



# Annual General Meeting

23 April 2018

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Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

Holders of Units ("**Unitholders**") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

DBS Bank Ltd. was the Sole Financial Adviser and Issue Manager for the initial public offering of Manulife US Real Estate Investment Trust ("**Offering**"). DBS Bank Ltd., China International Capital Corporation (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited and Deutsche Bank AG, Singapore Branch were the Joint Bookrunners and Underwriters for the Offering.

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# Key Highlights



# First Mover Advantage

LEADING THE WAY AS THE FIRST PURE-PLAY U.S. OFFICE REIT IN ASIA

MICHELSON, IRVINE, CALIFORNIA, TROPHY

# Creating Value for Unitholders in FY 2017

## Mission:

*Provide Unitholders with sustainable distributions while maintaining an appropriate capital structure*

## Performance



### Acquisitions

**+ \$430.1m**

*Plaza and Exchange*



### DPU

**5.77 US Cents**

*Outperformed projections in all quarters*



### Portfolio

- ✓ **Occupancy 95.9%**
- ✓ **WALE 5.7 years**



### Valuation

**US\$1,312.8m**

## Value Creation



### AUM

**↑ 57.4%**



### Market Cap<sup>1</sup>

**↑ 94.4%**



### Total Shareholder Return<sup>1</sup>

**↑ 36.7%<sup>2</sup>**



### Unit Price<sup>1</sup>

**↑ 28.4%**

(1) Based on MUST opening price as at 3 Jan 2017 (US\$0.763) and closing price as at 31 Jan 2018 (US\$0.98)

(2) Source of Total Return: Bloomberg

# Optimised Capital Structure and Increase Financial Flexibility

Established US\$1.0 billion Multicurrency Debt Issuance Programme<sup>1</sup>

As at 31 Dec 2017

Gross Borrowings US\$461.9 million

Gearing Ratio<sup>2</sup> 33.7%

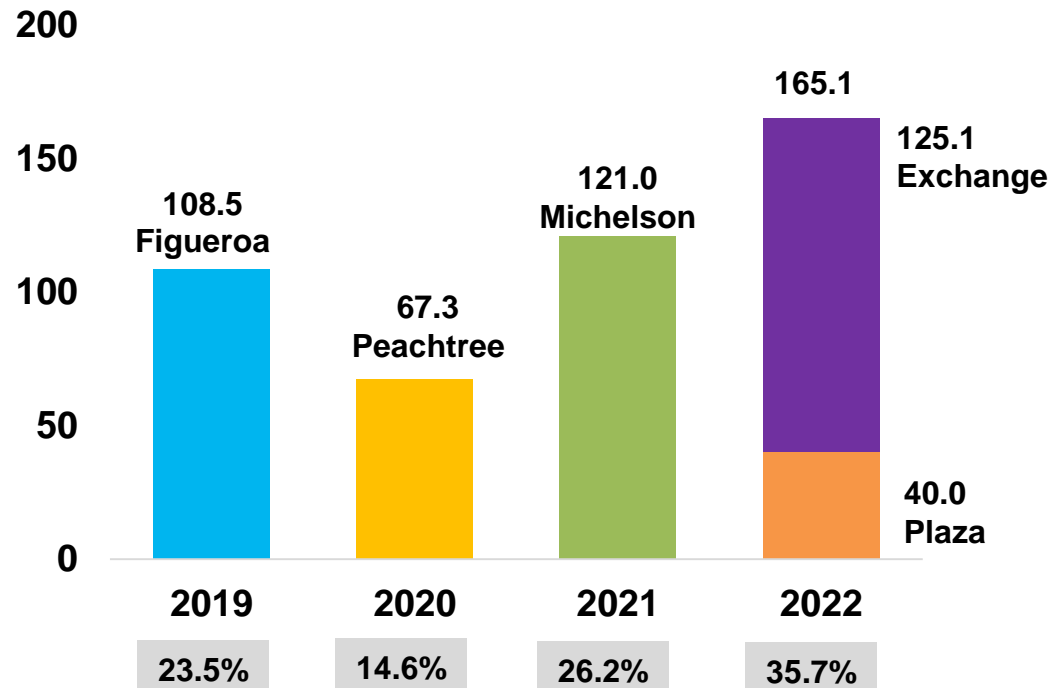
Weighted Average Interest Rate 2.83% p.a.

