6.1 years**
No. of Tenants	**9**



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

TOP THREE TENANTS BY GRI (%)

40.9 The Children's Place	**30.4** Quest Diagnostics	**12.1** Hartz Mountain Industries

Tanasbourne

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

Occupancy	Valuation
100.0%	US$34.4M

NLA
132,851SQ FT

Class B

Note: Amounts may not sum up to 100.0% due to rounding.
1 The acquisition was completed on 16 December 2021.
2 Acquired from Tanasbourne Property, LLC, Tanasbourne's valuation was US$34.4 million as announced on 30 November 2021. JLL had valued the property based on the income capitalisation approach and the sales comparison approach. The income capitalisation approach consisted of a discounted cash flow analysis and direct capitalisation method.

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.

Land Tenure	**Freehold**
Building Completion	**1986 – 1995**
Acquisition Date	**16 December 2021**
Purchase Price[2]	**US$33.9 million** (US$255 psf)
WALE by NLA	**4.9 years**
No. of Tenants	**3**
Seller	**Tanasbourne Property, LLC**

TOP THREE TENANTS BY GRI (%)

43.6	40.5	16.0
Kaiser Permanente	Tokyo Electron	Nike

Independent Market Report

By JLL as at 31 December 2021

Executive Summary

U.S. economy

- **Output:** GDP rose by 2.3% in real terms in Q3 2021, bringing it 1.4% above pre-pandemic levels. The U.S. is the first major advanced economy to achieve this feat.
- **Employment:** 6.4 million net new jobs helped push unemployment down to 3.9%. Transportation and warehousing as well as financial activities have recovered all lost jobs.
- **Spending and investment:** Consumer spending remains at record highs of more than US$600 billion on a monthly basis. Business investment and venture capital are also rising appreciably.

U.S. office market

- **Leasing activity:** A 47% surge in large leasing activity at the end of the year brought Q4 activity to 71.3% of pre-pandemic levels and 2021 activity to 63% of pre-pandemic norms.
- **Net absorption and vacancy:** Q4 2021 registered the first quarter of net occupancy growth since the onset of COVID-19, while flight to quality brought vacancy in new supply down to 18.9%.
- **Rents:** Asking rents remain stable, while net effective rents for CBD Class A space are still 7.1% below year-end 2019, but rising steadily.
- **Construction:** The pipeline fell below 100 million sq ft for the first time since 2015 as deliveries outpaced starts.

MUST markets

- **Atlanta:** Buckhead and Midtown are the hubs for the region's construction pipeline, housing 2.5 million sq ft of development. A number of large-scale projects will deliver over the course of 2022, highlighted by Midtown Union, 760 Ralph McGill and One Phipps Plaza. Further inbound migration will keep fundamentals steady.
- **Los Angeles:** Leasing activity in the second half of the year was driven mostly by mid-sized tenants and a combination of renewals and new leases. A traditional anchor of the CBD market, law firms were responsible for the majority of notable leases.
- **New Jersey:** The state's economic development and incentives packages are some of the most favourable nationally and are likely to help keep corporate demand stable in the face of headwinds. Additionally, Jersey City's population growth and housing development over the past decade has been among the highest nationally.
- **Northern Virginia:** Zeta Associates' 210,190-square-foot renewal provided an injection of confidence into Fairfax, which has struggled with tenant attraction and retention due to its ageing inventory and lower levels of connectivity. Sales activity was similarly impressive given challenges, with US$226.9 million in transactions finalised in H2 2021.
- **Orange County:** Large leasing continued during the latter half of the year, led by three deals larger than 100,000 sq ft from Verizon, Amazon and Genesis. Similarly, high-profile companies such as JPMorgan Chase, TYVAK and Bandai Namco made meaningful commitments to the submarket.
- **Phoenix:** Vacancy remains below 2009 and 2010 highs, while asking rents in the core of Tempe have approached US$35 per square foot on average. Nine deals larger than US$20 million totaling US$542.5 million took place in Tempe and Chandler over the past six months, making it one of the most active investment markets nationally.
- **Portland:** The Sunset Corridor remains better positioned from a statistical perspective than during the previous downturn, but faces challenges with respect to competition with the CBD and premier suburban locations such as Lake Oswego as well as ageing office product and connectivity.
- **Sacramento:** Demographic and economic drivers will keep activity stable even with a lower presence of higher-growth industries. With only one property currently under construction – the renovation of 6609 J Street – vacancy is unlikely to rise much further, although a lack of quality product is likely to catalyse new speculative construction.
- **Washington, D.C.:** The D.C. CBD will remain soft among gateway markets over the near-term as continued supply additions keep vacancy elevated and concessions stay firm at record highs. Legislation to accelerate the process of converting office space in Downtown D.C. to other asset classes is likely to help correct fundamentals.

U.S. Economy Overview

- GDP is now 1.4% above pre-pandemic levels, while the labour market added a record 6.4 million jobs in 2021.
- Inflation and labour shortages remain the primary challenges to additional economic recovery.
- Forecast growth has been slightly downgraded due to Omicron, but is still likely to exceed 3.5% in 2022.

The Delta and Omicron variants added further uncertainty to the economic recovery nearly two years after the onset of COVID-19. Nevertheless, indicators continued to trend in the right direction in the second half of 2021, aided by widespread vaccination and faster-than-expected drops in unemployment and record consumer demand and business investment.

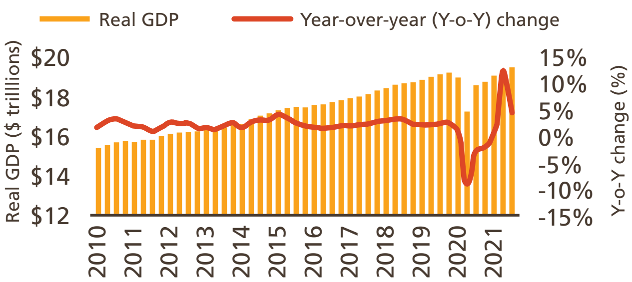
The U.S. is one of only two major economies to have surpassed its pre-pandemic peak in terms of GDP along with China, doing so in Q2 2021. Q3 GDP further improved on this performance, with a 2.3% rise fuelled by record levels of consumer spending – notably nine consecutive months of more than US$600 billion in retail sales – and business investment. As a result, real GDP now stands US$276.6 billion above its Q4 2019 peak, an increase of 1.4%.

Over the course of 2021, total non-farm employment rose by more than 6.4 million jobs, bringing unemployment down from 6.7% one year ago to 3.9% at the end of 2021. Similarly, unemployment claims are at the lowest recorded rate in decades, routinely hovering between 190,000 and 230,000 per week. Gains have been strongest in trade and transportation as well as financial activities, which have recovered all lost jobs. At the same time, the labor market has become exceedingly tight. Shortages of workers across industries, particularly leisure and hospitality, are pushing wages up at unprecedented speed, while the labor force is not expanding fast enough to keep up with demand. Office-using job openings are up more than 30% since the start of 2021, posing challenges for employers in every sector and metro area.

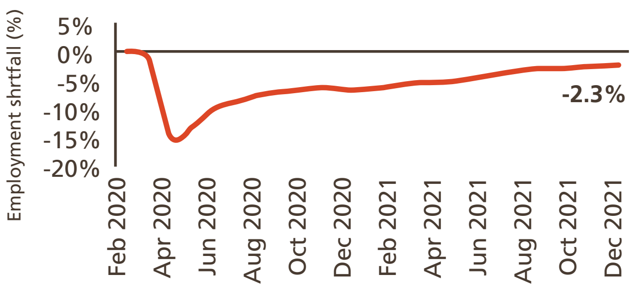
Inflation remains a critical issue facing consumers and businesses alike. Although slowing in December on a monthly basis, the CPI has risen at an annual rate of 7% as of year-end, the highest level since the early 1990s. Supply chain disruptions, accelerating compensation and consumer expectations have kept prices on the rise for longer than previously anticipated. Inflation may also present some challenges for owners as most tenants have escalations locked in between 1.5% and 3% annually, below the current rate of inflation, even as the CPI moderates in 2022.

Despite these challenges, the U.S. economy has not seen this level of growth in decades. Once the Omicron wave subsides, pent-up tenant demand fuelled by this level of economic expansion is likely to finally be realised.

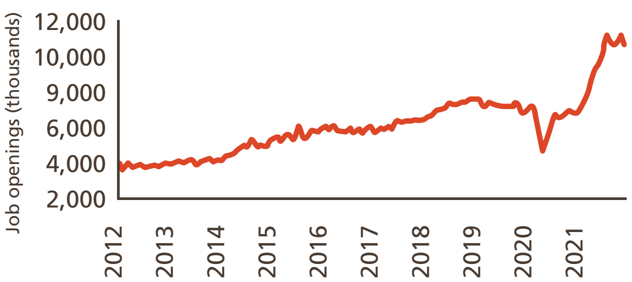
Real GDP has now fully recovered



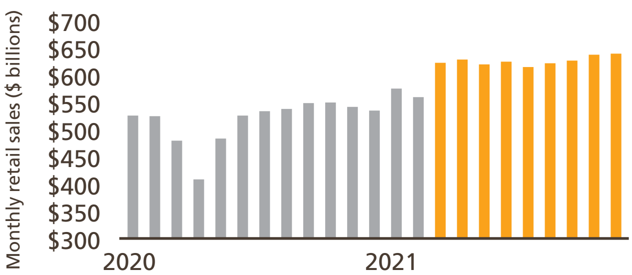
Employment is 97.7% of the way to pre-pandemic levels



Labor demand is insatiable, with job openings at 10 million



Consumer spending is above US$600 billion for nine months



Independent Market Report

By JLL as at 31 December 2021

U.S. Office Overview

- Net absorption was positive for the first time since the onset of COVID-19 in Q4 2021, reaching 5.4 million sq ft.
- Flight-to-quality is intensifying and becoming the dominant story of the leasing market. 51 million sq ft of occupancy growth has occurred in office properties delivered since 2015, compared to 199 million sq ft of outflows elsewhere.
- Sublease space further stabilised, while large-scale leasing increased by nearly 47% during Q4. This has brought average terms closer to normal, albeit still with additional runway for recovery.

The U.S. office market registered positive net absorption for the first time since the onset of COVID-19 during the fourth quarter. Despite the Delta and Omicron variants disrupting many elements of daily life and return-to-office policies still evolving, leasing velocity increased by 9.2% in Q4, lifting full-year leasing volume 14.6% above 2020 levels, while sublease space stabilised and vacancy plateaued in line with hitting an inflection point.

At the same time, the broader macroeconomic recovery remained robust, with more than 6.1 million new jobs created over the course of the year, record consumer spending and major legislation introduced surrounding infrastructure investment. Given widespread vaccine availability, the development of new therapeutic treatments and leisure travel trending toward pre-COVID levels, optimism is growing for a continued bounce-back in 2022.

Leasing activity rose by 9.2% in Q4 2021, bringing quarterly volumes to 71.3% of pre-pandemic rates. Gross leasing totalled 44.6 million sq ft during the fourth quarter, bringing annual activity to 156.9 million sq ft, 14.6% above 2020 levels. Sunbelt markets such as Atlanta, Austin, Charlotte, Dallas, Miami, Nashville, Phoenix and Raleigh led activity, with many of these markets approaching pre-pandemic levels of leasing volume, while larger gateway cities continued to lag. Catalysing these geographies' faster recovery has been a combination of more affordable housing and office real estate costs, combined with laxer regulatory standards for businesses and other positive quality of life attributes, such as shorter commutes and less congestion. Major tech, financial and professional services firms are now routinely setting up satellite campuses and even relocating their headquarters in some cases in these markets, seeking to not only reduce costs but also capture migrating talent.

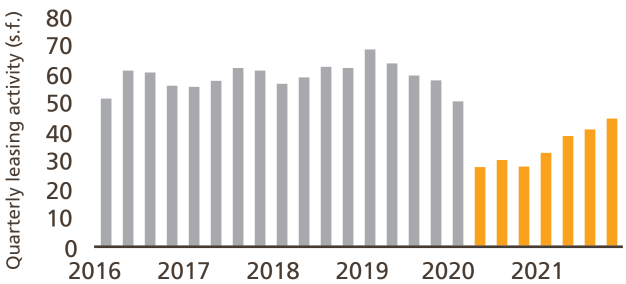
Tech remained the dominant leasing driver to wrap up 2021, representing 21% of quarterly activity. Big tech continues to be responsible for many of these gains, most notably with Meta's (formerly Facebook) suite of leases in Silicon Valley, the San Francisco Peninsula and Seattle totalling 1.1 million sq ft. Finance, law firms and insurance tenants also leased more than 1 million sq ft each during the quarter, while life sciences outperformed once again and became the sixth-largest industry by deal volume.

Across sectors, leases larger than 100,000 sq ft grew significantly faster than the market as a whole, rising by 46.6% over the quarter and representing 43.6% of activity. Additionally, another increase in deals longer than 10 years is underlining growing momentum from major tenants, leading term lengths to rise for a fourth consecutive quarter to 7.8 years on average.

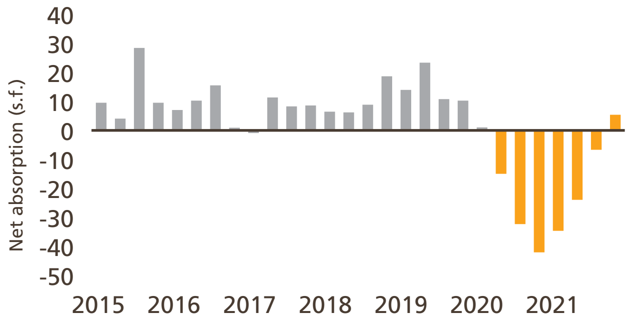
With 5.4 million sq ft of net occupancy growth, absorption was positive for the first time since the onset of the pandemic. Leading this were secondary growth markets, which saw a combined 2.6 million sq ft of expansion, with Seattle, Boston and New York also rebounding and the remaining gateway markets reporting slower negative net absorption than in previous quarters.

Flight to quality accelerated once again in the fourth quarter, with buildings delivered since 2015 now recording more than 51 million sq ft of occupancy gains since Q2

Leasing was up again in Q4, nearing 45 million sq ft



Net absorption returned to positive territory in Q4



2020 compared to just under 200 million sq ft of outflows in second-generation product. This has led to vacancy rates inverting, as total vacancy dropped by 80 basis points to 18.9% for new construction compared to a further rise to 19.7% elsewhere.

Sublease space barely budged in Q4 after dipping slightly during Q3 as re-entry remained subdued and tenants continued to assess their real estate strategies in light of further extensions of return-to-office timeframes. Give-backs and withdrawals of sublease blocks also shifted further into balance, with new subtenants primarily coming from tech, life sciences and boutique financial players such as hedge funds and asset management firms.

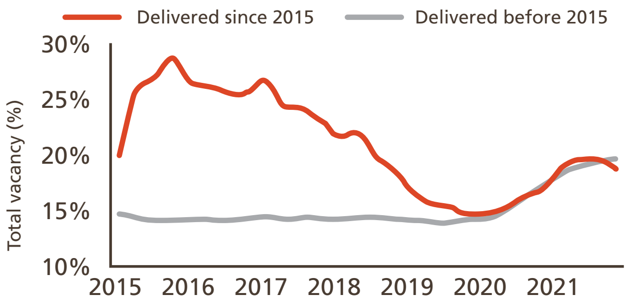
Markets were split evenly in terms of quarterly sublease shifts. While Austin, Charlotte and Miami continued their downward trajectories in line with faster recoveries, New York, San Francisco, Boston and Chicago also saw net decreases in sublease availability as companies that placed large portions or their entire portfolios on the market took some or all of it back due to adjustments in space planning.

As a result of flight to quality and a stabilisation of sublease availability, net effective rents at the top of the market are also showing signs of a slow but steady rebound. After falling by 18.7% upon the onset of COVID-19, three consecutive quarters of falling tenant improvement allowances and free month periods have brought effective rents to 7.1% below pre-pandemic levels, while also pushing the effective rent discount back down closer to 20% of taking rents. 55.4 million sq ft of space was delivered over the course of 2021, one of the highest annual totals of the past decade's cycle. Of this, 12.7 million sq ft was completed during the fourth quarter. In comparison, just 2.4 million sq ft across 11 buildings broke ground during the fourth quarter, pushing the construction pipeline below 100 million sq ft for the first time since 2015.

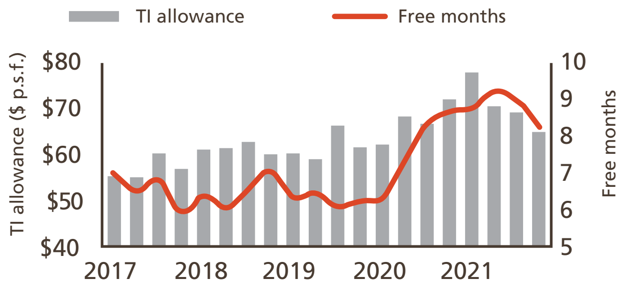
As has been the case throughout the pandemic, new construction was almost entirely build-to-suit or heavily anchored prior to construction. The third office tower at Nashville Yards – anchored by Pinnacle – was by far the largest project to break ground in Q4 at 682,000 sq ft, with 1700 M Street NW in Washington, D.C. and 915 Meeting Street in Suburban Maryland also starting.

Like the leasing market, investment sales is also making a recovery. US$120.8 billion in office assets traded hands throughout 2021, equivalent to a 47.6% increase over the year. Investment velocity is accelerating as well, as Q4 2021 transactions were 51.7% higher than in Q4 2020. The recovery in larger-scale liquidity in gateway markets has been the primary contributor to this improvement, coupled with sustained momentum of capital deployment in secondary geographies. In Q4 2020, only one office sale of more than US$100 million took place in New York, Los Angeles and Washington, D.C., whereas nine of these occurred in Q4 2021, totaling US$5 billion.

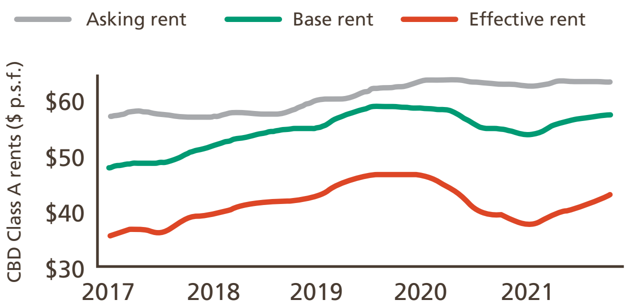
New-build vacancy has now fallen below average



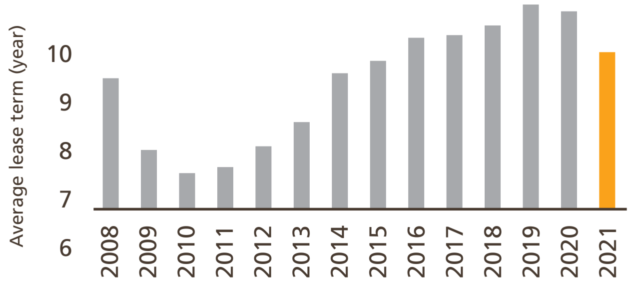
CBD Class A concessions packages are starting to correct



Net effective rents are slowly rising



2021 will see a jump in completions, adding to vacancy



Independent Market Report

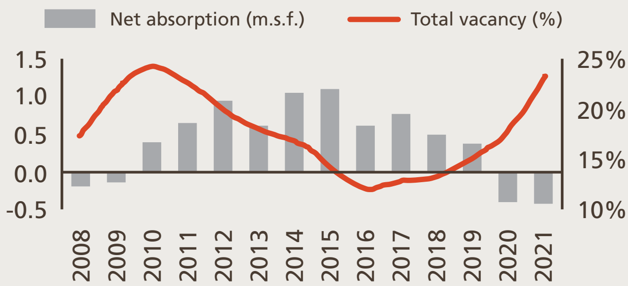
By JLL as at 31 December 2021

Atlanta (Buckhead & Midtown)

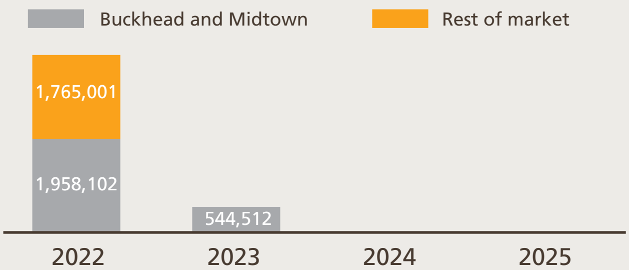
- Regional employment is just 0.2% below its pre-pandemic peak, while unemployment has fallen even faster to 2.2% as of November 2021.
- Midtown continues to benefit from large-scale tech, professional services and creative users expanding within the market, in large part from corporate in-migration.
- Both Buckhead and Midtown are ahead of the curve in terms of the regional office market recovery.
- A robust construction pipeline will keep options open, but competition will be intense given flight-to-quality and sustained population and employment growth.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-2,826,731	▲
Under construction (s.f.)	4,267,615	▼
Total vacancy (%)	23.3%	▲
Sublease vacancy (s.f.)	2,376,524	▶
Asking rent ($ p.s.f.)	US$31.20	▲
Concessions	Stable	▶

Despite increase, vacancy below financial crisis levels



Buckhead/Midtown capture the majority of construction



Class A cap rates continue to drop

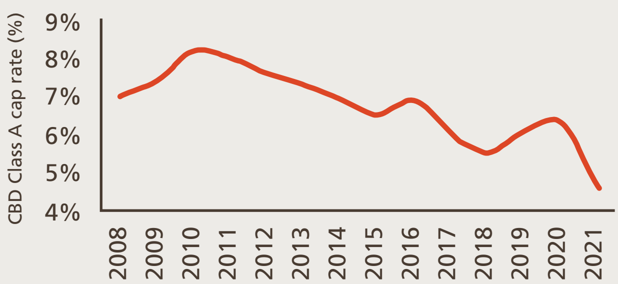


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Buckhead and in particular Midtown remain the focal points of office market activity in Atlanta and have been two of the fastest submarkets to rebound since the onset of the pandemic. After a slew of large deals closing in the first half of 2021, transactions fell largely within the 50,000-100,000-square-foot bracket, led by deals from Swift Currie, Novelis and Cisco. Notably, Novelis will be relocating its global headquarters within Buckhead from Two Alliance to Simon Property Group's redeveloped One Phipps Plaza.

Combined, Buckhead and Midtown registered 421,556 sq ft of net occupancy loss over the course of 2021, bringing vacancy to 23.1%. Despite this sharp upswing over the course of the pandemic, this is still below the market-wide vacancy rate of 23.3%, while Buckhead and Midtown have seen three consecutive quarters of positive net absorption compared to two quarters for Atlanta as a whole. Vacancy is also still below its previous peak of 24.2% during the financial crisis.

Investment sales remained consistent in the face of sustained uncertainty, with US$504.5 million in transactions larger than US$20 million across the two submarkets over the past six months. The sales of 999 Peachtree and The Campanile were the third- and fifth-largest of the year for Atlanta after Cousins' record-breaking purchase of 725 Ponce in June and Blackstone's acquisition of the Anthem Technology Center in May.

Outlook

Buckhead and Midtown are the hubs for the region's construction pipeline, housing 2.5 million sq ft of development. A number of large-scale projects will deliver over the course of 2022, highlighted by Midtown Union, 760 Ralph McGill and One Phipps Plaza, which will be anchored by Invesco, MailChimp and Novelis, respectively. As has been the case in recent years, development activity in Midtown is spreading beyond the traditional urban core into peripheral areas, particularly for creative supply. Continued construction will keep vacancy elevated as new blocks hit the market and relocating tenants vacate new supply, although this will be countered by continued inbound migration.

Atlanta Market Data

Leasing Activity (Buckhead And Midtown)

Tenant	Address	Class	Lease type	Size (s.f)
Swift Currie	1420 Peachtree Street NE	A	New Lease	98,831
Novelis	1 Phipps Plaza	Trophy	Relocation	95,742
Cisco	756 W Peachtree Street NW	Trophy	New Lease	93,398
Visa	1200 Peachtree Street NE	A	New Lease	61,380
MacDermid	400 Chattahoochee Row NW	A	New Lease	45,000
Wipro	3535 Piedmont Road NE	A	Renewal	34,534

Office Sales (Buckhead And Midtown)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
999 Peachtree Street NE	621,217	223,900,000	$360	Piedmont	Franklin Street
The Campanile	625,000	185,600,000	$297	Dornin	Dewberry
Pershing Point Plaza	409,579	73,200,000	$179	FullG	Dilweg
Piedmont Place	91,333	21,800,000	$239	Foundry	Butters

Active Development Pipeline (Buckhead And Midtown)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
Midtown Union	Granite	Spec	2022	588,079	Invesco
760 Ralph McGill Boulevard NE	New City	Spec	2022	475,000	MailChimp
1 Phipps Plaza	Simon	Spec	2022	340,000	Novelis
14^{th} & Spring	Greenstone	Spec	2022	320,089	-
Echo Street West	Lincoln	Spec	2023	255,338	-
Interlock (Phase 2)	SJ Collins	Spec	2023	209,174	-
Allied Studios	Jamestown	Spec	2022	145,000	-

Independent Market Report

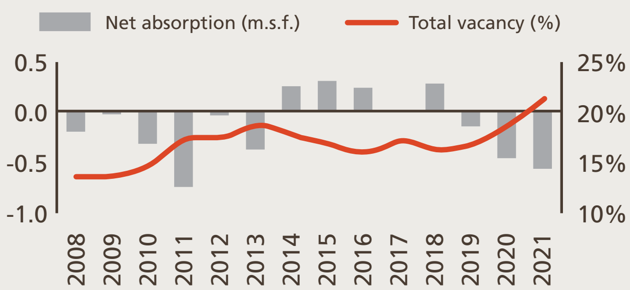
By JLL as at 31 December 2021

Los Angeles (Downtown)

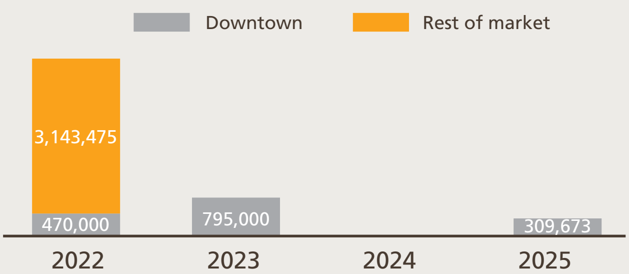
- Los Angeles, along with New York and San Francisco, continues to lag the nation as a whole in terms of macroeconomic recovery, but is nonetheless making strides as unemployment approaches 7%.
- Downtown, which has lagged the Westside and Mid-Wilshire clusters throughout the previous cycle, continues to witness limited activity, driven mostly by mid-sized renewals.
- New product is mostly coming in the form of conversions of historic assets to creative space on the fringes of Downtown rather than corporate-grade, centrally located space.
- Conditions will stay highly favourable, but also challenge law firms, professional services tenants and other traditional users looking for newer product.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-5,720,854	▶
Under construction (s.f.)	4,718,148	▼
Total vacancy (%)	20.2%	▲
Sublease vacancy (s.f.)	3,878,616	▶
Asking rent ($ p.s.f.)	US$45.48	▲
Concessions	Stable	▶

CBD vacancy continues to rise



Only one building is under construction in the CBD



Class A cap rates are holding firm at around 6%

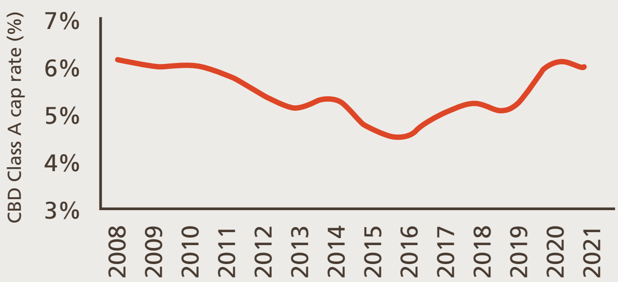


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Downtown Los Angeles, like the broader metro area, saw further negative net absorption in Q4, bringing 2021 occupancy losses to 564,899 sq ft, an increase over 2020, and pushing vacancy up an additional 260 basis points over the course of the year to 21.2%. As a result, Downtown vacancy is now 100 basis points above the regional average. Asking rents continue to hold steady at US$44.36 psf, having stayed between US$43 and US$45 per square foot for more than three years.

Leasing activity in the second half of the year was driven mostly by mid-sized tenants and a combination of renewals and new leases. A traditional anchor of the CBD market, law firms were responsible for the majority of notable leases, including but not limited to Hueston Hennigan, Vinson & Elkins and Haight Brown, which leased a combined 88,474 sq ft. Other activity was sparse, a result of limited blocks of quality space as the submarket's pipeline remains nearly non-existent.

Investment activity for traditional office remained slim, but larger deals are beginning to transact with more regularity. A joint venture between Square Mile Capital and Hackman Capital acquired CBS Studio Center in December for US$1.85 billion, and in the same month Brookfield acquired Dreamworks' Glendale campus for US$326.8 million. Three other office trades over US$100.0 million closed in the second half of the year, lifting year-end sales volume to US$3.2 billion for the Los Angeles market.

Outlook

Downtown Los Angeles' office market will remain subdued even compared to historical standards as the neighborhood's ageing inventory no longer meets many tenants' needs. Regional activity is rebounding in pockets, but largely confined to the Westside and Hollywood from creative and non-traditional users. As a result, Downtown will stay highly tenant-favorable for the foreseeable future, but will also be slow to attract additional investment and new construction.

