



 **Manulife**  
US REIT

# FY 2019 Financial Results

1 Jan 2019 to 31 Dec 2019

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5 February 2020



# Important Notice

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# Contents

**01 Key Milestones**

**02 Financial Highlights**

**03 Portfolio Performance**

**04 ESG Highlights**

**05 Looking Forward**

**06 Appendix: U.S. Outlook**

**07 Appendix: About MUST**





01

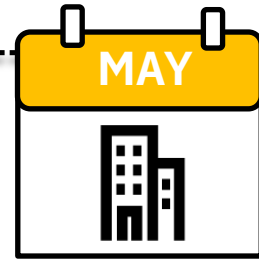
# Key Milestones



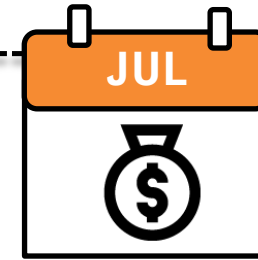
# FY 2019 Key Milestones



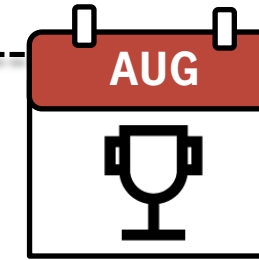
**AUM:** US\$1.7 b  
**Market Cap:** US\$982.8 m  
**Unit Price:** US\$0.77



Completed acquisition of Centerpointe for US\$122.0 m



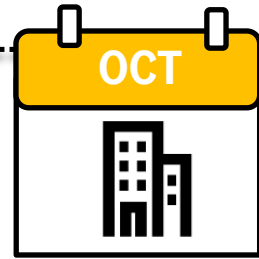
Refinanced and unencumbered Figueroa at 3.25%



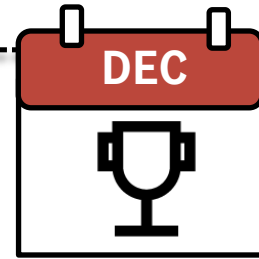
Governance Index for Trusts (GIFT) 2019 – 6<sup>th</sup> out of 46 REITs and Business Trusts



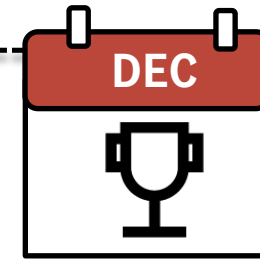
SIAS Investors' Choice Awards 2019 – Runner-Up for 'Corporate Governance' and 'Sustainability'



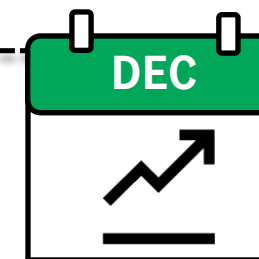
Completed acquisition of Capitol for US\$198.8 m



Included in FTSE EPRA Nareit Global Developed Index



IR Magazine Awards Southeast Asia 2019 – 'Best in Country: Singapore' and 'Best Investor Relations Officer'

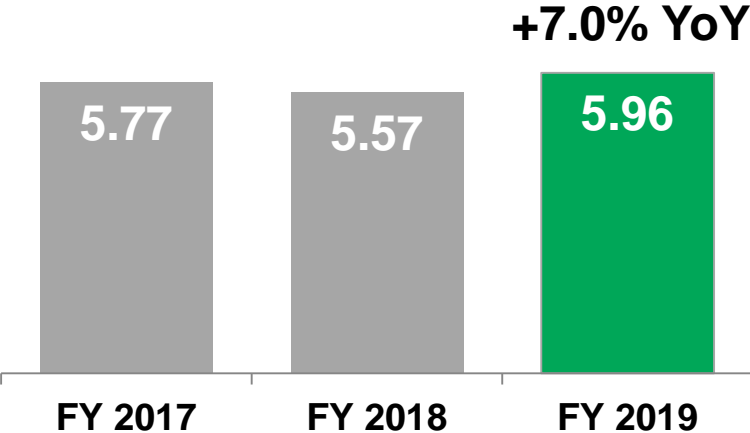


**AUM:** US\$2.1 b  
**Market Cap:** US\$1.6 b  
**Unit Price:** US\$1.00  
**TSR FY 2019:** 42.1%

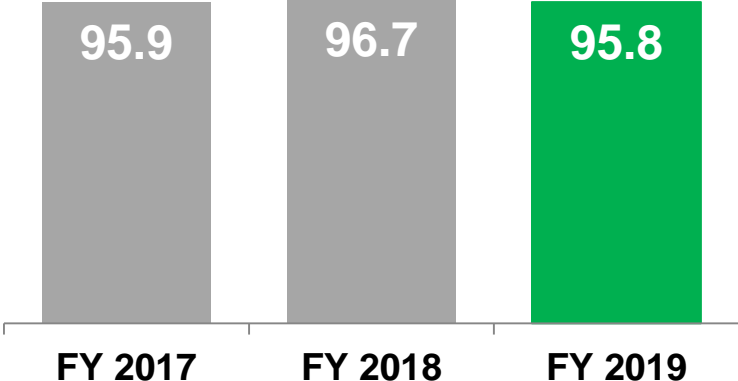


# Growing Responsibly From Strength to Strength

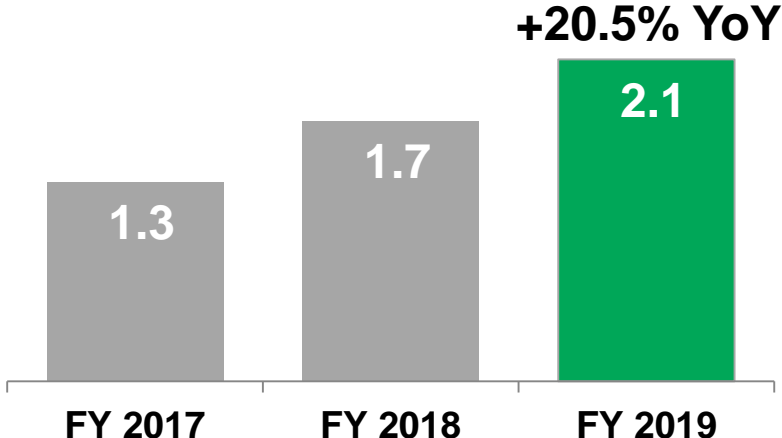
DPU (US Cents)



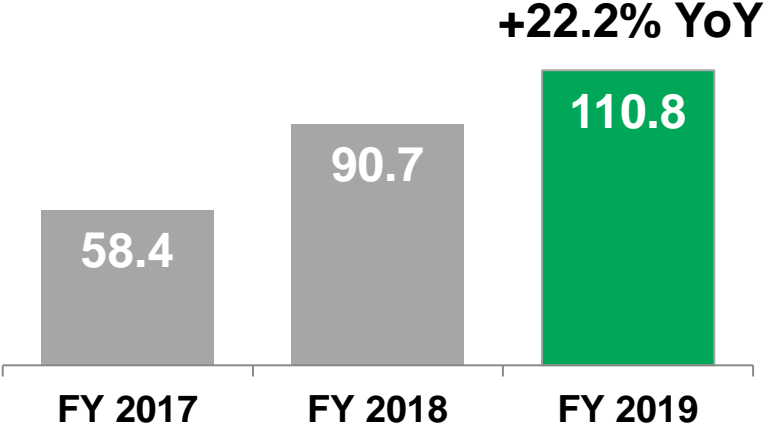
Occupancy Rate (%)



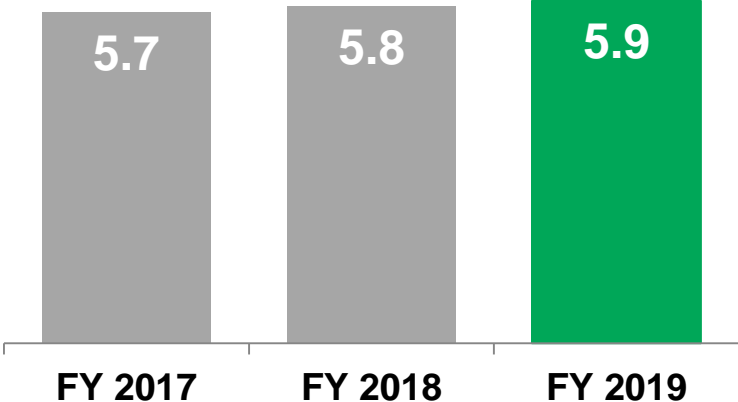
AUM (US\$ b)