Debt Maturity (weighted average) 3.4 years

Interest Coverage<sup>3</sup> 5.5 times

## Debt Maturity Profile<sup>4</sup>

US\$ million



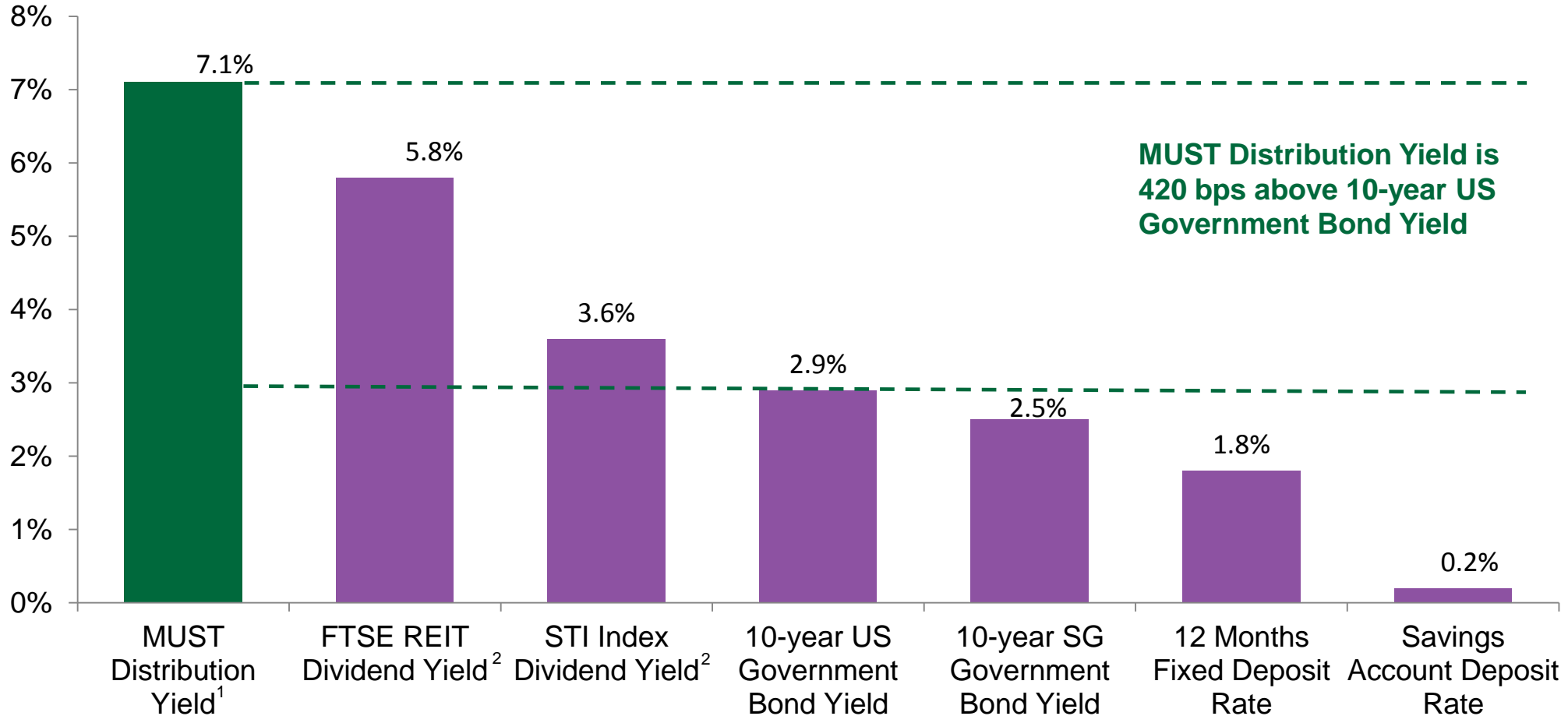
(1) Established on 13 Apr 2018

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

(3) Based on net income before finance expenses, taxes and net fair value change in investment properties, over finance expenses. Including fair value gain on investment properties, the interest coverage would be 8.8 times

(4) No refinancing required until 2019. Excludes undrawn good news facilities of US\$85.0 million and US\$10.0 million Revolving Credit Facility. As at 31 Dec 2017, \$0.8 million have been drawn from the good news facilities

# Distribution Yield of MUST vs. Other Investments



(1) Manulife US REIT FY 2018 distribution yield is based on Bloomberg analysts' consensus over unit price of US\$0.93 as at 19 Apr 2018

(2) Based on Bloomberg 2018 estimates as at 19 Apr 2018

Source: Bloomberg as at 19 Apr 2018

As at 19 Apr 2018



# Portfolio Updates

## First Things First

DELIVERING SOLID RESULTS AND STABLE DISTRIBUTIONS TO UNITHOLDERS



FIGUEROA, LOS ANGELES, CALIFORNIA, CLASS A



# First Class Portfolio of Trophy/ Class A Assets

Click to watch property video!

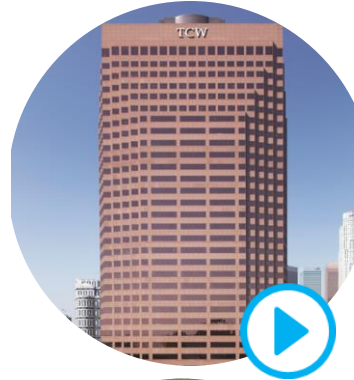
## Exchange, Jersey City

NLA	730,823 sq ft
Property Value	US\$332.6 m <sup>1</sup>
Occupancy Rate	95.7% <sup>2</sup>
WALE (by NLA)	5.5 Years



## Figueroa, Los Angeles

NLA	701,978 sq ft
Property Value	US\$326.0 m <sup>1</sup>
Occupancy Rate	92.9% <sup>2</sup>
WALE (by NLA)	4.9 Years



## Michelson, Irvine

NLA	532,663 sq ft
Property Value	US\$342.0 m <sup>1</sup>
Occupancy Rate	96.5% <sup>2</sup>
WALE (by NLA)	4.4 Years



## Plaza, Secaucus

NLA	461,525 sq ft
Property Value	US\$118.0 m <sup>1</sup>
Occupancy Rate	98.9% <sup>2</sup>
WALE (by NLA)	8.3 Years



