



US REIT



Investor Day 2019

Wednesday, 27 March 2019, 10.00AM to 2.00PM
NTUC Auditorium, Level 7, 1 Marina Boulevard, Singapore 018989

Important Notice

This presentation shall be read in conjunction with Manulife US REIT's financial results announcement dated 11 February 2019 published on SGXNet.

This presentation is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of Manulife US REIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. The value of units in Manulife US REIT ("**Units**") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Manulife US REIT) or any of their respective affiliates. The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. These forward-looking statements speak only as at the date of this presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of office rental revenue, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

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.

Contents

1 Overview and About Manulife US REIT

2 Financial and Portfolio Performance

3 Looking Forward



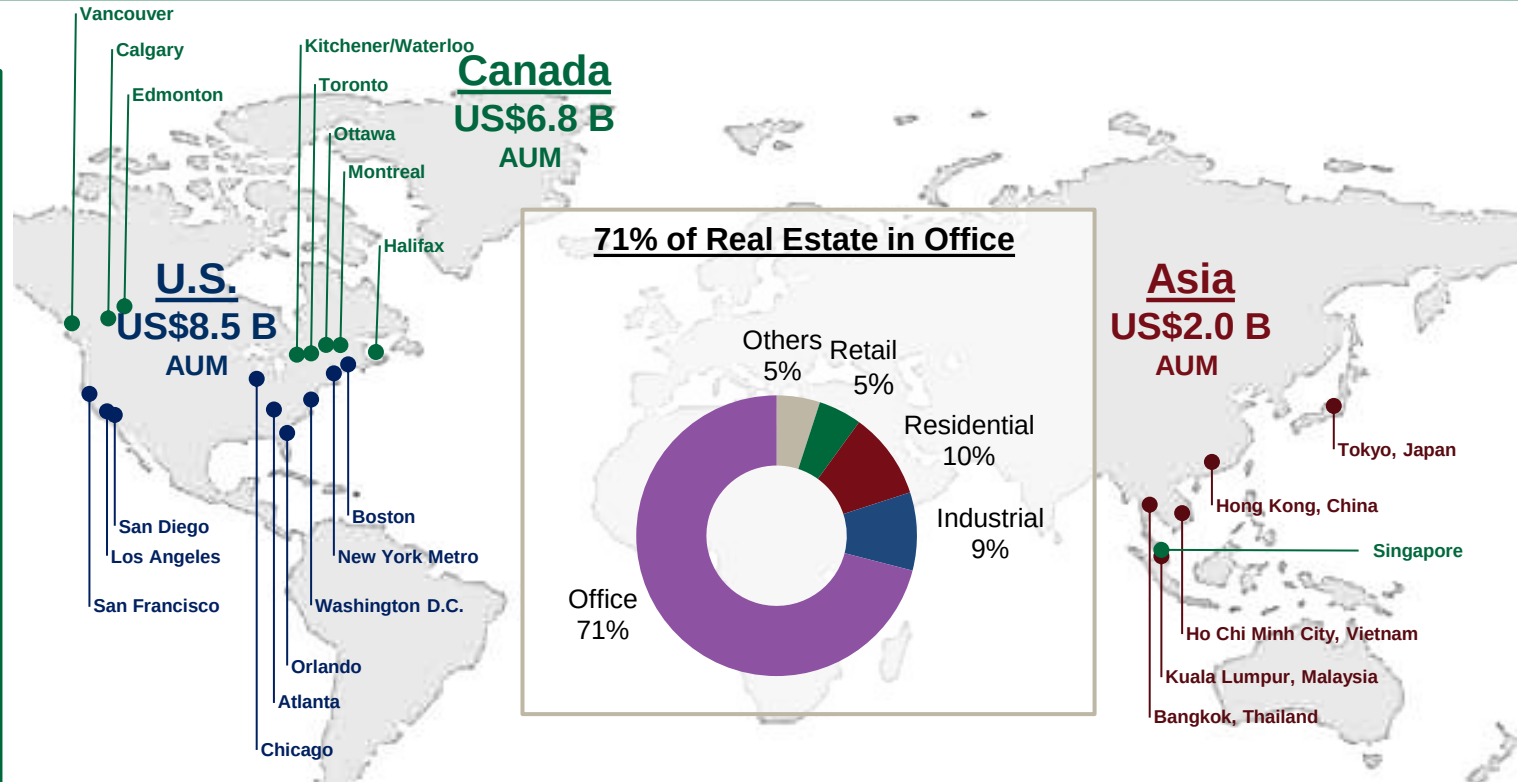
Overview and About Manulife US REIT

HUDSON RIVER

Reputable Sponsor with Proven Track Record in Property Management

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

Sponsor



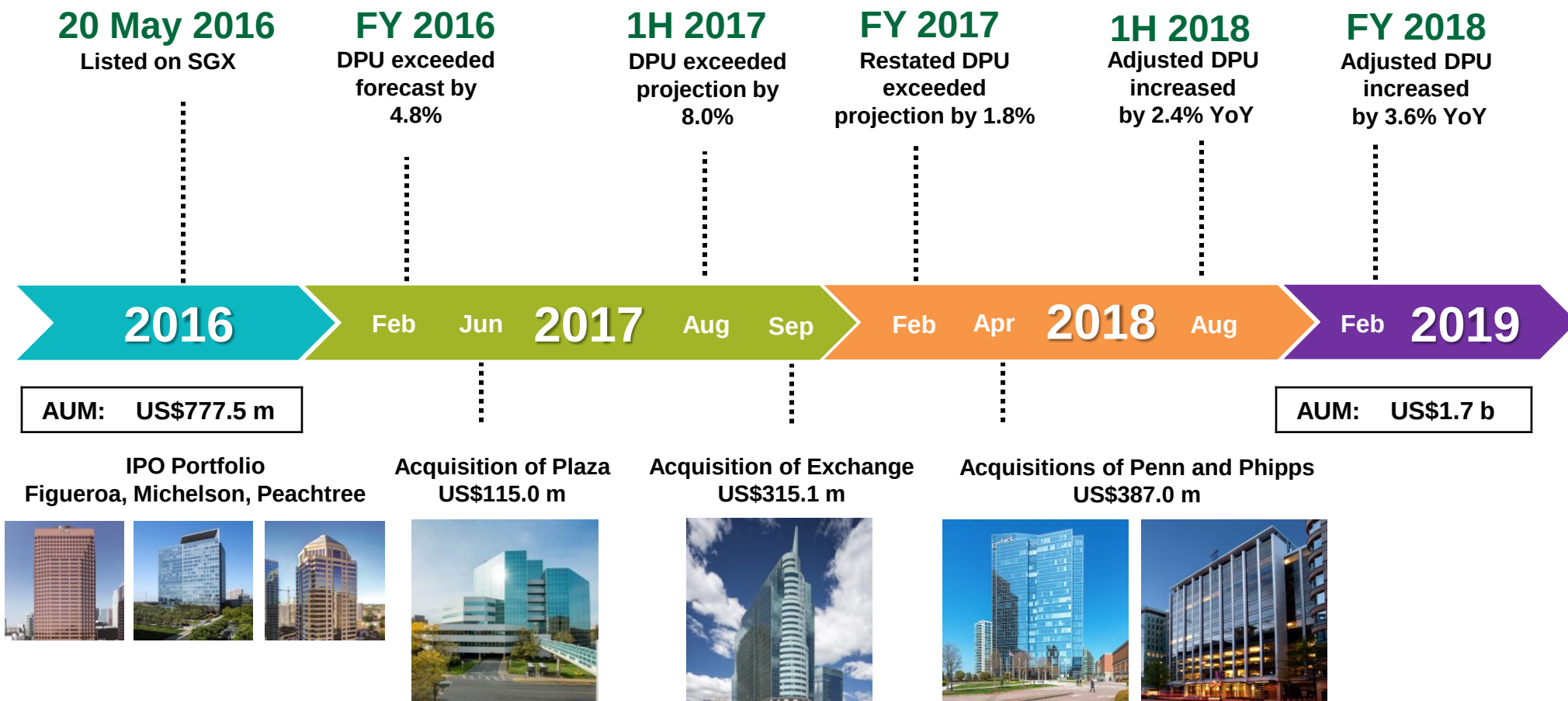
More than 80 years of experience in real estate

Over 540 real estate professionals in 25 cities globally

John Hancock AUM of US\$8.5 b and strong leasing network of >1,000 tenants

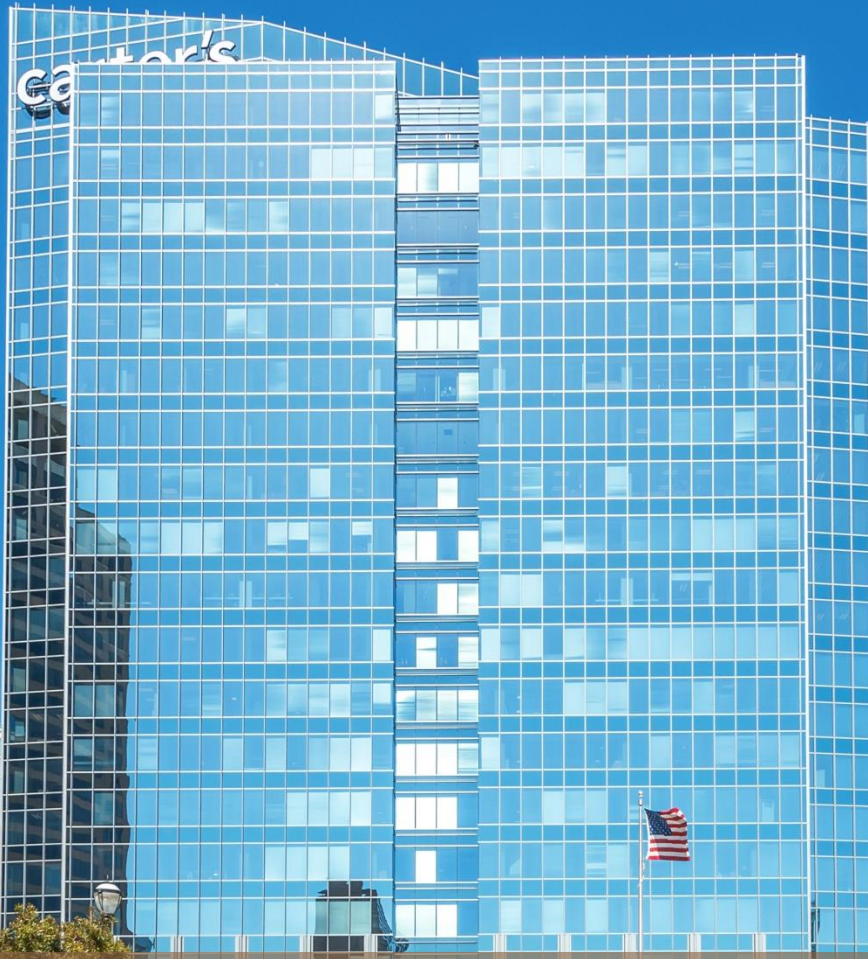
Note: All AUM in fair value basis as at 31 Dec 2018