Los Angeles Market Data

Leasing Activity (Downtown)

Tenant	Address	Class	Lease type	Size (s.f)
HNTB	777 S Figueroa Street	Trophy	New Lease	41,000
Hueston Hennigan	523 W 6th Street	A	Renewal	33,703
Johnny Was	712 S Olive Street	C	New Lease	31,153
Vinson & Elkins	350 S Grand Avenue	Trophy	Relocation	27,491
Haight, Brown & Bonesteel	555 S Flower Street	Trophy	Renewal	27,280
Burlington Coat Factory	700 S Flower Street	A	Expansion	24,965
Attainment	700 S Flower Street	A	New Lease	23,234

Office Sales (Downtown)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
260 S Los Angeles Street	40,596	7,500,000	$185	Little Tokyo Arts Tower	Khasrow Rafi Shaulian

Active Development Pipeline (Downtown)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
Herald Examiner Building	Georgetown	Spec	2022	470,000	ASU Enterprise Partners

Independent Market Report

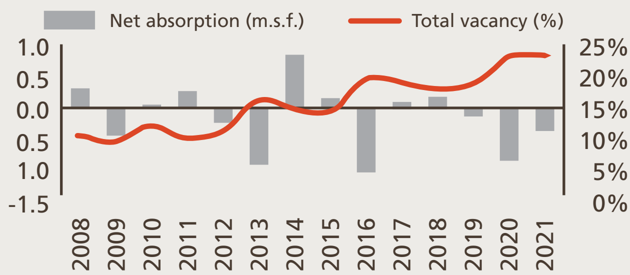
By JLL as at 31 December 2021

New Jersey
(Hudson Waterfront And Meadowlands)

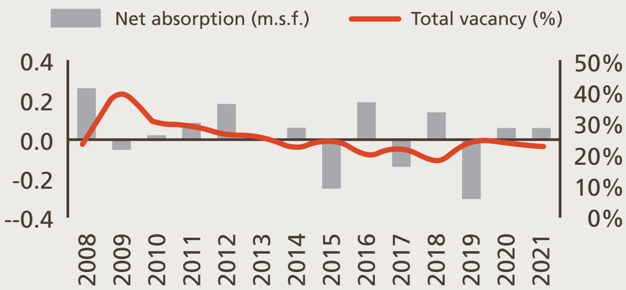
- Northern New Jersey's recovery has been slower than the national average due to the Tri-State Area's higher exposure to pandemic-induced migration and remote work-friendly industries, combined with higher costs of living and doing business.
- Hudson Waterfront and Meadowlands leasing activity has been minimal in recent months, although the former has outperformed New Jersey overall.
- Muted market conditions maintain a tenant-favourable environment, although there is significantly less volatility than in urban gateway cores.
- Intense redevelopment in Jersey City will provide needed housing for employees and help to boost the proximate employee base for local employers.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-1,981,604	▶
Under construction (s.f.)	233,630	▼
Total vacancy (%)	26.8%	▶
Sublease vacancy (s.f.)	7,815,338	▶
Asking rent ($ p.s.f.)	US$29.76	▼
Concessions	Rising	▲

Hudson Waterfront vacancy growth has slowed since 2010



Meadowlands vacancy down for a second year



Class A cap rates are holding firm at around 6%

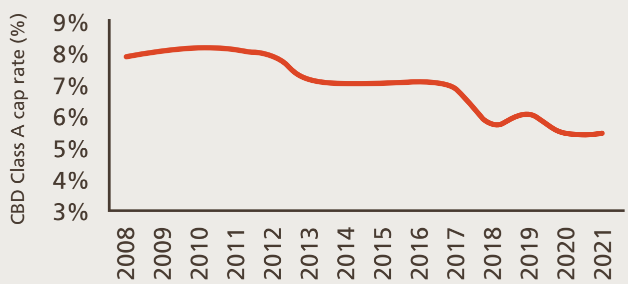


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Northern New Jersey's office market remained largely in statis during 2021, with only incremental movement in terms of occupancy, vacancy and asking rents. While the Hudson Waterfront saw a third consecutive year of negative net absorption, growth in vacancy slowed considerably to 23.4% after reaching a record high in 2020. On the other hand, occupancy grew for a second straight year in the Meadowlands, helping to bring vacancy down closer to the 20% mark.

Transaction volumes were minimal throughout the Hudson Waterfront and Meadowlands submarkets in the second half of the year. Only one lease was signed larger than 50,000 sq ft – Roar Digital at 200 Hudson Street – with three others larger than 10,000 sq ft, all also nearby in Jersey City. The Meadowlands saw no sizeable transactions during this time.

Anemic leasing activity and tenant demand is being countered by an extremely thin pipeline, which is helping to mitigate additional potential oversupply. One of only two speculative projects underway throughout Northern New Jersey – Kushner's Warren at Bay – is taking place in Jersey City, albeit without an office tenant in advance of its mid-2022 delivery.

Outlook

The Hudson Waterfront and the Meadowlands will continue to see soft office market conditions in the coming quarters, compounded by the macroeconomic and structural challenges facing the Northern New Jersey office market, particularly outflows of talent to lower-cost geographies and competition with New York City. At the same time, the state's economic development and incentives packages are some of the most favorable nationally and are likely to help keep activity stable in the face of headwinds. Additionally, Jersey City's population growth and housing development over the past decade has been among the highest nationally, and greater housing affordability will be key to maintaining a skilled employee base.

New Jersey Market Data

Leasing Activity (Hudson Waterfront And Meadowlands)

Tenant	Address	Class	Lease type	Size (s.f)
Roar Digital	200 Hudson Street	A	New Lease	50,000
Avepoint	525 Washington Boulevard	A	Renewal	15,467
Fork & Goode	95 Greene Street	A	New Lease	11,855
RWJ Barnabas Health	95 Greene Street	A	New Lease	11,235

Office sales (Hudson Waterfront And Meadowlands)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
324 Palisade	25,000	8,400,000	$337	KSPF	324 Palisade LLC

Active Development Pipeline (Hudson Waterfront And Meadowlands)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
Warren at Bay	Kushner	Spec	2022	112,630	-

Independent Market Report

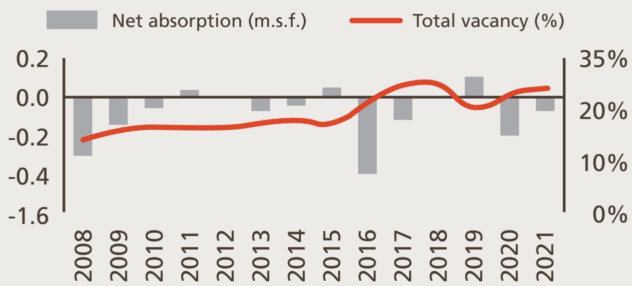
By JLL as at 31 December 2021

Northern Virginia
(Fairfax Center And Fairfax City)

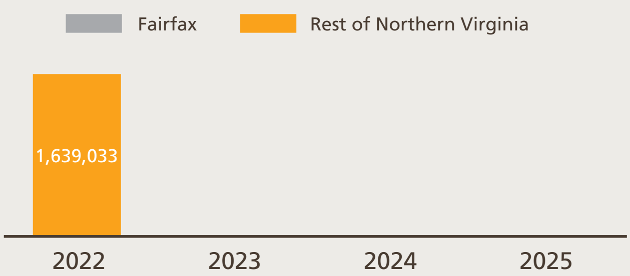
- Northern Virginia continues to drive office market activity throughout the Metro D.C. region, providing a competitive advantage for local owners.
- Zeta Associates' 210,190-square-foot renewal provided an injection of confidence into Fairfax, which has struggled with tenant attraction and retention due to its ageing inventory and lower levels of connectivity.
- Affordability and proximity to skilled workers remain selling points for Fairfax Center and Fairfax City, although tenants will have to navigate a market with no new supply that meets newer preferences.
- With no construction underway, vacancy is unlikely to rise much further in the absence of a significant move-out, while rents will stay firm.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-3,725,576	▶
Under construction (s.f.)	1,639,033	▼
Total vacancy (%)	22.9%	▲
Sublease vacancy (s.f.)	2,350,174	▲
Asking rent ($ p.s.f.)	US$35.85	▶
Concessions	Stable	▶

Occupancy losses slowed sharply in 2021



There is limited new construction in Fairfax



Class A cap rates have had little movement this cycle

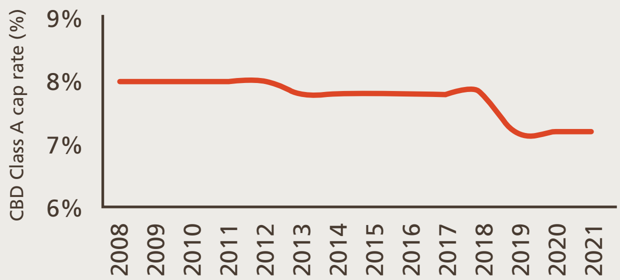


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Fairfax Center and Fairfax City saw a significant burst in tenant and investment activity in the second half of the year after numerous quarters of minimal movement. Zeta Associates, a subsidiary of Lockheed Martin, renewed its 210,190-square-foot lease at WillowWood III and IV, the largest single deal seen in the submarkets in years and underscoring its appeal to the aerospace, defense and contracting tenants who drive demand throughout Northern Virginia.

In addition to Zeta Associates' signing, numerous county government transactions took place. The Fairfax County Board of Supervisors and Economic Development Agency renewed (the former through a blend-and-extend deal) a combined 83,626 sq ft at 10777 Main Street and WillowWood Plaza, respectively, with the county renewing a further 17,075 sq ft at 12015 Lee Highway for ancillary functions.

As a result of these deals and limited outflows and consolidations, net absorption, while still negative, slowed sharply in 2021, keeping vacancy from hitting 24%. This is moderately above the Northern Virginia average, but impressive given a lack of Metro access or new construction. Sales activity was similarly impressive given headwinds, with US$226.9 million in transactions being finalised over the past six months. Bridge's acquisition of the three-building Willow Oaks Corporate Center comprised nearly half of this volume. Amenable per-square-foot pricing between US$170 and US$220 per square foot has worked in investors' favour as prices become out of reach in more traditional submarkets.

Outlook

Fairfax Center and Fairfax City will benefit from continued investment in many of Northern Virginia's key private-sector industries such as aerospace and engineering as well as its status as the seat of the county government. However, functional obsolescence and a lack of Metro access will keep the submarkets from being as competitive as those along the Silver and Orange Lines and the Toll Road.

Northern Virginia Market Data

Leasing Activity (Fairfax Center And Fairfax City)

Tenant	Address	Class	Lease type	Size (s.f)
Zeta Associates	WillowWood III-IV	A	Renewal	210,190
Fairfax County Board of Supervisors	10777 Main Street	C	Blend and extend	61,563
Fairfax County EDA	10306 Eaton Place	B	Renewal	22,063
Tiber Creek	12015 Lee Highway	B	Blend and extend	19,926
Fairfax County	12015 Lee Highway	B	Renewal	17,075
Rummel Klepper & Kahl	12600 Fair Lakes Circle	B	Renewal	15,666

Office Sales (Fairfax Center And Fairfax City)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
Willow Oaks Corporate Center	597,363	106,000,000	$177	Bridge	KBS
CGI Building	263,900	55,300,000	$210	Opal	Prudential
WillowWood III-IV	278,979	46,300,000	$166	Turnbridge	Twenty Lake
10777 Main Street	74,087	19,300,000	$260	Boyd Watterson	Stephen Goldberg

Independent Market Report

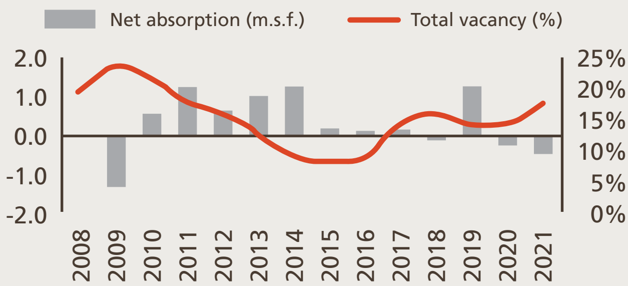
By JLL as at 31 December 2021

Orange County
(Irvine)

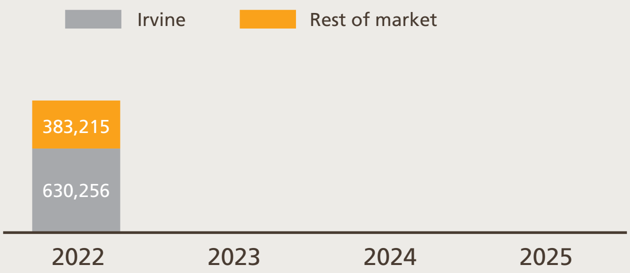
- Orange County leads Los Angeles and San Diego in terms of economic recovery, with an unemployment rate of 4.1% and total employment 3.4% from pre-pandemic levels.
- Large leasing is coming from tenants across a variety of industries, including tech, life sciences, aerospace and defense, among others.
- Irvine's diversified tenant base is helping it withstand uncertainty and rapidly changing economic conditions better than many peer markets and submarkets.
- With all construction underway to be delivered by the end of 2022, the potential for oversupply is less severe than other high-profile markets.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-820,813	▶
Under construction (s.f.)	1,013,471	▼
Total vacancy (%)	16.2%	▲
Sublease vacancy (s.f.)	1,565,155	▶
Asking rent ($ p.s.f.)	US$33.98	▲
Concessions	Stable	▶

Occupancy loss less severe than other submarkets



The pipeline in both Irvine and OC is limited



Class A cap rates recovered in 2021

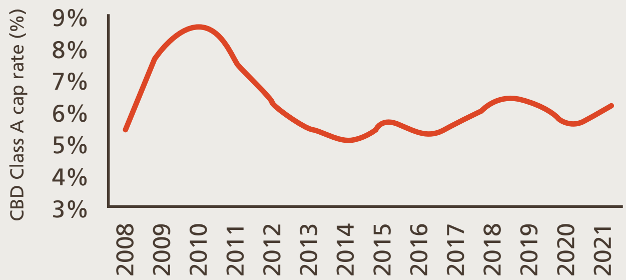


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Orange County and in particular Irvine's diversified and skilled tenant base has helped it to weather the pandemic better than many peer office markets. Large leasing continued during the latter half of the year, led by three deals larger than 100,000 sq ft from Verizon, Amazon and Genesis. Similarly, high-profile companies such as JPMorgan Chase, TYVAK and Bandai Namco made meaningful commitments to the submarket, underlining the variety of industries taking advantage of Irvine's developed talent pool.

Combined with a smaller development pipeline that brought 680,717 sq ft of new supply to the submarket throughout 2021, occupancy losses have been less acute in Irvine than in similar markets. The rate of increase in vacancy slowed once again, rising to 17.6% at year-end. As major users have taken down top-priced blocks, asking rents dipped slightly in Q3 and Q4, but are likely to rebound as vacancy remains in check and the recovery continues incrementally throughout 2022 and into 2023. A more attractive cost basis and better macroeconomic performance also led to continued investor interest in Irvine. Skyline's purchase of 1-3 Glen Bell Way for US$159 million was the largest single sales transaction in Irvine in 2021 and one of the most expensive at US$582 per square foot. Additionally, it only slightly fell short of being the largest in Orange County during the year, edged out by the sale of 275 Valencia Avenue in Brea.

Outlook

Irvine will continue to be one of the premier submarkets in both Orange County and Southern California as a whole given its concentration of key tenants in both traditional (finance, professional services) and emerging (tech, advanced manufacturing, aerospace) industries. Limited new construction will bring fundamentals back into check faster than the market overall.

Orange County Market Data

Leasing Activity (Irvine)

Tenant	Address	Class	Lease type	Size (s.f)
Verizon	15505 Sand Canyon Avenue	A	Renewal	119,049
Amazon	17300 Laguna Canyon Avenue	A	New Lease	116,260
Genesis	15555 Laguna Canyon Avenue	A	New Lease	105,600
JP Morgan Chase	3 Park Plaza	A	Renewal	96,211
TYVAK	400 Spectrum Center Drive	A	Sublease	89,068
Bandai Namco	15550 Sand Canyon Avenue	B	New Lease	69,647
Accurate Background	7515 Irvine Center Drive	B	New Lease	63,415
Super73	2722 Michelson Drive	A	Sublease	61,582

Office sales (Irvine)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
1-3 Glen Bell Way	273,180	159,000,000	$582	Skyline	LBA
Apha IDG Portfolio	108,916	40,200,000	$369	MicroPort	Alpha IDG
Skypark Business Center	82,748	24,100,000	$291	DJ Sky Park	Koll
17891 Cartwright Road	29,058	10,400,000	$358	Ian Russell	17891 Cartwright LLC

Active Development Pipeline (Irvine)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
Spectrum Terrace (Phase 3)	Irvine Company	Spec	2022	374,256	TGS
Innovation Park	Irvine Company	Spec	2022	256,000	-

Independent Market Report

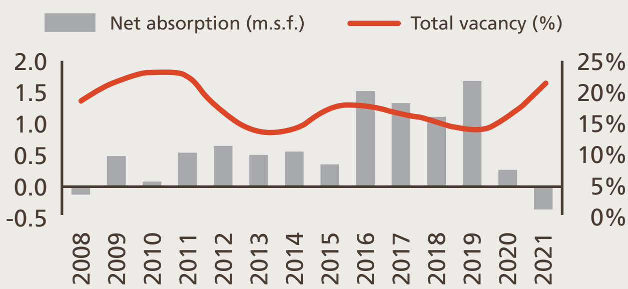
By JLL as at 31 December 2021

Phoenix
(Tempe And Chandler)

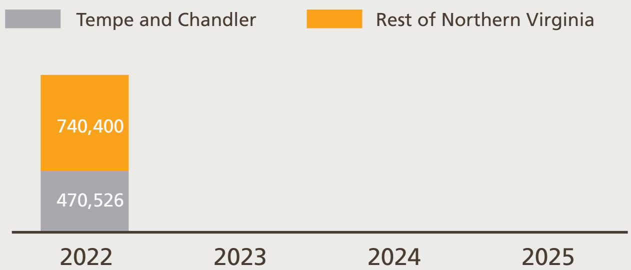
- Phoenix is one of the fastest-rebounding markets in the United States. The metro area reached pre-pandemic employment in September and has seen unemployment fall to 2.8%, one of the lowest rates nationally.
- Tempe and Chandler continue to be dominant in attracting new-to-market tenants across industries, with particular strengths in finance, tech and professional services.
- After a very active development cycle, the pipeline will be fully delivered by year-end. With sustained population growth and corporate expansion, this will bring vacancy back down in 2022 and into 2023.
- The need for quality space will spur further new construction, but with a lag, this will keep fundamentals tightening until 2024 at the earliest.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-1,191,070	▲
Under construction (s.f.)	1,210,926	►
Total vacancy (%)	21.3%	►
Sublease vacancy (s.f.)	2,881,598	►
Asking rent ($ p.s.f.)	US$28.78	▲
Concessions	Stable	►

Vacancy is rising from new supply



Vacancy to decline as the pipeline delivers by year-end



Cap rates continue to decrease

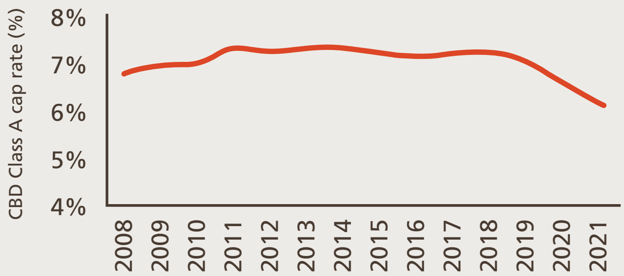


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Tempe and Chandler maintained their status as dominant hubs for leasing, sales and development in the Phoenix office market in 2021. Despite negative net absorption for the first time since 2008, vacancy remains below 2009 and 2010 highs, while asking rents in the core of Tempe have approached US$35 per square foot on average – up 2.6% over the year – and compete with the Camelback Corridor at just below US$40 per square foot for Class A space to be the most expensive submarket in the region.

Fueling this activity is Tempe and Chandler's attractiveness to new-to-market tenants interested in the region's affordability as well as Tempe's walkable and mixed-use nature for tenants originating within Phoenix. During the second half of the year, Amazon expanded by 50,000 sq ft at 1300 W Southern Avenue, while Cenlar, Peloton, Blue Parasol and Live Ramp rounded out major deals over the past six months. These leases underline the variety of industry sectors looking at Tempe and Chandler, ranging from consumer goods to health and finance.

Strong performance and sustained migration have attracted an array of investors to these submarkets in recent years, with the second half of 2021 being no exception. Nine deals larger than US$20 million totaling US$542.5 million took place in Tempe and Chandler over the past six months, making it one of the most active investment markets nationally. Notably, high-profile institutional and equity owners such as Macquarie and Shorenstein are placing significant capital into the region, signalling long-term confidence.

Outlook

Along with Scottsdale, Tempe and Chandler will continue to be outsized contributors to market activity in Phoenix in the coming years, aided by infrastructure improvements, high levels of amenitisation, a younger population due to the presence of Arizona State University and a cluster of high-profile, new-to-market tenants.

Phoenix Market Data

Leasing activity (Tempe And Chandler)

Tenant	Address	Class	Lease type	Size (s.f)
Cenlar	8160 S Hardy Drive	B	Renewal	65,580
Amazon	1330 W Southern Avenue	B	Expansion	50,000
Peloton	615 S River Drive	B	Renewal	46,371
Blue Parasol	2141 E Broadway Road	A	Renewal	38,016
LiveRamp	100 S Mill Avenue	A	New lease	31,660

Office sales (Tempe And Chandler)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
Rio 2100	300,848	132,000,000	$439	Strategic Office Partners	Boyer
Fountainhead Plaza	446,000	117,500,000	$263	Shorenstein	KBS
Park Place	274,700	106,000,000	$386	Manulife US REIT	Douglas Allred
Offices at Chandler Viridian	248,700	102,000,000	$410	Macquarie	Hines/New York Life
Chandler Center Commons	447,969	26,800,000	$60	Beacon	Northstar
Chandler Business Center	106,892	19,100,000	$179	ScanlanKemperBard	Fullerton
Agave Center	219,741	16,800,000	$77	White Mountain	Dornin
Ash Business Center	89,728	12,000,000	$134	Investcorp	BKM
2705 S Alma School Road	44,473	10,300,000	$232	Stratton Road	Off Five

Active Development Pipeline (Tempe And Chandler)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
100 S Mill Avenue	Cousins	Spec	2022	287,000	Amazon, Deloitte
Beam on Farmer	Mortenson	Spec	2022	183,526	-

Independent Market Report

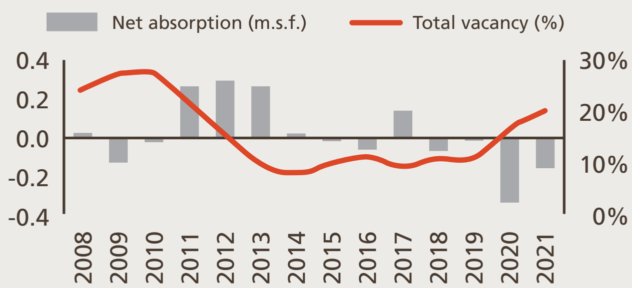
By JLL as at 31 December 2021

Portland
(Sunset Corridor)

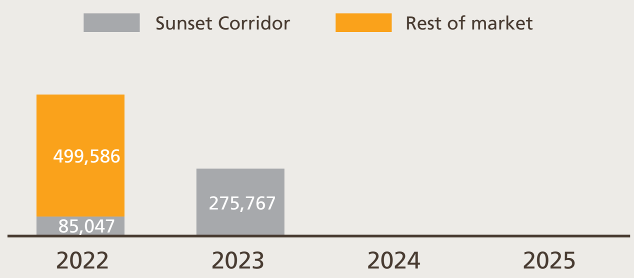
- Portland has one of the lowest unemployment rates on the West Coast of 3.2%, as it remains more insulated from the worst economic effects of the pandemic. Migration from higher-cost markets is helping to more quickly recover lost jobs.
- The Sunset Corridor has been slow to rebound from the pandemic, with relatively light leasing and sales activity, but is well positioned over the long-term due to the presence of major anchors such as Intel and Nike.
- Only one project is under construction and entirely pre-leased. With an inherent lag for new supply to be approved, break ground and deliver, proactive repositioning will help assets in the submarket to remain competitive.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-1,846,552	▶
Under construction (s.f.)	860,400	▶
Total vacancy (%)	18.6%	▲
Sublease vacancy (s.f.)	664,653	▲
Asking rent ($ p.s.f.)	US$34.04	▲
Concessions	Stable	▶

Vacancy continues to rise, but still below 2010 high



The Sunset Corridor has no speculative space underway



Cap rates have flatlined at just above 6%

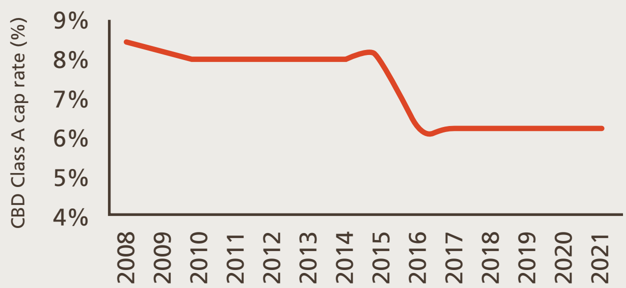


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

The Sunset Corridor rounded off 2021 in a similarly slow fashion as 2020, albeit with a slowdown in the rate of occupancy loss and increase in vacancy. The submarket remains better positioned from a statistical perspective than during the previous downturn, but faces challenges with respect to competition with the CBD and premier suburban locations such as Lake Oswego as well as ageing office product and connectivity.

Only one lease larger than 50,000 sq ft took place during the second half of the year, with Planar renewing 72,242 sq ft at 1195 NW Compton Drive. A sublease from Q5id and expansion by Skyworks rounded out notable leasing in the submarket this quarter, but activity is still well below pre-pandemic levels. However, the broader Portland market is also registering below-average leasing velocity, indicating that more wide-ranging economic growth and demand will be necessary for a sustained recovery.

At the same time, only one building – Ambercreek – is on the verge of completion. It will house Microsoft as it expands further in Portland, spurred on by the presence of both established and emerging tech companies in the immediate surroundings and throughout the Portland metro area. The lack of additional construction hitting the Sunset Corridor will help to accelerate a correction in fundamentals in the coming quarters.

Outlook

The Sunset Corridor faces a number of substantial challenges in a post-COVID world, but is better positioned than many of its nearby suburban submarkets given its cluster of critical employers in high-growth industries and proximity to public transit to attract urban residents and skilled workforce. Repositioning existing assets with newer amenities will yield promising results when done proactively.

Portland Market Data

Leasing Activity (Sunset Corridor)

Tenant	Address	Class	Lease type	Size (s.f)
Planar	1195 NW Compton Drive	A	Renewal	72,242
Q5id	22823 NW Bennett Street	A	Sublease	44,407
Skyworks	1400 NW Compton Drive	B	Expansion	11,369

Office Sales (Sunset Corridor)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
Tanasbourne Commerce Center	132,851	33,850,000	$255	Manulife US REIT	Westport
Graymark Portfolio	210,181	14,700,000	$70	Loboda	Graymark

Active Development Pipeline (Sunset Corridor)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
Ambercreek	Southwest Value	Spec	2022	85,047	Microsoft

Independent Market Report

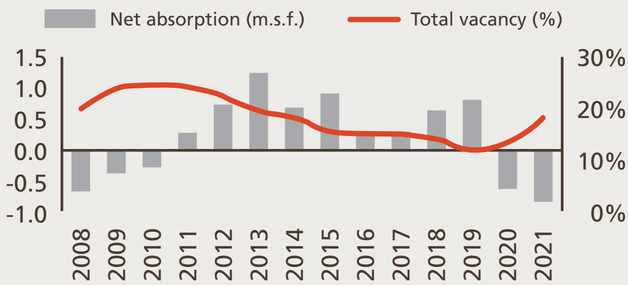
By JLL as at 31 December 2021

Sacramento

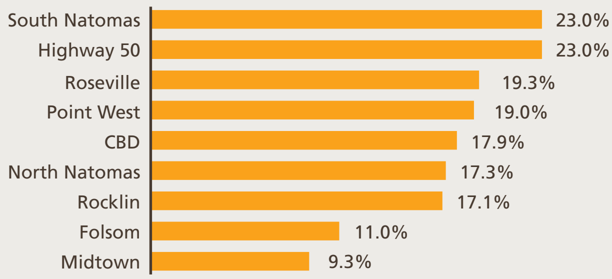
- Sacramento's status as the capital of California and lower exposure to volatile economic sectors has led to a much less severe economic contraction and faster recovery. Employment is 1.9% below pre-pandemic levels, while unemployment has fallen to 4.7%.
- Government, health and regulatory tenants remain the primary drivers of leasing activity, although largely through renewals rather than expansions.
- The construction pipeline is exceedingly thin. A lack of new supply will challenge occupiers looking for quality space and may accelerate groundbreakings to accommodate changing tenant preferences.
- Vacancy is likely to be at or near a cyclical peak, with few new blocks to hit the market through give-backs or deliveries.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-819,418	▶
Under construction (s.f.)	124,471	▶
Total vacancy (%)	18.1%	▶
Sublease vacancy (s.f.)	793,434	▶
Asking rent ($ p.s.f.)	US$26.28	▶
Concessions	Stable	▶

Little new supply is keeping vacancy in check



Midtown and Folsom remain the tightest submarkets



Class A cap rates have dipped only slightly in recent years

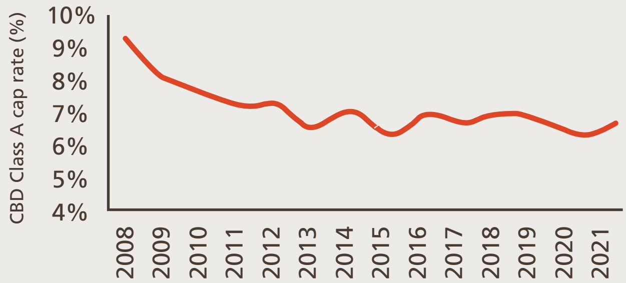


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Sacramento's counter-cyclical and government, health and education-heavy office market kept fundamentals more balanced than other geographies in not only California but throughout the country in the face of numerous economic and public health headwinds. Net absorption over the course of 2021 totalled -819,418 sq ft, bringing vacancy to a cyclical high of 18.1%, but this is still below the financial crisis peak of 24.5% and vacancy in submarkets such as Folsom and Midtown remains below 12%.