## Peachtree, Atlanta

NLA	556,587 sq ft
Property Value	US\$194.2 m <sup>1</sup>
Occupancy Rate	96.8% <sup>2</sup>
WALE (by NLA)	5.8 Years



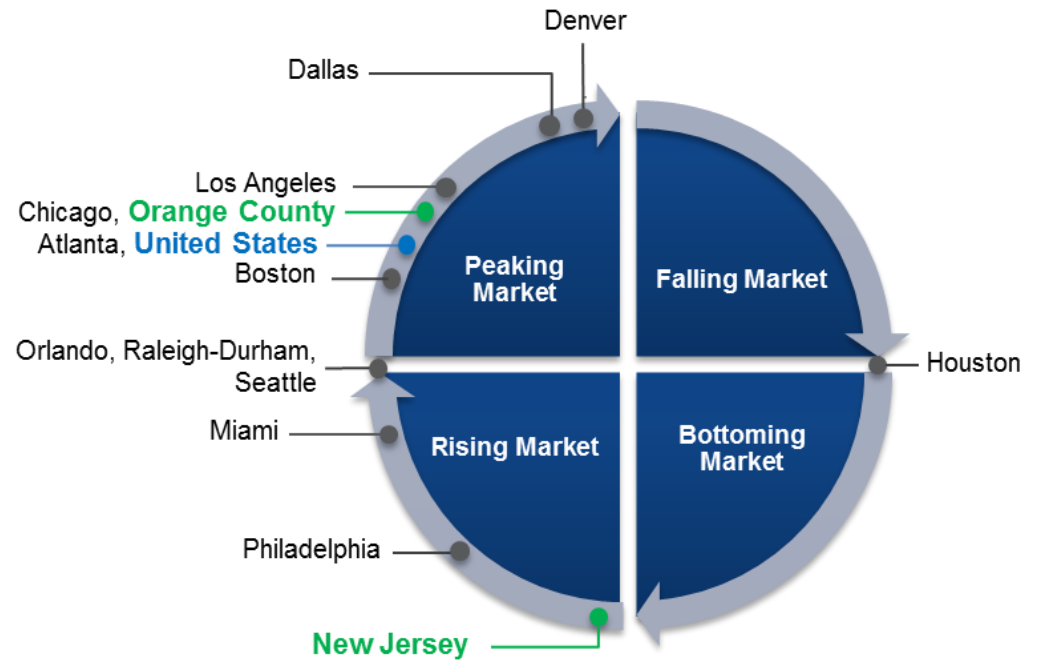
(1) Based on 31 Dec 2017 appraised values  
 (2) Committed Occupancy

# Strategically Located in Key U.S. Cities

## Rental Cycle, CBD U.S. Markets<sup>1</sup>



## Rental Cycle, Suburban U.S. Markets<sup>1</sup>



(1) Source: JLL as at 4Q 2017

# Office Market Overview

## Limited New Supply in 2018

Market	Vacancy <sup>1</sup> (%)	Gross Asking Rent <sup>1</sup> (US\$)	12 Month Rent Growth <sup>2</sup> (%)	New Properties Under Construction (‘000 sq ft)	Property Name	Delivery Year
Downtown Los Angeles	14.5	41.51	2.5	0	N/A	N/A
Irvine, Orange County	17.4	35.48	1.7	0	N/A	N/A
Midtown Atlanta	10.1	33.66	3.6	277	NCR	2018
				343	Ponce	2019
				760	Coda	2019
Meadowlands <sup>3</sup>	20.2 <sup>4</sup>	29.71	(4.0)	0	N/A	N/A
Hudson Waterfront <sup>5</sup>	13.9	41.82	(0)	0	N/A	N/A

(1) Class A inventory

(2) All building classes

(3) Secaucus is within the Meadowlands submarket

(4) Vacancy and availability include old and uncomparable buildings. Plaza's competitive set has vacancy rate of only 6%.

(5) Jersey City is within the Hudson Waterfront submarket

Source: CoStar Market Analysis & Forecast as at 9 Jan 2018

# Latest Update - Proposed Acquisitions from Sponsor

Acquisition of Sponsor's Assets at a Total Purchase Price of US\$387.0 million

Click to watch video!



## Investment Criteria

1750 Pennsylvania Ave,  
Washington, D.C. (Penn)

Phipps Tower, Atlanta (Phipps)



Long WALE

6.8 years

10.0 years



High Occupancy

97.2%

97.3%



Live, Work, Play

Centre of U.S government drawing major corporations and global agencies

Desirable work location, high-end retail, hotels and deluxe residential



Strong Economic Fundamentals

5<sup>th</sup> largest economy in U.S.

10<sup>th</sup> largest economy in U.S.