Key Milestones since IPO



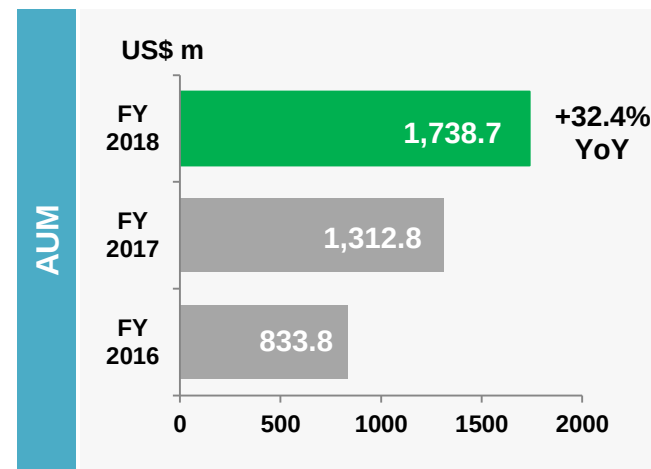
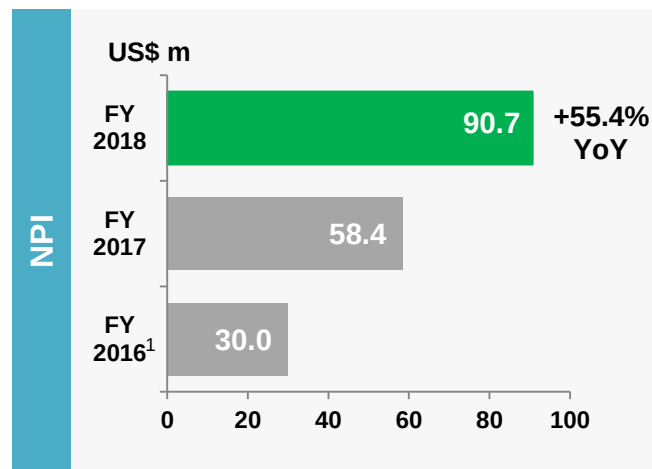
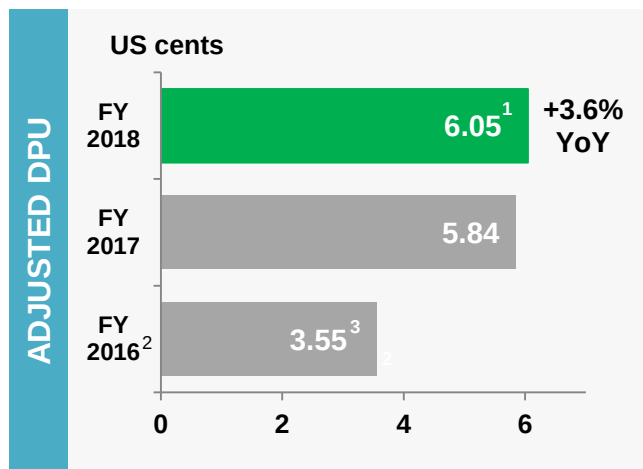
Note: For more information, please refer to http://investor.manulifeusreit.sg/investor_relations.html