Leasing activity was overwhelmingly in the form of renewals from government anchors, although the largest deal of the second half of the year was healthcare company Penumbra's 96,505-square-foot expansion at 620 Roseville Parkway, bringing its total footprint to 254,000 sq ft. Outside of this deal, California's Department of Health Care Service, State Comptroller's Office and Department of Motor Vehicles all renewed a combined 216,777 sq ft of space across the market.

The local investment sales market also had a strong second half, registering US$361.3 million in assets trading hands in deals larger than US$20 million. The Cherng Family Trust's acquisition of the seven-building California Capitol Collection portfolio for US$116.1 million from Buzz Oates was responsible for much of this activity, although five other substantial sales took place in the second half of the year, underlining investors' search for yield as pricing in the Bay Area and Southern California remains out of reach for many potential buyers.

Outlook

Sacramento's underlying demographic and economic drivers will keep activity stable even with a lower presence of higher-growth industries. With only one property currently under construction – the renovation of 6609 J Street (known as XC) – vacancy is unlikely to rise much further, although a lack of quality product is likely to catalyse new speculative construction.

Sacramento Market Data

Leasing Activity (Sacramento)

Tenant	Address	Class	Lease type	Size (s.f)
Penumbra	620 Roseville Parkway	B	Expansion	96,505
Gainwell	620 Roseville Parkway	B	Renewal	96,300
California Dept. of Health Care Services	1700 K Street	B	Renewal	77,742
State Controller's Office	10600 White Rock Road	B	Renewal	76,251
California Dept. of Motor Vehicles	2730 Broadway	B	Renewal	62,784
Travelers	11090 White Rock Road	B	Renewal	43,777

Office Sales (Sacramento)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
California Capitol Collection	843,646	116,100,000	$139	Cherng Family Trust	Buzz Oates
The Ziggurat	373,725	90,000,000	$241	Nome	Zurich
Parkshore Plaza	271,484	72,200,000	$266	Kingsbarn	Asset Preservation
620 Roseville Parkway	193,573	33,200,000	$172	NexCore	Strada
Ridge Capital Portfolio	199,598	29,500,000	$148	River City	Ridge Capital
9832 Business Park Drive	108,020	20,300,000	$187	Corsair	David Fite

Active Development Pipeline (Sacramento)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
XC	Sacramento Kings	Spec	2022	124,471	-

Independent Market Report

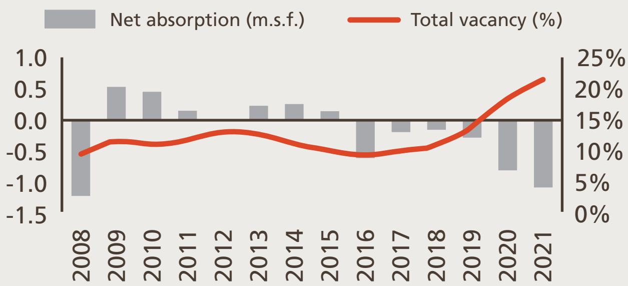
By JLL as at 31 December 2021

Washington D.C. (CBD)

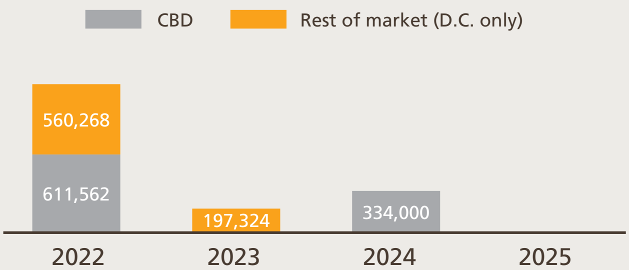
- Regional employment is only 1.5% below the peak seen in February 2020, while unemployment has fallen to 3.6%. This is among the strongest labor markets of any primary city.
- Traditionally counter-cyclical due to the presence of the federal government, D.C. is struggling to absorb a significant amount of new supply as federal tenants shift more aggressively to remote work.
- Although it will be largely delivered by the end of 2022, a wave of new construction in recent years has yet to be absorbed and will keep conditions soft in the absence of high-growth and expanding tenants.

Overall market statistics		Forecast
YTD net absorption (s.f.)	-2,056,454	▼
Under construction (s.f.)	1,703,154	▼
Total vacancy (%)	18.5%	▲
Sublease vacancy (s.f.)	3,396,577	▲
Asking rent ($ p.s.f.)	US$59.82	▶
Concessions	Rising	▲

Net absorption negative for the fifth year in a row



The pipeline is thinning; to be delivered by 2024



Class A cap rates see little movement without large deals

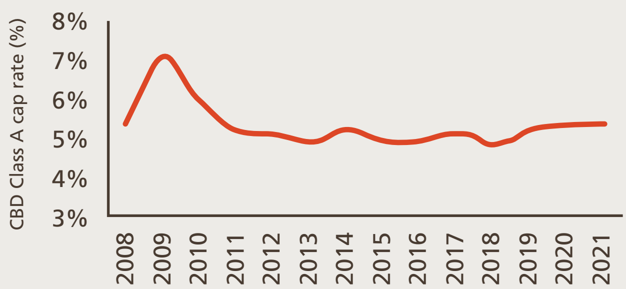


Table refers to overall market, while charts refer to Manulife submarkets

Office Market Trends

Washington, D.C. and in particular the CBD submarket continued to experience softening conditions on the back of a combination of the COVID-19 pandemic, ample new supply and a lack of high-growth tenant industries to absorb space being delivered and given back from relocating users. Vacancy rose to 21.5% in the CBD, above the district-wide average of 18.5%, while net absorption totalled nearly -1.1 million sq ft.

The CBD is particularly prone to flight to quality, albeit at a slower pace than peer gateways given the trends toward consolidation from key occupiers. Net absorption in buildings delivered since 2015 has been positive at 173,582 sq ft, equating to a rate of roughly 13.2% of inventory. This is somewhat less divergent than D.C. as a whole, however, which saw absorption of 1.9 million sq ft in 2015-present vintage, aided by expansion in new developments at the Wharf, Union Market and the Ballpark on the urban fringe.

Apart from Gibson Dunn's pre-lease for 163,750 sq ft at 1700 M Street NW, leasing activity was subdued throughout Q3 and Q4 2021. A combination of legal services, consulting and real estate firms such as Katten Muchin, Guidehouse, Industrious and Brown Advisory all signed on for between 30,000 and 60,000 sq ft, but in the form of renewals and relocations with contraction rather than new or expansionary leasing.

One project broke ground in the second half of 2021: 1700 M Street NW, which will be anchored by Gibson Dunn upon its delivery in 2024. There are two major speculative development also underway that will hit the market in 2022 – 1700 and 2100 Pennsylvania Avenue NW – adding 611,562 of new product to the CBD.

Outlook

Washington, D.C. as a whole, especially the CBD, will remain soft among gateway markets over the near-term as continued supply additions keep vacancy elevated and concessions stay firm at record highs. New legislation to accelerate the process of converting office space in Downtown D.C. to other asset classes, particularly residential, is likely to help correct fundamentals in the coming years.

Washington D.C. Market Data

Leasing activity (Washington D.C. CBD)

Tenant	Address	Class	Lease type	Size (s.f)
Gibson Dunn	1700 M Street NW	Trophy	Relocation	163,750
Katten Muchin Rosenman	1919 Pennsylvania Avenue NW	B	Relocation	51,527
Guidehouse	1200 19th Street NW	A	Renewal	51,118
Industrious	1615 L Street NW	A	Renewal	40,456
Brown Advisory	1801 Pennsylvania Avenue NW	A	Relocation	32,302

Office sales (Washington D.C. CBD)

Building	RBA (s.f)	Sales Price (US$)	Price ($ p.s.f.)	Buyer	Seller
WashREIT Portfolio	678,593	364,500,000	$537	Brookfield	WashREIT
1735 K Street NW	97,000	22,500,000	$232	Beacon	FIRA

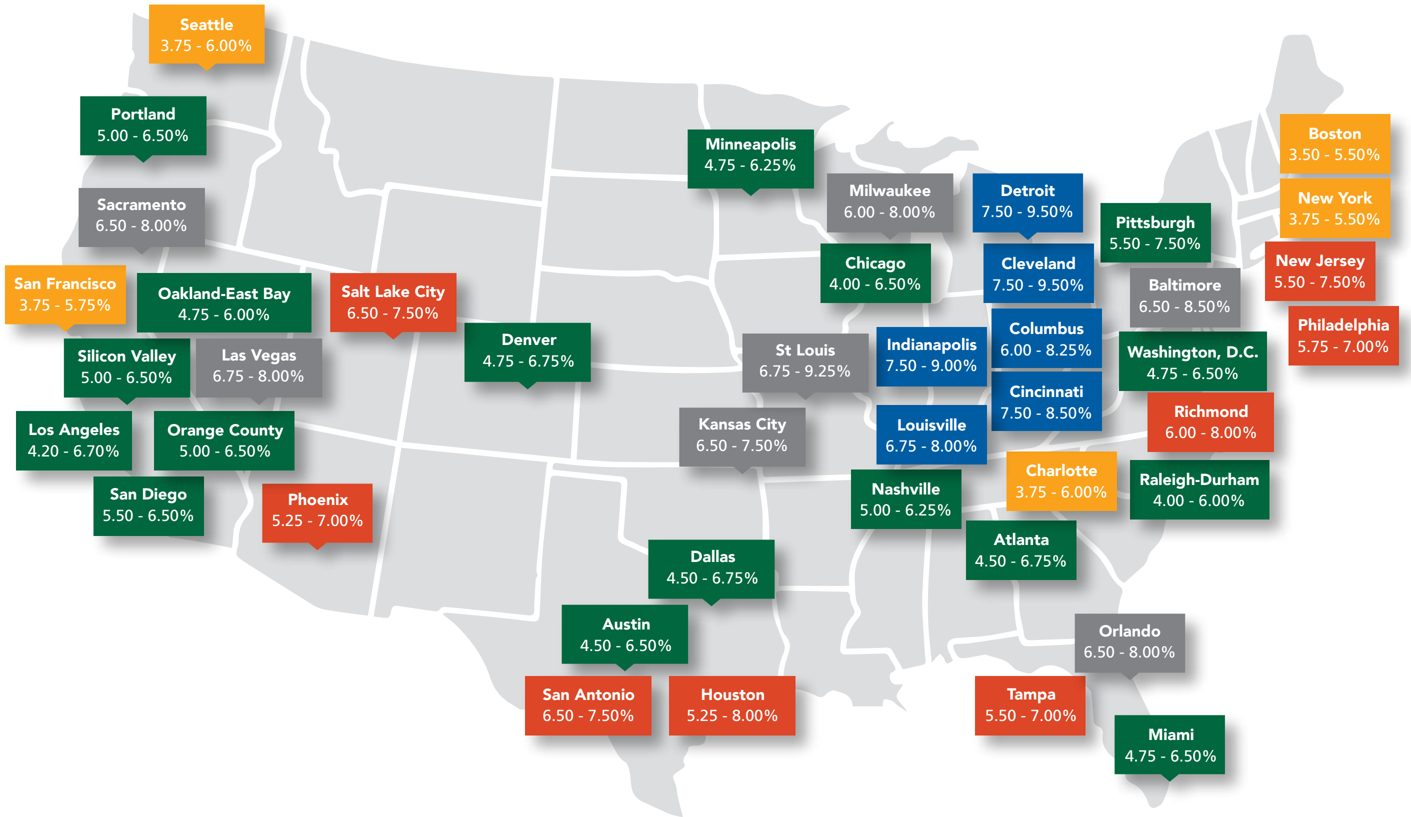
Active Development Pipeline (Washington D.C. CBD)

Building	Developer	Spec/BTS	Completion	RBA (s.f)	Anchor
2100 Pennsylvania Avenue NW	Boston Properties	Spec	2022	423,562	WilmerHale
1700 M Street NW	Skanska	Spec	2024	334,000	Gibson Dunn
1700 Pennsylvania Avenue NW	Akridge	Spec	2022	188,000	-

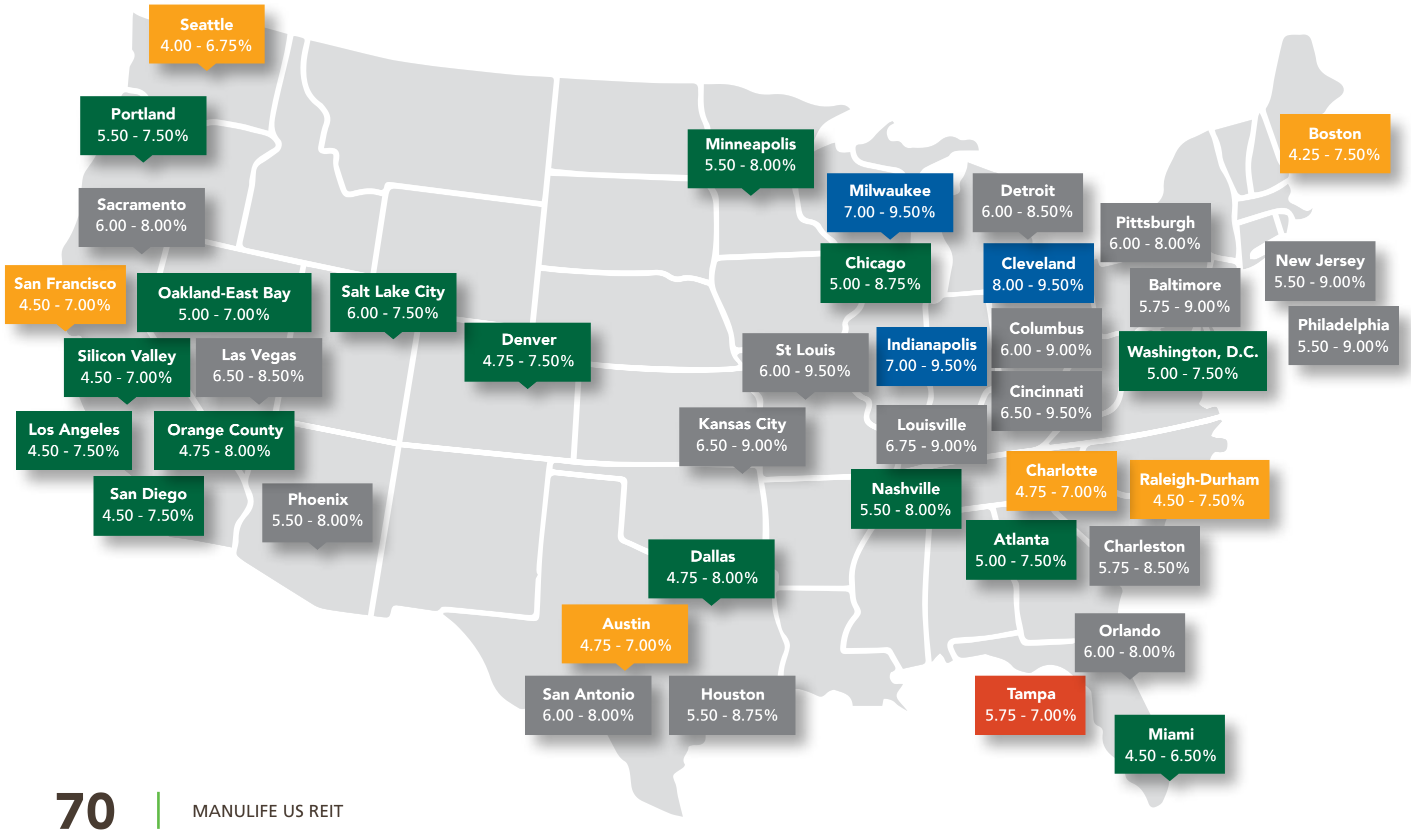
Independent Market Report

By JLL as at 31 December 2021

CBD Class A cap rates by market



Suburban Class A cap rates by market



Investor and Media Relations

The Manager proactively engages the investment community with timely and transparent communication in order to create long-term value for its Unitholders. MUST was laser-focused on its two-pronged IR approach in 2021. The first goal was to be at the forefront of the growing ESG wave to attract more ESG investors, and the second was to entrench MUST's leadership position through digital means to remain the REIT of choice.

Expansion of Digital Toolbox

For 2021, MUST embarked on a slew of new initiatives which included the launch of LinkedIn in September. This allowed the Manager to expand its reach and remain top-of-mind through innovative and relevant ways. With the long-drawn COVID-19 situation, most physical meetings and travelling were curtailed. Social distancing requirements remained stringent and senior management had to engage with the investment community virtually. Through a rigorous PR campaign, MUST garnered more than 1,000 LinkedIn followers in five months as at end February 2022. This added another platform to MUST's IR toolkit – on top of existing tools such as press releases, presentation slides, website, webinars, meetings, conference calls, annual and sustainability reports, SGXNet announcements and newsletters. It also enables the Manager to interact with media, analysts and investors and keep them abreast of its business developments in this fast-changing digital and COVID-19 world. The Manager also leveraged on new platforms such as Smartkarma and new media formats such as podcasts to engage with potential and existing investors.

Riding the ESG Wave

In 2021, MUST witnessed a growing interest in ESG among its investors and analysts. The Manager was getting more questions on ESG in its IR meetings and was aware of new ESG funds being set up in Singapore and Asia. MUST worked hard to attract these new investors by communicating its ESG strategies with them. Against this backdrop, MUST launched its inaugural 'MUST Go Green' event, a hybrid week-long thought leadership initiative to raise the understanding of ESG for the investment community through conferences and meetings. The events included noteworthy panel speakers from the Singapore Exchange, TCFD, AEW Asia as well as Endowus and RHB, and garnered participation from ~160 analysts, media and investors.

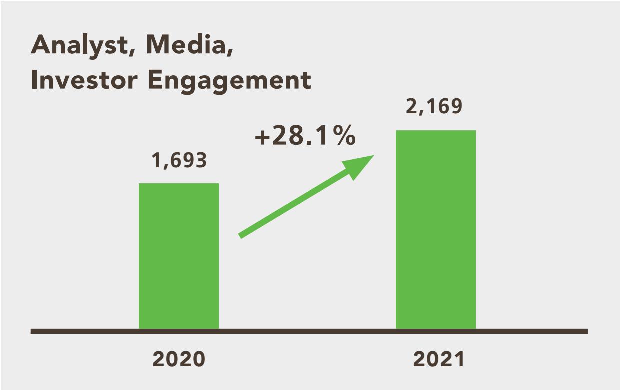
The successful profiling of MUST's sustainability efforts and accolades opened doors to more ESG-focused interviews, including podcast interviews as well as invitations to speak at other ESG conferences. Over the years, MUST also saw the number of ESG funds invested in the REIT increase to ~25 as at end 2021, up from only three in 2017. MUST's proactive engagement with ESG rating agencies has also enabled it to improve its ESG ratings. More ESG information can be found in the Sustainability Report.

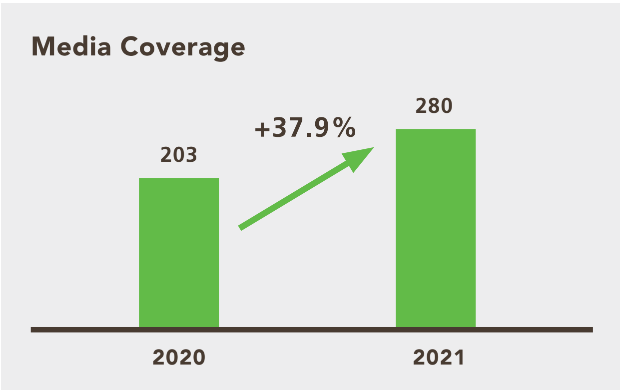
Relentless Engagement in Pursuit of IR Excellence

Another initiative in 2021 was an investor perception survey conducted with ~50 institutional investors. The results of the survey, which covered investors' feedback on future growth, concerns and ESG, were shared with the senior management and directors.

The IR team's proactive engagement with investors paid off during the REIT's fund raising for its acquisition of three properties in Arizona and Oregon in November 2021. This was evident in the strong participation in its US$100.0 million private placement which was executed amid great market volatility and the emergence of the Omicron variant. During that period, there were also a few SREIT deals in the market that made investors wary. The placement was eventually close to 2.5X covered by new and existing institutional investors and private wealth clients. The acquisition also garnered positive coverage by media and analysts and was testament to MUST's effective communication of its strategy to target growth markets since 2020.

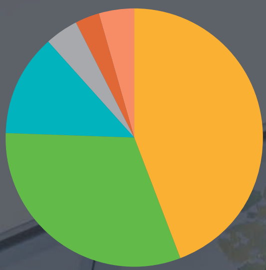
Collectively, these efforts enabled the Manager to engage and meet with ~2,170 analysts, media and investors (+28.1% YoY). The success of MUST's engagement efforts further resulted in a +37.9% increase in media coverage in 2021, while a total of 11 research houses continue to cover MUST.





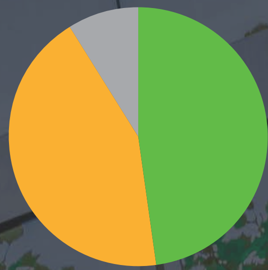
Investor And Media Relations

Unitholders by Geography[1] (%)



44.3 Singapore
31.4 Asia (ex Singapore)
12.8 North America
4.1 UK
3.3 Europe (ex UK)
4.2 Rest of World

Unitholders by Type (%)



46.9 Retail[2]
44.5 Institutional
8.7 Sponsor

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

Inclusion in Key Indices

- Bloomberg World Large, Mid & Small Cap Price Return Index
- Bloomberg Asia Real Estate Investment Trust Index
- Bloomberg Developed Markets Large, Mid & Small Cap Price Return Index
- Bloomberg World Real Estate Large, Mid & Small Cap Price Return Index
- Bloomberg APAC Developed Markets Large, Mid & Small Cap Price Return Index
- Bloomberg World ex North America Large, Mid & Small Cap Price Return Index
- Bloomberg APAC ex Japan Large, Mid & Small Cap Price Return Index
- Bloomberg World ex US Large, Mid & Small Cap Price Return Index
- Bloomberg Developed Markets Mid & Small Cap Price Return Index USD
- Bloomberg Asia 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 NTR

Analysts Coverage	
1	Bank of Singapore
2	CGS-CIMB Research
3	CLSA Singapore
4	Credit Suisse
5	DBS Bank Ltd
6	KGI Securities
7	Lim & Tan Securities
8	Maybank Kim Eng Research
9	Phillip Securities
10	RHB Bank Berhad
11	UOB Kay Hian

Scan to connect with MUST on LinkedIn

IR Contact

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

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

Calendar of Events

8 February 2021	11 May 2021	12 August 2021	3 November 2021	9 February 2022
FY2020 Financial Results	1Q2021 Operational Updates	1H2021 Financial Results	3Q2021 Operational Updates	FY2021 Financial Results

Date		Events
1st Quarter	8 Feb	FY2020 Financial Results: Analyst and Media Briefing
	9 Feb	Non-deal Roadshow (NDR): Thailand
	10 Feb	NDR: Malaysia
	18 Feb	Corporate Presentation to Maybank Trading Reps
	12 Mar	Corporate Presentation to DBS Private Bankers
	19 Mar	UOB ASEAN Conference
2nd Quarter	30 Apr	AGM
	11 May	1Q2021 Operational Updates: Analyst and Media Briefing
	11 May	1Q2021 Operational Updates: Investor Briefing
	12 May	Corporate Presentation to UBS Wealth Management
	14 May	NDR: Thailand
	19 May	MUST Insights by JLL
	14 Jun	DBS-SGX-REITAS Virtual Conference
	29 Jun	Corporate Presentation with Smartkarma
3rd Quarter	12 Aug	1H2021 Financial Results: Analyst and Media Briefing
	12 Aug	1H2021 Financial Results: Investor Briefing
	13 Aug	Corporate Presentation to BOS Trading Reps and OCBC Wealth Advisors
	26 Aug	Citi-SGX-REITAS Forum
	26 Aug	Citi-REITAS-SGX C-Suite Singapore REITs & Sponsor Forum
4th Quarter	5-7 Oct	'MUST Go Green' Week
	25 Oct	SGX NH C-Suite Conference
	3 Nov	3Q2021 Operational Updates: Analyst and Media Briefing
	3 Nov	3Q2021 Operational Updates: Investor Briefing
	9 Nov	REITAS Conference
	11 Nov	SGX-CFA Panel Discussion
	17 Nov	RHB-SGX ESG Forum
	18 Nov	Podcast: Talking ESG
	30 Nov	Analyst and Media Briefing on Acquisition of Diablo, Park Place and Tanasbourne
	30 Nov	Investor Briefing on Acquisition of Diablo, Park Place and Tanasbourne

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:

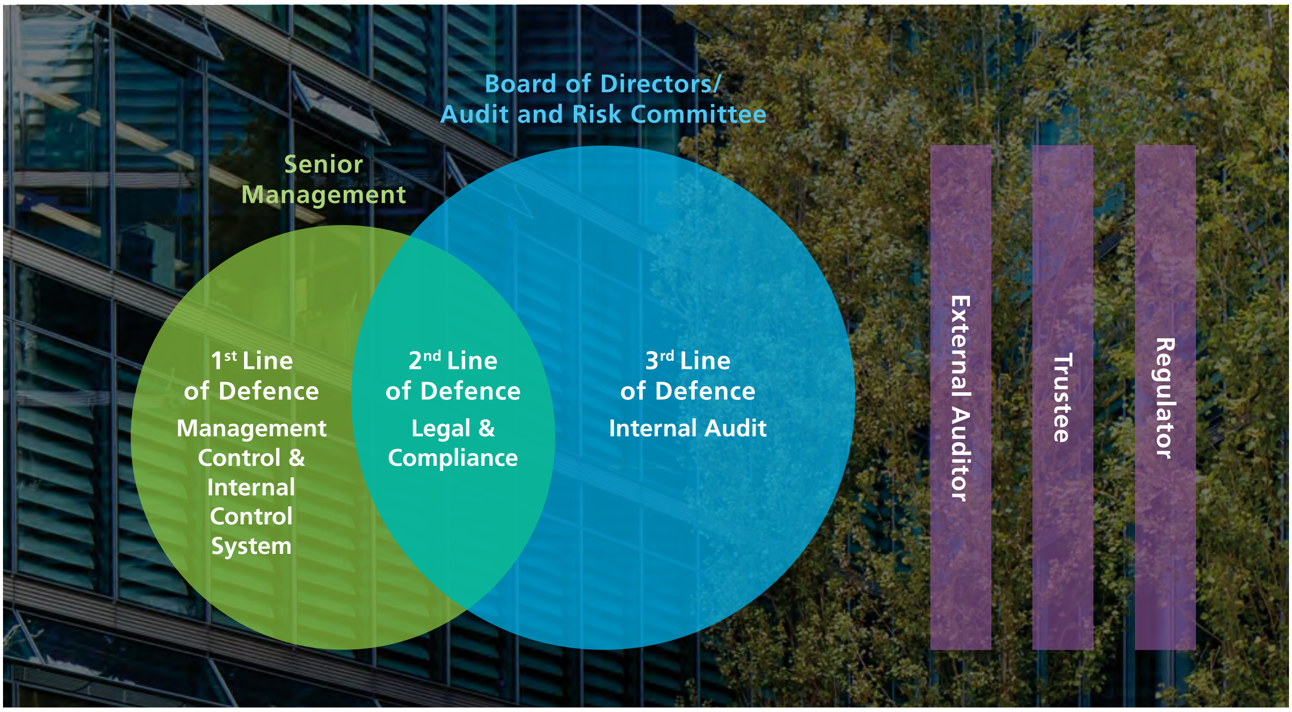
- Roles and authorities – Assignment of accountability and delegation of authority for risk oversight and risk management at various levels within the REIT, as well as accountability principles;
- Governance and strategy – The types and levels of risk the REIT seeks, given its strategic plan, the internal 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, back testing 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.

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.

Three Lines of Defence



- The 2nd line of defence includes the oversight functions such as the Legal and 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 from the Sponsor, 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, but not limited to, the risk profile, risk dashboard on high risks, unresolved major risk issues and new or emerging risks. The following describes the risk management strategies to identify certain key risks.

Enterprise Risk Management

Key Risks	Details	Key Mitigation Actions
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 and Compliance Risks	• MUST is required to comply with applicable and relevant legislations and regulations that include SGX-ST Listing Rules, International Financial Reporting Standards, SFA, 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 serves to encourage 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 and Funding 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. • 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 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 the remaining 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 Risk	• 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.	• 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.
Investment Risk	• 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.	• The risks involved in investment 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 decisions are reviewed and approved by the Board.