Trophy/Class A Assets

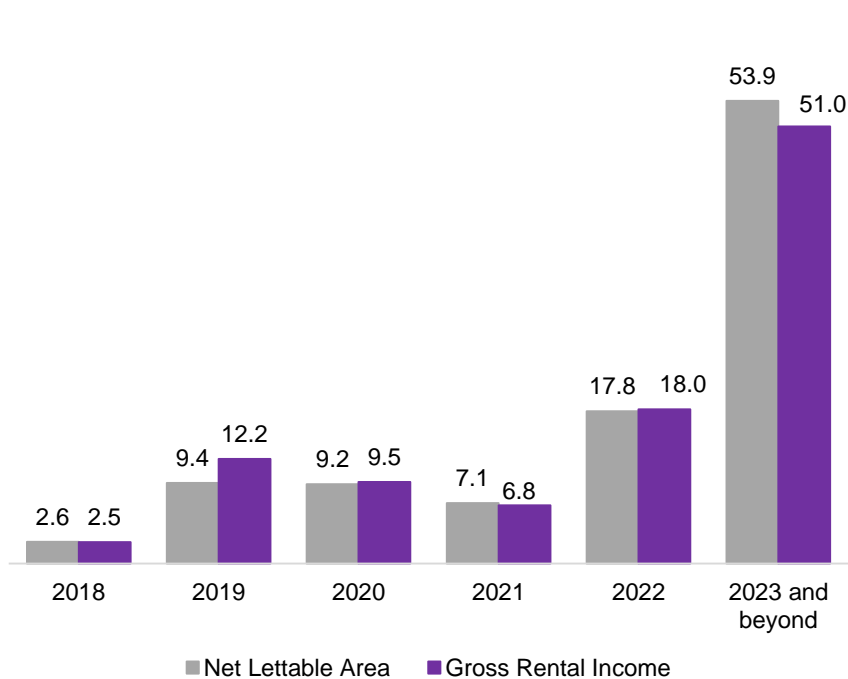
Class A

Trophy

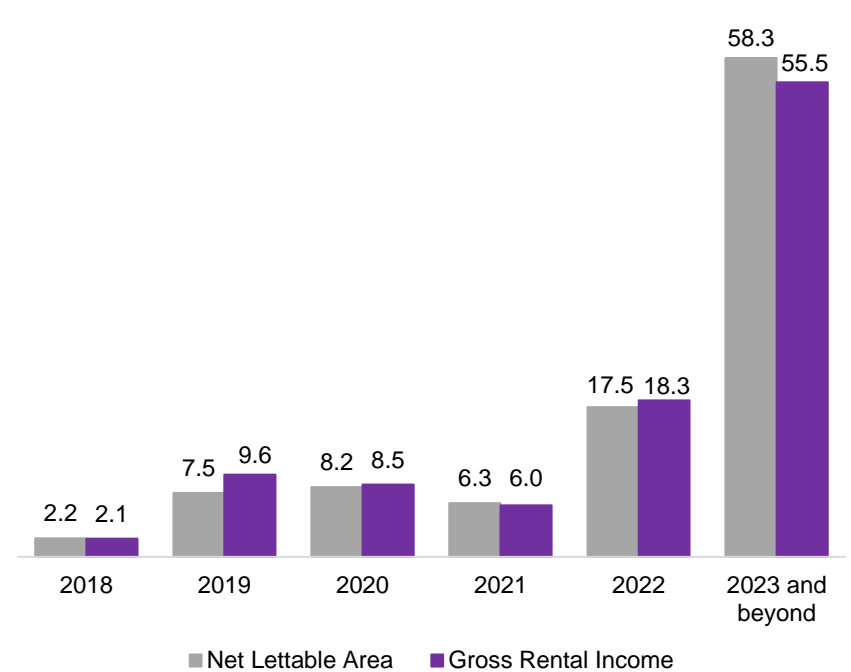
# Long WALE and High Occupancy

WALE by NLA Lengthened from 5.7 to 6.3 years; High Occupancy at 96.2%

### Current Portfolio Lease Expiries Profile (%)



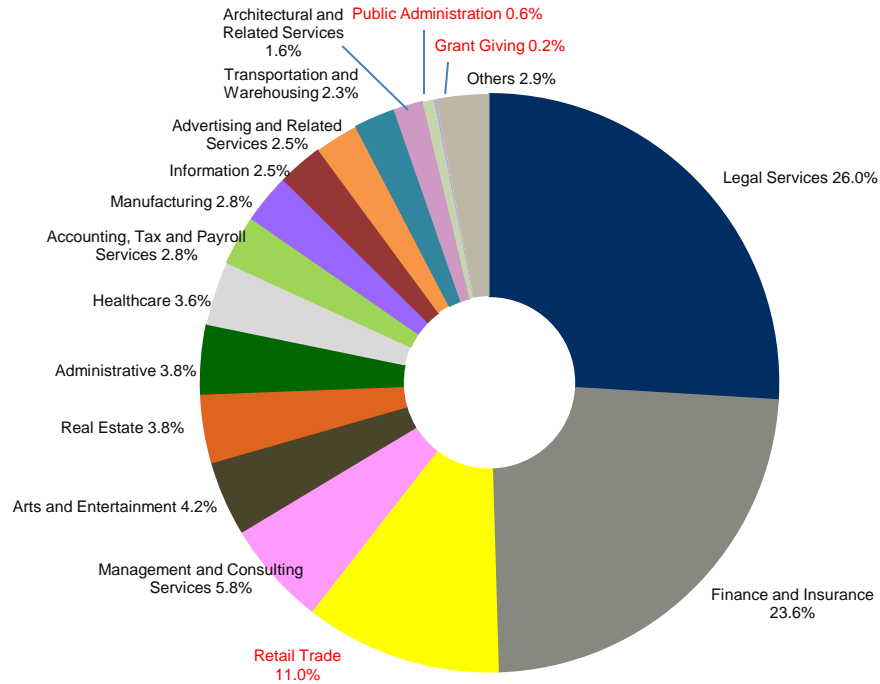
### Enlarged Portfolio Lease Expiries Profile (%)