Phipps, Atlanta, Georgia



Financial and Portfolio Performance

Growing from Strength to Strength in FY 2018



Committed Occupancy
of **96.7%**



Portfolio valuation **+2.3%**

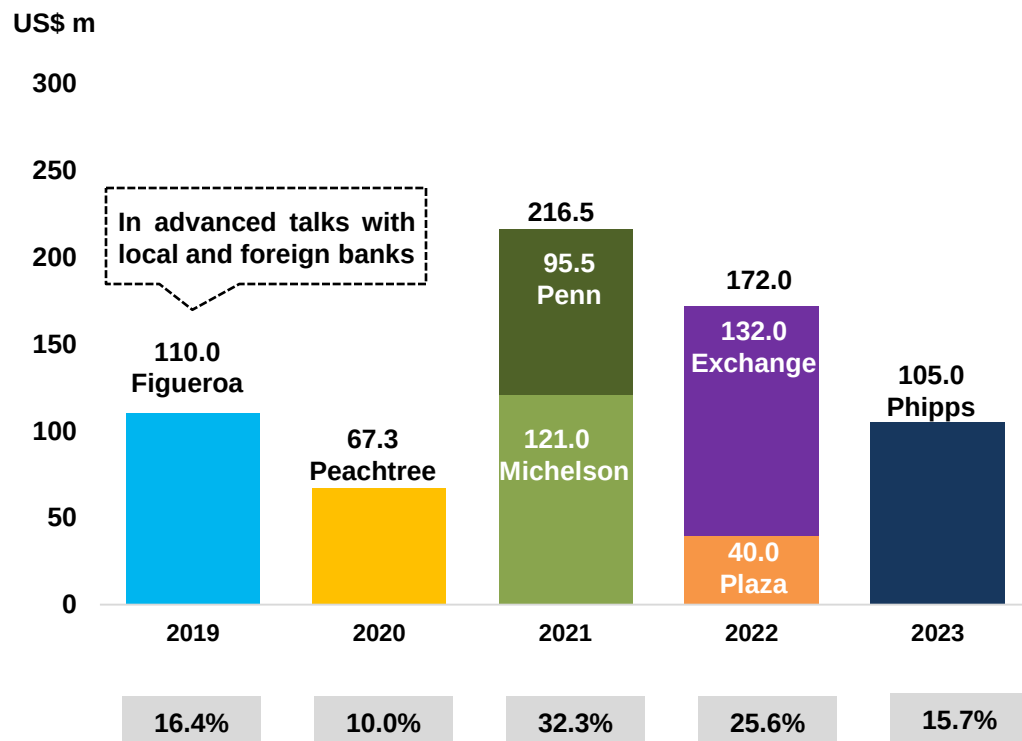


Acquisitions of Penn and Phipps for **US\$387.0 m** contributed from 2Q 2018

- (1) For illustrative purposes, adjusted DPU was calculated based on the weighted average number of Units in issue. The adjusted DPU normalises the impact of enlarged Unit base from the Preferential Offering (Penn and Phipps) and Rights Issue (Exchange)
- (2) FY 2016 includes results from 20 May 2016 to 31 Dec 2016
- (3) Actual DPU for FY 2016

Disciplined and Prudent Capital Management

Well-Spread Debt Maturity Profile¹



As at 31 Dec 2018



Gross Borrowings
US\$670.8 m



Gearing Ratio
37.2%²



Weighted Average Interest Rate
3.27%



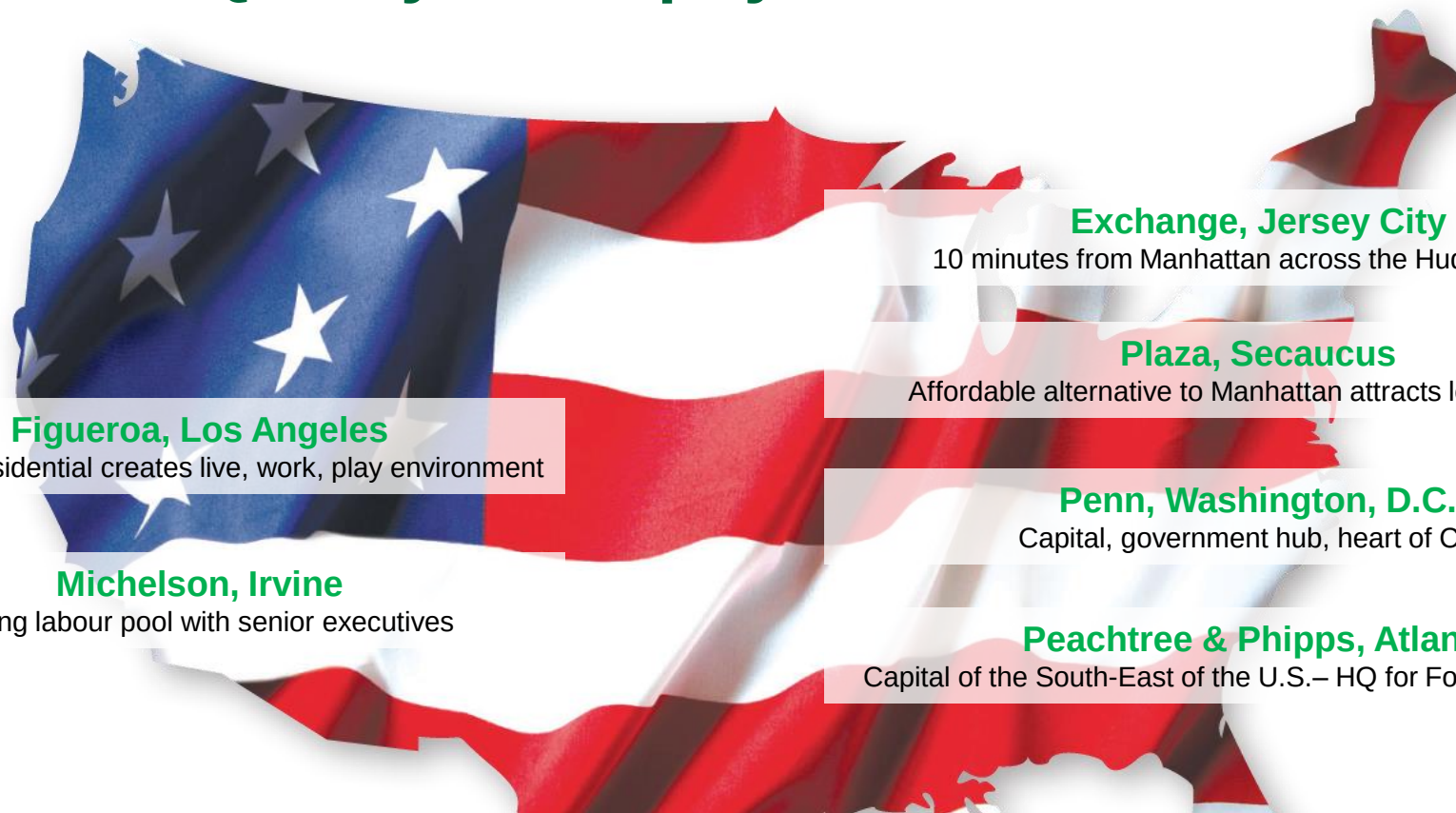
Weighted Average Debt Maturity
2.7 years



Net Asset Value per Unit
0.83 US Cents

(1) Excludes undrawn good news facilities and revolving credit facilities
(2) Based on gross borrowings as percentage of total assets

Superior Quality of Trophy and Class A Assets



Figueroa, Los Angeles

Boom in residential creates live, work, play environment

Michelson, Irvine

Strong labour pool with senior executives

Exchange, Jersey City

10 minutes from Manhattan across the Hudson River

Plaza, Secaucus

Affordable alternative to Manhattan attracts leading firms

Penn, Washington, D.C.