Enterprise Risk Management

Key Risks	Details	Key Mitigation Actions
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 cyber security 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.
Environmental Risk	• Physical risk arises from the impact of weather events and long-term or widespread environmental changes, such as climate change, fire and earthquake. • 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 Risk	• 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' business, 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 prospect, 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

Contents

About this Report

Manulife US REIT (MUST or the REIT) is a Singapore 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

As at 31 December 2021, the REIT owns a total of 12 properties that are strategically located in prime areas of key U.S. cities. Focusing on the activities of the Manager, the REIT and nine[1] of its properties, this Sustainability Report showcases the REIT's sustainability approach, initiatives and performance from 1 January to 31 December 2021, with comparative data for the same period in 2019 and 2020.

This report has been prepared by the Manager in compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules 711A and 711B, with reference to the Global Reporting Initiative (GRI) Standards: Core Option and includes consideration of the GRI Construction and Real Estate Sector Disclosures.

The GRI Content Index outlines the material indicators relevant to MUST and can be found on pages 112 to 115 of this Sustainability Report.

We are constantly striving 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.

Board Statement on Sustainability

As a responsible corporate citizen, MUST is focused on integrating environmental, social and governance (ESG) issues in the way we operate so that we can future-proof our business and continue to deliver long-term value to our stakeholders. The Board of Directors (Board) provides oversight and guidance on the implementation and management of sustainability matters. Working closely with the Sustainability Steering Committee (SSC), material ESG issues are regularly reviewed and included in the strategic formulation by the Board and management to ensure the delivery of MUST's sustainability targets and performance.

Michelson, Irvine

1 Three of the REIT's properties, including Diablo, Park Place and Tanasbourne, are not included in this report since they were only acquired in December 2021.

Our ESG Journey

2021
- Achieved 'AA' in MSCI ESG Ratings
- Ranked top 2% of companies globally in Sustainalytics ESG Risk Ratings
- Obtained first sustainability-linked loan
- All Singapore staff and independent directors trained in ESG
- Recruited ESG specialist and formed Sustainability Quartet
- ~25 ESG funds invested in MUST

2020
- Aligned Greenhouse Gas (GHG) reduction targets to Manulife Group's net zero and 80.0% GHG reduction targets by 2050
- Obtained first green loan
- All staff pay linked to sustainability performance
- 50.0% female independent directors

2019
- Achieved 'BBB' in MSCI ESG Ratings
- ~90.0% of portfolio is green-certified
- Strengthened governance with additional practices

2018
- Achieved 5 Star in GRESB Real Estate Assessment
- Rolled out Sustainable Building Standards to benchmark building performance

2017
- Formed Sustainability Steering Committee
- Published first Sustainability Report
- Adopted United Nations Sustainable Development Goals (UN SDGs)
- Achieved 4 Star in first Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment

2016
- Dedicated Corporate Social Responsibility (CSR) section in Annual Report
- 3 ESG funds invested in MUST

Our 2021 ESG Highlights

Building Resilience	GHG Intensity -9.3% YoY	Energy Intensity -5.8% YoY	Green Certification ~90.0%
People First	Average Training Hours per Employee +40.0% YoY	CSR Contribution S$25,976,189 Hrs	Tenant Engagement[1] 88.0% with 4 or 5 Star rating
Driving Sustainable Growth	Non-compliance & Corruption Zero Incidents	Green Financing First Sustainability-linked Loan	Board Diversity 50.0% Female Independent Directors
Accolades	GRESB ★★★★★ 2021 Top 20% of 1,520 Global Entities	MSCI ESG RATINGS AA (CCC B BB BBB A AA AAA) Top 26% of MSCI All Country World Index Constituents	SUSTAINALYTICS a Morningstar company RATED Top 2% of 13,650 Companies Globally

1 Biennial engagement survey conducted in 2020.

Message to Stakeholders

Dear Stakeholders,

Despite the challenges faced in 2021 as a result of the second year of COVID-19, we remained focused on improving environmental excellence. We have kept our properties open throughout the past year, placing the safety and well-being of our people, tenants and vendors as our priority.

At MUST, future-proofing our business is key to creating long-term value for our stakeholders. For instance, during the year, we continued to strengthen our ESG governance structure, linking all our employees' remuneration to sustainability performance indicators. We also expanded our ESG capabilities, recruiting a dedicated ESG specialist to the management team to increase our resources. To improve our ESG integration, we refined our sustainability framework, building three strategic pillars that now guide our business operations: Building Resilience, People First, and Driving Sustainable Growth. These pillars, aligned with global sustainability goals, have enabled us to sharpen our focus on material ESG issues in 2021 and will guide our sustainability strategy going forward.

Property Resilience

With the world's real estate sector contributing about 40.0% of global carbon emissions, decarbonisation of the built environment is imperative in tackling climate change. Together with our Sponsor and Property Manager, MUST has developed GHG and energy reduction targets that are consistent with the Paris Agreement goal of securing global net zero emissions by 2050, as reaffirmed at the recent UN Climate Change Conference in Glasgow (COP26). To achieve our goal, we will undertake various measures, such as improving energy efficiency through the optimisation and digitalisation of our operations, fuel switching, and renewable energy usage. We have set a target of achieving a 100.0% green-certified portfolio by 2030. As at end December 2021, ~90.0% of our portfolio was certified green by either Leadership in Energy and Environmental Design (LEED™), ENERGY STAR® or both. We have and will continue to pursue water conservation and waste reduction.

In 2021, MUST recorded GHG and energy intensity reductions of 9.3% and 5.8% respectively. These improvements were attributed to energy savings initiatives, as well as lower physical occupancy of our buildings due to the ongoing pandemic.

As part of our continued strategy to build climate resilience, and in preparation for enhanced disclosures, new requirements on property climate resilience will be included in our Asset Manager's Sustainable Building Standards to ensure that climate-related risks are addressed and monitored across MUST's portfolio.

In this report, we have started to incorporate climate-related disclosures aligned with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations in our reporting framework.

Promoting Health and Well-being

The pandemic has highlighted the importance of organisational resilience. Keeping our employees and tenants safe, healthy and engaged has become more important than ever. We have continued to implement safe management measures aligned with social distancing and business continuity and tightened safety and health protocols.

COVID-19 highlighted the critical role that our surroundings play in supporting the health, safety, and well-being of all property occupants and visitors. We upheld the most stringent standards including rigorous cleaning and sanitisation, upgrading of air filters and comprehensive air quality inspections, and installation of touchless building access systems and fixtures to reduce transmission of contagious diseases. As many tenants continued to work from home (WFH) through much of 2021, our Property Manager kept tenant communities connected and engaged with a variety of online events focused on health and wellness.

We achieved a Fitwel® certification for the Michelson property (the first in our portfolio) for providing building features and amenities that improved the health and productivity of tenants. In addition, as at March 2022, four of our buildings also achieved the Fitwel® Viral Response Approval.

Nurturing our Talent

We are committed to nurturing our people and have provided our employees with the resources and flexibility needed to support them throughout the pandemic. This included flexible working arrangements, physical and mental health talks as well as the provision of personal protective equipment (PPE) to keep our employees safe at home and in the office. An initiative known as 'Fuel Up Fridays' was implemented every second Friday of each month, where staff were granted one day off to refuel their learning needs in the morning and use the afternoons to relax and recharge. Additionally, all employees were granted five extra days of leave during the year to rest and improve their mental well-being.

The disruption in work culture caused by the pandemic and working from home has sharpened our focus on employee engagement and recognition. In 2021, our Ambassadors of Change (AoC) once again played an important role in engaging our staff as they diligently worked from home. Regular dialogues (online or in person) continued with staff at all levels on how engagement might be improved, and team cohesion activities, including Breakfast on the House (BOTH) plus other bonding sessions were organised. All staff were provided with an opportunity to recognise and be recognised through Podium. This is a global digital platform that rewards employees receiving appreciation with vouchers. In 2021, 100.0% of MUST's staff across all levels used Podium to recognise or be recognised by colleagues, enhancing opportunities for engagement.

We continually support our human capital through training and career development. In 2021, the average training hours per employee increased to 50 hours, a result of the expanded training opportunities accessible to staff. To build sustainability competency, all Singapore staff, as well as the independent directors undertook a day of training in ESG and Materiality Reporting. During the year, a Pursuit Learning Hub was launched by the Group to provide tailored LinkedIn learning plans through a fully automated, AI powered platform.

In 2021, tailoring employee experiences in response to workplace challenges have yielded a 2.0% YoY improvement in our staff engagement score (as measured by the Gallup Global Engagement Survey). This is an improvement in mean percentile rank to 89.0% and a strong score against Gallup's overall benchmark for Manulife. This is the third year in a row that the Engagement Survey scores have increased.

Serving our Communities

During this second year of the pandemic, we continued to drive our CSR initiatives and support our communities in whatever way we could. In line with our community development strategy, we contributed about S$26,000 and clocked about 190 volunteer hours on CSR efforts towards our focus areas of helping the vulnerable and isolated elderly, and supported social enterprises. This included meaningful virtual engagement and fundraising activities with Methodist Welfare Services (MWS) and St Luke's Hospital. We also rallied tenants across our portfolio to participate in donation drives organised by local food banks and charities for families in need.

Beyond community engagement, we remained committed to supporting social enterprises through the procurement of all our corporate gifts and events from these sources.

Driving Sustainable Growth

Ethical and responsible corporate practices are integral in delivering long-term value to our shareholders. Our robust corporate governance structure allows us to monitor any changes in relevant laws and regulations to ensure that our internal policies and practices remain compliant and of the highest standard.

In 2021, there were no incidents of corruption or non-compliance with any sustainability-related laws and regulations.

Testament to our high governance standards, MUST also retained its SGX Fast Track status for the fourth year running. We also achieved an upgrade in our MSCI ESG Ratings to 'AA' in 2021 and MUST was ranked in the top 2% of companies globally in Sustainalytics ESG Risk Ratings.

In addition to receiving accolades in Investor Relations (IR) and corporate governance, MUST's sustainability efforts were well-recognised by major ESG benchmarks with a 5 Star rating in GRESB Real Estate Assessment and 'A' in GRESB Public Disclosure.

Engaging our Investors

In what turned out to be another year of COVID-19 challenges and restrictions, it was essential for MUST to maintain frequent and timely communication with the investment community. In 2021, to deepen our engagement with investors and stakeholders across the financial industry and the investor universe, MUST launched its official LinkedIn page. Leveraging the use of social media platforms, we shared U.S. office market updates, portfolio performance as well as sustainability best practices. Since its launch in September 2021, the page has garnered over 1,000 followers as at end February 2022. As part of our Green Dot Series, we launched our inaugural MUST Go Green (MGG), a week-long thought leadership initiative to raise the awareness of ESG. Themed as the 'Rise of ESG', conferences were led by industry experts and one-on-one meetings with ESG investors took place. This initiative has cemented our green flag in the SREIT space and resulted in numerous enquiries from ESG investors and funds to learn more about MUST and its future.

As MUST continues to navigate safely out of the pandemic, and endeavour to overcome the challenges that lie ahead to support the global transition to net zero, we would like to express our thanks to the Board and our stakeholders for their strong support in our ESG initiatives through 2021.

Jill Smith
Chief Executive Officer (CEO)

Sustainability Approach

Sustainability is at the heart of what we do. Integrating ESG issues into our strategy and throughout our business operations is fundamental to our ability to future-proof our business as we continue to drive long-term value for our stakeholders.

MUST's sustainability framework is aligned to the five Sustainability Real Estate Commitments set out in our Asset Manager's Real Estate Sustainability Framework, which guides all investment, asset and property management operations across its real estate arm.

MUST's Sustainability Framework

The framework sets out our sustainability strategy, underpinned by three strategic pillars – Building Resilience, People First and Driving Sustainable Growth. These pillars are supported by eight ESG focus areas to form an integrative approach that aligns our sustainability objectives and Enterprise Risk Management (ERM) framework to identify and address material ESG issues.

Mission

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

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

Building Resilience:
- Climate Action
- Environmental Stewardship

People First:
- Nurturing our Talent
- Safeguarding Health and Well-being
- Serving our Communities

Driving Sustainable Growth:
- Economic Sustainability
- Governance Framework
- Engaging Investors

Collaborating with our Sponsor

MUST is aligned to the goals of our Sponsor and Asset Manager, who are dedicated to the following key sustainability commitments:

Signatory to the United Nations supported Principles for Responsible Investment (PRI)

Participated in the Carbon Disclosure Project (CDP)

Signatory to the Equator Principles and a member of the United Nations Environmental Programme Finance Initiative

Listed in the Dow Jones Sustainability Index (DJSI)

Founding member of the Climate Action 100+, a five-year investor-led initiative to ensure the world's largest corporate GHG emitters take necessary action on climate change

First life insurance company in the world to issue a Green Bond in 2017

Alignment with Global Standards and Goals

At the UN Sustainable Development Summit in 2015, a set of 17 goals was adopted by all UN Member States in 2015 as part of the 2030 agenda for Sustainable Development, which aims to address key global sustainable development challenges by 2030.

MUST supports the global sustainable development agenda and have aligned our sustainability approach with the relevant UN SDGs:

ESG Focus Area	Approach	UN SDGs Supported	GRI Standard	Aspect Boundary
Building Resilience				
Climate Action	Building the resilience of our assets to climate change by reducing carbon footprint and managing climate-related risks	7 Affordable and Clean Energy; 11 Sustainable Cities and Communities	GRI 305 – Emissions GRI 201 – Economic Performance	MUST, Tenants
Environmental Stewardship	Reducing the environmental impact of our properties through energy efficiency and resource conservation	12 Responsible Consumption and Production; 13 Climate Action; 17 Partnerships for the Goals	GRI 302 – Energy GRI 305 – Emissions GRI 303 – Water and Effluents	MUST, Tenants
People First				
Nurturing our Talent	Fostering a diverse, equal, inclusive and nurturing culture for employees to thrive at work	3 Good Health and Well-being; 8 Decent Work and Economic Growth; 5 Gender Equality; 17 Partnerships for the Goals	GRI 401 – Employment GRI 404 – Training and Education GRI 405 – Diversity and Equal Opportunity GRI 406 – Non-discrimination GRI 412 – Human Rights Assessment	MUST
Safeguarding Health and Well-being	Creating a safe and healthy environment for our employees and tenants		GRI 403 – Occupational Health and Safety GRI 416 – Customer Health and Safety	MUST, Tenants
Serving our Communities	Enriching the lives of our local communities		GRI 413 – Local Communities	MUST
Driving Sustainable Growth				
Economic Sustainability	Delivering long-term value to our Unitholders through the sustainable allocation of capital, robust governance framework and proactive risk management practices	8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions	GRI 201 – Economic Performance GRI 205 – Anti-corruption GRI 403 – Occupational Health and Safety GRI 405 – Diversity and Equal Opportunity GRI 412 – Human Rights Assessment	MUST
Governance Framework				
Engaging Investors				

Sustainability Approach

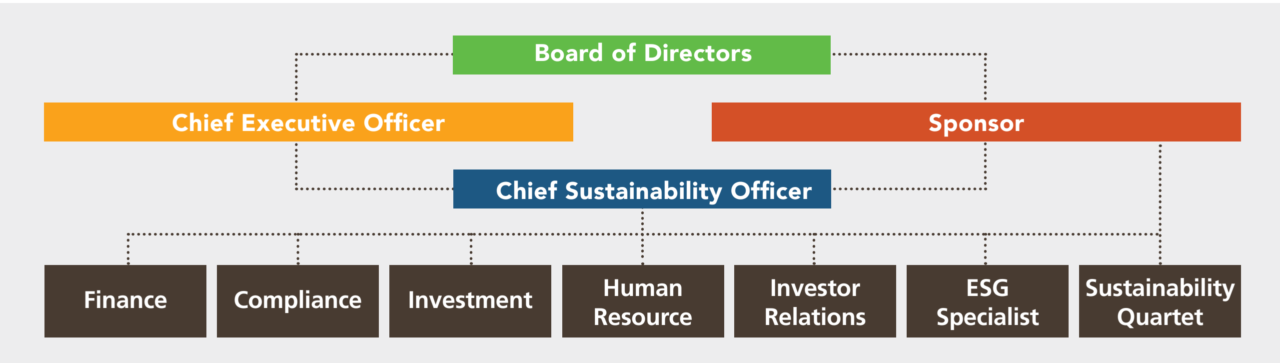
Sustainability Governance

MUST recognises that a structured and committed leadership team is key to driving effective sustainability performance. The Board has oversight of the material ESG factors of the REIT and takes them into consideration when determining the REIT's strategic direction and policies.

The SSC was established in 2017 to lead the sustainability agenda in MUST. Led by our Chief Sustainability Officer (CSO), Caroline Fong, and comprising representatives from key business units, the SSC drives the implementation of MUST's ESG strategies and initiatives, monitoring of sustainability performance, as well as the setting of targets for continuous improvement. The SSC reports regularly to the CEO, Sponsor and the Board on the REIT's sustainability performance.

As a sponsored REIT, MUST 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. Supporting the SSC is the Sustainability Quartet, which was formed in 2021 and comprises dedicated ESG working teams across various discipline-specific groups to facilitate and review MUST's sustainability initiatives to ensure alignment with the Sponsor's sustainability objectives. Harnessing synergies from the investment, asset management and sustainability functions across both U.S. and Singapore offices, the Quartet also shares ESG updates and regulations to further enhance MUST's green capabilities and improve our overall sustainability strategy and performance.

Sustainability Steering Committee



Working with our Property Manager

Our Property Manager aims to provide healthy and efficient workspaces for tenants across MUST's portfolio. Guided by the Asset Manager's Real Estate Sustainability Framework, as well as industry best practices, including GRESB, LEED™ and Building Owners and Managers Association (BOMA) BEST®, an internal set of Sustainable Building Standards was launched by the Property Manager in 2017, outlining 13 sustainability focus areas for benchmarking and target setting of MUST's properties. Each property is reviewed semi-annually against the focus areas, on a scale of level 1 to 5, with 'Level 3 – Strong sustainability practices, achievable for all office properties' being the threshold anticipated for all properties to achieve. In 2021, two new Sustainable Building Standards: 'Climate Change Management' and 'Climate Risk and Resilience' are being developed across the portfolio.

Sustainable Building Standards
Environmental
Energy management and assessments
Energy measurement and analysis
Water management and assessments
Water management programme
Indoor environmental quality
Alternative transportation
Social
Health and wellness programme
Procurement programme and tracking
Tenant engagement
Community engagement
Employee engagement
Governance
Certifications and sustainability brand
Sustainability management

Stakeholder Engagement

Meaningful dialogue and ongoing stakeholder engagement are crucial in driving the success of our business. Key stakeholder groups were identified based on their ability to impact or be impacted by our operations and sustainability performance.

Stakeholders	Engagement Method	Frequency of Engagement	Key Topics of Interest
Internal Stakeholders			
Directors	• Meetings/calls • Board meetings	Ongoing	• Regular and timely updates on REIT's operations and performance
Employees	• Dialogue sessions with senior management • Employee coffee chats, breakfast sessions • WFH arrangements • Health and wellness activities • Company cohesion activities • Employee appreciation events	Quarterly	• Fair and equal opportunities • Safe and healthy working environment • Training and skills upgrading • Regular engagement
	• Orientation and training programmes	Throughout the year	
	• Performance reviews	Semi-annually	
	• Employee engagement surveys	Annually	
External Stakeholders			
Investors, Analysts and Media	• Results briefings and conference calls • Thought leadership initiative • 1-on-1 and group meetings/calls • Website with email alerts, general hotline, dedicated IR contact, property videos, annual general meeting (AGM) minutes and audio webcast • Networking events	Ongoing	• Sustainable financial, portfolio and ESG performance • Good corporate governance and transparency • Access to senior management • Investor education on U.S. economy and real estate sector
	• Roadshows and conferences	Quarterly	
	• AGM • Investor day	Annually	
	• Extraordinary general meeting (EGM)	When Required	
Regulators and Industry Associations	• SGX announcements • Circulars (when required) • Website	Ongoing	• Good corporate governance and transparency • Compliance with policies, rules and regulations • Consultation on policies regarding the REIT sector • Sharing on industry/ sector trends
	• AGM/EGM • Annual and Sustainability Reports • Participation in industry associations • Consultation with regulators such as SGX and Monetary Authority of Singapore (MAS)	Annually Ongoing	
Tenants	• Tenant appreciation events • Sustainability educational events	Ongoing	• Safe, comfortable and productive working environment • Energy-efficient space • On-site amenities • Engagement activities
	• Tenant satisfaction survey	Biennially	
Local Community	• Social enterprise procurement	Ongoing	• Engaging and meaningful relationships with vulnerable community groups • Financial support to local community
	• CSR events	Semi-annually	
	• Cash donations	Annually	

Sustainability Approach

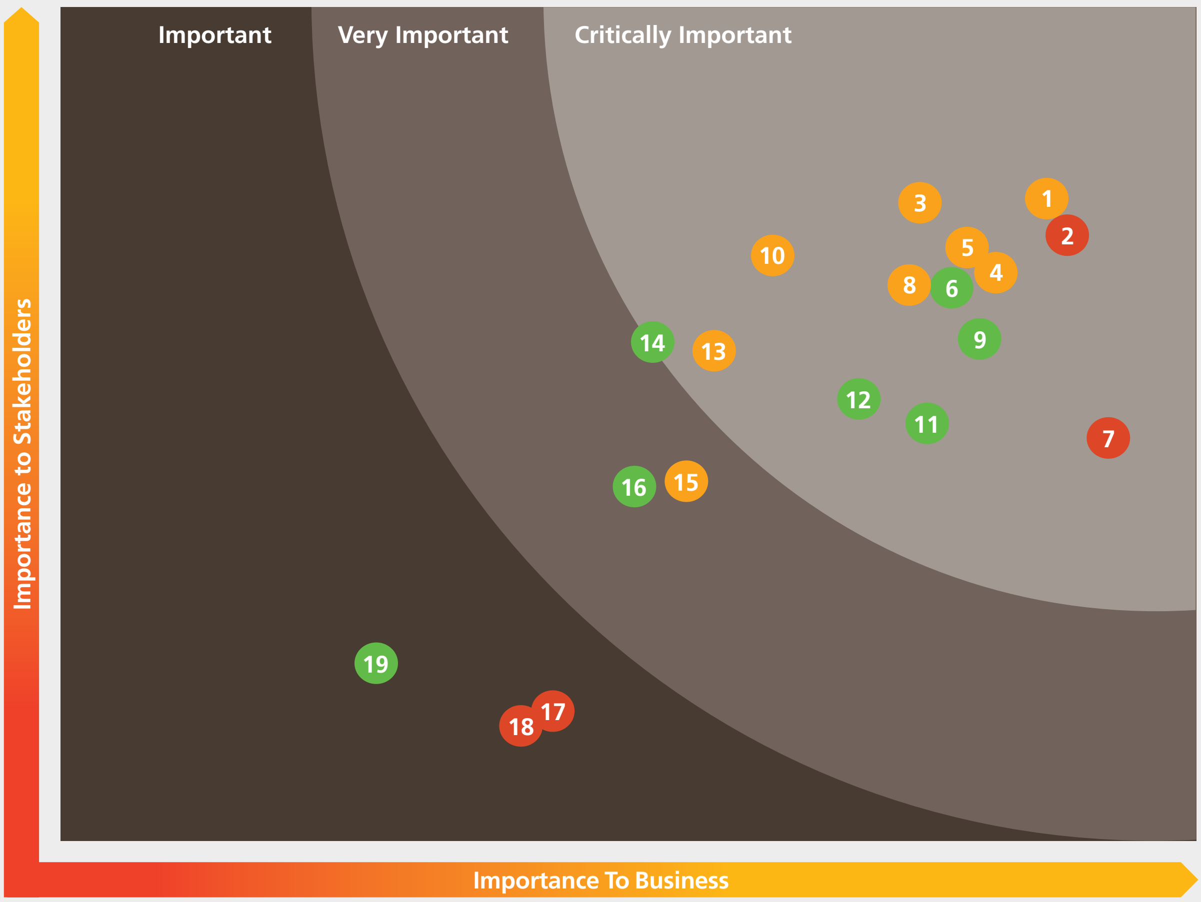
Materiality

Materiality, as defined by GRI Standards, includes topics and indicators that reflect the organisation's significant economic, environmental, and social impacts; and would substantively influence the assessments and decisions of stakeholders.

Since our first GRI-checked Sustainability Report in 2017, MUST has focused our sustainability efforts on material ESG issues by aligning our perspectives with that of our stakeholders' expectations. In 2021, we conducted a comprehensive review of our material ESG factors and refined our sustainability framework, considering changes in the external environment that may affect our operating context. 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. Around 30 internal and external stakeholders including employees, tenants and investors were surveyed, resulting in a comprehensive matrix categorising factors according to their importance to our stakeholders. Climate change, mitigation and adaptation, as well as employee well-being, health and safety were added as material issues.

Arising from the review, a revised sustainability reporting framework and an updated set of material ESG factors as set out below were presented to the Board.

Materiality Matrix



Ranking of ESG Issues

1 Employee well-being, health and safety
2 Corporate governance
3 Human rights and non-discrimination
4 Employment practices
5 Customer health and safety
6 Sustainable building
7 Economic performance
8 Training and development
9 Energy
10 Diversity and inclusion
11 Water management
12 Emissions
13 Community development
14 Climate change mitigation and adaptation
15 Marketing and labelling
16 Waste management
17 Economic contribution to society
18 Supply chain management
19 Biodiversity

Environmental | Social | Governance

Building Resilience

Objective

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

Performance[1]

- Maintained 5 Star in GRESB Real Estate Assessment 2021 with an improved score of 93
- Achieved 9.3% YoY reduction in GHG intensity
- Achieved 5.8% YoY reduction in energy intensity
- Aligned climate risk disclosures to the TCFD framework
- Maintained ~90.0% green-certified portfolio

Targets[1]

- Maintain 5 Star for GRESB Real Estate Assessment
- Achieve 38.0% reduction in GHG intensity by 2035, and 80.0% reduction by 2050
- Achieve 33.0% reduction in energy intensity by 2035, and 49.0% reduction by 2050
- Achieve 100.0% green-certified portfolio by 2030
- Improve water and waste conservation efforts

1 Please refer to pages 94 and 95 for more details on our targets and initiatives.

Building Resilience

Climate Action

Climate change carries risks for our business. Flooding, extreme weather events and increasing temperatures can adversely affect our assets, operations, employees and community. There are also regulatory, market and reputational risks that can increase our costs and affect our license to operate. Identifying these risks and managing these impacts are thus integral to our sustainability strategy.

MUST is aligned with both the Sponsor's Climate Action Plan[1], 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. In line with its net zero goal, our Sponsor has been a supporter of the TCFD since 2017 and published its first disclosure aligned with the TCFD framework in 2019. As MUST transits to a low-carbon economy, we support the TCFD framework and are working towards incorporating its recommendations in our reporting framework.

Recommended Disclosure	Approach
Governance	The Board has oversight of the material ESG factors of the REIT, and takes them into consideration in the determination of the REIT's strategic direction and policies. The SSC leads the sustainability agenda in MUST. Led by CSO, Caroline Fong, and comprising representatives from key business units, the SSC drives the implementation of MUST's ESG strategies and initiatives, monitoring of sustainability performance, as well as the setting of targets for continuous improvement. The SSC reports regularly to the CEO, Sponsor and the Board on the REIT's sustainability performance. As a sponsored REIT, MUST 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. Sustainability is woven into the incentive pay policies of all employees, with performance indicators linked to the achievement of ESG initiatives.
Strategy	In 2021, MUST conducted a materiality review to refresh the ESG issues that are most relevant and significant to the REIT, and Climate Change Adaptation and Mitigation was added as one of the material issues impacting the business. Guided by our Asset Manager's Sustainable Investing and Sustainable Risk Statement and Climate Change Statement, ESG considerations are incorporated across our entire acquisition and portfolio management processes. As part of our due diligence process, factors such as climate-related exposure, energy performance and tenant engagement programmes are assessed. In the final stages of the acquisition, a summary of ESG risks and strengths will be recorded to ensure MUST's consistent sustainability performance. Once acquired, the new properties will be onboarded to our existing ESG programme. As part of our environmental sustainability strategy, we will continue to reduce our carbon footprint and improve energy efficiency. This includes optimising our building operations to enhance efficiency, fuel switching, and exploring the use of onsite renewables. To build a low-carbon portfolio, we invested approximately 1.0% of our 2021 revenue on green building expenditure. This includes Light Emitting Diode (LED) light replacements, chiller improvements, and the incorporation of smart building equipment controls. We will also continue to integrate sustainability considerations into our financing mechanisms and strengthen our green funding sources. As at 31 December 2021, MUST has obtained US$440.0 million of green and sustainability-linked loans.

1 Please refer to Manulife's Sustainability Report and Public Accountability Statement 2020 for details on Manulife's Climate Action Plan.