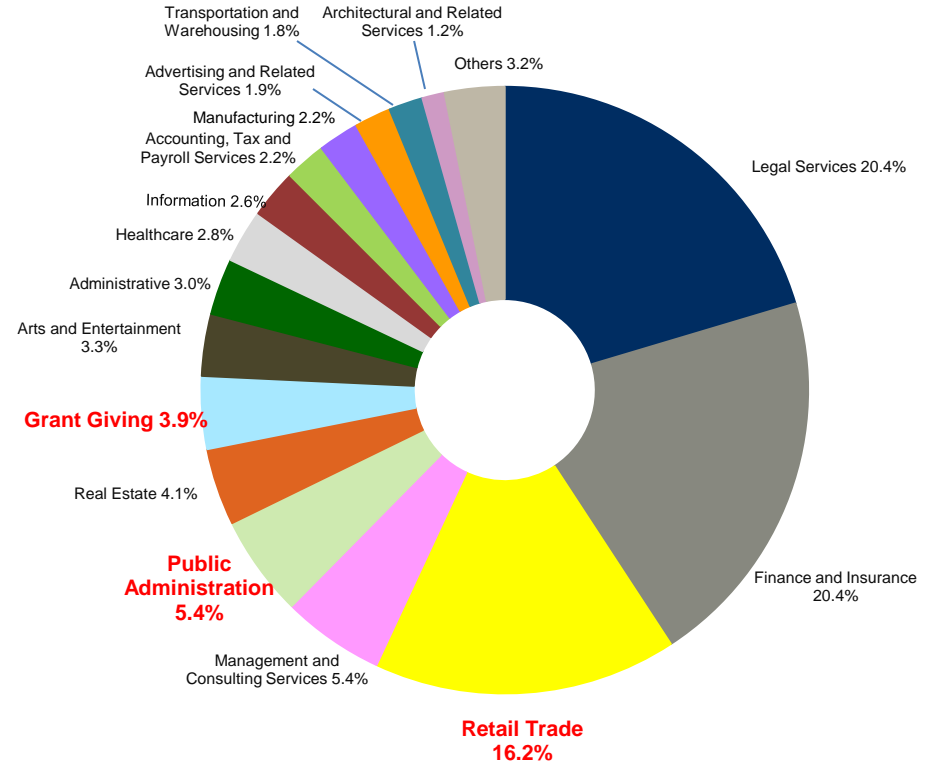
Data as at 31 Dec 2017

# Diversified and High Quality Tenants

## Current Portfolio Trade Sector by GRI



## Enlarged Portfolio Trade Sector by GRI



- ✓ Improve tenant diversification from current portfolio
- ✓ Significantly increased exposure to Retail Trade, Public Administration and Grant Giving
- ✓ High percentage of quality tenants

Data as at 31 Dec 2017



# Moving Forward

# First Class Strategy

TARGETING YIELD-ACCRETIVE ACQUISITIONS IN KEY U.S. MARKETS

PLAZA, SECAUCUS, NEW JERSEY, CLASS A



# Expanding Beyond - Fortifying the Portfolio

Target to Double AUM from US\$1.3b to US\$2.6b in Two Years with Accretive Acquisitions