Capital, government hub, heart of CBD

Peachtree & Phipps, Atlanta

Capital of the South-East of the U.S.– HQ for Fortune 500 Firms

As at 31 Dec 2018	Figueroa	Michelson	Peachtree	Plaza	Exchange	Penn	Phipps
NLA (sq ft)	702,861	532,663	557,560	461,525	732,169	277,315	475,199
WALE (Years by NLA)	4.6	3.4	4.9	7.4	6.1	5.9	9.0
Occupancy ¹ (%)	93.9	96.0	93.7	98.9	97.7	99.2	100.0

Portfolio

3.7 m

5.8

96.7

(1) Committed Occupancy

Cap Rates Stable; Portfolio Valuation +2.3%

Increase in Valuation due to Proactive Leasing and Continued Strength of Submarkets

Property	Valuation						Implied Cap Rates ²
	31 Dec 2018 (US\$ m)	30 Jun 2018 (US\$ m)	6M Change (%)	31 Dec 2017 (US\$ m)	YoY Change (%)	31 Dec 2018 (US\$ per sq ft ¹)	31 Dec 2018 (%)
Figueroa	329.3	328.0	0.4	326.0	1.0	469	4.5
Michelson	345.0	342.0	0.9	342.0	0.9	648	4.8
Peachtree	203.7	203.0	0.3	194.2	4.9	365	5.8
Plaza	119.8	119.6	0.2	118.0	1.5	260	6.8
Exchange	340.7	336.9	1.1	332.6	2.4	465	4.9
Penn	189.0	187.0	1.1	182.0 ³	3.8	682	4.8
Phipps	211.2	207.2	1.9	205.0 ³	3.0	444	5.8
Total/ Weighted Ave	1,738.7	1,723.7	0.9	1,699.8	2.3	465	5.1

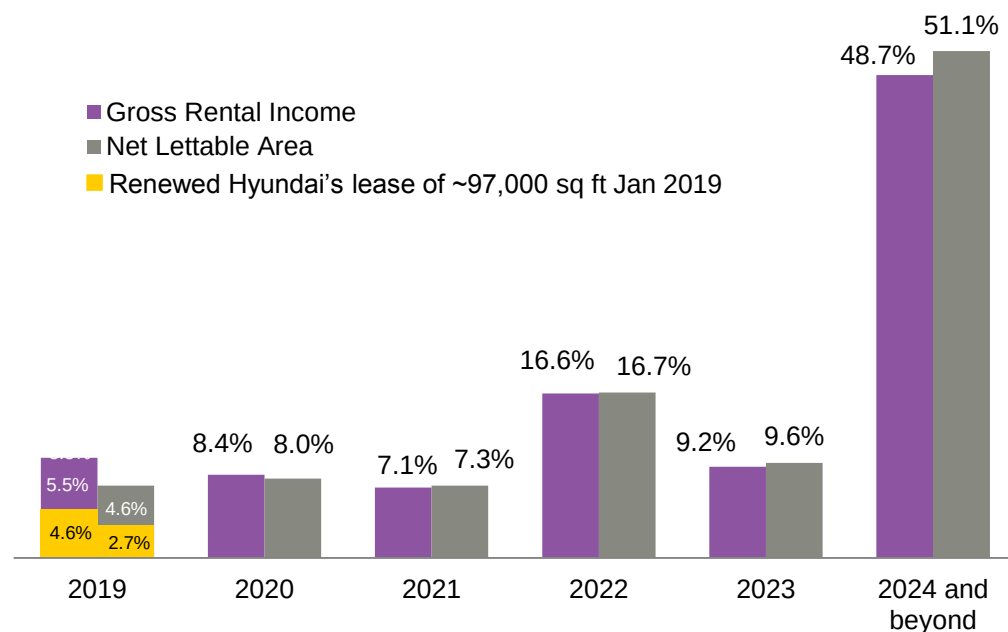
(1) Based on NLA as at 31 Dec 2018

(2) Based on valuation by Colliers

(3) Based on acquisition price announced on 13 Apr 2018

Minimal Leases Due in 2019; Long WALE of 5.8 Years

Lease Expiry Profile as at 31 Dec 2018¹ (%)