Recommended Disclosure	Approach
Risk Management	The identification and assessment of climate-related risks is communicated through our Sponsor's Environmental Risk Policy, which sets out an enterprise-wide framework for the management of environmental risks within our business activities. Climate-related risks and opportunities are identified and mitigated through MUST's ERM framework. As part of the acquisition process, environmental and social risks are evaluated as part of due diligence and presented as part of the investment approval to management. Once the property is onboarded, mitigation strategies are incorporated as part of the asset plans. Working closely with our Asset and Property Managers, climate risks are addressed and monitored annually as part of our portfolio ESG targets. To minimise environmental risks of our portfolio, properties are also insured against fire accidents, property damages, terrorisms, quakes, business interruptions and public liabilities, including personal injuries, in compliance with U.S. industry practice. In 2020, our Asset Manager conducted a portfolio risk study using current and forward-looking risk scenarios to assess asset level exposure to climate-related hazards – floods, extreme storms, wildfire, sea-level rise, drought, heat stress, and earthquakes. Corresponding resilience measures such as flood risk management, property features, property team's resilience management practices, emergency and business continuity plans were also assessed to prepare for mitigation of such risks. Regulatory risks were also assessed using a third-party tool to determine our portfolio exposure to these transition risks. Based on the findings from the study, we were able to identify opportunities to strengthen the climate resilience of our properties. New requirements on property climate resilience will be included in our Property Manager's Sustainable Building Standards.
Metrics and Targets	We are committed to reducing our GHG emissions by 38.0% 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 increase green building certifications with an aim towards achieving 100.0% by 2030. 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. In 2021, we started reporting on our waste reduction efforts and are looking at developing targets to reduce waste generation and water consumption. In measuring and reporting our GHG emissions, we reference global standards including the GRI and the GHG Protocol Standard, and use the operational control approach in accounting for our emissions. We also partner tenants, investors and industry experts to tackle climate change on a broader scale (Please refer to page 110 for our MGG thought leadership initiative). By working collaboratively with our stakeholders, we are strengthening our efforts on reducing potential climate change impacts and realising the economic benefits of the low-carbon transition. For more details of our performance in GHG reduction and sustainable properties, please refer to pages 92 to 95 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 Pg.94 for more details.

Building Resilience

Environmental Stewardship

We aim to reduce the environmental impact of our properties and support the transition to a net zero economy. MUST's 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.

Aligned with our Sponsor and Asset Manager's respective net zero goal and 80.0% GHG reduction target by 2050, we are developing MUST's GHG and energy reduction targets to achieve these reductions. We are also committed to maximise our resource efficiency and embed conservation practices into our operations.

MUST is targeting to achieve green certification for 100.0% of its portfolio by 2030 and is enhancing our efficiency measures including optimising our operations, exploring fuel switching and the use of renewables in our buildings to achieve this target.

Commitment to Sustainable Properties

With buildings producing 40.0% of global carbon emissions, the push towards greener buildings has been accelerated as part of the global climate mitigation strategy. On average, about 13.8%[1] of office buildings in the top 30 U.S. cities are green-certified, while about 25.0%[2] of properties in the U.S. listed REITs' are considered green. Comparatively, our decarbonisation efforts have contributed to us maintaining a 90.0% green-certified portfolio from LEED™, ENERGY STAR® and/or BOMA 360.

Green Certifications

Certifications	LEED™ Gold	ENERGY STAR®	BOMA 360
	Most widely used global green building rating system to recognise healthy and highly efficient green buildings	**A U.S. Environmental Protection Agency programme that certifies the top 25% commercial buildings for meeting strict energy performance standards**	**Worldwide standard for operational best practices in the commercial real estate industry**
Figueroa		✓	
Michelson	✓	✓	
Peachtree		✓	
Plaza		✓	
Exchange	✓	✓	
Penn	✓	✓	
Phipps	✓	✓	
Centerpointe			
Capitol	✓	✓	✓

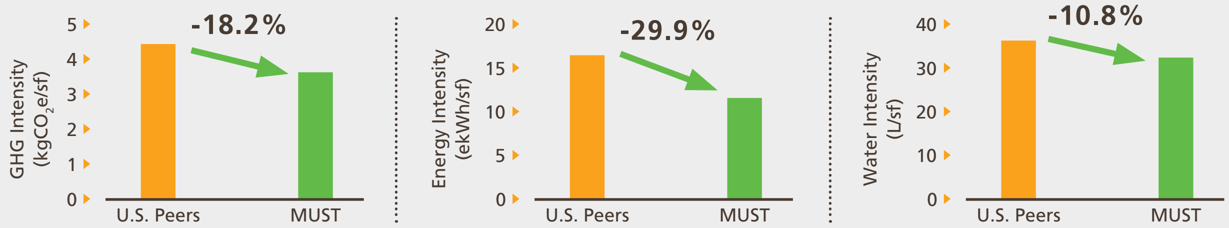
MUST was recognised for its sustainability leadership in the 2021 GRESB assessment. GRESB is a leading ESG benchmark for real estate and infrastructure investments across the world, used by global institutional and financial investors to inform decision-making.

For the fourth year running, we were awarded with the highest 5 Star rating with an improved score of 93 from 88 in 2020, outperforming both the GRESB global average of 73 and peer group average of 86. MUST is currently ranked 5th out of the 13 listed U.S. office REITs. Our key strengths include:

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

1 CBRE, U.S. Green Building Adoption Index for Office Buildings, 2019.
2 S&P Market Intelligence, 'U.S. REITs slow to embrace green building initiative', 28 October 2021.

GRESB 2021 Results[1]



Based on GRESB 2021 results, our GHG, energy and water intensities are 18.2%, 29.9% and 10.8% lower than our U.S. peers, contributing to a score of 55 compared to the average benchmark score of 51 in the Environment component of the Assessment.

In 2021, Figueroa won The Outstanding Building of the Year (TOBY) award 2021 (500,000 to 1 m sf category) by BOMA Greater LA Figueroa, Los Angeles for outstanding building performance including building and environmental management.

We will continue to ensure the highest quality of building standards and provide tenants with the safety and comfort worthy of these certifications. We remain committed to sustainable properties and aim to have 100.0% of our properties green-certified by 2030.

ESG Integration in Investment Process

At MUST, potential acquisitions are sourced by MUST's Chief Investment Officer and our Asset Manager. The acquisition opportunities are then vetted by the Manager and presented to the Board for approval. By integrating ESG considerations at various stages of our acquisition process, we are able to ensure the continuity of MUST's sustainable operations.

In the initial screening of acquisition opportunities, we integrate ESG considerations to assess the sustainability performance and risks of the properties. The Manager then considers ESG metrics when vetting the assets to capture efficiency opportunities.

Once approved, environmental and social sustainability risks and opportunities are identified in our due diligence process. Considerations such as contamination, energy performance and tenant engagement programmes are checked by our specialists in the Engineering and Technical Services team. In the final stages of the acquisition, a summary of ESG risks and strengths will be recorded to ensure MUST's consistent sustainability performance. Once acquired, the new properties will be onboarded to our existing ESG programme.

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
Why is it important?	**Why is it important?**	**Why is it important?**	**Why is it important?**	**Why is it important?**
• 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 Based on 2020 data

Building Resilience

Optimising our Operations

At MUST, we are focused on optimising our operations to improve energy efficiency.

Capital improvements increase a property's overall value, reduce operating costs, improve efficiency and lead to tenant satisfaction. The Asset Manager has a process in place to monitor consumption for reporting and quality assurance and proposes opportunities for energy efficiency improvements. This helps us assess opportunities for capital and operational improvements and provides timely recommendations on asset enhancement plans. Beyond our internal expertise, we also leverage 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 technology and data analytics.

Energy and Emissions

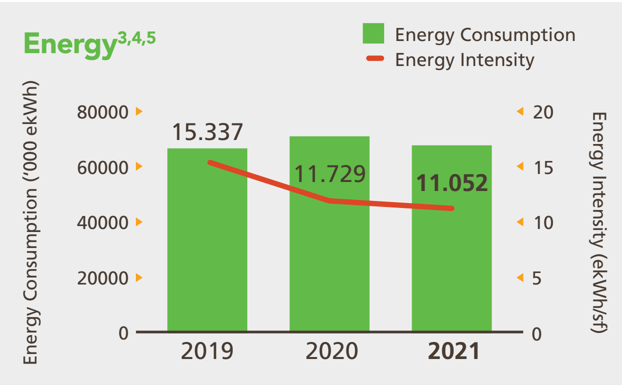
Aligned with our Sponsor and Asset Manager's GHG reduction targets, we have developed new targets that aim to achieve the following reduction from a base year of 2018:

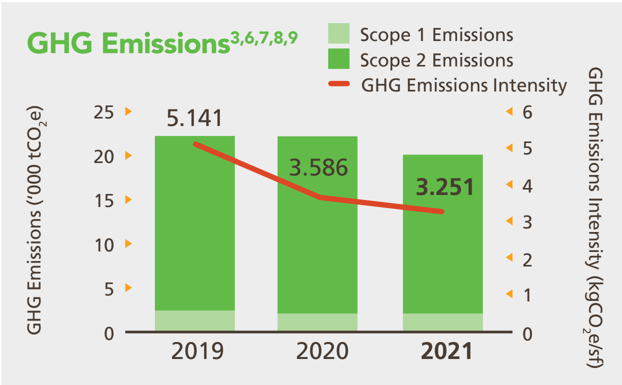
- 38.0% reduction in GHG emissions intensity by 2035 and 80.0% reduction by 2050[2].
- 33.0% reduction in energy intensity by 2035 and 49.0% reduction by 2050.

We are committed to maximise our resource efficiency and optimise our operations. In 2021, we implemented a variety of energy conservation initiatives across our portfolio, translating the energy efficiency of our 90.0% green-certified portfolio into cost savings for MUST:

Initiatives in 2021

- Use of building analytics to improve access to real time utility data, predict energy demand, and run Heating, Ventilation, and Air Conditioning (HVAC) operations efficiently, yielding US$110,000 energy savings and 20.2% reduction in energy consumption at Exchange
- Reduction of peak energy use with smart energy storage at Michelson, which predicts optimal battery discharge time, achieving over US$110,000 in energy savings
- Retrofitted energy-saving LED lights in buildings and external columns to improve energy efficiency
- Installed Variable Frequency Drive on condenser water pumps to reduce water and energy consumption
- Installed charging stations at various locations for electric vehicles and shuttle buses





In 2021, MUST's properties consumed a total of 67,656,204 ekWh of energy, with an energy intensity of 11.052ekWh/sf. MUST's total GHG emissions was 19,901.7 tCO_2e, comprising 1,903.7 tCO_2e of Scope 1 GHG emissions and 17,998.0 tCO_2e of Scope 2 GHG emissions. Overall, MUST's portfolio recorded a 5.8% YoY reduction in energy intensity and a 9.3% YoY reduction in GHG emissions intensity in 2021 to 3.251 $kgCO_2e$/sf. This was due to lower building occupancy, as well as energy savings initiatives at Exchange, Penn, Figueroa and Michelson.

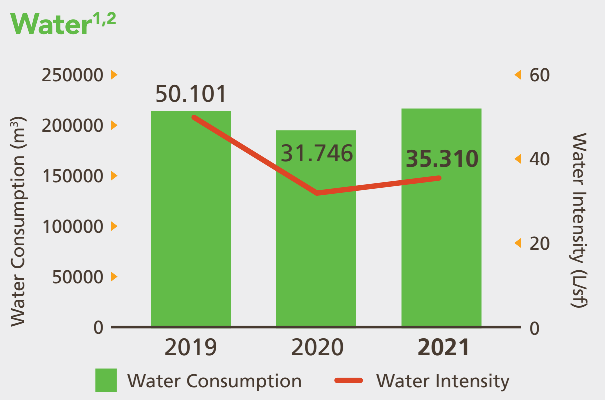
1 The American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE) is a standard and guideline for performing energy audits on buildings.
2 Targets are based on Scope 1 and Scope 2 emissions for the properties that are within our operational control.
3 2019-2020 values are restated as a result of data and property area updates.
4 Building areas include below grade parking if mechanically ventilated and/or heated, and are calculated in accordance with best practices such as BOMA.
5 Energy Intensity is calculated by total normalised energy consumption/total gross floor area. Reported energy intensity figures are normalised for weather adjustments.
6 Scope 1 emissions include direct emissions from natural gas. Scope 2 emissions include indirect emissions from purchased electricity, steam and chilled water.
7 Conversion factors for Scope 1 and Scope 2 GHG emissions were obtained from the U.S Environmental Protection Agency's Emission Factors Hub and Emissions & Generation Resource Integrated Database (eGRID).
8 GHG Emissions Intensity is calculated by total GHG Emissions/total gross floor area.
9 The GHG emissions methodology is aligned with the requirements of operational control approach as per the World Resources Institute's and the World Business Council for Sustainable Development's The Greenhouse Gas Protocol, Revised Edition.

Water Conservation

We consider water as one of our focus areas in property management. Under our Sustainable Building Standards, water consumption is managed and monitored with guidelines on water efficient strategies and implementation. Over the years, we have rolled out various initiatives and practices in our operations to increase water efficiency and reduce water consumption.

Initiatives in 2021

- Used reclaimed water in building operations and installed automatic hands-free faucets to improve water efficiency
- Implemented the collection and reuse of greywater
- Installed low flow fixtures, which use significantly less water than conventional plumbing fixture
- Carried out improvements to cooling tower water management to allow circulatory water to be more efficiently treated
- Drought tolerant plant care, achieving 20.0% reduction in water consumption
- Low Flush Valves installed for more efficient water usage and leak detection to the irrigation system



We will continue to improve our water conservation efforts through initiatives such as promoting water-saving practices, implementing process improvements and adopting water-efficient technologies.

In 2021, water consumption was 216,155.6 m^3 and water usage intensity was 35.310 L/sf, an increase of 11.2% compared to 2020. This is due to increased water usage as building occupancies started recovering in Phipps and Peachtree.

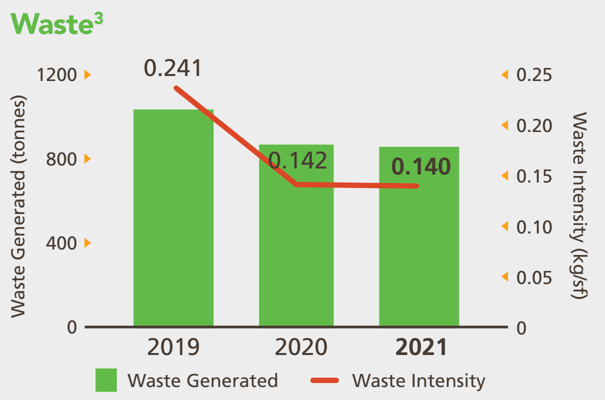
Waste Management

The generation, disposal and treatment of waste can contribute to air pollution and climate change. To improve our focus on waste management, we started reporting on data collection efforts in 2021. In addition, waste generation and recycling activities are tracked across MUST's portfolio.

E-waste collection drives were conducted throughout the year. E-waste were collected from Michelson, Figueroa and Centerpointe in 2021, with about 2,200 kg of e-waste recycled. Tenants are also encouraged and trained on recycling e-waste.

During the year, 855.1 tonnes of waste was generated and waste intensity was 0.140 kg/sf, a 1.4% reduction from 2020. Most of the waste generated are non-hazardous waste from tenants and disposed in landfills. 439.9 tonnes of waste was recycled in 2021, a 3.7% YoY improvement due to improved waste recycling efforts in Figueroa and Plaza.

We will continue to improve waste performance measurement and identify opportunities to increase diversion and reduce waste generation where possible.



1 2019-2020 values are restated as a result of data and property area updates.
2 Water intensity is calculated by total water consumption/total gross floor area.
3 Waste intensity is calculated by total waste generated/total gross floor area.

Building Resilience

'Hive to Honey' session for tenants from beehives installed at Centerpointe's rooftops

Stepping up Environmental Efforts in Singapore

In our Singapore office, we rolled out initiatives that are aligned with MUST's environmental goals to reduce our environmental footprint. Smart building controls and LED lightings are installed in our office to improve energy efficiency. Our employees have also set up a recycling corner in the office to collect all recyclables for weekly drop off at the recycling facilities located at the lobby of Manulife Tower. Employees are also encouraged to print only when necessary, using the double-sided setting on Forest Stewardship Certified (FSC) paper provided in the office. In 2021, the Manager continues to go green with its issue of Annual and Sustainability Reports electronically.

Engaging Tenants on Environmental Sustainability

We are committed to drive environmental stewardship in partnership with our tenants. During the year, we conducted various events for tenants and staff on sustainability awareness in buildings. This included educational collaterals on environmental conservation and the sharing of sustainability best practices at tenant roundtables. In 2021, we also organised regular bike-to-work initiatives to encourage tenants to reduce carbon footprint. To promote biodiversity to tenants, urban beekeeping and honey extraction demonstrations from beehives installed at the rooftops of Centerpointe were introduced to tenants in 2021.

We collaborated with tenants to share and track environmental data to facilitate data transparency and identify energy efficiency opportunities. To further extend our collaboration with tenants on green practices, we are targeting to incorporate green lease provisions in all new leases in 2022.

Waste Recycling programme for office and retail tenants at Figueroa

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

Performance

Nurturing our Talent

- Hired employees with diversified age, gender and type
- Conducted ESG related training for staff and independent directors
- Employee engagement score +2.0% YoY
- Average training hours per employee +40.0% YoY to 50 hours

Safeguarding Health and Well-being

- Zero accidents and injuries in the workplace
- 88.0% tenants who participated in tenant satisfaction survey responded with a 4 or 5 Star rating on overall satisfaction
- Increased Fitwel® and Fitwel® VRM certifications for portfolio

Serving our Community

- Contributed S$25,976
- Clocked 189 CSR hours

Targets

Nurturing our Talent

- Continue to hire employees with diversified age, gender and type
- Minimum 40 hours of training per employee annually

Safeguarding Health and Well-being

- Maintain an accident and injury-free work environment
- Continue to pursue health and wellness related building certifications for our portfolio

Serving our Community

- Commit at least S$20,000 to CSR activities
- Increase CSR hours by 20.0%

People First

Nurturing our Talent

Diversity, Equity and Inclusion

A diverse, equitable, and inclusive culture attracts and retains talent and nurtures innovation. Aligned with Manulife's global Diversity, Equity and Inclusion (DEI) values, we aim to cultivate a diverse, equitable and inclusive workplace to enable employees to thrive personally and professionally.

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 partnerships and DEI support in the external communities in which we live, work and serve

In 2021, DEI programmes were also implemented to educate and train all employees. This encompassed forums, fireside chats and keynote speakers to promote a greater understanding of bias, discrimination and the importance of allyship in the workplace. In June 2021, our Sponsor dedicated an afternoon off for all employees to learn more about DEI in a first-ever Global Afternoon of Reflection and Learning.

Fair and Equal Employment Practices

At MUST, we uphold human rights principles and adhere to fair employment practices. Employment opportunities are offered equally across the board, without bias to age, gender or ethnicity. Employee remuneration packages, which are reviewed yearly, are based solely on work performance without bias.

We adopt a zero-tolerance policy towards any form of workplace discrimination to ensure all employees are treated fairly and equally. Together with Manulife's Singapore office, we are a signatory to the Tripartite Alliance for Fair Employment Practices (TAFEP) in Singapore and 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 which is available on both the Sponsor and MUST's corporate websites.

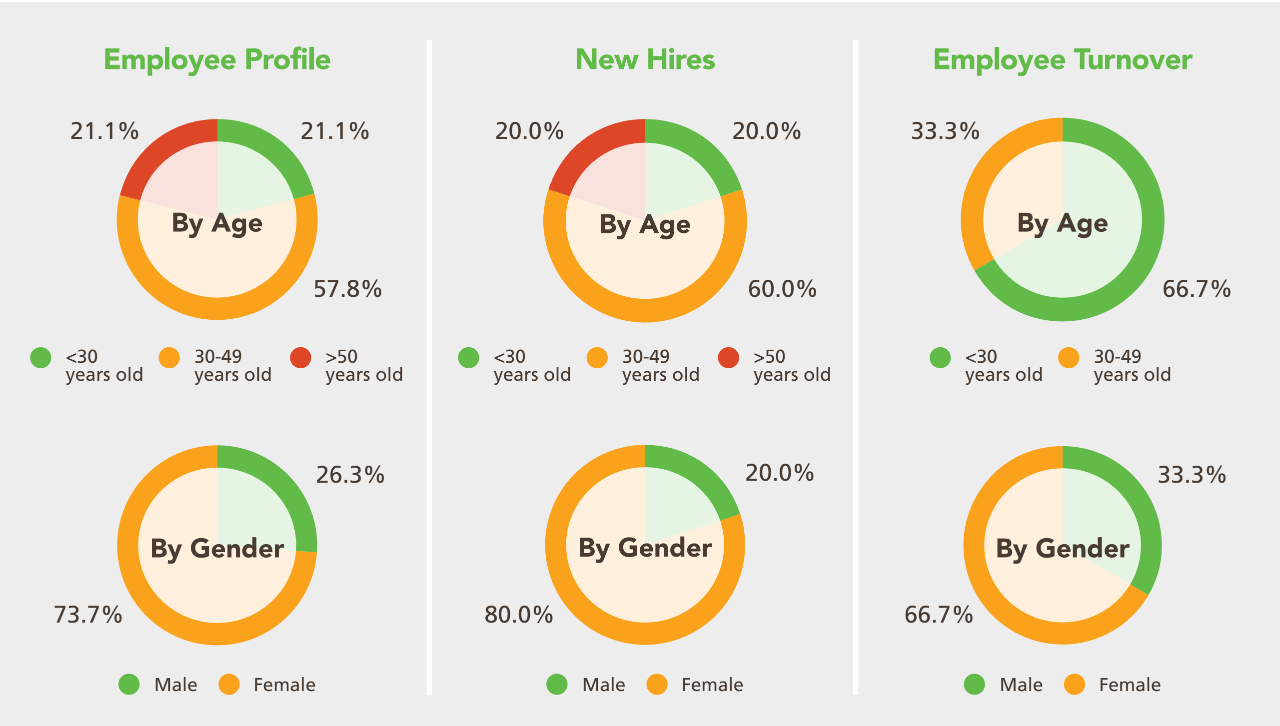
ZERO-TOLERANCE POLICY

on any form of workplace discrimination

Diverse and Inclusive Workplace

As at 31 December 2021, the Manager had 19 full-time employees in total, with 17 of them based in Singapore and 50.0% of senior executive positions held by females. More information on the Manager's Board and management team can be found on pages 18 to 23 of the Annual Report.

In 2021, MUST's average monthly recruitment rate stood at 2.2%, slightly above the industry average of 1.9%[1]. MUST also recorded an average monthly turnover rate of 1.4% for 2021, lower than the industry average of 1.7%.



Grievance Mechanism

To ensure our workplace is free from any discrimination, harassment and violence, MUST follows the Group's practices in providing employees with formal grievance reporting or escalation procedures. A dedicated and confidential whistle-blowing channel stipulated by the Whistle-blowing Policy as well as appropriate escalation procedures are in place to ensure that concerns from employees are made known to the relevant parties in the management, and that appropriate actions can be carried out when needed.

Employees are encouraged to raise any doubts or questions regarding business practices or potential conflicts of interest to their immediate supervisor. Follow up actions such as investigations and penalties are to be enforced while protecting the identity of the whistle-blower. Retaliation of any kind for good faith reports on illegal or unethical behaviour is strictly prohibited.

During the reporting period, there were no non-compliance cases with relevant laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare.

Training and Talent Development

Adapting employees' skills and roles to the post-pandemic ways of working is crucial to building business resilience and nurturing our workforce through education. Employees were able to continue acquiring new skills and knowledge in 2021 through various digital learning tools, virtual classes and bite-sized modules.

Developing Talent

At MUST, we remain committed to developing our leaders for succession planning. As part of Manulife's talent review process, development plans and initiatives are in place to

1 Source: Ministry of Manpower's Labour Turnover Rates. The average monthly recruitment/resignation rate during a quarter is defined as the average number of persons recruited/ resigned in a month during the quarter divided by the average number of employees in the establishment. Annual figures are the simple averages of the quarterly figures.

support potential talent through action planning, targeted training and development opportunities.

In addition to MUST's talent management efforts, our employees are further supported by the Group's centralised talent management team which offers leadership development programmes. Annual 360 degree evaluation is conducted on the CEO to ensure alignment of company objectives and key competencies with both the board and key executives.

In 2021, the Group launched the Leadership DNA, a talent management framework to build core leadership skills and mindsets. Comprising three capabilities, Energise, Connect and Excel, the framework guides leaders in developing key skills and mindsets aligned to the Group's core values. During the year, virtual courses on key leadership training aspects such as coaching and development, communication, DEI, strategic thinking and building global acumen were made available to key management. Mentoring programmes are also provided for high-potential key management, with one of them being mentored to further develop her core and leadership capabilities. 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.

To create a pipeline for new talent and provide mentorship opportunities for existing employees, MUST has an Internship Programme, and will continue to work with local universities in 2022 to recruit future young leaders.

Sharpening Skills

The company ensures that all employees attend relevant training throughout the year. Comprehensive onboarding training is conducted for new hires, including mandatory training on governance and risk management. On top of maintaining at least 40 training hours per employee, a training budget of S$2,000 per year is put aside for all staff, including part-time, contract and those on probation.

Fully subsidised training and upskilling opportunities are offered to employees regularly. In 2021, two of our employees received the accredited Capital Markets and Financial Advisory Services (CMFAS) Module 10 certification conducted by The Institute of Banking & Finance (IBF) Singapore. Appointed representatives of MAS' Capital Markets Services (CMS) licence under the Manager also fulfilled the required nine hours of continuing professional development training to keep abreast of developments in the REIT industry and update skills and knowledge relevant to the activities they conduct.

To gain more industry-related insights, three of our employees also attended a six-week executive training course with Singapore Management University (SMU) on Professional Certificate in Real Estate Investing in 2021.

To develop sustainability knowledge and competencies, all Singapore-based employees as well as independent directors underwent a day of training on ESG and Materiality Reporting by SMU to understand more about sustainability reporting standards and practices and the identification and impact of material ESG issues. In 2021, our Sponsor launched Pursuit Learning Hub, a fully automated, AI powered learning platform that offers tailored learning plans and programmes to expand employees' professional and personal development skills and capabilities.

Testament to the increased accessibility in learning resources, we recorded a 40.0% YoY increase in the average training hours per employee to 50 hours in 2021.

Performance Management

Pay for performance is at the core of our compensation philosophy. Compensation is tied to the achievement of the REIT's goals and motivates employees to pursue goals aligned with creating value for the business.

We have in place a performance management system which reviews the progress of staff regularly through semi-annual self-performance reviews and managerial feedback. In 2021, 100.0% of employees received regular performance and career development reviews. These reviews allow staff to develop goals and targets together with their supervisors, and identify opportunities for career growth and development. To foster a high-performing culture, the employee's performance is assessed via a performance appraisal system which rates the achievement of objectives tied to behaviourial expectations aligned with the Group's core values. Sustainability is also woven into the performance appraisal of all employees, with performance indicators linked to the achievement of ESG initiatives such as environmental performance, employee engagement and leadership accountability, where relevant.

Employee Engagement and Recognition

To build an engaged workforce, employees are rotated as AoC, gathering feedback and ideas on workplace changes and organising team bonding activities.

Staff team bonding terrarium making session

As WFH arrangements continued in 2021, regular cohesion activities were organised virtually. This includes BOTH, where senior management engaged with staff and shared business updates over breakfast meetings.

In 2021, AoC and BOTH continued to engage our staff meaningfully. In our annual Global Employee Engagement survey carried out by independent provider Gallup, we achieved a 100.0% participation rate with a 2.0% improvement in our YoY score in 2021. We have also advanced in terms of our mean percentile ranking from 84.0% to 89.0% against Gallup's overall benchmark for Manulife.

In 2022, the key management team has been tasked to engage and set out career development goals for each team member.

Encouraging Stock Ownership

To encourage employees to own shares and grow with the company, MUST's employees were eligible for Manulife's Global Share Ownership Plan. Employees may apply up to 5.0% of their annual base earnings towards the purchase of common shares of Manulife Financial Corporation (MFC). MFC matches a percentage of the employee's eligible contributions capped at a certain amount. All contributions are used to purchase common shares in the open market and can be vested immediately.

This initiative received a positive response from our staff and 57.9% of MUST's employees participated in this programme in 2021. Including staff who were granted Restricted Share Units under the Long-Term Incentive Scheme, 78.9% of MUST employees are enrolled in employee stock plans.

Recognising our Employees

MUST continues to leverage on Podium, a global digital platform to enable staff to recognise and be recognised. Since its launch in 2020, employees across all levels have shown their appreciation by nominating colleagues for the award and others have also received recognition for their contribution at work. These awards are attached to points which can be used for the redemption of a variety of rewards including electronics and dining vouchers.

For the second year in a row, our Sponsor dedicated a 'Thank you Day' off to all employees on 18 June 2021 in appreciation of employees' hard work amidst a challenging pandemic recovery.

Safeguarding Health and Well-being

We are committed to providing a safe and healthy environment for our employees and tenants within our premises.

The pandemic has highlighted the importance of organisational resilience. Keeping our employees safe, healthy and fully engaged has been a key priority since the onset of COVID-19. In such times, business continuity and accountability to stakeholders are indispensable.

Occupational Health and Safety

To ensure the occupational health and safety of our employees, MUST adopts the Group's Global Health and Safety Policy, outlining our 'internal responsibility system' by which all employees and leaders have safety responsibilities. The Policy is reviewed and approved by Manulife's Global Head of Employee Relations at least once every year.

Manulife's Health and Safety Programme is intended to protect employees from injury and occupational disease, promote wellness efforts, prevent violence and harassment in the workplace, and ensure compliance with local

People First

occupational health and safety legislative requirements that apply to us. It also involves education, training, monitoring and enforcement procedures.