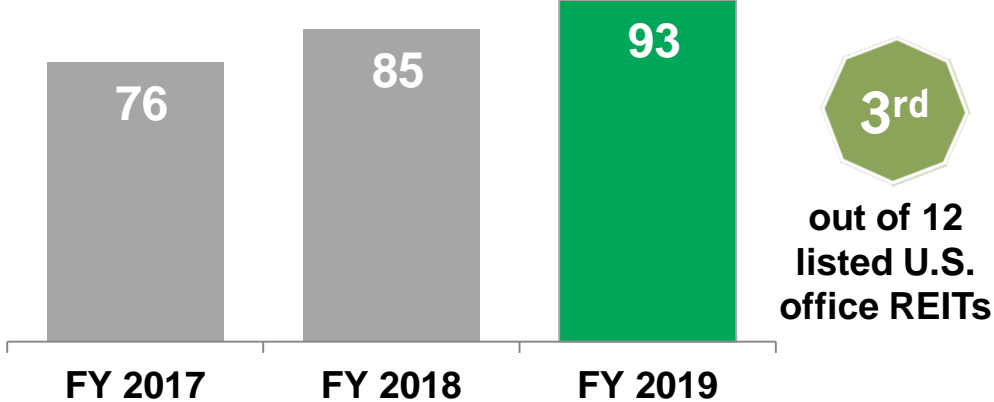
NPI (US\$ m)



WALE (Years)



ESG – GRESB (Score)





Gross Borrowings

**US\$816.9 m**

Gearing Ratio

**37.7%<sup>1</sup>**

Weighted Ave. Interest Rate

**3.37%**

Weighted Ave. Debt Maturity

**2.8 years**

Interest Coverage

**3.8 times<sup>2</sup>**

02

# Financial Highlights

Data as at 31 Dec 2019

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

(2) Based on net income before finance expenses, taxes and net fair value change in investment properties and derivatives over finance expenses



# FY 2019 DPU Increased by 7.0% YoY

	4Q 2019 (US\$'000)	4Q 2018 (US\$'000)	Change (%)	FY 2019 (US\$'000)	FY 2018 (US\$'000)	Change (%)
<b>Gross Revenue</b>	48,782	40,501	<b>20.4</b>	177,853	144,554	<b>23.0</b>
<b>Net Property Income</b>	30,311	25,491	<b>18.9</b>	110,776	90,665	<b>22.2</b>
<b>Distributable Income (DI)</b>	22,621	19,586	<b>15.5</b>	83,341	70,981	<b>17.4</b>
<b>DPU (US cents)</b>	1.44	1.53	<b>(5.9)</b>	5.96	5.57	<b>7.0</b>
<b>Adjusted DPU (US cents)</b>	1.46	1.53	<b>(4.6)</b>	5.96	6.04	<b>(1.3)</b>

## FY 2019 NPI, DI and DPU higher YoY due to:

- Accretive acquisitions
- Higher recoveries income

## Partially offset by:

- Lower rental income mainly from Michelson
- Higher property, finance and current tax expenses

## FY 2019 Adjusted DPU lower YoY due to:

- Lower rental income mainly from Michelson
- Higher finance and current tax expenses
- Drag from timing differences between equity raised and contribution from Capitol

## Partially offset by

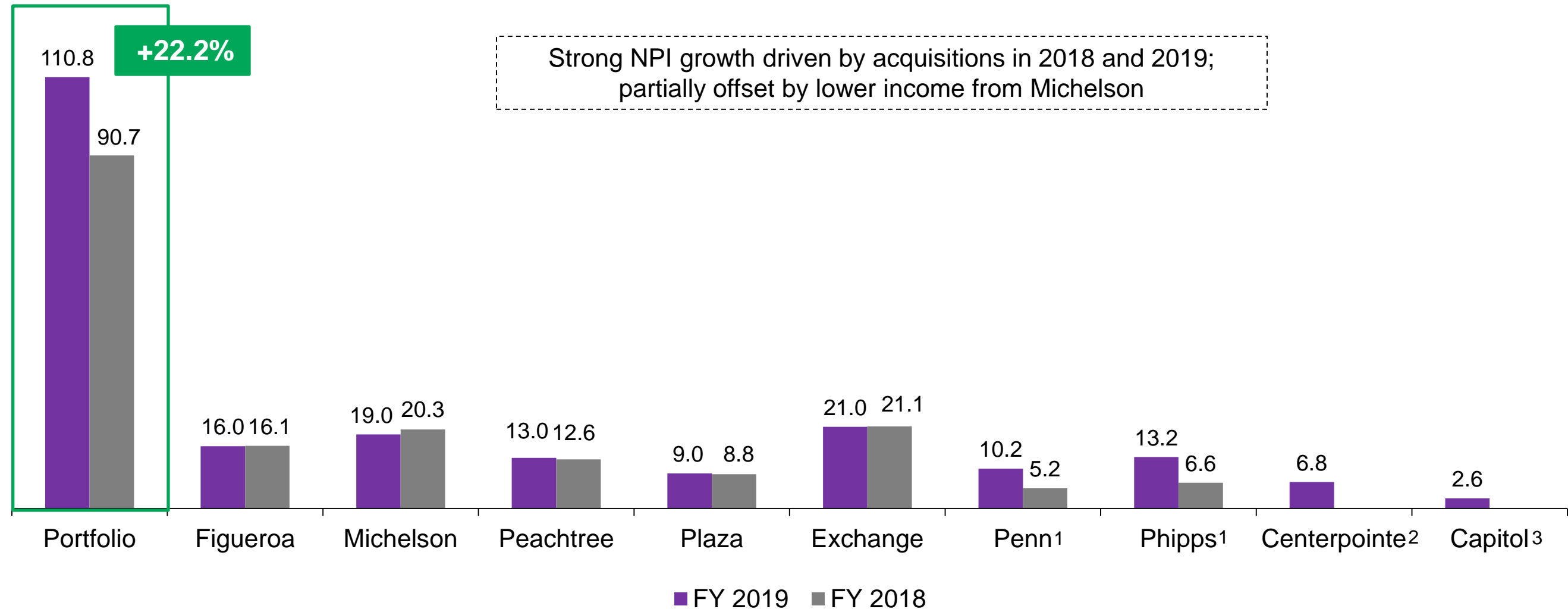
- Accretive acquisitions

Note: Please refer to the FY2019 financial statements dated 5 Feb 2020 published on SGXNet



# Delivering Robust Income through Fortified Portfolio

NPI (US\$ m)



(1) Penn and Phipps were acquired on 22 Jun 2018 (U.S. Time). Please refer to SGX announcement dated 25 Jun 2018 on completion of acquisition  
 (2) Centerpointe was acquired on 10 May 2019 (U.S. Time). Please refer to SGX announcement dated 13 May 2019 on completion of acquisition  
 (3) Capitol was acquired on 29 Oct 2019 (U.S. Time). Please refer to SGX announcement dated 30 Oct 2019 on completion of acquisition