Positive Rental Reversion

+8.9%¹

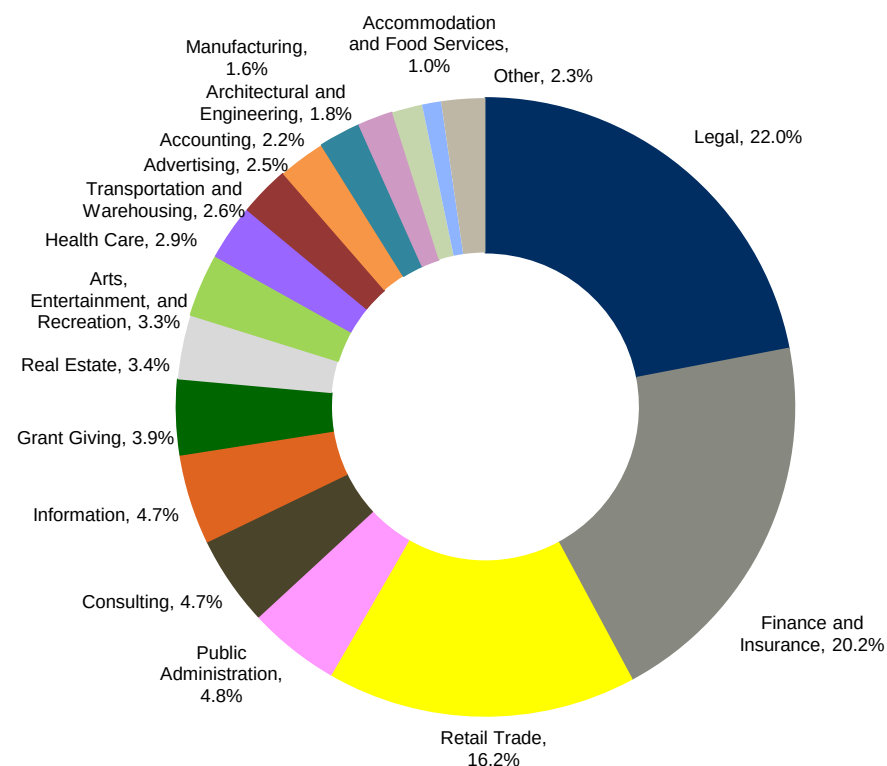
+12.2% in FY 2017; +10.5% in FY 2016

Annual Rental Escalations

~2.0%

94% of leases by GRI²

Well-Diversified Tenant Base



Amounts may not sum to 100% due to rounding
Data as at 31 Dec 2018

(1) Weighted by NLA. Excludes leases signed in suites vacant more than 12 months prior to execution. Rental reversions will only be disclosed when substantial and meaningful
(2) Annualised Annual and mid-term rental escalations

Limited Supply in Our Cities

Majority of our Properties are 5% - 10% Below Market Rents

Market	New Properties Under Construction ('000 sq ft)	Class A Inventory			Manulife US REIT ¹		
		RBA (mil sq ft)	Vacancy (%)	Gross Asking Rent per sq ft (US\$)	Properties	Vacancy (%)	Gross Passing Rent (US\$)
Downtown Los Angeles	0	39.1	14.5	43.70	Figueroa	6.1	41.03
Irvine, Orange County	0	14.6	17.2	35.68	Michelson	4.0	51.57
Midtown Atlanta	1,131 ²	15.9	9.2	38.93	Peachtree	6.3	32.54
Meadowlands ³	0	3.5	18.0 ⁴	30.11	Plaza	1.1	30.74
Hudson Waterfront ⁵	0	18.7	17.1	45.28	Exchange	2.3	40.18
Washington, D.C.	1,264 ⁶	30.5	10.7	55.61	Penn	0.8	35.58
Buckhead Atlanta	0	16.1	13.9	38.10	Phipps	0.0	52.44

(1) Data as at 31 Dec 2018

(2) Approximately 50% pre-leased

(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%. New construction is not comparative to Plaza

(5) Jersey City is within the Hudson Waterfront submarket

(6) Of the properties under construction, only ~154,000 is directly comparable to Penn and is approximately 100% pre-leased

Source: CoStar Market Analysis & Forecast – As at 3 Jan 2019

Advantage of U.S. Trophy/Class A Office

Trophy/Class A Assets Provide Strong Income in Upcycles and Remain Resilient during Market Turmoil as compared to Class B & Lower Class Business Park Assets



Trophy



Class A



Class B

Description	Highest quality buildings	High quality buildings	Older buildings with basic design/materials
Age	<10 years	< 15 years, if older, has been renovated to maintain its status	>15 years
Location	Best location and great accessibility	Central location and great accessibility	Location less identifiable
Features and amenities	- Timeless in architecture, renowned for quality - Abundant amenities - Proactive management and maintenance	- High quality building finishes - Abundant amenities - Proactive management and maintenance	- Outdated features, may require renovation - Limited amenities - Average management and maintenance
Typical Tenants	Multi-national companies	Multi-national companies	Small & medium enterprises
Rents	Command highest rents	Above market rents for area	Discount to Class A

Source: Company. There are no formal or international standards established for building classes; each building's classification is relative to its own market, and criteria may vary from one market to another.