MUST also has in place a robust Business Continuity Management Programme to support the development, implementation and maintenance of the business continuity and disaster recovery planning initiatives. Pandemic response plans and desktop drills are carried out regularly to test the resilience of these plans and execute safe management and distancing measures in our buildings. In our properties in the U.S., our Property Manager continually engages tenants to address security concerns and conducts emergency drills with tenants' participation.

During the reporting year, there has been no reported accidents or injuries at the Manager's workplace and across its properties, as well as no incidents on non-compliance with any health and safety regulations.

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 due to the pandemic. The Manager is offering flexible work arrangements, supplemental paid time-off and additional virtual mental health resources.

Recharging For Mental Well-Being

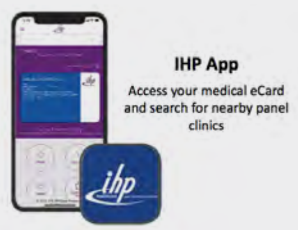
To support employees' health and well-being, MUST supports Manulife's Fuel Up Fridays, a group-wide initiative that grants all staff a day off every second Friday of each month. Customised learning programmes are offered to staff to 'refuel' their skills in the mornings and recharge themselves through hobbies or relaxing activities for the rest of the day. In 2021 and 2022, all employees are also granted five additional days of paid leave for well-being, rest and relaxation.

Accelerating our Digital Agenda to Support Employees

The pandemic has advanced the digitalisation of processes and increased employee empowerment. MUST leverages on digitalisation to increase our operational efficiency and keep our people engaged and healthy.

Digital-First Benefits Programme

In 2021 and 2022, our Human Resources Team introduced a variety of digital friendly benefits and initiatives to increase the accessibility of healthcare and insurance benefits to employees. This included the launch of WhiteCoat and the IHP App, offering telemedicine video consultations and preventing unnecessary health risks from the transmission of COVID-19. Prescriptions that are covered by staff medical benefits were also delivered to employees' doorsteps. Mental wellness teleconsulting services are also introduced in 2022, to enable staff who are working from home to seek advice from mental wellness experts.



Tenant Health and Wellness

The pandemic highlighted the critical role that our surroundings play in supporting the health, safety and well-being of our tenants. Our property management team implemented solutions that uphold the most stringent health and safety standards in office buildings.

Building Health and Wellness Initiatives	
Rigorous cleaning and sanitation standards	• Increased frequency of cleaning and disinfection • Implemented green cleaning requirements aligned with LEED™ standards • Green Seal® certified cleaning products
Optimum indoor air quality	• Conducted comprehensive air quality inspections • Installed CO_2 sensors to control the amount of fresh outdoor air for cooling • Upgraded air filters to a Minimum Efficiency Reporting Value (MERV) 13 rating • Utilised products that emit low quantities of volatile organic compounds (VOCs)
Reduce frequency of contact	• Installed touchless systems including bathroom fixtures, automatic doors, elevators and parking automation (to be installed in 2022)
Health and wellness	• Michelson is Fitwel®-certified for meeting global standards in building health and wellness • Critical features include indoor air quality, fitness amenities, access to green spaces, accessibility and alternative transportation • As at March 2022, Figueroa, Peachtree, Michelson and Centerpointe also achieved the Fitwel® Viral Response Approval for mitigating viral transmission in buildings.
Engaging Tenants on Health and Wellness	
Return to office guide	• Issued a Return to Office guidebook to tenants with recommended policies and procedures to ensure the safe and ongoing return to office
Cultivating a healthy and active lifestyle	• Organised a 'Move the Heart' challenge in conjunction with the American Heart Month in February 2021
Emergency preparedness	• Equipped tenants with emergency skills through safety and self-defence classes and emergency life-saving techniques
Promoting flu and COVID-19 vaccination shots	• Collaborated with pharmacies to promote flu and COVID-19 vaccination shots during the flu and holiday seasons

To encourage the use of face masks , a mask contest was organised for tenants at Centerpointe to design and vote for their favourite masks

Monitoring Tenant Satisfaction

To better understand the needs and concerns of our tenants, we engage Kingsley Associates to conduct tenant satisfaction surveys every alternate year at all MUST's properties.

The survey gathers information on tenants' overall satisfaction, perception of property, satisfaction with management, leasing and maintenance, renewal intentions and likelihood of property recommendations. In the last biennial survey conducted in 2020, 88.0% of the tenants who participated in the tenant satisfaction survey responded with a 4 or 5 Star rating on overall satisfaction.

Serving our Community

We believe in doing well by doing good and continue to enrich our local communities despite the challenges of COVID-19. In line with our community development strategy, we align our community outreach efforts with our focus areas of helping vulnerable families and isolated elderly, while continuing to support the financial sustainability of social enterprises.

Engaging the Isolated and Convalescing Elderly

In 2021, the Manager continues to engage and support its community partners.

MUST employees participated in a virtual leather craft making workshop together with socially isolated seniors. Participants were introduced to the basics of leather crafting and crafted a leather key fob and coin pouch for themselves.

MUST also supported St Luke's Hospital through its charity film fundraiser 'Being Silver' to raise funds for convalescing elderly patients as they return to the community.

Leather making workshop with MWS elderly

Supporting Social Enterprises

Beyond our volunteering activities, we continued with our efforts to help social enterprises become self-reliant. All corporate gifts and events are socially sourced wherever possible. In 2022, we commissioned a values-based arts workshop and social enterprise to design MUST's Chinese New Year red packets.

The red packets were designed by an artist with a mental disability, with accompanying plantable colour pencils to promote mindful colouring.

2022 bespoke red packets designed to encourage recipients to colour their way into a healthier new year

Engaging Tenants and the Community

In 2021, we also rallied our tenants to contribute to the communities where we operate. Our property management teams collaborated with local food banks and non-profit organisations to organise food and toy donation drives for families in need.

Encouraging Employees to Make a Difference

To nurture a spirit of volunteerism and cultivate an engaged workforce, employees are given two days of volunteer leave annually to participate in community-related activities.

This encourages staff to be socially responsible and to embrace Manulife's core value to 'Share your Humanity' while giving back to causes they care about.

This year, we recorded a CSR contribution of 189 hours and S$25,976.

Driving Sustainable Growth

Objective

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

Performance

- Zero incidents of non-compliance with relevant regulations resulting in fines or sanctions
- Zero incidents of corruption
- Issued first sustainability-linked loan
- Achieved 'A' in GRESB Public Disclosure
- Upgraded to 'AA' in MSCI ESG Ratings
- Ranked amongst top 2% companies globally in Sustainalytics ESG Rating

Targets

- Maintain zero incidents of non-compliance with relevant regulations resulting in fines or sanctions
- Maintain zero incidents of corruption
- Continue to increase green financing in our portfolio
- Maintain 'A' grade for GRESB Public Disclosure
- To conduct at least two thought leadership conferences and webinars a year

Driving Sustainable Growth

Economic Sustainability

MUST continues to build on strong fundamentals to deliver long-term returns for our Unitholders through the sustainable allocation of capital. Our long-term economic value creation consists of four pillars:

Organic Growth	Sustainable distributions through proactive leasing while maintaining optimal occupancy levels
Capital Management	Optimise capital structure and increase financial flexibility
Inorganic Growth	Yield-accretive acquisition of properties in key locations with strong fundamentals
Growing Responsibly	Make a difference through positive and purposeful contribution

For detailed information on MUST's economic performance in FY2021, please refer to the FY2021 Financial and Portfolio Highlights on page 8 of the Annual Report.

Green Financing

Integrating sustainability considerations into our financing mechanisms, MUST obtained its first green loan in 2020 and first sustainability-linked loan in 2021. Pegged to pre-determined ESG targets, the loan allows MUST to save on borrowing costs as it achieves targets including the efficient use of energy and water and the management of GHG emissions from MUST's building portfolio. As at December 2021, the cumulative green and sustainability-linked loan facilities secured by the Group is US$440.0 million.

Governance Framework

Good corporate governance contributes to the success of our business. To protect stakeholders' interest and enhance long-term stakeholder value, we are committed to uphold the highest standards of corporate governance and risk management in our operations.

MUST adopts a zero-tolerance policy towards fraud, corruption and unethical actions of any form. We have in place a robust corporate governance framework and apply stringent internal controls to manage our exposure to corruption risks. As a SGX-ST listed REIT, we align our business practices to relevant industry rules and regulations set out in the Code of Corporate Governance (2018) issued by the MAS. Our management of fraud risk is supported by various policies and programmes. These policies, such as the Board Diversity Policy, Investor Relations Policy, Whistle-blowing Policy and Manulife Code of Business Conduct and Ethics are available on our website.

MUST's Sponsor is a Securities and Exchange Commission (SEC) registered company and the Manager ensures that its corporate governance aligns with that of its Sponsor. To ensure that MUST and the Manager operate within each of their regulatory ambits, the Manager's compliance team works closely with the Sponsor's legal and compliance teams plus appointed external Singapore and U.S. legal counsels. The compliance team is consulted on all business activities as a way to mitigate and manage potential compliance risks. The compliance team is also involved in tracking the periodic submission of data to regulators and application and review of licenses. Alongside the compliance team, the internal audit team reviews processes and procedures. The Manager also follows a comprehensive enterprise risk management framework and submits reports to the Board on a regular basis.

Board Effectiveness

To strengthen the directors' knowledge of the Singapore and U.S. REIT markets, MUST curated a five-part training programme for its directors in 2021. This covered topics on Singapore and U.S. real estate markets, as well as sustainability reporting standards and practices.

Additionally, five professional development courses were arranged for independent directors to strengthen the understanding of their role and effectively manage critical issues around risk management, strategy formulation and key legal frameworks.

Board Diversity

The Board and management recognise that an effective Board where members engage and dissent constructively is fundamental to good corporate governance. An effective board of directors embraces diversity within its members and diversity with its talents. By developing a diverse talent pool with different skill sets, we believe MUST can stay ahead of the competition in our industry. At the broad level, we adopt a Board Diversity Policy, which requires the REIT to consider prospective candidates based on merit and ensure the selection is free of conscious and unconscious discrimination. Stated in the policy, the REIT is also required to appoint at least 33.0% of female directors over time and ensure 25.0% of its independent directors are female.

More information on MUST's corporate governance guidelines and practices can be found on pages 116 to 135.

Board Diversity Matrix

Appropriate size

7

Directors are within an appropriate range to carry out the Board's fiduciary and other duties in an effective and efficient manner

All

Directors bring a mix of competencies and experience in fund management, risk management, audit and accounting and the real estate industry, necessary for effective oversight and decision-making

100%

Having a fully independent Board-Level Audit and Risk Committee

>50%

Independent Directors on Board

Diverse

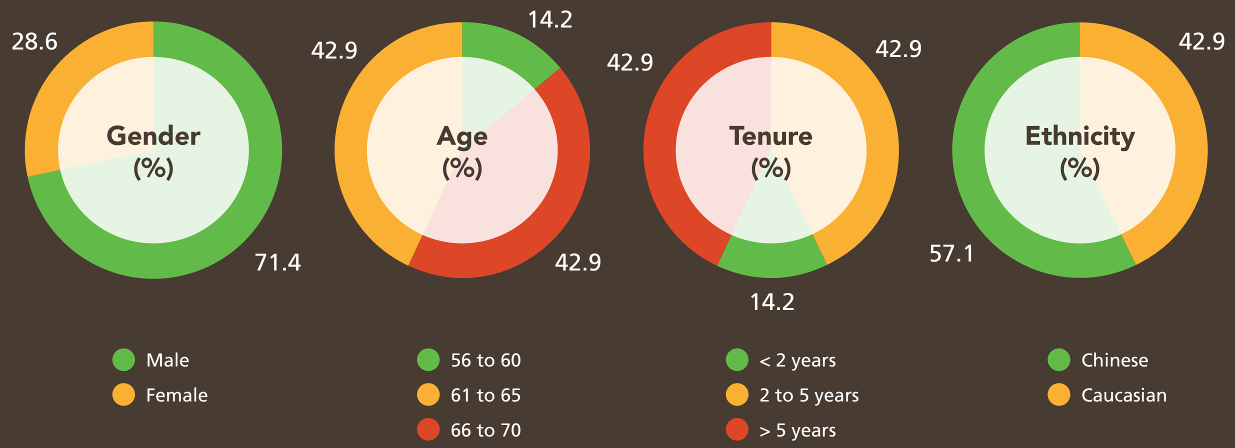
50%

Of the Independent Directors and Board Committee chairs are women

All

Directors receive relevant updates and training, including industry and ESG-related training to ensure the effective discharge of their duties

Fair Mix of gender, age, tenure and ethnicity:



Driving Sustainable Growth

Employee Code of Business Conduct and Ethics

As a subsidiary of Manulife Group, the Manager adheres to its Code of Business Conduct and Ethics. The Code sets out guiding principles for employees in carrying out their duties to the highest standards of business integrity. It covers areas of conduct in the workplace, business conduct, conflicts of interest, whistle-blowing process as well as prohibitions against bribery and corruption. Employees who violate the Code will be subjected to appropriate disciplinary action, including termination of employment and prosecution.

Aligning with the Group's core value of 'Do the right thing', compulsory and voluntary training are available to employees to ensure that they understand their roles and reporting obligations. New hires are subject to mandatory orientation and induction programmes. The compliance team delivers regular updates on legal and organisational standards to the Board of Directors and employees.

On an annual basis, all employees are required to undergo training on Anti-Money Laundering and Countering the Financing of Terrorism, Anti-Bribery and Anti-Corruption Compliance, Information Protection and Code of Business Conduct and Ethics so as to ensure that employees are aware of the importance of complying with relevant laws, as well as to educate employees on policies regarding gifts and entertainment. In addition to completing a certification of compliance with the Code of Business Conduct and Ethics annually, employees are also 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.

We are committed to preventing any breaches of sensitive issues that might lead to consequences beyond fines. Therefore, by equipping our employees with the necessary knowledge and skills, we can avoid any potential breaches altogether.

The Manager has put in place an orientation programme with formal training to ensure that all newly appointed directors are familiar with MUST's business, strategies, directions and the regulatory environment in which MUST operates as well as the main corporate governance practices of the Manager. Relevant training on matters such as directors' duties and responsibilities and code of ethics are also arranged by the Manager for all directors. In 2021, such training sessions included seminars organised by the REIT Association of Singapore (REITAS) and the Singapore Institute of Directors, as well as a one-day course on ESG and Materiality Reporting conducted by the SMU.

CMS representative license holders are responsible for functions ranging from asset management, investment management, finance to investor relations. To stay up to date with market regulations, they must attend regular training. As at 31 December 2021, 13 out of 19 full-time employees of the Manager are CMS representative licence holders under the SFA of Singapore.

Responsible Supply Chain

Responsible business practices are adopted across our 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.

Compliance in our Properties

We have a responsibility to ensure that our tenants and users of our properties remain safe from injury in our properties. The Property 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.

During the reporting year, there were zero incidents of non-compliance and corruption.

Recognised for Governance

We take pride in establishing strong corporate governance practices that are at the forefront of the industry in Singapore. Being qualified as an SGX Fast Track issuer for the fourth consecutive year, MUST is recognised for its high corporate governance standards and good compliance track record. Companies in this programme enjoy prioritised clearance for selected corporate action submissions to SGX RegCo.

Reflecting its robust governance practices that are well aligned with investor interests, MUST was upgraded to an 'AA' from 'A' in MSCI ESG Ratings 2021, placing us within the top 26% of MSCI All Country World Index constituents. We also maintained our 'A' grade in GRESB Public Disclosure Assessment for the second year running for our high level of material sustainability disclosures, ranking 2nd out of 10 peers in Asia.

In the 2021 Sustainalytics ESG Risk Ratings, we achieved the highest 'Negligible' risk rating, ranking top 2% out of 13,650 companies in the global universe in terms of exposure and management of material ESG risks.

Engaging Investors

As a Manager of the REIT, MUST is committed to disclose material, timely and accurate information. We regularly engage with the investment community to garner feedback and address any concerns that they may have.

MUST is guided by SGX-ST regulatory requirements and its IR Policy in its engagement initiatives. In 2021, we continue to engage different members of the investment community, including institutional and retail investors, analysts, media and financial bloggers. Our three main modes of engagement are:

Regulatory reporting and other communication materials

Strengthening corporate disclosures to enhance transparency and accessibility of information

Engagement events

Maintaining effective interaction and providing regular access to senior management

Green Dot Series – A Thought Leadership Initiative

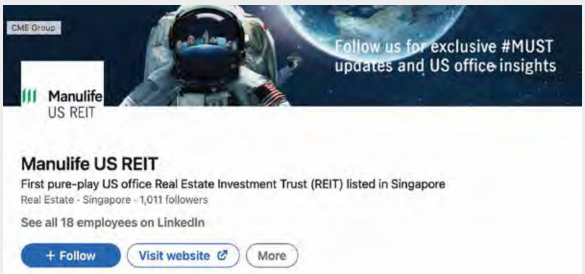
Increasing awareness and understanding of the U.S. economy, office real estate sector and related topical issues/trends

Deepening our Engagement with Investors

In the wake of COVID-19, it is essential for MUST to maintain frequent communication with investors through digital channels. Beyond virtual meetings and calls to engage the investment community, the Manager reinforces its proactive engagement via various digital platforms.

Post-event feedback was also solicited regularly from the investment community to track and improve our engagement efforts in the coming year. Bi-annual e-newsletters post our financial results were also distributed to keep our retail investors updated on our business developments. In 2021, we launched our corporate LinkedIn page to further engage the community through digital means.

During the year, we also conducted our first investor perception survey to obtain feedback from about 50 institutional investors on the REIT's future growth, concerns and ESG. Findings from the survey were shared with the Board and senior management and contributed to the REIT's growth plans.



Launch of MUST's LinkedIn Page

In September 2021, MUST launched its LinkedIn page to broaden its communication efforts with its stakeholders. With this new digital tool, the investment community is kept abreast of our business, as well as the U.S. and office landscape. This further allows us to engage our investors and support our growth.

MUST Insights

In May 2021, MUST Insights was launched amidst the pandemic resurgence to provide the investment community with a deeper understanding of the U.S. market and office sector. Industry experts from the U.S. shared about key office trends on the U.S. growth markets and their impact on stakeholders.

Must Go Green, an ESG thought leadership conference was held in October 2021

Green Dot Series - A Thought Leadership Initiative

Green is the corporate colour of Manulife. MUST aspires to be the 'Green Dot' in Asia to drive regional investor understanding of U.S. and the real estate market. Through our Green Dot Series, MUST aims to expand its investor outreach and education through conferences, seminars and thought leadership articles to the investment community.

Additionally, the Green Dot Series section on MUST's corporate website allows investors to have easy access to an archive of previous investor outreach and education programmes, like MUST's thought leadership articles and independent market reports.

MUST Go Green

In 2021, we launched our inaugural MUST Go Green (MGG), a week-long thought leadership initiative under MUST's Green Dot Series to raise awareness of ESG. Themed 'Rise of ESG', the event included ESG conferences with industry experts and one-on-one meetings with ESG investors, and saw participation from over 160 analysts, media, as well as institutional and retail investors.

The success of MGG raised our ESG profile with coverage from notable media agencies and analysts.

Strategic Memberships and Collaboration

MUST is a member of REITAS, an organisation that aims to collaboratively strengthen and promote the Singapore REIT industry through education, research and professional development. MUST supports initiatives by REITAS and SGX that drive and encourage investor and ESG best practices. The CEO is a member of the Executive Committee of REITAS since 2020.

Since 2019, the CSO and Chief Investor Relations and Capital Markets Officer has been invited to lecture at the annual REIT Management Course under REITAS' Professional Development Series. Designed to equip professionals and middle management in REITs, the course aims to deepen the understanding of investor and media relations as a discipline and the role it plays in the day-to-day operations of a REIT.

For more details on our investor engagement efforts, please refer to the Investor and Media Relations section on page 71 in our Annual Report 2021.

Corporate Policies, Procedures and Frameworks

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
Global Business Continuity Policy and Global Disaster Recovery Policy	Outlines the Group's business continuity process in the event of any disaster
Enterprise Risk Management Policy	Provides a structured approach to implementing risk-taking and risk management activities at an enterprise level
Code of Ethics	Supplementary standard which sets 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	Provides guidance for the Directors, officers, and employees in the context of dealing in 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 staff 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
Health and Safety Policy	Ensures the safety of all users of our properties, employees as well as ensure compliance with the WSHA Workplace Safety and Health Act
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
Global Human Rights Statement	Commitment to respecting and protecting human rights of all employees
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
Climate Change Statement	Outlines our Asset Manager's approach on climate change and supporting the transition to a low-carbon economy

GRI Content Index

GRI Standards		Notes/Page Number(s)
General Disclosures		
102 Organisational Profile		
102-1	Name of the Organisation	Manulife US REIT
102-2	Activities, brands, products, and services	About this Report, page 80
102-3	Location of headquarters	Singapore
102-4	Location of operations	About this Report, page 80
102-5	Ownership and legal form	Organisational Chart/Trust and Tax Structure, page 15
102-6	Markets served	About this Report, page 80
102-7	Scale of the organisation	FY2021 Financial and Portfolio Highlights, page 8 Financial Review, page 24
102-8	Information on employee and other workers	Diverse and Inclusive Workplace, page 99 Manulife US REIT did not have any significant variation in employment numbers in 2021
102-9	Supply chain	Responsible Supply Chain, page 108
102-10	Significant changes to organisation and its supply chain	Manulife US REIT did not have any significant variation in 2021
102-11	Precautionary principle or approach	Governance Framework, page 106
102-12	External initiatives	Deepening our Engagement with Investors, page 109-110
102-13	Membership of associations	Strategic Memberships and Collaboration, page 110
102 Strategy		
102-14	Statement from senior decision-maker	Board Statement on Sustainability, page 80 Message to Stakeholders, page 82-83
102 Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Sustainability Approach, page 84-85
102 Governance		
102-18	Governance structure	Sustainability Governance, page 86
102 Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, page 87
102-41	Collective bargaining agreements	Manulife US REIT does not have any collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, page 87 Materiality, page 88
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	

GRI Standards		Notes/Page Number(s)
General Disclosures		
102 Reporting Practices		
102-45	Entities included in the consolidated financial statements	About this Report, page 80
102-46	Defining report content and topic boundaries	About this Report, page 80 Materiality, page 88
102-47	List of material topics	Materiality, page 88
102-48	Restatements in information	2019-2020 energy, GHG emissions and water consumption values are restated as a result of data and property area updates, page 94-95
102-49	Changes in reporting	Materiality, page 88
102-50	Reporting period	1 January 2021 – 31 December 2021
102-51	Date of most recent report	Manulife US REIT Annual Report 2020 – Sustainability Report 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Reporting Scope, page 80
102-54	Claims of reporting in accordance	Reporting Scope, page 80
102-55	GRI Content Index	GRI Content Index, pages 112-115
102-56	External assurance	Manulife US REIT has not sought external assurance for this reporting period and may consider it for future periods
103 Management Approach		
103-1	Explanation of the material topic and its boundary	Please refer to section on each material topic: **GRI Material Topics** • 201 Economic Performance (2016), page 106 • 205 Anti-corruption (2016), page 106-108 • 302 Energy (2016), page 94 • 303 Water and Effluents (2018), page 95 • 305 Emissions (2016), page 94 • 401 Employment (2016), page 98-99 • 403 Occupational Health and Safety (2018), page 101-102 • 404 Training and Education (2016), page 99-100 • 405 Diversity and Equal Opportunity (2016), page 98-99 • 406 Non-discrimination (2016), page 98 • 412 Human rights assessment (2016), page 98 • 413 Local Communities (2016), page 93, 104 • 416 Customer Health and Safety (2016), page 103 **Non-GRI material topics:** • Climate Change Mitigation and Adaptation, page 90-91 • Sustainable Building, page 92-93
103-2	The management approach and its components	
103-3	Evaluation of the management approach	

GRI Content Index

GRI Standards		Notes/Page Number(s)	Remarks
General Disclosures			
201 Economic Performance (2016)			
201-1	Direct economic value generated and distributed	Economic Sustainability, page 106	N/A
201-2	Financial implications and other risks and opportunities due to climate change	Climate Action, pages 90-91	The REIT is conducting climate-related risk and opportunity assessments under a phased approach. Going forward, the REIT will incorporate more TCFD recommendations in future sustainability reports.
205 Anti-corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	Governance Framework, pages 106-108	No corrective action was taken since there was no incident of corruption during the Reporting Year.
302 Energy (2016)			
302-1	Energy consumption within the organisation	Energy and Emissions, page 94	N/A
302-3	Energy Intensity	Energy and Emissions, page 94	N/A
303 Water and Effluents (2018)			
303-5	Water Consumption	Water Conservation, page 95	N/A
305 Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	Energy and Emissions, page 94	N/A
305-2	Energy indirect (scope 2) GHG emissions	Energy and Emissions, page 94	N/A
305-4	GHG emissions intensity	Energy and Emissions, page 94	N/A
401 Employment (2016)			
401-1	New employee hires and employee turnover	Diverse and Inclusive Workplace, page 99	N/A
403 Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	Occupational Health and Safety, pages 101-102 Corporate Policies, Procedures and Framework, page 111	N/A
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, pages 101-102	N/A
403-3	Occupational health services	Occupational Health and Safety, pages 101-102	N/A
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, pages 101-102	N/A

GRI Standards		Notes/Page Number(s)	Remarks
General Disclosures			
403 Occupational Health and Safety (2018)			
403-5	Worker training on occupational health and safety	Occupational Health and Safety, pages 101-102	N/A
403-6	Promotion of worker health	Employee Health and Well-being, page 102	N/A
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety, pages 101-102	N/A
403-9	Work-related injuries	Occupational Health and Safety, pages 101-102	N/A
404 Training and Education (2016)			
404-1	Average hours of training per year per employee	Training and Talent Development, pages 99-100	N/A
404-2	Programmes for upgrading employee skills and transition assistance programmes	Training and Talent Development, pages 99-100	N/A
404-3	Percentage of employees receiving regular performance and career development reviews	Training and Talent Development, pages 99-100	N/A
405 Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	Board Diversity, pages 106-107 Diverse and Inclusive Workplace, page 98	N/A
406 Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	Grievance Mechanism, page 98	No remediation plan or corrective action was taken since there was no incidents of discrimination during the Reporting year.
412 Human Rights Assessment (2016)			
412-2	Employee training on human rights policies or procedures	Fair and Equal Employment Practices, page 98 Corporate Policies, Procedures and Frameworks, page 111	N/A
413 Local Communities (2016)			
413-1	Operations with local community engagement, impact assessments, and development programs	ESG Integration in Investment Process, page 93 Serving our Community, page 104	N/A
416 Customer Health and Safety (2016)			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Tenant Health and Wellness, page 103	N/A

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.

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.

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. 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 http://www.manulifeusreit.sg/about.html.

Two Board Committees, namely the Audit & 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.

The Manager has also adopted a set of internal controls which establishes 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.

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. Apart from the regular scheduled meetings, ad hoc Board and Board Committee meetings are also held as and when required.

Corporate Governance

The meeting attendance of the Board, the ARC, the NRC and Annual General Meeting (AGM) held in FY2021 is as follows:

Name of Directors	Board		ARC		NRC		AGM	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Hsieh Tsun-Yan	2	2	5	4*	2	2	1	1
Koh Cher Chiew Francis	2	2	5	5	2	2	1	1
Veronica Julia McCann	2	2	5	5	2	2*	1	1
Choo Kian Koon	2	2	5	4*	2	2	1	1
Karen Tay Koh	2	2	5	5	2	2*	1	1
Michael Floyd Dommermuth	2	2	5	3*	2	2*	1	1
Stephen James Blewitt	2	2	5	4*	2	2*	1	1

Note:
* Attendance by invitation.

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 FY2021.

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. Directors are also encouraged to put forward to the NRC training topics on which they would like to receive training on. In FY2021, the training and professional development programmes for Directors included seminars organised by REITAS and the Singapore Institute of Directors. The Independent Directors also attended a one-day course on ESG and Materiality Reporting conducted by the Singapore Management University. The costs of training are borne by the Manager. Training for the Directors were supplemented with periodic formal reports, including a portfolio virtual tour overview, 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.

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 and enable them to make informed decisions to discharge their duties and responsibilities. However, papers containing sensitive matters may be tabled at the meetings itself 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, and where applicable, media releases and analysts' briefings. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of MUST's performance, position and prospects.

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.

The Board recognises that Directors owe a fiduciary duty to the Manager and should act objectively in the best interests of the Manager and hold management accountable for performance. At all times, the Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of MUST. 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.

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.

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 Hsieh Tsun-Yan, 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 seven 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 composition and size of the Board is reviewed regularly to ensure that the Board has 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 122.

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

Name of Directors	Board	ARC	NRC
Hsieh Tsun-Yan	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	–	–
Stephen James Blewitt	Non-Executive Director	–	–

The Board reviews and assesses 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).

Under the CG Code, an Independent Director 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.

Corporate Governance

Under the SF(LCB)R, an Independent Director 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 Independent Directors satisfies the above criteria of independence as set out in the CG Code and the SF(LCB)R. Mr Hsieh Tsun-Yan, 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	Hsieh Tsun-Yan[1]	Koh Cher Chiew Francis	Veronica Julia McCann	Choo Kian Koon	Karen Tay Koh	Michael Floyd Dommermuth[1]	Stephen James Blewitt[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 FY2021		√	√	√	√		
(iii) had been independent from any business relationship with the Manager and MUST during FY2021	√	√	√	√	√	√	√
(iv) had been independent from every substantial shareholder of the Manager and every substantial unitholder of MUST during FY2021		√	√	√	√		

1 Mr Hsieh Tsun-Yan is an appointed Director to the Board of MFC, the ultimate parent of the Manager. MFC is also a deemed substantial unitholder of MUST. Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt are employed by subsidiaries of MFC. As such, during FY2021, 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.