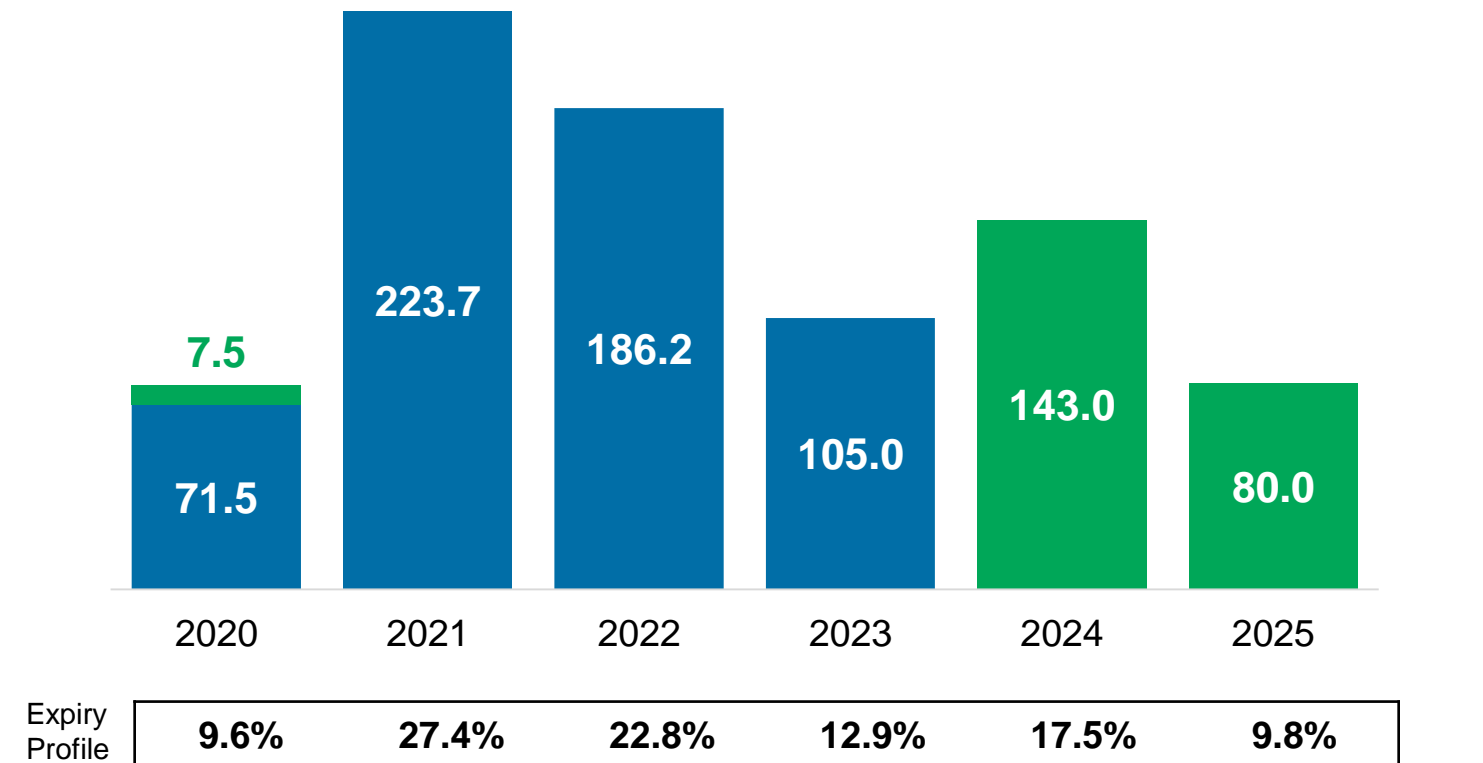
# Strong Balance Sheet and Proactive Capital Management

	As at 31 Dec 2019
Investment Properties (US\$'000)	2,095,000
<b>Total Assets (US\$'000)</b>	<b>2,166,461</b>
Borrowings (US\$'000)	812,024 <sup>1</sup>
<b>Total Liabilities (US\$'000)</b>	<b>908,283</b>
<b>Net Assets Attributable to Unitholders (US\$'000)</b>	<b>1,258,178</b>
Units in Issue and to be Issued	1,573,459,089
NAV per Unit (US\$)	0.80
Adjusted NAV per Unit (US\$)	0.79 <sup>2</sup>
<b>Total DPU for FY2019 (US Cents)</b>	<b>5.96</b>
DPU paid (US Cents)	4.51 <sup>3</sup>
DPU payable for 30 Sep 2019 (US Cents)	0.01
DPU payable for 1 Oct to 31 Dec 2019 (US Cents)	1.44

## Upcoming DPU: 1.45 US Cents

Ex-Distribution Date	Book Closure Date	Payment Date
<b>12 Feb 2020</b>	<b>13 Feb 2020</b>	<b>27 Mar 2020</b>

## 95.1% Fixed Rate Loans



■ Property-level mortgages (US\$ m) ■ Trust-level loans without mortgages (US\$ m)

Data as at 31 Dec 2019

- (1) Net of upfront debt related unamortised transaction costs of US\$4.9 m
- (2) Excluding distributable income
- (3) For the period 1 Jan 2019 to 29 Sep 2019



AUM  
**US\$2.1 b**

Occupancy  
**95.8%<sup>1</sup>**

WALE  
**5.9 years**

Leases Executed  
**~445.2k sq ft**

Rental Escalation  
**2.0% p.a.**

03

# Portfolio Performance

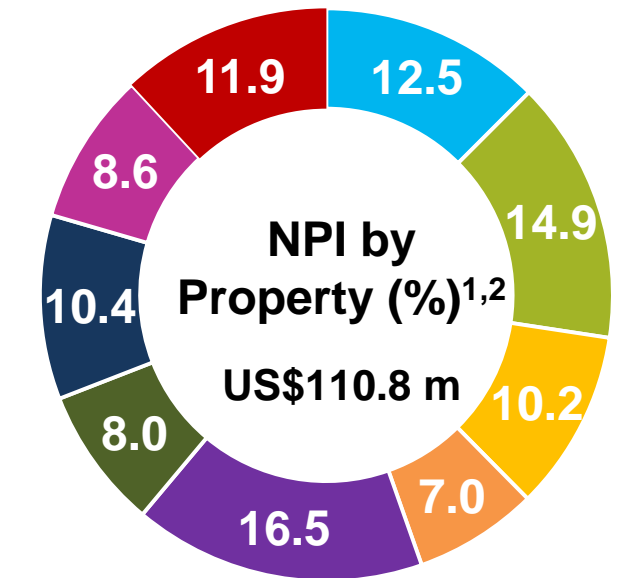
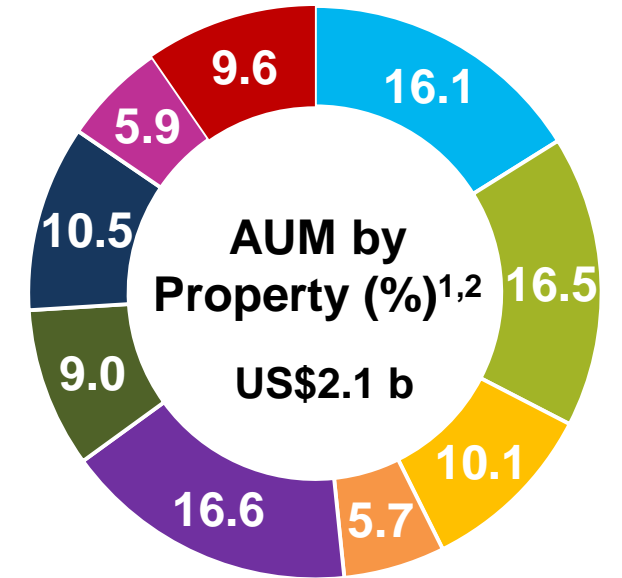
Data as at 31 Dec 2019  
(1) Including leases signed in Jan 2020, the occupancy will be 96.4%



# Fortified Portfolio of Trophy/Class A Assets – Strength from Diversity



**AUM: US\$2.1 b**  
**NLA: 4.7 m sq ft**



■ Figueroa    
 ■ Michelson    
 ■ Peachtree    
 ■ Plaza    
 ■ Exchange    
 ■ Penn    
 ■ Phipps    
 ■ Centerpointe    
 ■ Capitol