May 2016



Figuroa, Michelson, Peachtree  
AUM US\$777.5m

Jun 2017



Sep 2017

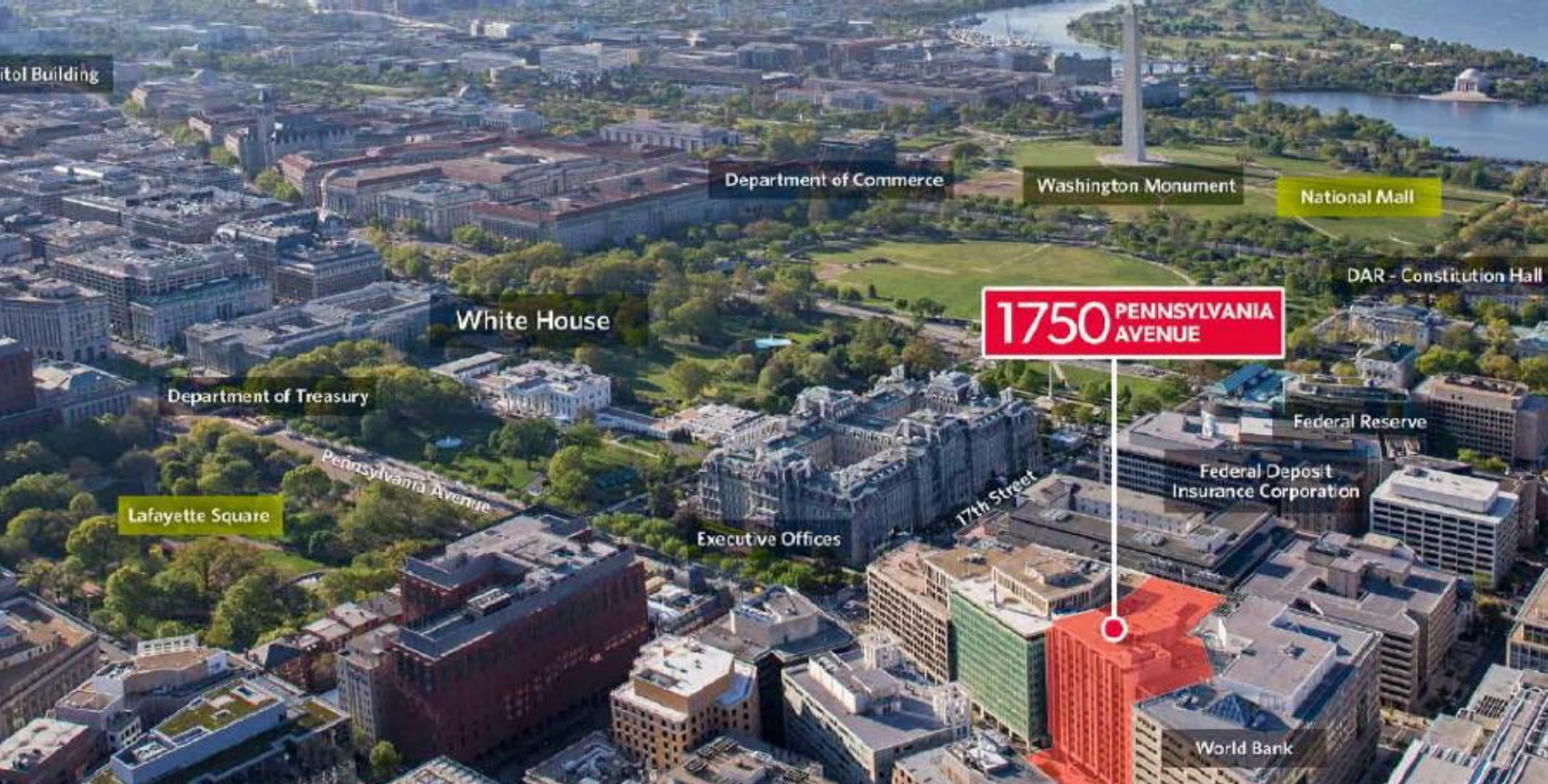


Apr 2018



(1) Based on gross borrowings as percentage of total assets  
(2) Assuming acquisition is funded by a combination of debt and perpetuals





# Thank You

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# Appendix



*Penn, Atlanta*

# Old: Tax Structure

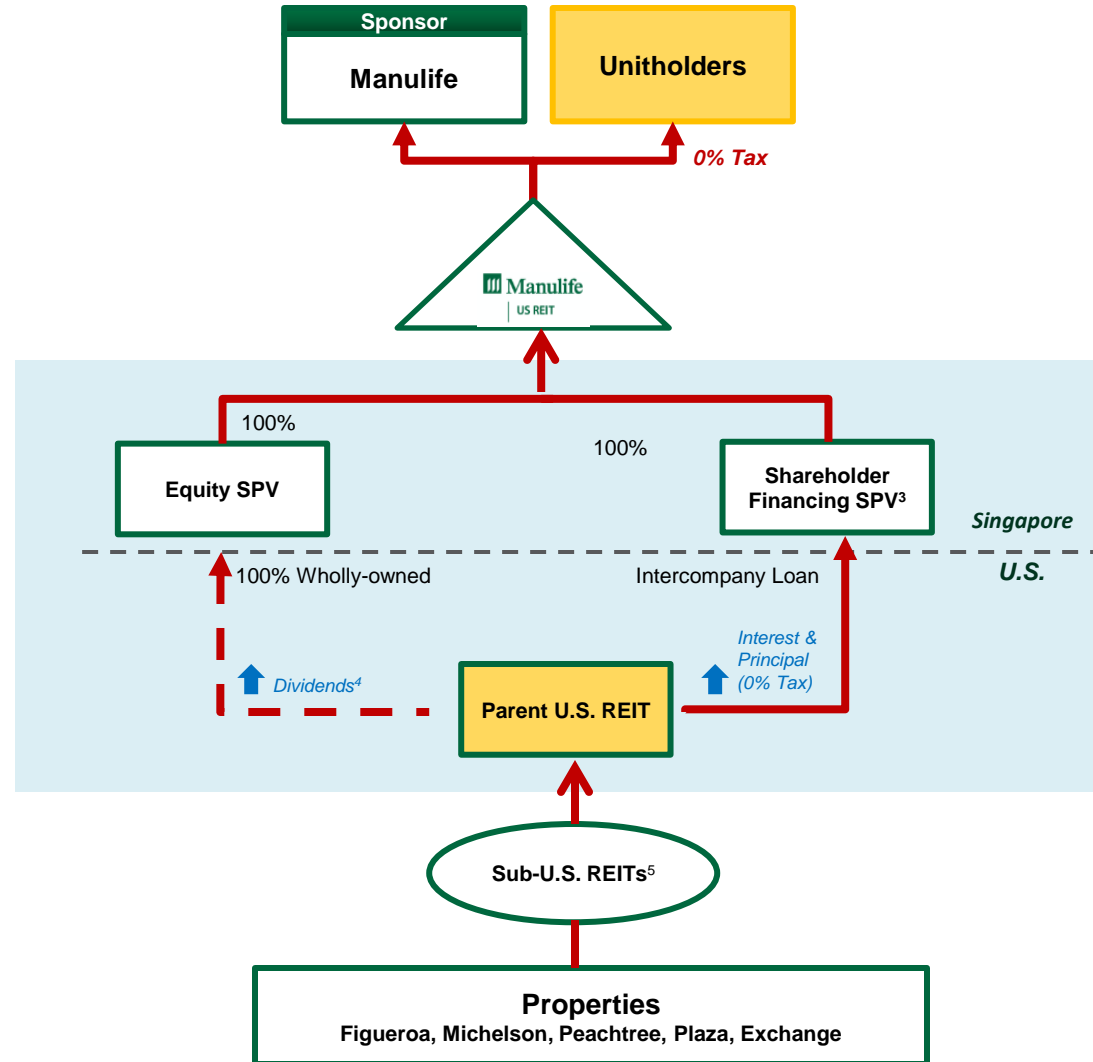
No 30%<sup>1</sup> withholding tax on interest and principal on shareholder's loan - **US Portfolio Interest Exemption Rule**