Looking Forward

U.S. – World's Largest Real Estate Market

Investment Criteria



Long WALE



High Occupancy



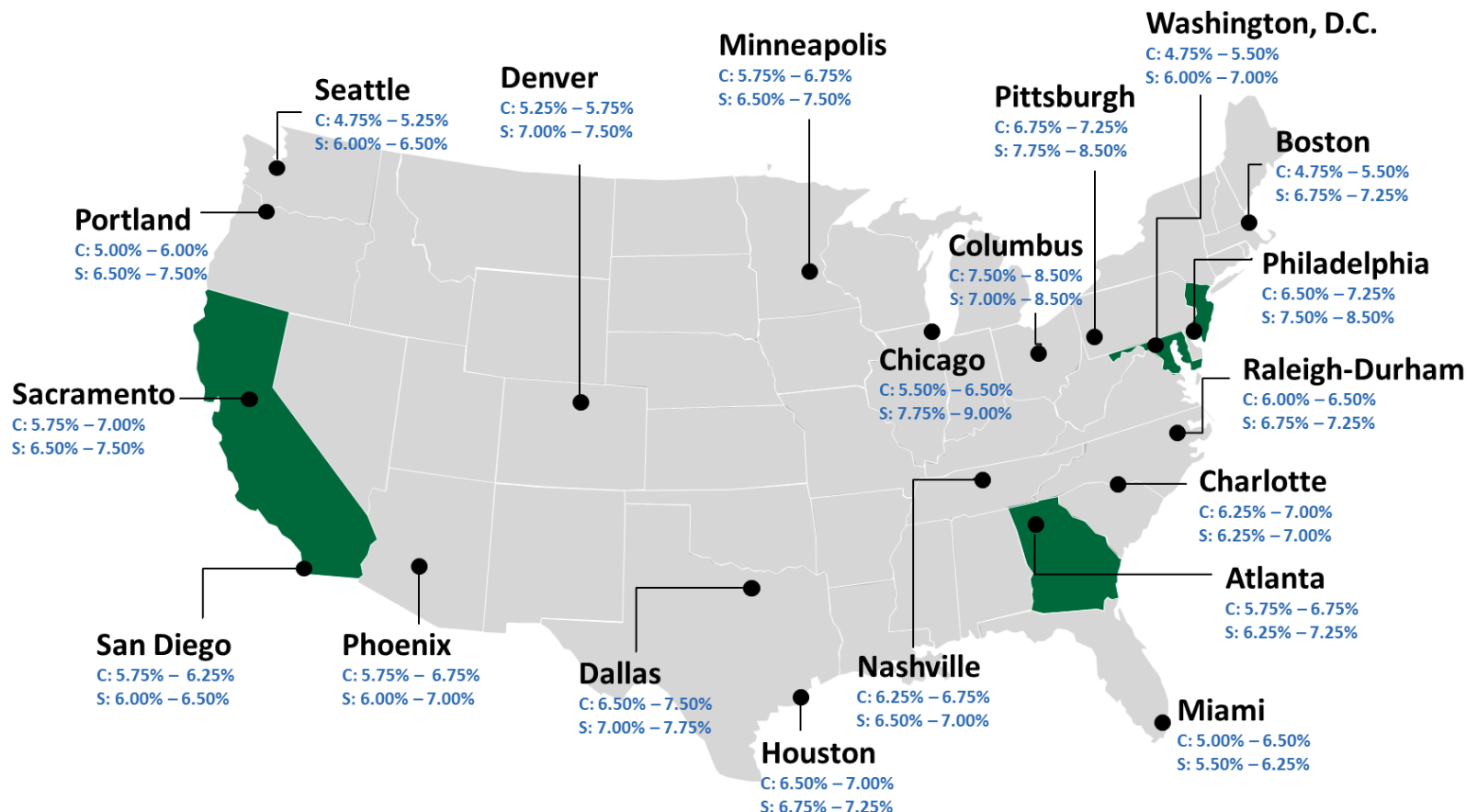
Live, Work, Play Environment



Strong Economic Fundamentals



Trophy/Class A Assets



Notes:

States MUST is in are highlighted in green

Class A cap rates highlighted in blue

C: CBD cap rates; S: Suburban cap rates

Source: CBRE Cap Rate Survey – Second Half 2018

Poised for Growth

Macro Environment

- ① Despite challenging global economic backdrop, U.S. economy remains bright spot
- ② Rate Hikes – Fed remains patient
- ③ Proposed US tax regulations and Barbados tax changes no material impact

Micro Environment

- ① Continue to drive leasing and asset management
- ② Refinance Figueroa loan; target to unencumber
- ③ Opportunistic acquisitions in strong growth markets with desirable Live, Work, Play environment



US REIT

GREEN
DOT SERIES
A THOUGHT LEADERSHIP INITIATIVE



For enquiries, please contact: Ms Caroline Fong, Head of Investor Relations
Direct: (65) 6801 1066 / Email: carol_fong@manulifeusreit.sg

<http://www.manulifeusreit.sg>

FY 2018 Adjusted DPU¹ Increased 3.6% YoY

	4Q 2018 (US\$'000)	4Q 2017 (US\$'000)	Change (%)	FY 2018 (US\$'000)	FY 2017 (US\$'000)	Change (%)
Gross Revenue	40,501	29,264	▲ 38.4	144,554	92,040	▲ 57.1
Net Property Income	25,491	18,418	▲ 38.4	90,665	58,351	▲ 55.4
Net Income	20,509	18,943	▲ 8.3	64,520	57,964	▲ 11.3
Distributable Income	19,586	14,641	▲ 33.8	70,981	46,716	▲ 51.9
DPU (US cents)	1.53	1.42	▲ 7.7 ²	5.57	5.77	▼ (3.5) ³
Adjusted DPU (US cents) ¹	1.54	1.52	▲ 1.3	6.05	5.84	▲ 3.6

- (1) For illustrative purposes, adjusted DPU was calculated based on the weighted average number of Units in issue. The adjusted DPU normalises the impact of enlarged Unit base from the Preferential Offering (Penn and Phipps) and Rights Issue (Exchange)
- (2) 4Q 2018 DPU was higher than 4Q 2017 DPU largely due to income contribution from the properties acquired in 2018 and full quarter income contribution from Exchange acquired on 31 Oct 2017
- (3) FY 2018 DPU was lower than FY 2017 DPU largely due to the enlarged Unit base from the issuance of Preferential Offering to partially fund Penn and Phipps acquisitions, but income contribution from Penn and Phipps was only from acquisition date on 22 Jun 2018

Tax Advantaged Tax Structure

1 MUST's tax advantage

- No US corporate taxes (21%)
- No US withholding taxes (30%)
- No Singapore corporate taxes on domestic institutions (17%) or Singapore withholding taxes (10%)
- Minimum taxes paid (1.5% to 2.5% of distributable income)