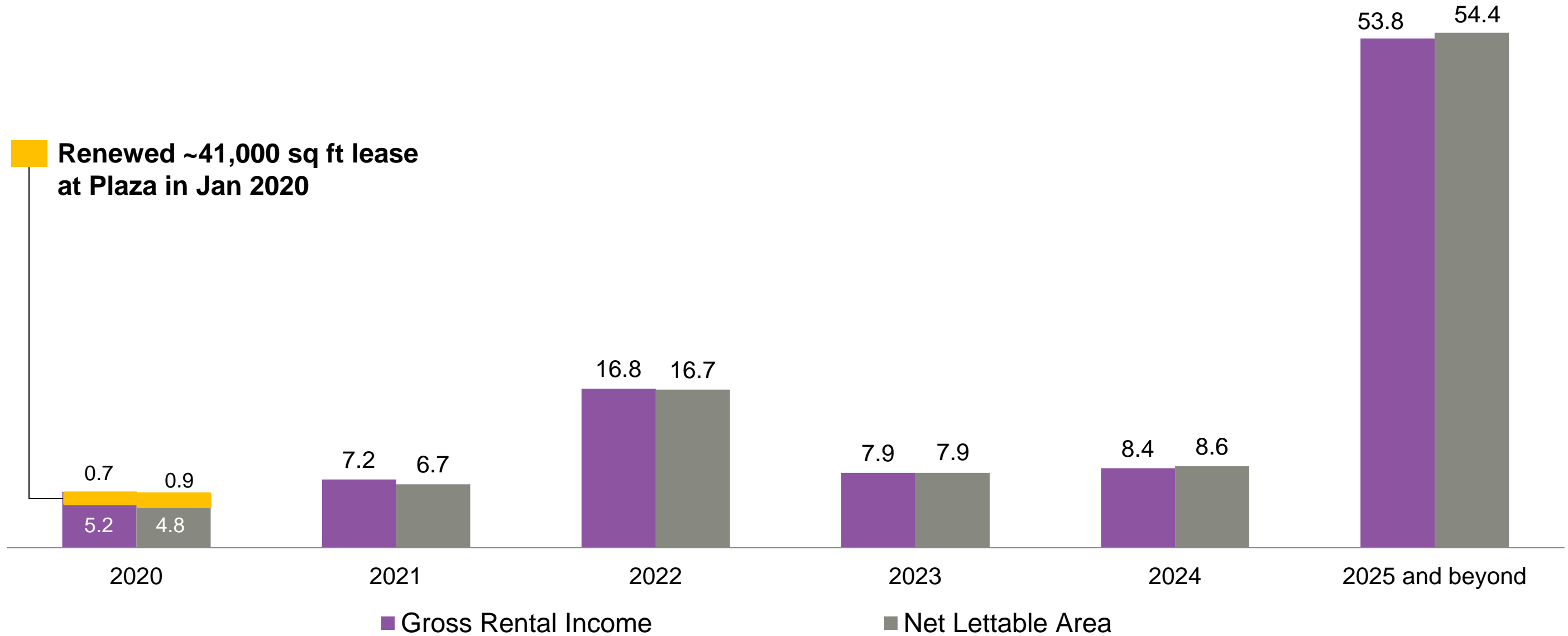
(1) NPI for Centerpointe was extrapolated based on actual results (for the period 10 May 2019 to 31 Dec 2019) to full year FY 2019

(2) NPI for Capitol was extrapolated based on actual results (for the period 29 Oct 2019 to 31 Dec 2019) to full year FY 2019



# Long WALE of 5.9 Years by NLA

Lease Expiry Profile as at 31 Dec 2019 (%)





# Strong Leasing Momentum – High-Quality Tenants Signing Long Leases

96% of Portfolio by Income has Rental Escalations, Averaging 2.0% p.a.

## Leases Executed in FY 2019

- Executed 9.5% of portfolio's leases by NLA

**~445,200 sq ft**

- New/renewed leases:
  - ✓ Long WALE **7.9 years**
  - ✓ Tenant retention **76.0%**
  - ✓ Rental reversion<sup>1</sup> **+12.1%** excluding marked to market leases in Michelson
    - Portfolio rental reversion **+0.5%**

## Leases Executed in January 2020

- Executed 1.5% of portfolio's leases by NLA

**~70,000 sq ft**

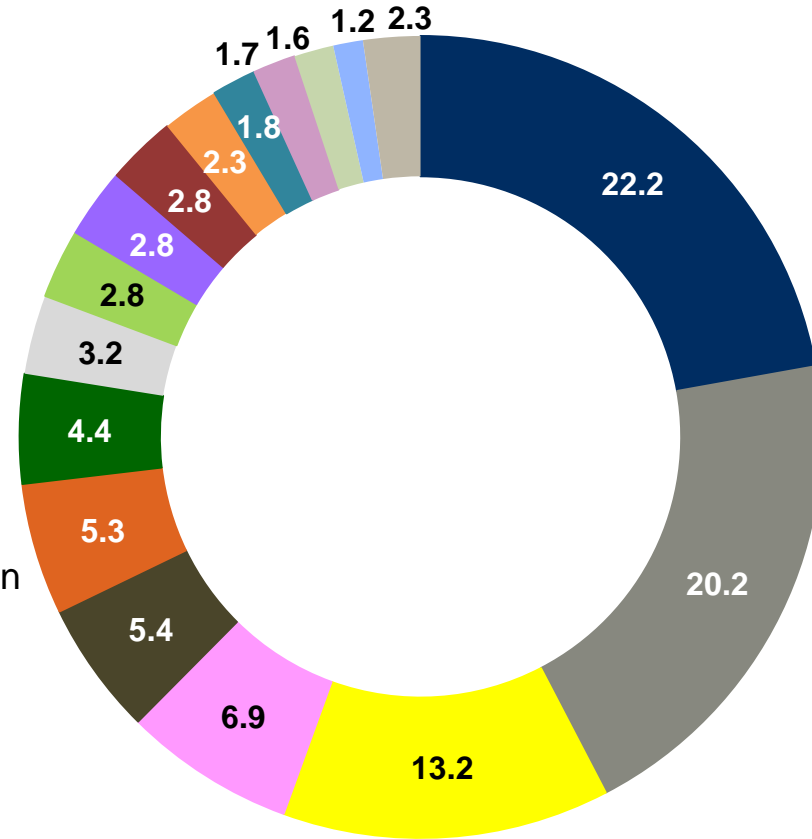
- New/renewed leases:
  - ✓ Plaza: ~41,000 sq ft
  - ✓ Peachtree: ~23,000 sq ft
  - ✓ Figueroa: ~6,000 sq ft
- Portfolio occupancy increased from 95.8% to **96.4%**

(1) Rental reversion is calculated based on the new lease's first year gross rent over the previous lease's expiring gross rent

# 6.7 Years WALE by Top 10 Tenants; Majority Listed/HQ Location

## Trade Sector by Gross Rental Income (GRI)

- Legal
- Finance and Insurance
- Retail Trade
- Information
- Public Administration
- Real Estate
- Consulting
- Grant Giving
- Health Care
- Accounting
- Arts, Entertainment, and Recreation
- Advertising
- Transportation and Warehousing
- Architectural and Engineering
- Manufacturing
- Administrative and Support Services
- Other



## Top 10 Tenants by Gross Rental Income (GRI)

Tenant	Sector	NLA (sq ft)	% of GRI
The William Carter Co.	Retail Trade	304,013	5.9%
TCW Group	Finance and Insurance	188,835	4.1%
Kilpatrick Townsend	Legal	184,653	3.6%
The Children's Place	Retail Trade	197,949	3.5%
US Treasury	Public Administration	120,324	3.3%
United Nations Foundation	Grant Giving	94,988	3.2%
Quinn Emanuel Trial Lawyers	Legal	126,505	3.0%
Hyundai Motor Finance	Finance and Insurance	97,587	2.9%
Amazon	Retail Trade	129,259	2.8%
Quest Diagnostics	Health Care	131,612	2.3%
<b>Total Top 10 Tenants</b>		<b>1,575,725</b>	<b>34.6%</b>