Zero tax in Singapore - **Foreign sourced income not subject to tax**

Distribution from US to Singapore through combination of dividends, and/or interest payments and principal repayments on shareholder loans

No single investor to hold more than 9.8% (including the sponsor) - 'Widely Held'<sup>2</sup> rule for REITs in US

Manager will actively manage to minimise or pay no dividends from Parent U.S. REIT to Equity SPV

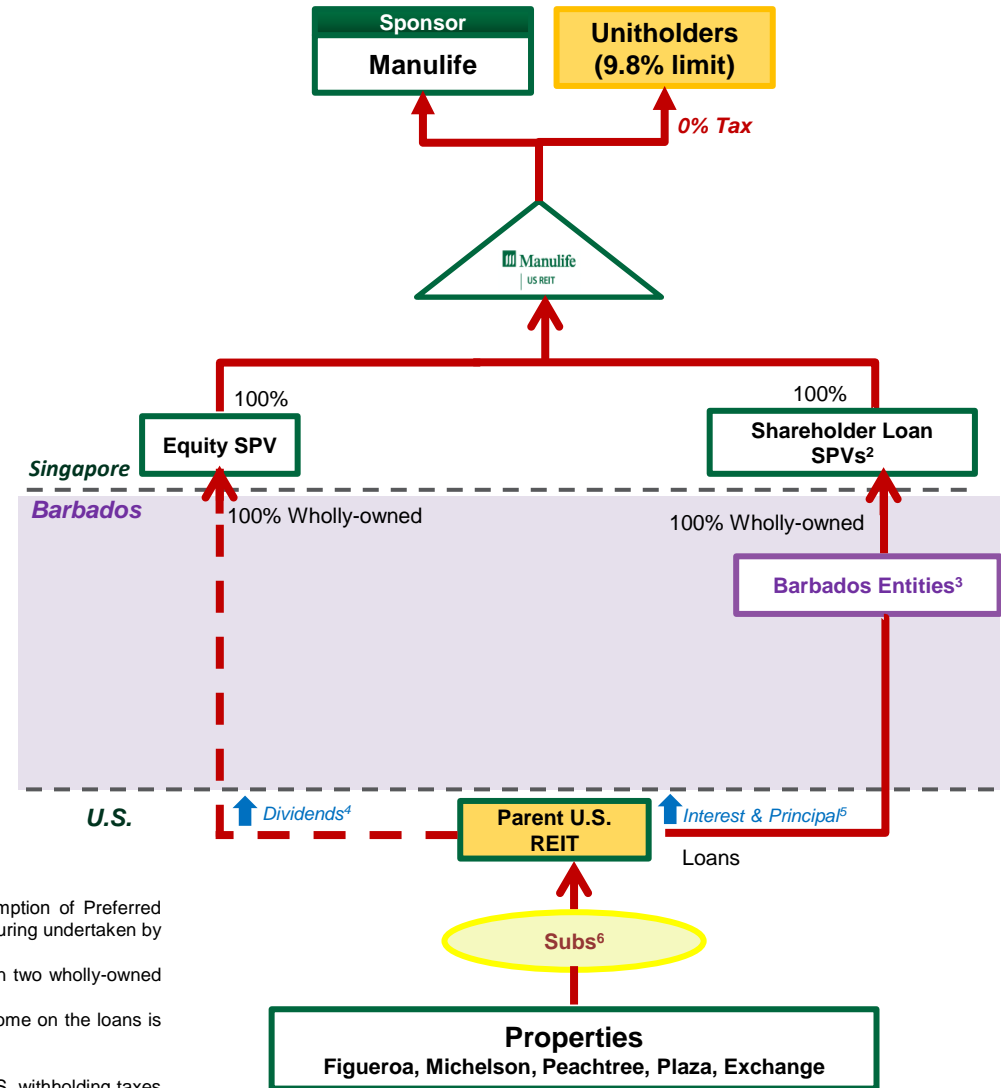


- (1) For U.S. and non U.S. persons filing valid tax forms
- (2) No less than 5 persons holding 50% of company
- (3) A separate Singapore passive investment holding company will be established to provide an intercompany loan for each future acquisition
- (4) Subject to 30% withholding tax
- (5) Each Sub-U.S. REIT holds each individual property

# Revised: Tax Structure<sup>1</sup>

**Change 1:**  
Exempted from cap on interest deduction by redeeming preferred shares.

**Change 2:**  
Barbados entity in place to continue to deduct shareholder loan interest. Minimum taxes paid in Barbados.