For illustrative purposes only			
	US REIT	S-REIT ¹	Manulife US REIT
DPU Yield	3.2% ²	7.2%	7.2% ³
U.S. Withholding Taxes	(1.0%)	-	-
Net Yield – Singapore Retail Investor	2.2%	7.2%	7.2%
Net Yield – Singapore Institutions	2.2%	6.0% ⁴	7.2%
Net Yield – Foreign Institutions	2.2%	6.5% ⁵	7.2%

2 MUST's tax structure supported by 4 strong pillars

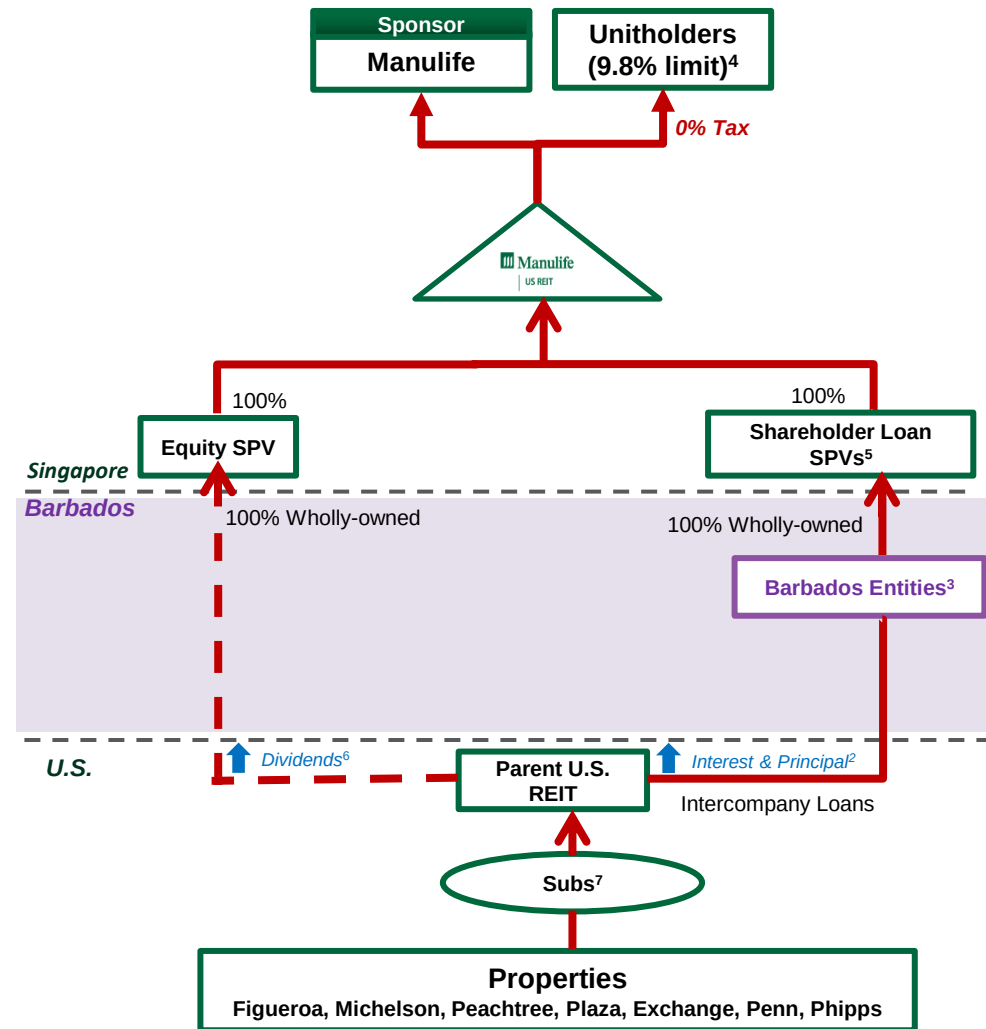
3 Stable U.S. tax jurisdictions

- (1) Singapore REIT with Singapore assets only. For illustrative purposes, the DPU yield for S-REIT is assumed to be the same as Manulife US REIT
- (2) Weighted Average of analyst consensus for FY 2019 distribution Yield of 18 US Office REITs listed in US stock exchange as at 25 Mar 2019 (Source: Bloomberg)
- (3) Analyst consensus for Manulife US REIT's FY 2019 distribution yield as at 25 Mar 2019 (Source: Bloomberg)
- (4) Singapore institutions incur 17% corporate tax on the Singapore sourced income portion of the distribution
- (5) Foreign institutions incur 10% corporate tax on the Singapore sourced income portion of the distribution

MUST's Tax Structure¹

Predominantly Supported by Four Pillars

- 1 Parent US REIT Structure**
 - Tax transparency – Dividends distributed are deductible
 - Income shielded by interest expense and depreciation
- 2 US Portfolio Interest Exemption Rule**
 - No 30%² withholding tax on interest and principal on shareholder's loan
- 3 Barbados Entities (US Tax Act Dec 2017 Section 267A)**
 - Barbados limited partnerships³ are "fiscally transparent"
 - Interest income on intercompany loans are taxed in Barbados and principal repayments are not subjected to tax
- 4 Foreign Sourced Income**
 - Zero tax in Singapore - Foreign sourced income not subject to tax



(1) As at 1 Jan 2018. Please refer to the SGX announcement dated 2 Jan 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) 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

(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) No single investor to hold more than 9.8% (including the sponsor) - 'Widely Held' (No more than 50% of shares can be owned by 5 or fewer individuals) rule for REITs in US – applies to pillars 1 and 2 above

(5) 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

(6) Subject to 30% withholding tax

(7) Each Sub holds an individual property