# Underlying Markets Remain Strong as Reflected by Valuation

Property	Valuation			Implied Cap Rates		
	31 Dec 2019 (US\$ m)	30 Jun 2019 (US\$ m)	Change (%)	31 Dec 2019 (US\$ Per Sq Ft <sup>1</sup> )	31 Dec 2019 <sup>2</sup> (%)	30 Jun 2019 <sup>2</sup> (%)
<b>Figueroa</b>	337.6	329.9	2.3	480	4.8	4.5
<b>Michelson</b>	345.0	345.0	0.0	647	4.6	4.7
<b>Peachtree</b>	210.7	205.9	2.3	377	5.8	5.9
<b>Plaza</b>	119.9	119.8	0.1	260	6.6	6.9
<b>Exchange</b>	348.6	344.7	1.1	473	5.9	6.1
<b>Penn</b>	189.0	189.0	0.0	681	4.7	4.8
<b>Phipps</b>	220.1	218.4	0.8	463	5.8	5.7
<b>Centerpointe</b>	122.8	122.8	0.0	292	7.8	7.8
<b>Capitol</b>	201.3	198.8 <sup>3</sup>	1.3	402	7.1	N/A <sup>4</sup>
<b>Total/ Weighted Ave</b>	2,095.0	2,074.3	1.0	449	5.7	5.5

(1) Based on NLA as at 31 Dec 2019

(2) Based on valuation by Colliers, Newmark Knight Frank (Exchange) and Cushman Wakefield (Capitol)

(3) Based on purchase price of Capitol that was acquired on 29 Oct 2019 (U.S. time)

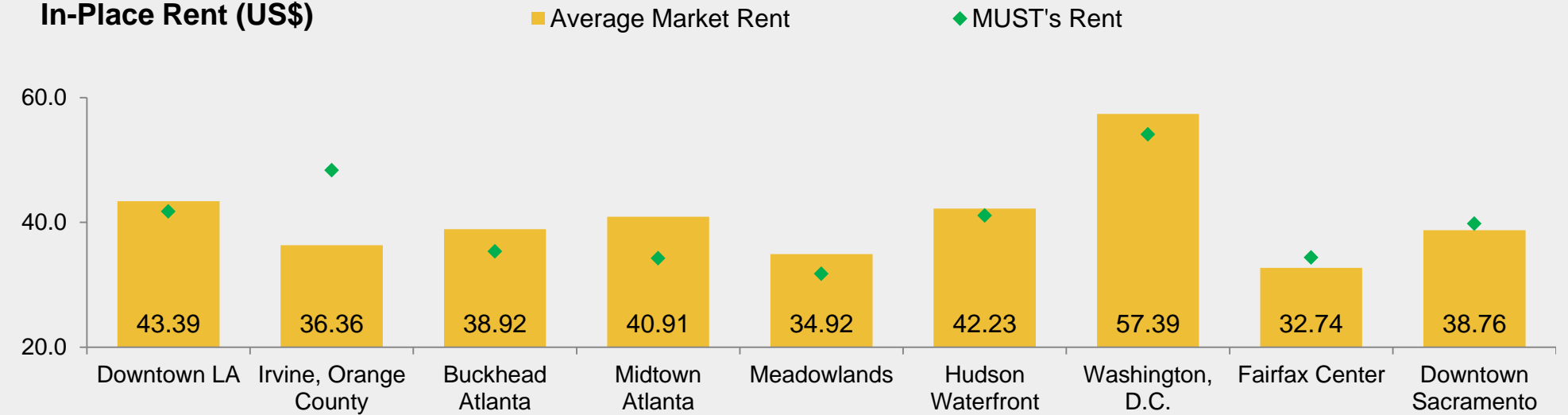
(4) Capitol was acquired in Oct 2019

# Strong Growth Markets with Limited Supply

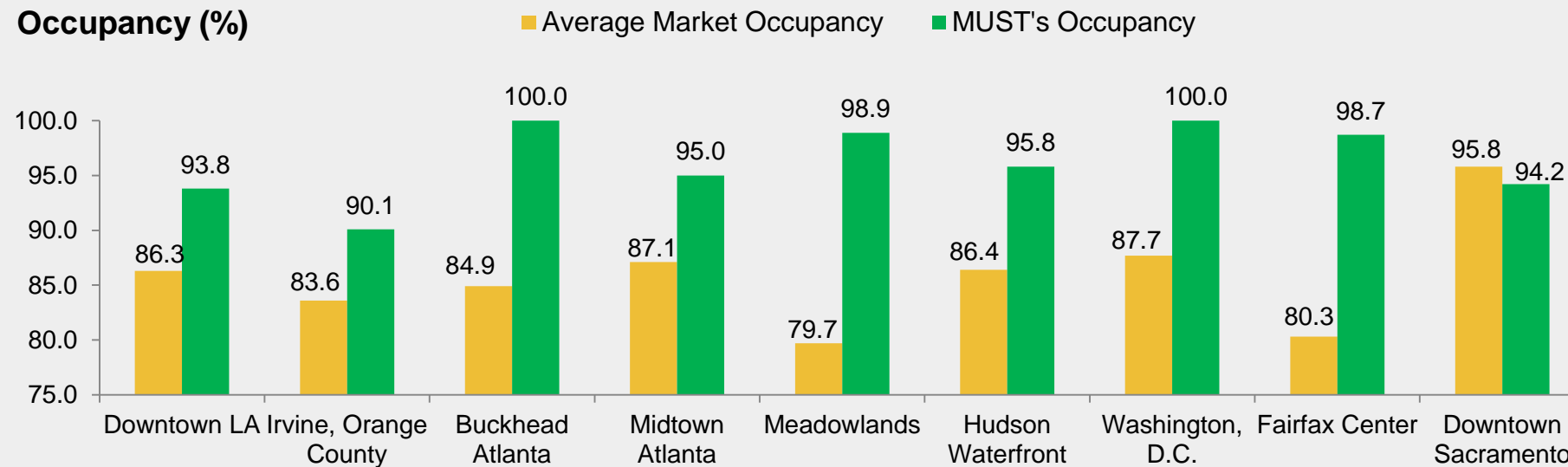
## Rent Growth Potential

- Majority of properties below market rents
- Irvine: Not comparable as data includes Class A while Michelson is Trophy
- Sacramento: Asking rents closer to US\$43.80 based on competitive set
- Fairfax Center: Centerpointe secured 10% - 25% above market rates over past 8 years

## In-Place Rent (US\$)



## Occupancy (%)



## Best-in-Class Properties Exceed Market Occupancies

- Limited supply in all cities
- Meadowlands: Vacancy includes old/incomparable buildings. Plaza's competitive set has ~2% vacancy rate
- Fairfax: Supply of quality office product in submarket is limited. Centerpointe's competitive set has ~10% vacancy