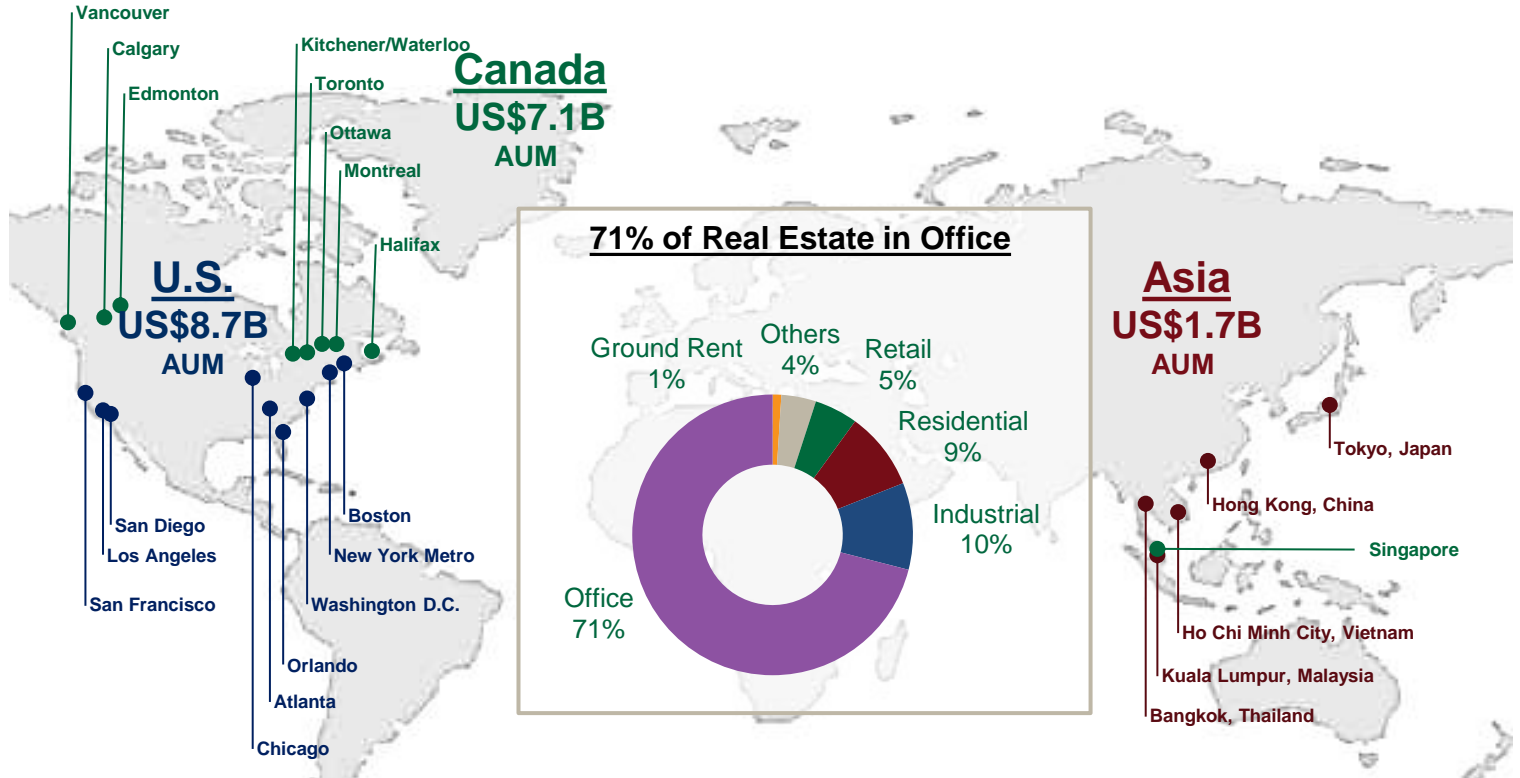


- (1) As at 1 January 2018. Please refer to the SGX announcement dated 2 January 2018 titled "Redemption of Preferred Shares by U.S. REITs and Proposed Establishment of Wholly-Owned Entities" for details of the restructuring undertaken by MUST.
- (2) There are three wholly-owned Shareholder Loan SPVs, each of which has made equity investments in two wholly-owned Barbados entities which had formed a Barbados Limited Partnership.
- (3) The Barbados Limited Partnerships have extended loans to the Parent U.S. REIT and the interest income on the loans is taxed in Barbados
- (4) Subject to 30% withholding tax
- (5) Principal repayments are not subject to U.S. withholding taxes. Interest payments 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
- (6) Each Sub holds an individual property

# Reputable Sponsor with Proven Track Record in Property Management

**Vertically-Integrated Real Estate Platform: Global Real Estate AUM of US\$17.4b**

## Sponsor



Note: All AUM in fair value basis as at 31 Dec 2017

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