Board of Directors	Hsieh Tsun-Yan[1]	Koh Cher Chiew Francis	Veronica Julia McCann	Choo Kian Koon	Karen Tay Koh	Michael Floyd Dommermuth[1]	Stephen James Blewitt[1]
(v) had not been a substantial shareholder of the Manager or a substantial unitholder of MUST during FY2021	√	√	√	√	√	√	√
(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 FY2021	√	√	√	√	√	√	√

1 Mr Hsieh Tsun-Yan is an appointed Director to the Board of MFC, the ultimate parent of the Manager. MFC is also a deemed substantial unitholder of MUST. Mr Michael Floyd Dommermuth and Mr Stephen James Blewitt are employed by subsidiaries of MFC. As such, during FY2021, 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.

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 FY2021, each of Mr Hsieh Tsun-Yan, 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.

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 for closed door discussions between the Directors, led by the Lead Independent Director or other Independent Directors as appropriate, without the presence of management and feedback, if any, is provided to the CEO and management.

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 Chairman of the Board is Mr Hsieh Tsun-Yan, while the CEO is Ms Jillian Avis Kathryn Smith. The 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 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 Independent Director. 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 Independent Directors (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.

Corporate Governance

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.

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 Hsieh Tsun-Yan
3. Professor Koh Cher Chiew Francis

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. 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.

The NRC's responsibilities also 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 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;

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 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. 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.

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 http://www.manulifeusreit.sg/about.html. 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, 50% of the Independent Directors are female. Consideration will continue to be given to the diversity of the entire Board with the objective that, over time, 33% of Directors will be 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.

Corporate Governance

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, 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 FY2021 was facilitated by Boardroom Corporate & Advisory Services Pte. Ltd. (Boardroom). Save for Boardroom's appointment as external facilitator to conduct the Board evaluation and as MUST's Registrar, Boardroom does not have any other connection with the Manager or any of the Directors.

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 FY2021, the evaluations were based on a set of specific issues which had been identified in the preceding year's performance evaluations as having potential room for further improvements. The full set of questionnaires used for the preceding year and the scope 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.

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.

The NRC reviews the remuneration policy and the overall remuneration packages for executive officers and Directors 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 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 FY2021.

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 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.

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 2021 were met and remuneration was aligned with performance during FY2021. The Manager did not engage a remuneration consultant for FY2021.

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 staff 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.

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.

Corporate Governance

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 FY2021. 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.

Deferred Share Units have been granted by MFC to Mr Hsieh Tsun-Yan for FY2021. While such Deferred Share Units vest in full upon granting, eligible Directors may only exchange their Deferred Share Units for cash or shares in MFC within one year after stepping down from the Board of MFC. Where an eligible Director chooses to receive MFC shares in exchange for their Deferred Share Units, the MFC shares shall be issued from treasury shares and/or shares purchased from the open market. Therefore, no new shares in MFC are or will be issued to satisfy the grant of MFC shares in exchange for Deferred Share Units.

The Stock Option Plans and the Deferred Share Units granted by MFC to Mr Dommermuth, Mr Blewitt and Mr Hsieh have been granted as part of their remuneration packages as employee and Director of the Manulife Group respectively. Mr Dommermuth, Mr Blewitt and Mr Hsieh's holdings in MFC shares are non-material. Accordingly, the Stock Option Plans and the Deferred Share Units 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 and Mr Hsieh is currently an Independent Director of MFC. Furthermore, there is unlikely to be any potential misalignment of interests given that Mr Dommermuth, Mr Blewitt and Mr Hsieh 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.

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.

The Manager is cognizant 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.

The Manager has assessed 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;
- 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 Directors' fees consist of a base retainer fee as a Director and an additional fee for serving on the Board Committees. This serves to compensate the Directors according to the level of responsibility, time and effort required for their role. The Directors' compensation package is benchmarked to the market to ensure competitiveness and is reviewed annually. There were no changes in the Directors' Fees framework for FY2021. All fees are paid for directly by the Manager, not by Unitholders.

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 FY2021 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 FY2021 (S$)	Variable or performance related income/bonuses	Benefits-in-kind
Hsieh Tsun-Yan	100,500	–	–
Koh Cher Chiew Francis	87,200	–	–
Veronica Julia McCann	87,200	–	–
Choo Kian Koon	80,500	–	–
Karen Tay Koh	76,900	–	–

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 FY2021.

2021 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				
Jill Smith	74%	25%	1%	NA
S$250,000 to S$500,000				
Patrick Browne	94%	0%[1]	6%	NA
Caroline Fong	76%	22%	2%	NA
Robert Wong	77%	22%	1%	NA
Choong Chia Yee	81%	16%	3%	NA
Daphne Chua	83%	16%	1%	NA
Total for CEO and Executive Officers	**S$2,754,160**			

1 The amounts disclosed relates to bonuses paid in 2021. Patrick Browne, who joined the Manager on 14 December 2020, was not eligible for bonus payout in 2021.

2 The RSUs granted to eligible employees with MUST units in 2019 will be 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 ERM Framework which has been reviewed by the ARC and approved by the Board. Details of the Manager's ERM framework can be found on pages 74 to 78 of this Annual Report.

Corporate Governance

In respect of FY2021, 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 2021 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 MUST's 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 2021.

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 http://www.manulifeusreit.sg/about.html. 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 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 FY2021.

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 Independent Directors) 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 191 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;
- 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 191 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.

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 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);
- 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 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 of 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 FY2021, 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 cognizance 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 FY2021. 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 FY2021 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 valuers, CBRE, Inc. and Jones Lang LaSalle Americas, Inc. 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 139 to 140 of the Annual Report).

For FY2021, an aggregate amount of US$336,880 comprising non-audit service fees of US$22,274 and audit service fees of US$314,606 was paid/payable to MUST's external auditor. The non-audit fees were paid to the auditors for services rendered in relation to the acquisitions of Tanasbourne, Park Place and Diablo.

In FY2021, 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 the Sponsor. The Sponsor's internal audit team follows the standards established by the Institute of Internal Auditors (IIA) for the professional practice of internal auditing. The internal audit team is staffed with qualified and competent individuals who are trained, supervised, coached and developed appropriately to be in compliance with the IIA standards.

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 the Sponsor's internal audit team for the internal audit function and with respect to FY2021, 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.

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 FY2021, the Manager met with about 2,170 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 71 to 73 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 http://manulifeusreit.sg/about.html.

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 2021 AGM was held on 30 April 2021 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"). The forthcoming AGM to be held on 29 April 2022 will be held by way of electronic means pursuant to the COVID-19 Temporary Measures Order. Unitholders will not be able to attend the AGM in person. Alternative arrangements relating to the (i) attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast and "live" audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of, and during the AGM, and addressing of substantial and relevant questions prior to, or during the AGM; and (iii) voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying MUST's announcement released on the SGXNet on 5 April 2022. This announcement may be accessed at MUST's website at http://www.maulifeusreit.sg and will be made available on the SGX website at https://www.sgx.com/securities/company-announcements.

The description below sets out MUST's usual practice for unitholder meetings when there are no pandemic risks, and where the COVID-19 Temporary Measures Order is not in operation.

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 advertised in the local papers and published on SGXNet. The Manager is not implementing absentia voting methods such as voting via mail, email or fax until issues such as the authentication of Unitholder's identity and other related issues concerning the security and integrity of such information can be resolved. Notwithstanding the foregoing, Unitholders are able to appoint up to two proxies to vote on their behalf should they be unable to attend the meeting. Based on the above, the Board is of the view that Unitholders will still be able to participate effectively in and vote at the general meetings even in the absence of absentia voting through appointment of proxies.

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 MUSTAGM@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 FY2021. Directors' attendance at such meetings held during the financial year is disclosed on page 118 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 in which the 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 http://investor.manulifeusreit.sg/agm_egm.html.

(E) Managing Stakeholders' Relationships

Engagement with Shareholders

Principle 13

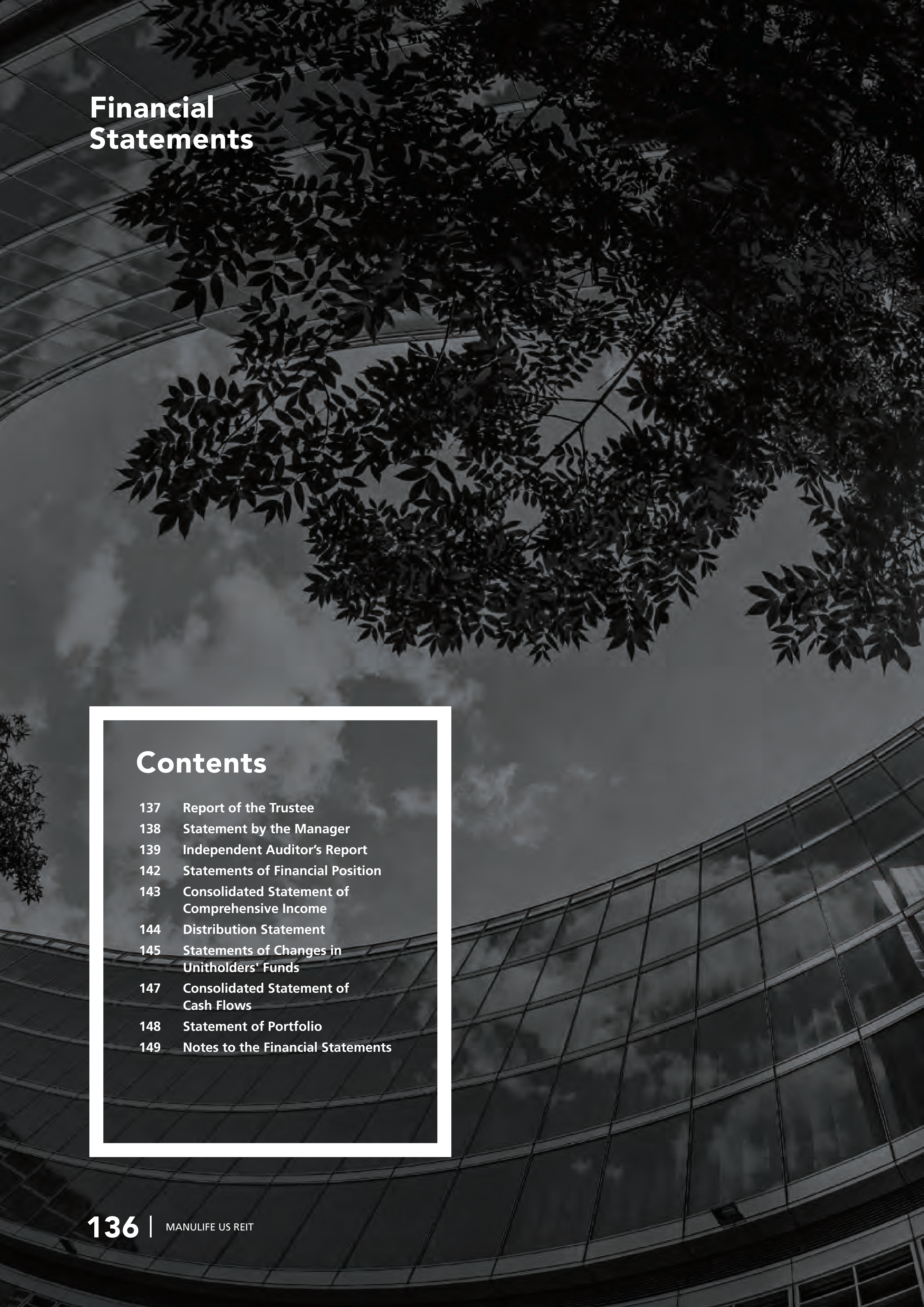
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

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 97 of this Annual Report.

MUST maintains a corporate website to communicate and engage with stakeholders which can be accessed at http://www.manulifeusreit.sg.



Financial Statements

Contents

Report of the Trustee

For the year ended 31 December 2021

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 142 to 190, 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
14 March 2022

Statement by the Manager

For the year ended 31 December 2021

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 142 to 190 comprising the Statements of Financial Position of the Trust and its subsidiaries (the “Group”) and the Trust as at 31 December 2021, 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 2021, Statement of Portfolio of the Group as at 31 December 2021 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 2021, 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.

Hsieh Tsun-Yan
Director

Singapore
14 March 2022

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 2021, 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 2021, Statement of Portfolio of the Group as at 31 December 2021 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 2021, 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.

Valuation of investment properties

As at 31 December 2021, the carrying amount of investment properties was US$2,184.4 million which accounted for 96.0% 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 highly sensitive to changes in the significant unobservable inputs, particularly those relating to market rents, discount rates and capitalisation rates. In addition, there was an increase in the level of estimation uncertainty and judgement required in determining the valuation of investment properties arising from the changes in market and economic conditions brought on by the on-going COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

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 current benchmark market data. Our procedures also included validating 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 brought on by the COVID-19 pandemic. 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.

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
14 March 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group		Trust	
		2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current assets					
Cash and cash equivalents	4	78,581	86,674	6,927	3,442
Prepayments		1,444	1,658	79	75
Trade and other receivables	5	5,550	6,927	39,993	37,687
		85,575	95,259	46,999	41,204
Non-current assets					
Investment properties	6	2,184,400	1,992,800	–	–
Investment in subsidiaries	7	–	–	1,839,890	1,423,009
Financial derivatives	10	5,653	–	5,653	–
		2,190,053	1,992,800	1,845,543	1,423,009
Total assets		2,275,628	2,088,059	1,892,542	1,464,213
Current liabilities					
Trade and other payables	8	58,769	18,099	40,710	2,311
Loans and borrowings	9	296,643	233,584	114,800	17,300
Security deposits		230	229	–	–
Rent received in advance		8,019	6,649	–	–
		363,661	258,561	155,510	19,611
Non-current liabilities					
Trade and other payables	8	2,898	–	–	–
Loans and borrowings	9	674,650	618,703	569,842	320,142
Financial derivatives	10	4,742	12,985	4,742	12,985
Security deposits		3,875	3,537	–	–
Preferred units	11	825	102	–	–
Deferred tax liabilities	12	37,261	36,283	–	–
		724,251	671,610	574,584	333,127
Total liabilities		1,087,912	930,171	730,094	352,738
Net assets attributable to Unitholders		1,187,716	1,157,888	1,162,448	1,111,475
Represented by:					
Unitholders' Fund		1,187,716	1,157,888	1,162,448	1,111,475
Net assets attributable to Unitholders		1,187,716	1,157,888	1,162,448	1,111,475
Units in issue and to be issued ('000)	13	1,764,085	1,591,661	1,764,085	1,591,661
Net asset value per Unit (US$) attributable to Unitholders	14	0.67	0.73	0.66	0.70

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	Group 2021 US$'000	Group 2020 US$'000
Gross revenue	15	185,099	194,312
Property operating expenses	16	(75,552)	(78,475)
Net property income		109,547	115,837
Interest income		21	166
Manager's base fee		(8,560)	(8,897)
Trustee's fee		(284)	(288)
Other trust expenses	17	(2,494)	(2,646)
Finance expenses	18	(29,145)	(29,739)
Net income before tax and fair value changes		69,085	74,433
Net fair value change in derivatives		13,896	(11,897)
Net fair value change in investment properties	6	(42,423)	(128,519)
Net income/(loss) for the year before tax		40,558	(65,983)
Tax (expense)/income	19	(1,145)	22,699
Net income/(loss) for the year attributable to Unitholders		39,413	(43,284)
Earnings per Unit ("EPU") (US cents)			
Basic and diluted EPU	20	2.46	(2.75)

The accompanying notes form an integral part of the financial statements.

Distribution Statement

For the year ended 31 December 2021

	Group 2021 US$'000	Group 2020 US$'000
Amount available for distribution to Unitholders at the beginning of the year	41,018	22,788
Net income/(loss) for the year	39,413	(43,284)
Distribution adjustments (Note A)	46,186	132,251
Income available for distribution to Unitholders for the year	85,599	88,967
Amount available for distribution to Unitholders	126,617	111,755
Distributions to Unitholders:		
– Distribution of US 1.45 cents per Unit for the period from 30 September 2019 to 31 December 2019	–	(22,746)
– Distribution of US 3.05 cents per Unit for the period from 1 January 2020 to 30 June 2020	–	(47,991)
– 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)	
Total distribution to Unitholders	(120,935)	(70,737)
Amount available for distribution to Unitholders at the end of the year	5,682	41,018
Distribution per Unit ("DPU") (US cents):		
– DPU[1]	5.33	5.64
Note A – Distribution adjustments comprise:		
– Property related non-cash items[2]	1,932	(684)
– Amortisation of upfront debt-related transaction costs[3]	1,711	1,689
– Manager's base fee paid/payable in Units	8,560	8,897
– Property Manager's management fee paid/payable in Units	4,595	4,834
– Trustee's fee	284	288
– Net fair value change in derivatives	(13,896)	11,897
– Net fair value change in investment properties	42,423	128,519
– Deferred tax expense/(income)	978	(23,430)
– Other items[4]	(401)	241
Distribution adjustments	46,186	132,251

1 The DPU relates to the distributions in respect of the relevant financial year. The distribution for the period from 1 July 2021 to 8 December 2021 and the distribution for the period from 9 December 2021 to 31 December 2021 will be paid subsequent to the financial year end. The distribution for the period from 1 July 2020 to 31 December 2020 was paid in 2021.

2 This includes straight-line rent adjustments, amortisation of tenant improvement allowance, and 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 2021

	Note	Units in issue and to be issued US$'000	Retained earnings/ (Accumulated losses) US$'000	Total US$'000
		Attributable to Unitholders		
Group				
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
At 1 January 2020		1,148,319	109,859	1,258,178
Operations				
Net loss for the year		–	(43,284)	(43,284)
Net decrease in net assets resulting from operations		–	(43,284)	(43,284)
Unitholders' transactions				
Issue of new Units:				
– Manager's base fee paid/payable in Units		8,897	–	8,897
– Property Manager's management fee paid/payable in Units		4,834	–	4,834
Distributions	13	(23,738)	(46,999)	(70,737)
Net decrease in net assets resulting from Unitholders' transactions		(10,007)	(46,999)	(57,006)
At 31 December 2020		1,138,312	19,576	1,157,888

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Unitholders' Funds

For the year ended 31 December 2021

	Note	Units in issue and to be issued US$'000	Accumulated losses US$'000	Total US$'000
Trust				
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
At 1 January 2020		1,148,319	(14,385)	1,133,934
Operations				
Net income for the year		–	34,547	34,547
Net increase in net assets resulting from operations		–	34,547	34,547
Unitholders' transactions				
Issue of new Units:				
– Manager's base fee paid/payable in Units		8,897	–	8,897
– Property Manager's management fee paid/payable in Units		4,834	–	4,834
Distributions	13	(23,738)	(46,999)	(70,737)
Net decrease in net assets resulting from Unitholders' transactions		(10,007)	(46,999)	(57,006)
At 31 December 2020		1,138,312	(26,837)	1,111,475

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	Group 2021 US$'000	Group 2020 US$'000
Cash flows from operating activities			
Net income/(loss) for the year before tax		40,558	(65,983)
Adjustments for:			
Amortisation	6	1,932	(684)
Net change in provision for expected credit losses	5	(1,743)	3,598
Interest income		(21)	(166)
Finance expenses	18	29,145	29,739
Manager's base fee paid/payable in Units		8,560	8,897
Property Manager's management fee paid/payable in Units		4,595	4,834
Net fair value change in derivatives		(13,896)	11,897
Net fair value change in investment properties	6	42,423	128,519
Net unrealised foreign exchange losses/(gains)		51	(70)
Operating income before working capital changes		111,604	120,581
Changes in working capital:			
Trade and other receivables		3,120	(2,911)
Prepayments		214	(451)
Other asset		–	1,405
Trade and other payables		1,450	(9,208)
Security deposits		(65)	592
Rent received in advance		1,370	1,820
Cash from operating activities		117,693	111,828
Tax paid		(134)	(1,923)
Interest paid		(26,933)	(27,861)
Net cash from operating activities		90,626	82,044
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		(29,981)	(24,174)
Interest received		21	166
Net cash used in investing activities		(230,926)	(24,008)
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		1,150	–
Redemption of preferred units		(125)	–
Payment of transaction costs relating to preferred units		(325)	–
Proceeds from loans and borrowings		367,300	141,929
Repayment of loans and borrowings		(248,800)	(102,319)
Payment of transaction costs relating to loans and borrowings		(1,205)	(1,036)
Distributions paid to Unitholders		(83,973)	(70,737)
Net cash from/(used in) financing activities		132,217	(32,163)
Net (decrease)/increase in cash and cash equivalents		(8,083)	25,873
Cash and cash equivalents at beginning of the year		86,674	60,748
Effect of exchange rate fluctuations on cash held in foreign currency		(10)	53
Cash and cash equivalents at end of the year	4	78,581	86,674

The accompanying notes form an integral part of the financial statements.

Statement of Portfolio

As at 31 December 2021

Description of Property	Tenure of Land	Occupancy Rates[1] as at 31 December 2021 %	Occupancy Rates[1] as at 31 December 2020 %	Fair Value as at 31 December 2021 US$'000	Fair Value as at 31 December 2020 US$'000	Percentage of Total Net Assets as at 31 December 2021 %	Percentage of Total Net Assets as at 31 December 2020 %
Group							
Commercial Office Properties							
Figueroa	Freehold	88.6	93.0	315,200	320,000	26.5	27.6
Michelson	Freehold	87.2	84.4	317,000	319,000	26.7	27.6
Peachtree	Freehold	90.8	90.4	212,900	203,100	17.9	17.5
Plaza	Freehold	96.7	96.7	106,000	114,600	8.9	9.9
Exchange	Freehold	97.7	94.8	324,000	333,000	27.2	28.8
Penn	Freehold	93.8	99.2	177,300	176,500	15.0	15.3
Phipps	Freehold[2]	94.5	100.0	216,000	212,100	18.2	18.3
Centerpointe	Freehold	91.6	91.7	112,700	118,500	9.5	10.2
Capitol	Freehold	88.3	93.3	197,000	196,000	16.6	16.9
Tanasbourne	Freehold	100.0	–	34,400	–	2.9	–
Park Place	Freehold	100.0	–	106,900	–	9.0	–
Diablo	Freehold	85.7	–	65,000	–	5.5	–
Investment properties				**2,184,400**	**1,992,800**	**183.9**	**172.1**
Other assets and liabilities (net)				(996,684)	(834,912)	(83.9)	(72.1)
Net assets				**1,187,716**	**1,157,888**	**100.0**	**100.0**

1 Based on committed leases.

2 Phipps was subject to a so-called "bonds for title" arrangement under which fee simple title to Phipps is owned by the Development Authority of Fulton County ("Development Authority"), which leased Phipps to Hancock S-REIT ATL Phipps LLC ("ATL Phipps") as a way to reduce the real estate taxes payable on Phipps for a specified period. Under this arrangement, no money changed hands for the lease. The lease between the Development Authority and ATL Phipps expired pursuant to its terms on 31 December 2020, and ATL Phipps acquired fee simple title to Phipps from the Development Authority in July 2021. Pursuant to the transfer of such fee interest, ATL Phipps holds a fee interest in the property and has commenced paying the full amount of real estate taxes on Phipps, which means that Phipps will be assessed in a manner and amount consistent with similar commercial office buildings in the taxing area.

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2021

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 2021 and 31 December 2020.

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 2021 and 31 December 2020. 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.

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 2021 and 31 December 2020.

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.

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 2021 and 31 December 2020.

(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.

1 GENERAL (CONT'D)

(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.

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.

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.

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

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

- 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.

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.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment (cont'd)

Non-financial assets (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Revenue (cont'd)

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.

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.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Segment reporting (cont'd)

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 2021. 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
• Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
• Annual Improvements to IFRSs 2018-2020	1 January 2022
• Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
• Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	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

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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Cash at bank	78,581	86,674	6,927	3,442

Cash at bank earns interest based on bank deposit rates.

5 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Trade receivables	3,096	7,442	–	–
Impairment losses	(833)	(3,598)	–	–
Trade receivables, net	2,263	3,844	–	–
Other receivables	3,287	3,083	3,423	3,167
Dividends receivable	–	–	36,570	34,520
	5,550	6,927	39,993	37,687

5 TRADE AND OTHER RECEIVABLES (CONT'D)

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	
	2021 US$'000	**2020 US$'000**	**2021 US$'000**	**2020 US$'000**
Group				
Not past due	334	1,032	155	178
Past due 0 to 1 month	1,443	1,755	52	225
Past due 1 to 3 months	467	1,784	61	1,443
Past due more than 3 months	852	2,871	565	1,752
	3,096	7,442	833	3,598

The movement in allowance for impairment losses recognised in respect of trade receivables during the year is as follows:

	Group	
	2021 US$'000	**2020 US$'000**
As at 1 January	3,598	–
Provision for ECLs	1,214	3,598
Reversal of provision for ECLs	(2,957)	–
Amount written off	(1,022)	–
As at 31 December	833	3,598

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.

Receivables not impaired

The Group has trade receivables amounting to US$2.3 million (2020: US$3.8 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 neither 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 2021 US$'000	Group 2020 US$'000
Consolidated Statement of Financial Position		
As at 1 January	1,992,800	2,095,000
Acquisitions[1]	204,563	–
Capital expenditure capitalised	31,392	25,635
Fair value changes in investment properties	(44,355)	(127,835)
As at 31 December	2,184,400	1,992,800
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	(44,355)	(127,835)
Net effect of amortisation and straight lining	1,932	(684)
Net fair value changes recognised in the statement of comprehensive income	(42,423)	(128,519)

1 Including acquisition fees and acquisition costs.

Investment properties comprise commercial office properties which are leased to external tenants.

Certain investment properties are pledged as security to secure bank loans (see Note 9). Details of the investment properties as at 31 December 2021 and 31 December 2020 which are all located in United States are set out below:

Description of property	Tenure	Location	Existing use	Appraised value 2021 US$'000	Appraised value 2020 US$'000
Group					
Los Angeles					
Figueroa	Freehold	865 South Figueroa Street, Los Angeles, California 90017	Commercial	315,200	320,000
Irvine					
Michelson	Freehold	3161 Michelson Drive, Irvine, Orange County, California 92612	Commercial	317,000	319,000
Atlanta					
Peachtree	Freehold	1100 Peachtree Street NE, Atlanta, Fulton County, Georgia 30309	Commercial	212,900	203,100
Phipps	Freehold[2]	3438 Peachtree Road NE, Atlanta, Fulton County, Georgia 30326	Commercial	216,000	212,100
New Jersey					
Plaza	Freehold	500 and 600 Plaza Drive, Secaucus, Hudson County, New Jersey 07094	Commercial	106,000	114,600
Exchange	Freehold	10 Exchange Place, Jersey City, Hudson County, New Jersey 07302	Commercial	324,000	333,000

2 Phipps was subject to a so-called "bonds for title" arrangement under which fee simple title to Phipps is owned by the Development Authority of Fulton County ("Development Authority"), which leased Phipps to Hancock S-REIT ATL Phipps LLC ("ATL Phipps") as a way to reduce the real estate taxes payable on Phipps for a specified period. Under this arrangement, no money changed hands for the lease. The lease between the Development Authority and ATL Phipps expired pursuant to its terms on 31 December 2020, and ATL Phipps acquired fee simple title to Phipps from the Development Authority in July 2021. Pursuant to the transfer of such fee interest, ATL Phipps holds a fee interest in the property and has commenced paying the full amount of real estate taxes on Phipps, which means that Phipps will be assessed in a manner and amount consistent with similar commercial office buildings in the taxing area.

6 INVESTMENT PROPERTIES (CONT'D)

Description of property	Tenure	Location	Existing use	Appraised value 2021 US$'000	2020 US$'000
Group (cont'd)					
Washington, D.C.					
Penn	Freehold	1750 Pennsylvania Avenue NW, Washington, D.C. 20006	Commercial	177,300	176,500
Fairfax					
Centerpointe	Freehold	4000 & 4050 Legato Road, Fairfax, Virginia 22033	Commercial	112,700	118,500
Sacramento					
Capitol	Freehold	400 Capitol Mall, Sacramento, California 95814	Commercial	197,000	196,000
Hillsboro					
Tanasbourne	Freehold	3188 & 3175 NE Aloclek Drive and 3300 NE 83rd Avenue, Hillsboro, Oregon 97124	Commercial	34,400	–
Chandler					
Park Place	Freehold	1650 & 1700 South Price Road, Chandler, Arizona 85286	Commercial	106,900	–
Tempe					
Diablo	Freehold	2900 South Diablo Way, Tempe, Arizona 85282	Commercial	65,000	–
Total				2,184,400	1,992,800

6 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

As at 31 December 2021 and 31 December 2020, 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. 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 Jones Lang LaSalle Americas, Inc. 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.

Certain valuers have highlighted in their valuation reports that the real estate market has been impacted by the uncertainty brought by the COVID-19 pandemic and a higher degree of caution is to be exercised when relying on the valuations. The valuations were based on the market conditions and information available as at the valuation dates. Values may change more rapidly and significantly subsequently as the future impact that the COVID-19 pandemic might have on the real estate market remains unknown.