Source: CoStar Market Analysis & Forecast – As at 2 Jan 2020





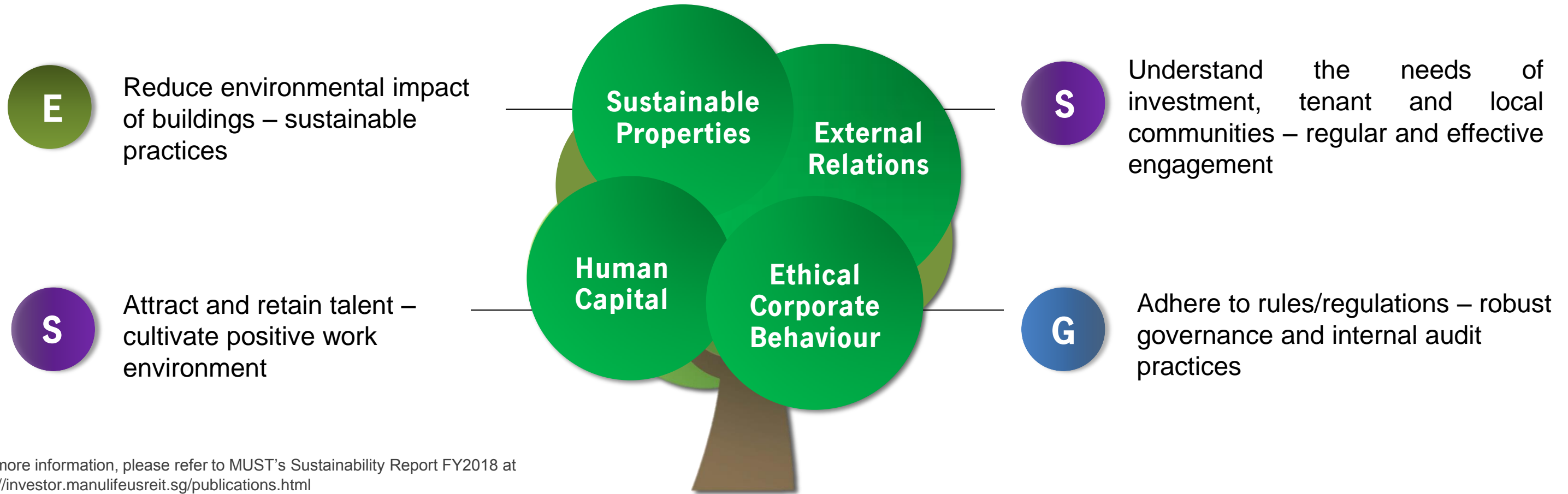
04

# ESG Highlights



# Our ESG Focus Areas

“ESG Investing is defined as the consideration of **environmental**, **social** and **governance** factors alongside financial factors in the investment decision-making process” – MSCI ESG Research



For more information, please refer to MUST’s Sustainability Report FY2018 at <http://investor.manulifeusreit.sg/publications.html>

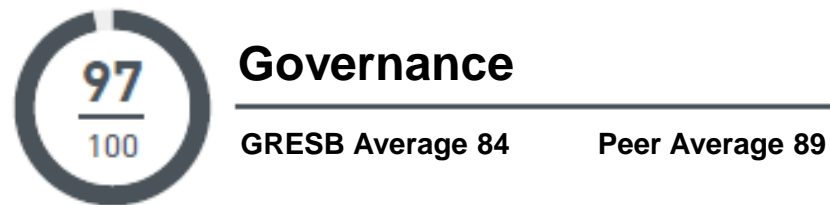
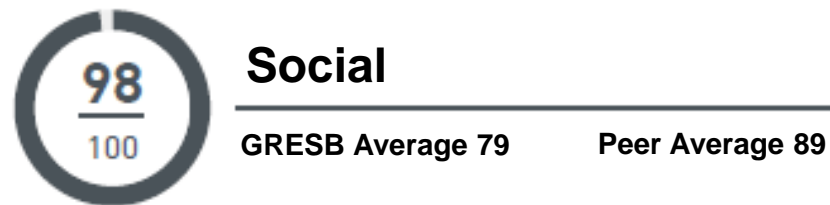
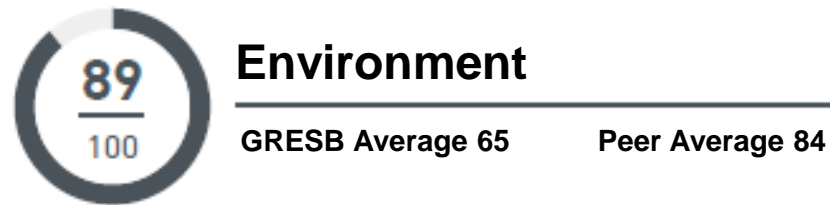
<b>ESG Strategy:</b>	<b>Minimise environmental impact</b>	<b>Increase cost savings: energy, water and GHG</b>	<b>Understand trends, investor preferences within changing regulatory landscape</b>	<b>Support stable long-term returns</b>	<b>Build trusted brand</b>
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# Global Real Estate Sustainability Benchmark (GRESB)

Majority of our buildings are either LEED or Energy Star Certified

GRESB Rating	2019 Score	2018 Score	Peer Group	Peer Ranking	Average Peer Score
<b>5-Star</b>	<b>93</b>	<b>85</b>	<b>USA   Office   Listed</b>	<b>3/12</b>	<b>72</b>

## ESG Breakdown



## Top Strengths Identified

1. Comprehensive policies and disclosures
2. High building certification and ratings coverage within the portfolio
3. 100% energy, GHG emissions, water and waste data coverage
4. Reductions in energy, water and greenhouse gas emissions
5. Strong stakeholder engagement

## GRESB Rankings



Out of **12** listed U.S. office REITs



Out of **212** offices globally



Out of **964** GRESB participants



# ESG Accolades



<b>LEED Platinum</b>	Capitol
<b>LEED Gold</b>	Michelson, Exchange, Phipps
<b>Energy Star</b>	Figueroa, Michelson, Peachtree Plaza, Exchange, Phipps, Capitol



*Awarded 5 Green Stars with a score of **93**; ranked 3<sup>rd</sup> out of 12 listed U.S. office REITs*



*Awarded **Best (Investor Relations) in Country – Singapore and Best Investor Relations Officer (Small to Mid-cap)** by IR Magazine Awards, South East Asia*

# Singapore Exchange

*One of 59 listed Singapore companies to retain **SGX Fast Track status** for good corporate governance and compliance record*



*Governance Index for Trusts 2019: Ranked 6<sup>th</sup> among 46 REITs and business trusts with score of **78.5***



*Runner Up by SIAS Investors' Choice Awards for **Sustainability Award** and **Singapore Corporate Governance Award** in the REITs and Business Trusts category*







05

# Looking Forward



# Safe Haven - On the Right Track for the New Decade

**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**

## ① Riding through Market/Economic Volatility with Fortified Portfolio

- High occupancy of 95.8% and long WALE of 5.9 years
- Top 10 tenants: WALE of 6.7 years; Majority are listed/HQ locations
- Minimal expiries in 2020 and 2021
- Focus on sustaining DPU

## ② Institutionalised Investor Base Promotes Stability and Greater Agility to Grow

- Speed to market – seeking opportunities in largest/deepest office market in the world

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## ③ Growing Responsibly with Strong Focus on ESG

- To deliver sustainable returns and growth





99 HUDSON STREET APARTMENTS

101 HUDSON STREET

95 GREENE STREET (NOT PICTURED)

30 MONTGOMERY STREET

HUDSON GREENE APARTMENTS

HARBORSIDE PLAZA IV

30 HUDSON STREET

URBY APARTMENTS

ONE EVERTRUST PLAZA

HARBORSIDE PLAZA V

3 SECOND STREET  
(AKA HARBORSIDE PLAZA X)

70 HUDSON STREET

HARBORSIDE PLAZA I, II, III

90 HUDSON STREET

HARBORSIDE NORTH PIER APARTMENTS

15 EXCHANGE PLACE

10 EXCHANGE PLACE

HYATT REGENCY JERSEY CITY



Scan for MUST's website

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

**Manulife US Real Estate Management Pte. Ltd.**  
(Company registration no. 201503253R)  
8 Cross Street, #16-03 Manulife Tower, Singapore 048424



*Exchange, Jersey City*

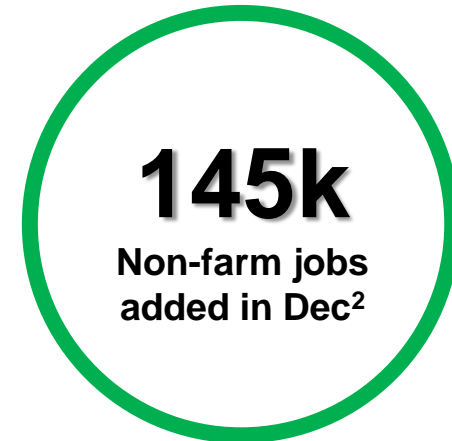
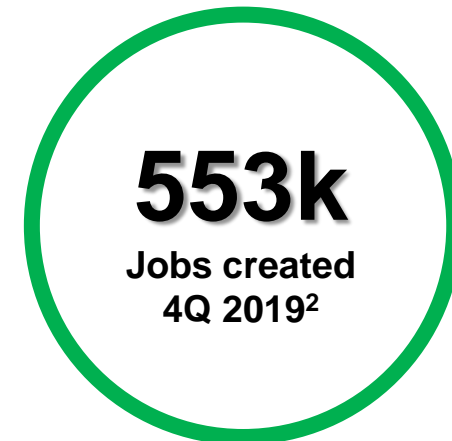
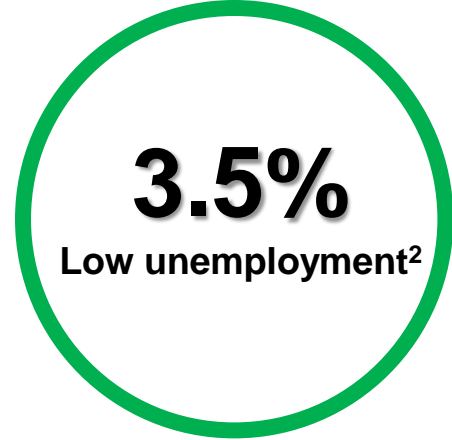


06

# Appendix: U.S. Outlook



# Benefitting from Growth of World's Largest Economy

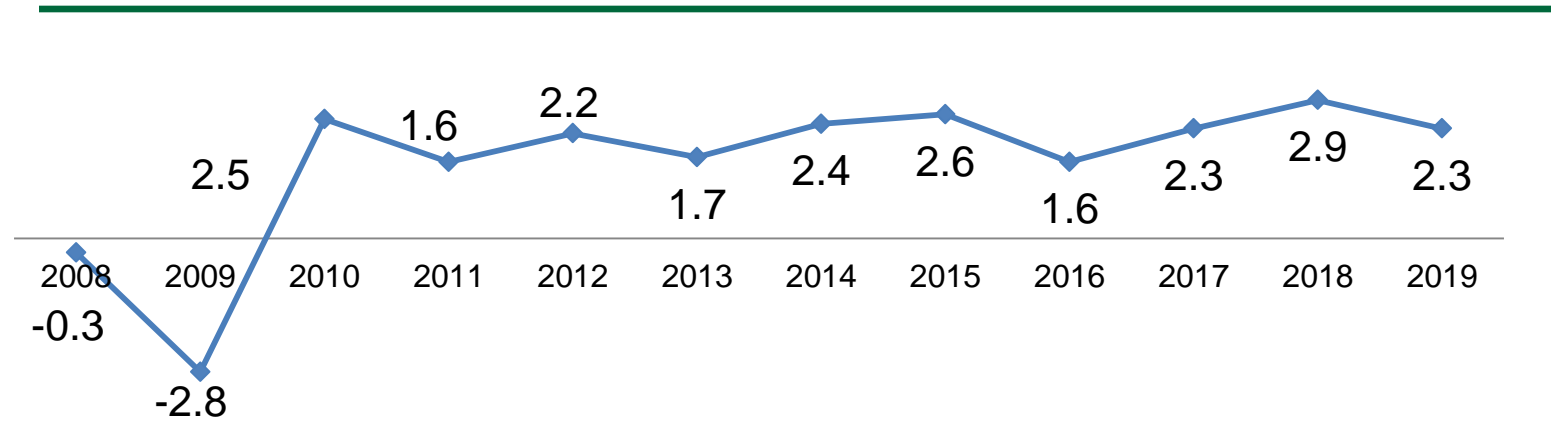


- Dec's jobless rate remained at its lowest levels since Dec 1969
- Phase 1 China trade deal could bring further momentum to economy

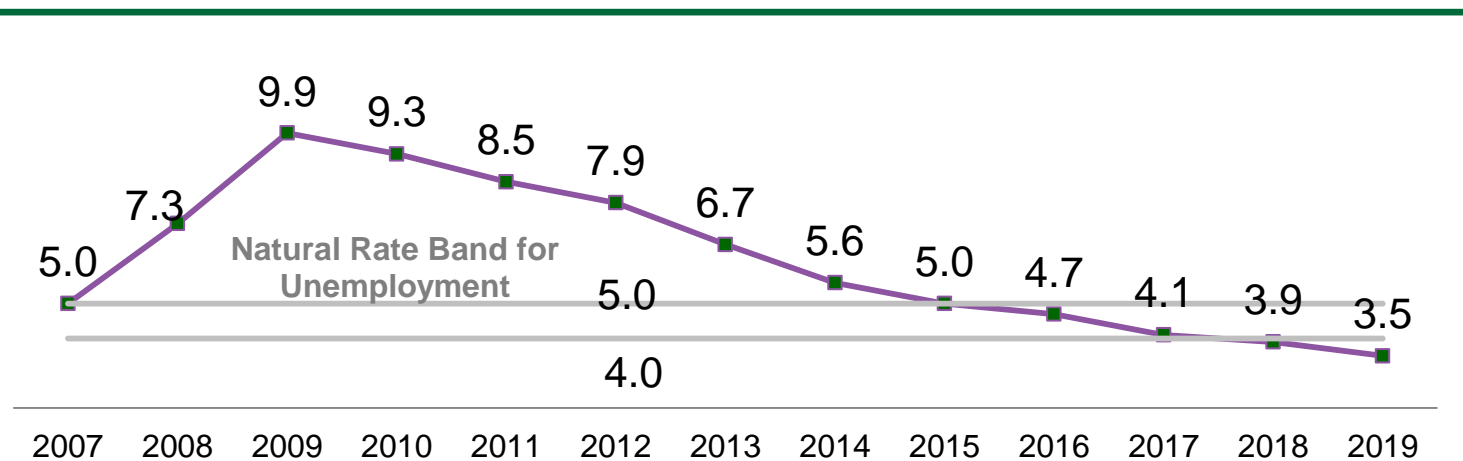
(1) Source: U.S. Department of Commerce, Bureau of Economic Analysis as at Jan 2020

(2) Source: U.S. Department of Labor, Bureau of Labor Statistics as at Dec 2019

**U.S. GDP Growth (YoY %)<sup>3</sup>**



**U.S. Unemployment (%)<sup>4</sup>**



(3) GDP Growth Rate Source: U.S. Department of Commerce, Bureau of Economic Analysis

(4) Unemployment Rate Source: U.S. Department of Labor, Bureau of Labor Statistics as at Dec 2019



# Favourable U.S. Office Real Estate Outlook

**14.3%<sup>1</sup>**  
4Q 2019  
vacancy steady

**+3.1%<sup>1</sup>**  
Annual  
increase in rents

**+13.0M<sup>1</sup>**  
4Q 2019  
net absorption

**16.0M<sup>1</sup>**  
New supply in  
4Q 2019

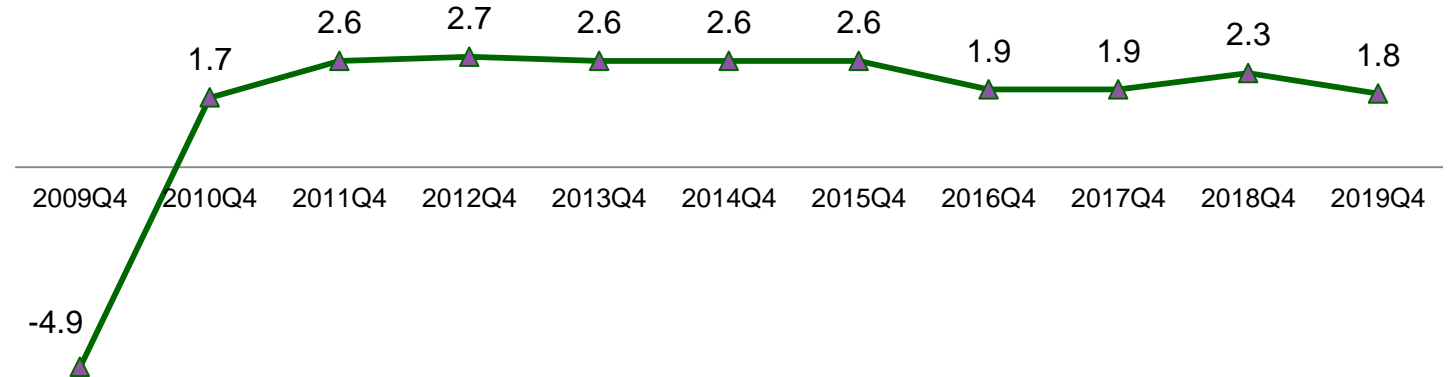
- Both Technology and Finance & Insurance sectors outpaced coworking in leasing activity during 2019
- Cycle-high absorption of 67.3m experienced during 2019