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.

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 2021: US$17.00 – US$56.00 (2020: US$23.00 – 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 2021: 6.00% – 9.00% (2020: 6.00% – 9.00%)	Higher discount rate or terminal capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
	Terminal capitalisation rate 2021: 5.00% – 7.50% (2020: 5.00% – 7.50%)	
Direct capitalisation method	Rental rate per square foot per year 2021: US$17.00 – US$56.00 (2020: US$23.00 – 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 2021: 5.50% – 7.50% (2020: 5.25% – 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 2021: US$185 – US$624 (2020: US$243 – US$646)	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 2021 US$'000	Group 2020 US$'000
Fair value of investment properties as at 31 December		
Increase in discount and terminal capitalisation rate of 25 basis points	(101,302)	(91,956)
Decrease in discount and terminal capitalisation rate of 25 basis points	110,497	100,359

7 INVESTMENT IN SUBSIDIARIES

	Trust 2021 US$'000	Trust 2020 US$'000
Unquoted equity investment at cost	1,839,890	1,423,009

Details of the key subsidiaries of the Trust are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2021 %	Effective equity interest held 2020 %
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	–
Manulife US REIT Beta 10 (Singapore) Pte. Ltd.[2]	Singapore	Investment holding	100	–
Indirect subsidiaries:				
Hancock S-REIT Parent Corp.[3]	United States	Investment holding	100	100
Hancock S-REIT LA Corp.[3]	United States	Property owner	100	100
Hancock S-REIT Irvine Corp.[3]	United States	Property owner	100	100
Hancock S-REIT ATL LLC[3]	United States	Property owner	100	100
Hancock S-REIT SECA LLC[3]	United States	Property owner	100	100
Hancock S-REIT JCITY LLC[3]	United States	Property owner	100	100

7 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2021 %	2020 %
Indirect subsidiaries:				
Hancock S-REIT DC 1750 LLC[3]	United States	Property owner	100	100
Hancock S-REIT ATL Phipps LLC[3]	United States	Property owner	100	100
Hancock S-REIT Centerpointe LLC[3]	United States	Property owner	100	100
Hancock S-REIT Sacramento LLC[3]	United States	Property owner	100	100
Hancock S-REIT Portland LLC[2]	United States	Property owner	100	–
Hancock S-REIT Chandler LLC[2]	United States	Property owner	100	–
Hancock S-REIT Tempe LLC[2]	United States	Property owner	100	–
MUSREIT HoldCo (Barbados) 1 SRL[2,4]	Barbados	Investment holding	100	100
MUSREIT HoldCo (Barbados) 2 SRL[2,4]	Barbados	Investment holding	100	100
MUSREIT HoldCo (Barbados) 3 SRL[2,4]	Barbados	Investment holding	100	100
MUSREIT Intermediary (Barbados) 1 SRL[2,4]	Barbados	Investment holding	100	100
MUSREIT Intermediary (Barbados) 2 SRL[2,4]	Barbados	Investment holding	100	100
MUSREIT Intermediary (Barbados) 3 SRL[2,4]	Barbados	Investment holding	100	100
MUSREIT (Barbados) 1 LP[5]	Barbados	Investment holding	–	100
MUSREIT (Barbados) 2 LP[5]	Barbados	Investment holding	–	100
MUSREIT (Barbados) 3 LP[5]	Barbados	Investment holding	–	100

1 Audited by Ernst & Young LLP Singapore.
2 Not required to be audited under local regulations.
3 Audited by Ernst & Young LLP Canada.
4 In the process of liquidation as at reporting date.
5 Liquidation completed in 2021.

8 TRADE AND OTHER PAYABLES

	Group		Trust	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Trade payables	132	597	–	6
Amounts due to related parties (non-trade)	–	27	–	27
Accrued expenses	13,452	10,651	1,449	785
Property tax payable	2,257	1,661	–	–
Interest payable	3,291	2,874	2,299	1,330
Other payables	39,637	2,289	36,962	163
	58,769	18,099	40,710	2,311
Non-current				
Deferred revenue	2,898	–	–	–
	2,898	–	–	–
	61,667	18,099	40,710	2,311

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand in cash.

As at 31 December 2021, other payables include advanced distribution payable for the period from 1 July 2021 to 8 December 2021 declared to Unitholders in December 2021 of US$37.0 million and tenant improvement payables of US$2.5 million (2020: US$2.1 million).

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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Current				
Secured bank loans	182,216	216,500	–	–
Secured revolving credit facilities	7,300	17,300	7,300	17,300
Unsecured revolving credit facilities	107,500	–	107,500	–
Less: Unamortised transaction costs	(373)	(216)	–	–
	296,643	233,584	114,800	17,300
Non-current				
Secured bank loans	428,000	622,716	323,000	323,000
Unsecured bank loans	250,000	–	250,000	–
Less: Unamortised transaction costs	(3,350)	(4,013)	(3,158)	(2,858)
	674,650	618,703	569,842	320,142
	971,293	852,287	684,642	337,442

9 LOANS AND BORROWINGS (CONT'D)

As at 31 December 2021, the Group had gross borrowings of US$975.0 million (2020: US$856.5 million) comprising of (i) US$287.2 million (2020: US$516.2 million) drawn from property-level loan facilities, and (ii) US$687.8 million (2020: US$340.3 million) drawn from Trust-level credit facilities (collectively, the "Facilities"). The average interest rate on borrowings as at 31 December 2021 was 2.82% (2020: 3.18%) per annum.

The Group is in a net current liabilities position due to the mortgage loan facilities for Plaza and Exchange, which are maturing in August 2022 and October 2022 respectively, and the bridge financing drawn down to fund the acquisitions in December 2021. The Group has sufficient financing options to refinance the portion of borrowings that are maturing within the next 12 months.

The outstanding principal, interest rate and maturity of the Facilities as at 31 December 2021 and 31 December 2020 are as set forth below:

			2021		2020	
	Nominal interest rate %	Year of maturity	Face value US$'000	Carrying amount US$'000	Face value US$'000	Carrying amount US$'000
Group						
Michelson	2.52	2021	–	–	121,000	120,891
Plaza	3.60	2022	40,000	39,927	40,000	39,808
Exchange	3.48	2022	125,100	124,800	125,100	124,451
Exchange[1]	LIBOR + 1.50	2022	17,116	17,116	29,616	29,616
Penn	4.08	2021	–	–	95,500	95,393
Phipps	4.42	2023	105,000	104,808	105,000	104,686
Secured bank loans	1.85 – 3.77	2024 – 2025	323,000	321,012	323,000	320,142
Unsecured bank loans	2.44	2026	250,000	248,830	–	–
Revolving credit facilities	1.34 – 1.40 (2020: 1.39 – 1.43)	2022	114,800	114,800	17,300	17,300
			975,016	971,293	856,516	852,287
Trust						
Secured bank loans	1.85 – 3.77	2024 – 2025	323,000	321,012	323,000	320,142
Unsecured bank loans	2.44	2026	250,000	248,830	–	–
Revolving credit facilities	1.34 – 1.40 (2020: 1.39 – 1.43)	2022	114,800	114,800	17,300	17,300
			687,800	684,642	340,300	337,442

1 Relates to good news facilities drawn to fund capital expenditures and leasing costs with variable interest rates.

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						
2021						
Loans and borrowings	852,287	118,500	–	(1,205)	1,711	971,293
Preferred units	102	–	1,025	(325)	23	825
	852,389	118,500	1,025	(1,530)	1,734	972,118
2020						
Loans and borrowings	812,024	39,610	–	(1,036)	1,689	852,287
Preferred units	102	–	–	–	–	102
	812,126	39,610	–	(1,036)	1,689	852,389

The details of credit facilities available and utilised as at 31 December are set out below:

		2021		2020	
	Note	Facility available US$'000	Utilised US$'000	Facility available US$'000	Utilised US$'000
Group					
Secured					
Mortgage facilities	(a)	309,100	287,216	548,527	516,216
Trust-level term loans[2]	(b)	323,000	323,000	323,000	323,000
US$50.0 million committed revolving credit facility ("First US$50.0 Million Committed RCF")	(b)	50,000	–	50,000	–
US$50.0 million committed revolving credit facility ("Second US$50.0 Million Committed RCF")	(c)	50,000	7,300	50,000	17,300
US$200.0 million uncommitted revolving credit facility	(d)	–	–	200,000	–
		732,100	617,516	1,171,527	856,516
Unsecured					
Trust-level term loans[2]		340,000	250,000	–	–
US$200.0 million uncommitted revolving credit facility	(d)	200,000	107,500	–	–
		540,000	357,500	–	–
		1,272,100	975,016	1,171,527	856,516

2 For the Trust-level term loans, the Group entered into interest rate swaps to hedge the floating rate under each loan facility drawn to a fixed rate. Please refer to Note 10.

9 LOANS AND BORROWINGS (CONT'D)

	Note	2021 Facility available US$'000	2021 Utilised US$'000	2020 Facility available US$'000	2020 Utilised US$'000
Trust					
Secured					
Trust-level term loans[2]	(b)	323,000	323,000	323,000	323,000
First US$50.0 Million Committed RCF	(b)	50,000	–	50,000	–
Second US$50.0 Million Committed RCF	(c)	50,000	7,300	50,000	17,300
US$200.0 million uncommitted revolving credit facility	(d)	–	–	200,000	–
		423,000	330,300	623,000	340,300
Unsecured					
Trust-level term loans[2]		340,000	250,000	–	–
US$200.0 million uncommitted revolving credit facility	(d)	200,000	107,500	–	–
		540,000	357,500	–	–
		963,000	687,800	623,000	340,300

2 For the Trust-level term loans, the Group entered into interest rate swaps to hedge the floating rate under each loan facility 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 each of Michelson, Plaza, Exchange, Penn and Phipps respectively (each, the "Property");

(ii) an assignment of each of the U.S. Subs' rights, title and interest in present and future leases, subleases, licenses and all other agreements relating to the management, leasing and operation of the respective Property; and

(iii) an assignment of each of the U.S. Subs' 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 relevant Properties.

In addition, Hancock S-REIT Parent Corp., which directly holds each of the U.S. Subs, has granted a limited guarantee to the mortgage lenders in respect of certain obligations of the U.S. Subs under the mortgage facilities as well as a hazardous materials indemnity agreement.

Each of the mortgage facilities includes customary representations, warranties and covenants (including due-on-sale and due-on-encumbrance provisions) by the U.S. Subs in favour of the mortgage lenders. Each of the mortgage facilities is not cross-defaulted or cross-collateralised with the other mortgage facilities.

9 LOANS AND BORROWINGS (CONT'D)

(b) Trust-level Term Loans and First US$50.0 Million Committed RCF

The Trust-level term loans and the First US$50.0 million Committed RCF are secured by, amongst other collateral:

(i) share charges over the Singapore subsidiaries of Manulife US REIT;

(ii) assignments of certain bank accounts; and

(iii) assignments of certain inter-company loans within the Group and certain share pledges over shares in the relevant U.S. Subs which hold Figueroa, Centerpointe, Capitol and Peachtree respectively.

(c) Second US$50.0 Million Committed RCF

The Second US$50.0 million Committed RCF is secured by, amongst other collateral:

(i) share charges over the Singapore subsidiaries of Manulife US REIT;

(ii) assignments of certain bank accounts; and

(iii) assignments of certain inter-company loans within the Group.

(d) US$200.0 Million Uncommitted Revolving Credit Facility

The facility expired in June 2021 and has been replaced with an unsecured and uncommitted multi-currency revolving credit facility.

Subsequent to the year end, 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. Please refer to Note 26.

10 FINANCIAL DERIVATIVES

	Group and Trust	
	2021	2020
	US$'000	US$'000
Non-current		
Derivative assets		
Interest rate swaps used for hedging	5,653	–
Derivative liabilities		
Interest rate swaps used for hedging	(4,742)	(12,985)
	911	(12,985)
Financial derivatives as a percentage of the Group's net assets	0.1%	1.1%
Financial derivatives as a percentage of the Trust's net assets	0.1%	1.2%

10 FINANCIAL DERIVATIVES (CONT'D)

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$573.0 million (2020: US$323.0 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.

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					
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
2020					
Financial liabilities					
Interest rate swaps	(12,985)	–	(12,985)	–	(12,985)

11 PREFERRED UNITS

	Group	
	2021	2020
	US$'000	US$'000
As at 1 January	102	102
Issuance of preferred units (net of issuance costs)	825	–
Redemption of preferred units	(102)	–
31 December	825	102

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 (collectively, the "U.S. Sub-REITs"), and Hancock S-REIT Parent Corp ("Parent U.S. REIT") 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.

The preferred units 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.

Subsequent to the year end, new preferred units were issued by Hancock S-REIT Portland LLC, Hancock S-REIT Chandler LLC, and Hancock S-REIT Tempe LLC. Please refer to Note 26.

12 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group	
	2021	2020
	US$'000	US$'000
Investment properties	37,261	36,283

12 DEFERRED TAX LIABILITIES (CONT'D)

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 January 2020 US$'000	Statement of Comprehensive Income (Note 19) US$'000	At 31 December 2020 US$'000	Statement of Comprehensive Income (Note 19) US$'000	At 31 December 2021 US$'000
Deferred tax liabilities					
Investment properties					
– Change in fair value of investment properties	30,600	(36,839)	(6,239)	(12,743)	(18,982)
– Tax depreciation	29,113	13,409	42,522	13,721	56,243
	59,713	(23,430)	36,283	978	37,261

13 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2021		2020	
	No of Units '000	US$'000	No of Units '000	US$'000
Units in issue				
As at 1 January	1,582,933	1,131,815	1,568,673	1,143,507
Issuance of Units:				
– Private placement	154,084	100,001	–	–
– Manager's base fee paid in Units	11,042	8,398	8,533	7,059
– Manager's performance fee paid in Units	–	–	1,353	1,360
– Property Manager's management fees paid in Units	6,096	4,632	4,374	3,627
Issuance costs	–	(1,806)	–	–
Capital distribution	–	(21,162)	–	(23,738)
As at 31 December	1,754,155	1,221,878	1,582,933	1,131,815
Units to be issued				
Manager's base fee payable in Units	6,389	4,261	5,507	4,100
Property Manager's management fees payable in Units	3,541	2,361	3,221	2,397
	9,930	6,622	8,728	6,497
Total Units issued and to be issued as at 31 December	1,764,085	1,228,500	1,591,661	1,138,312

13 UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Units issued were as follows:

- 11,041,655 (2020: 8,532,716) new Units were issued at issue prices ranging from US$0.7443 to US$0.7768 (2020: US$0.7636 to US$1.0055) per Unit, amounting to US$8,398,000 (2020: US$7,059,000) as satisfaction of the Manager's base fee payable in Units for the period from 1 July 2020 to 30 June 2021 (2020: 1 October 2019 to 30 June 2020).

- 6,096,012 (2020: 4,374,587) new Units were issued at issue prices ranging from US$0.7443 to US$0.7768 (2020: US$0.7636 to US$1.0055) per Unit, amounting to US$4,632,000 (2020: US$3,627,000) as satisfaction of the Property Manager's management fee payable in Units for the period from 1 July 2020 to 30 June 2021 (2020: 1 October 2019 to 30 June 2020).

- 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 6,389,176 (2020: 5,507,455) Units to be issued in satisfaction of the Manager's base fee for the period from 1 July 2021 to 31 December 2021 (2020: 1 July 2020 to 31 December 2020) and 3,541,538 (2020: 3,220,468) Units to be issued in satisfaction to Property Manager's management fee for the period from 1 July 2021 to 31 December 2021 (2020: 1 July 2020 to 31 December 2020). 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$0.6669 (2020: US$0.7443). 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.

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 2021	Group 2020	Trust 2021	Trust 2020
Net asset value per Unit is based on:					
– Net assets (US$'000)		1,187,716	1,157,888	1,162,448	1,111,475
– Total Units issued and to be issued at 31 December ('000)	13	1,764,085	1,591,661	1,764,085	1,591,661

15 GROSS REVENUE

	Group 2021 US$'000	Group 2020 US$'000
Rental income	105,668	113,413
Recoveries income	67,745	68,572
Car park income	9,259	10,426
Others	2,427	1,901
	185,099	194,312

16 PROPERTY OPERATING EXPENSES

	Group 2021 US$'000	Group 2020 US$'000
Real estate taxes	26,044	25,978
Repairs and property maintenance expenses	18,556	17,151
Utilities	8,877	9,101
Property management fees and reimbursements	12,108	12,209
(Net reversal of provision for ECL) / Provision for ECL	(1,743)	3,598
Other operating expenses	11,710	10,438
	75,552	78,475

17 OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	Group 2021 US$'000	Group 2020 US$'000
Audit fees paid/payable to:		
– Auditors of the Group	315	263
Valuation fees	101	136
Tax and legal expenses	732	1,266[1]
Investor relations and related expenses	243	225
Foreign exchange loss/(gain)	55	(64)
Other expenses	1,048	820
	2,494	2,646

1 Including U.S. tax reform restructuring costs.

18 FINANCE EXPENSES

	Group 2021 US$'000	Group 2020 US$'000
Interest expense on loans and borrowings	26,890	27,724
Amortisation of upfront debt-related transaction costs	1,711	1,689
Dividends on preferred units	136	16
Redemption of preferred units	23	–
Commitment and financing fees	385	310
	29,145	29,739

19 TAX EXPENSE/(INCOME)

	Group 2021 US$'000	Group 2020 US$'000
Current tax expense		
Withholding tax	–	12
Income tax	167	719
	167	731
Deferred tax expense/(income)		
Movement in temporary differences	978	(23,430)
	1,145	(22,699)
Reconciliation of effective tax rate		
Net income/(loss) for the year before tax	40,558	(65,983)
Tax calculated using Singapore tax rate of 17% (2020: 17%)	6,895	(11,217)
Effect of different tax rate in foreign jurisdictions	(3,388)	(13,504)
Income not subject to tax	(2,362)	–
Expenses not deductible for tax purposes	–	2,022
	1,145	(22,699)

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	
	2021 US$'000	2020 US$'000
Net income/(loss) for the year	39,413	(43,284)

	2021 No. of Units '000	2020 No. of Units '000
Weighted average number of Units	1,603,032	1,575,689

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. The aggregate leverage ratio is calculated as total borrowings and deferred payments (collectively, the "Aggregate Leverage") divided by total assets.

On 16 April 2020, the MAS announced that the Aggregate Leverage limit for Singapore REITs ("S-REITs") will be raised from 45.0% to 50.0% with immediate effect and deferred the implementation of a new minimum interest coverage ratio ("ICR") requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. With a new minimum ICR of 2.5 times, S-REITs are allowed to increase their leverage to beyond the prevailing 45.0% limit (up to 50.0%).

The Group has complied with the Aggregate Leverage limit of 50.0% during the financial year, with an Aggregate Leverage of 42.8% (2020: 41.0%) and ICR of 3.4 times (2020: 3.5 times) as at 31 December 2021.

21 FINANCIAL RISK MANAGEMENT (CONT'D)

Capital management (cont'd)

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.

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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Cash and cash equivalents	1,459	1,517	1,431	1,487
Trade and other payables	(794)	(558)	(729)	(473)
Net assets	665	959	702	1,014

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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
SGD	33	48	35	51

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.

21 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk

As at 31 December 2021, the Group had US$843.1 million (2020: US$809.6 million) of fixed rate interest-bearing borrowings, including borrowings which are hedged with interest rate swaps, and US$131.9 million (2020: US$46.9 million) of unhedged variable rate interest-bearing borrowings. The Group had not been exposed to significant interest rate risk.

For the variable rate interest-bearing borrowings, a 1.0% (2020: 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$1.3 million (2020: US$0.5 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 40% (2020: 59%) 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.

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					
2021					
Non-derivative financial liabilities					
Trade and other payables and security deposits[1]	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
2020					
Non-derivative financial liabilities					
Trade and other payables and security deposits	21,865	21,865	18,328	1,990	1,547
Preferred units	102	125	–	–	125
Loans and borrowings	852,287	918,576	257,670	660,906	–
	874,254	940,566	275,998	662,896	1,672
Trust					
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	–
2020					
Non-derivative financial liabilities					
Trade and other payables	2,311	2,311	2,311	–	–
Loans and borrowings	337,442	375,824	26,555	349,269	–
	339,753	378,135	28,866	349,269	–

1 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.

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									
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.

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									
2020									
Financial assets not measured at fair value									
Cash and cash equivalents	4	86,674	–	–	86,674				
Trade and other receivables^	5	6,913	–	–	6,913				
		93,587	–	–	93,587				
Financial liabilities not measured at fair value									
Trade and other payables	8	–	18,099	–	18,099				
Loans and borrowings	9	–	852,287	–	852,287	–	–	870,249	870,249
Security deposits		–	3,766	–	3,766				
Preferred units	11	–	102	–	102	–	–	125	125
		–	874,254	–	874,254				
Financial liabilities measured at fair value									
Financial derivatives	10	–	–	12,985	12,985	–	12,985	–	12,985

^ Excluding GST receivables.

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									
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.

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									
2020									
Financial assets not measured at fair value									
Cash and cash equivalents	4	3,442	–	–	3,442				
Trade and other receivables^	5	37,673	–	–	37,673				
		41,115	–	–	41,115				
Financial liabilities not measured at fair value									
Trade and other payables	8	–	2,311	–	2,311				
Loans and borrowings	9	–	337,442	–	337,442	–	–	340,300	340,300
		–	339,753	–	339,753				
Financial liabilities measured at fair value									
Financial derivatives	10	–	–	12,985	12,985	–	12,985	–	12,985

^ Excluding GST receivables.

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	
	2021	**2020**
	US$'000	**US$'000**
Within 1 year	150,195	142,556
After 1 year but within 5 years	494,755	439,641
After 5 years	264,313	293,672
	909,263	875,869

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	
	2021	**2020**
	US$'000	**US$'000**
Capital commitments in respect of investment properties	10,721	5,385

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	
	2021 US$'000	2020 US$'000
Rental received/receivable from a related party	902	708
Manager's acquisition fee paid	2,016	–
Manager's base fee paid/payable	8,560	8,897
Property manager's management fee paid/payable	4,595	4,834
Trustee's fee paid/payable[1]	299	288
Leasing fees to a related party	715	167
Construction supervision fee to a related party	201	253
Reimbursements to a related party	5,767	7,148
Settlement of liabilities including withholding taxes	326	202

1 Including fees capitalised into issuance costs.

25 FINANCIAL RATIOS

	Group	
	2021 %	2020 %
Ratio of expenses to weighted average net assets[1]		
– including performance component of the Manager's management fees	0.99	0.97
– excluding performance component of the Manager's management fees	0.99	0.97
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 2021 and 31 December 2020.

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 2022, the Manager announced a distribution of US 0.32 cents per Unit for the period from 9 December 2021 to 31 December 2021.

Loans and borrowings

On 10 January 2022, Manulife US REIT refinanced US$90.0 million of unsecured revolving credit facilities with a Trust-level term loan.

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.

Preferred units

On 26 January 2022, Hancock S-REIT Portland LLC, Hancock S-REIT Chandler LLC and Hancock S-REIT Tempe LLC (the "U.S. Sub-REITs" or "subsidiaries") 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 Issuance"). The indirect wholly-owned subsidiaries of Manulife US REIT were established to each hold the newly acquired properties, namely Tanasbourne, Park Place and Diablo.

The Preferred Units Issuance is required in order to meet one of the requirements for the U.S. Sub-REITs to qualify for taxation as a real estate investment trust for U.S. federal income tax purposes under the United States Internal Revenue Code of 1986, as amended. Each of the preferred units carries a fixed dividend of 12.0% per annum, are generally non-voting and are redeemable at the option of each of the U.S. Sub-REITs.

The proceeds from the Preferred Units Issuance will be used towards payment of the expenses incurred in connection with the Preferred Units Issuance as well as towards the operating expenses of the U.S. Sub-REITs and the properties of the Group.

27 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Manager and the Trustee on 14 March 2022.

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		8,560	–
– Acquisition fees		2,016	–
John Hancock Life Insurance Company (U.S.A) ("JHUSA")	A subsidiary of the controlling shareholder of the Manager		
– Rental and other related income		386	–
– Property management fees, leasing fees and construction supervision fees including reimbursable		11,278	–
– Reimbursement of withholding taxes paid by JHUSA to U.S. Internal Revenue Service on behalf of Manulife US REIT		326	–
DBS Trustee Ltd	Trustee		
– Trustee fees[1]		299	–

1 Including fee capitalised as issuance costs

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 2021, an aggregate of 17,137,667 Units were issued and subscribed for in relation to the Manager's base fees and Property Manager's management fees. On 24 February 2022, an aggregate of 9,930,714 Units were issued in relation to the payment of Manager's base fees and Property Manager's management fees for the second half of 2021.

Statistics of Unitholdings

As at 11 March 2022

ISSUED AND FULLY PAID UNITS

There were 1,764,085,403 Units issued in MUST as at 11 March 2022 (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$1,129,014,657 based on market closing price of US$0.64 per Unit on 11 March 2022.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	73	0.84	3,288	0.00
100 – 1,000	571	6.57	445,677	0.03
1,001 – 10,000	3,876	44.59	21,818,094	1.24
10,001 – 1,000,000	4,148	47.72	197,294,933	11.18
1,000,001 AND ABOVE	24	0.28	1,544,523,411	87.55
TOTAL	**8,692**	**100.00**	**1,764,085,403**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	DBS NOMINEES (PRIVATE) LIMITED	468,368,068	26.55
2	CITIBANK NOMINEES SINGAPORE PTE LTD	367,737,237	20.85
3	RAFFLES NOMINEES (PTE.) LIMITED	259,183,004	14.69
4	DBSN SERVICES PTE. LTD.	154,844,192	8.78
5	HSBC (SINGAPORE) NOMINEES PTE LTD	107,628,675	6.10
6	DB NOMINEES (SINGAPORE) PTE LTD	44,014,911	2.50
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	23,958,369	1.36
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	20,314,050	1.15
9	PHILLIP SECURITIES PTE LTD	17,064,039	0.97
10	BPSS NOMINEES SINGAPORE (PTE.) LTD.	14,113,809	0.80
11	ABN AMRO CLEARING BANK N.V.	10,725,712	0.61
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,429,285	0.53
13	MAYBANK SECURITIES PTE. LTD.	8,258,718	0.47
14	OCBC SECURITIES PRIVATE LIMITED	6,789,881	0.38
15	UOB KAY HIAN PRIVATE LIMITED	6,354,636	0.36
16	IFAST FINANCIAL PTE. LTD.	5,832,960	0.33
17	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	5,459,532	0.31
18	KGI SECURITIES (SINGAPORE) PTE. LTD	3,523,273	0.20
19	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,271,139	0.19
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,565,409	0.15
	Total	1,539,436,899	87.28

Statistics of Unitholdings

As at 11 March 2022

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

(As recorded in the Register of Substantial Unitholders' Unitholdings as at 11 March 2022*)*

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	%(1)	No. of Units	%(1)	No. of Units	%(1)
Manulife Financial Asia Limited(2)	1	n.m.(6)	159,774,634	9.06	159,774,635	9.06
Manulife Holdings (Bermuda) Limited(3)	–	–	159,774,635	9.06	159,774,635	9.06
The Manufacturers Life Insurance Company(4)	–	–	159,774,635	9.06	159,774,635	9.06
Manulife Financial Corporation(5)	–	–	159,774,635	9.06	159,774,635	9.06

Notes:

(1) The percentage of unitholding is calculated based on the total number of 1,764,085,403 Units in issue as at 11 March 2022.

(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 60,538,152 Units, and (iii) Manulife US Real Estate Management Pte. Ltd. ("**MUSREM**") and is deemed to be interested in MUSREM's direct interest in 14,578,690 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 159,774,634 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 159,774,635 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 159,774,635 Units.

(6) Not meaningful.

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2022)

Directors	Direct interest		Deemed interest	
	No. of Units	%(1)	No. of Units	%(1)
Hsieh Tsun-Yan(2)	991,325	0.056	–	–
Koh Cher Chiew Francis(3)	50,000	0.003	–	–
Veronica Julia McCann(4)	793,364	0.045	–	–
Choo Kian Koon	–	–	–	–
Karen Tay Koh	–	–	–	–
Michael Floyd Dommermuth	–	–	–	–
Stephen James Blewitt	–	–	–	–

Notes:

(1) The percentage of unitholding is calculated based on the total number of 1,764,085,403 Units in issue as at 11 March 2022.

(2) The 991,325 Units are jointly owned by Mr Hsieh Tsun-Yan and his spouse, Hsieh Siauyih Goon.

(3) The 50,000 Units are jointly owned by Professor Koh Cher Chiew Francis and his spouse, Chan Wah Mei.

(4) The 793,364 Units are jointly owned by Ms Veronica Julia McCann and her spouse, Steven John Baggott.

FREE FLOAT:

Based on information available to the Manager as at 11 March 2022, 90.84% 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.
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Email: usreitinquiry@manulifeusreit.sg
Website: www.manulifeusreit.sg

Board Of Directors

Mr Hsieh Tsun-Yan
Chairman & 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

Mr Stephen Blewitt
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 Hsieh Tsun-Yan

Professor Koh Cher Chiew Francis

Management Team

Ms Jill Smith
Chief Executive Officer

Ms Caroline Fong
Chief Investor Relations and
Capital Markets 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 Tan Ling Ling
Appointment Date: 14 June 2021

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Partner-in-charge
Ms Low Yen Mei
(with effect from financial year ended 31 December 2021)

Unit Registrar

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MUST GO GREEN

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