(1) Includes all office as at 31 Dec 2019. Source: JLL U.S. Office Outlook 4Q 2019

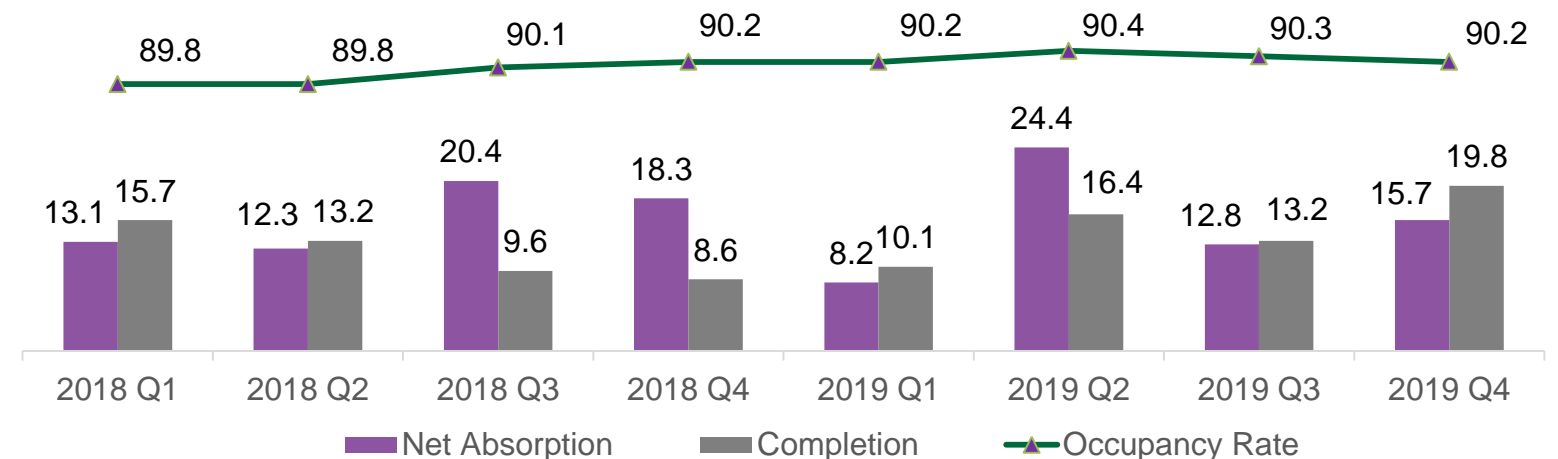
(2) Office employment includes the professional and business services, financial and information service sectors; Source: CoStar Market Analysis & Forecast Reports. Amounts are 12 trailing months

(3) Source: CoStar Market Analysis & Forecast Reports

**U.S. Office Employment (YoY %)<sup>2</sup>**



**U.S. Office Net Absorption (m sq ft) and Occupancy (%)<sup>3</sup>**



# Diversified and Resilient Portfolio with Highest Population and Strongest GDP

**MUST's Properties Located in Top 10 Largest MSAs out of 383 in the U.S. with High Median Household Income**

MSA	Median Household Income <sup>1</sup>	Population <sup>2</sup>	Ranked by Population	GDP <sup>3</sup>	Ranked by GDP
U.S.	57,652	327,167,434	-	20,494,100	-
New York	72,205	19,979,477	1	1,717,712	1
Los Angeles	65,331	13,291,486	2	1,043,735	2
Chicago	65,757	9,498,716	3	679,699	3
Dallas-Fort Worth	63,870	7,539,711	4	535,499	4
Houston	62,922	6,997,384	5	490,074	7
Washington	97,148	6,249,950	6	529,990	5
Miami	51,758	6,198,782	7	344,882	12
Philadelphia	66,285	6,096,372	8	444,975	8
Atlanta	61,733	5,949,951	9	385,542	10
Boston	81,838	4,875,390	10	438,684	9

(1) Source: 2013 – 2017 American Community Survey Five-year Estimate  
 (2) Source: U.S. Census Bureau – Population Estimate by MSA: 2018  
 (3) Source: Bureau of Economic Analysis – Current-Dollar GDP by MSA: 2017



# Located in Cities with Strong Growth Factors and Live, Work, Play Environment



## Downtown Los Angeles

- Surrounded by entertainment venues such as Staples Center, the LA Convention Center and LA Live
- Boom in residential development creates live, work, play environment



## Irvine

- Strong labour pool of senior executives, middle managers and administrative personnel
- CBD of Orange County
- Technology companies include Google, Blizzard Entertainment, Broadcom and Vizio



## Atlanta

- International Gateway – HQ for 15 Fortune 500 Firms
- 10<sup>th</sup> largest economy in U.S.
- 20 minutes from Atlanta Hartsfield-Jackson International Airport – world's busiest airport



## Secaucus

- Affordable office and residential alternative to Manhattan
- Excellent connectivity via public transport and interstate highways
- Surrounded by 1 m sq ft of retail space and sports facilities



## Jersey City

- Located across Hudson River from Manhattan
- Affordable office and residential alternative to Manhattan
- Minutes drive and a quick train ride to Wall Street



## Washington, D.C.

- Nation's capital, government hub, heart of CBD
- Hosts 176 foreign embassies
- HQ for many global firms, trade unions, non-profit companies and professional associations



## Virginia

- Proximity to nation's capital, Washington, D.C.
- Top east coast technology region serving Pentagon, military, Homeland Security and global HQs
- Excellent connectivity via interstate highways
- Amazon HQ2 in Northern Virginia



## Sacramento

- Capital of world's 5<sup>th</sup> largest economy, California
- Economy driven by healthcare, government agencies and tech
- 15-min drive to Sacramento international airport
- Abundant young and highly-educated workforce

# Limited Supply in Our Cities

## Majority of our Properties are Below Market Rents

4Q 2019 Class A Market	RBA (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption (‘000 sq ft)	Net Delivery (‘000 sq ft)	12 Month Rent Growth <sup>1</sup> (%)	New Properties Under Construction (‘000 sq ft)	Delivery Year
Downtown Los Angeles	41.9	13.7	43.39	(5.6)	0	2.6	0	N/A
Irvine, Orange County	15.0	16.4	36.36	(81.5)	0	(0.5)	0	N/A
Buckhead Atlanta	16.4	15.1	38.92	(15.1)	0	2.6	340 <sup>2</sup>	Q1 2021
Midtown Atlanta	17.5	12.9	40.91	110.4	0	4.0	664 <sup>3</sup>	Q2 2021
Meadowlands <sup>4</sup>	3.6	20.3 <sup>5</sup>	34.92	(6.3)	0	0.0	0	N/A
Hudson Waterfront <sup>6</sup>	18.7	13.6	42.23	(87.9)	0	0.6	0	N/A
Washington, D.C.	28.0	12.3	57.39	(82.3)	0	(1.8)	1,375 <sup>7</sup>	Q1 2020 – Q2 2022
Fairfax Center	4.5	19.7	32.74	(45.1)	0	1.8	0	N/A
Downtown Sacramento	10.1	4.2	38.76	(1.0)	0	6.0	0	N/A

(1) All building classes

(2) 0% pre-leased

(3) 40% pre-leased

(4) Secaucus is within the Meadowlands submarket

(5) Vacancy and availability include old and incomparable buildings. Plaza’s competitive set has ~5% vacancy rate. New construction is not comparative to Plaza

(6) Jersey City is within the Hudson Waterfront submarket

(7) Comprises Trophy assets which are not comparable to Penn

Source: CoStar Market Analysis & Forecast – As at 2 Jan 2020

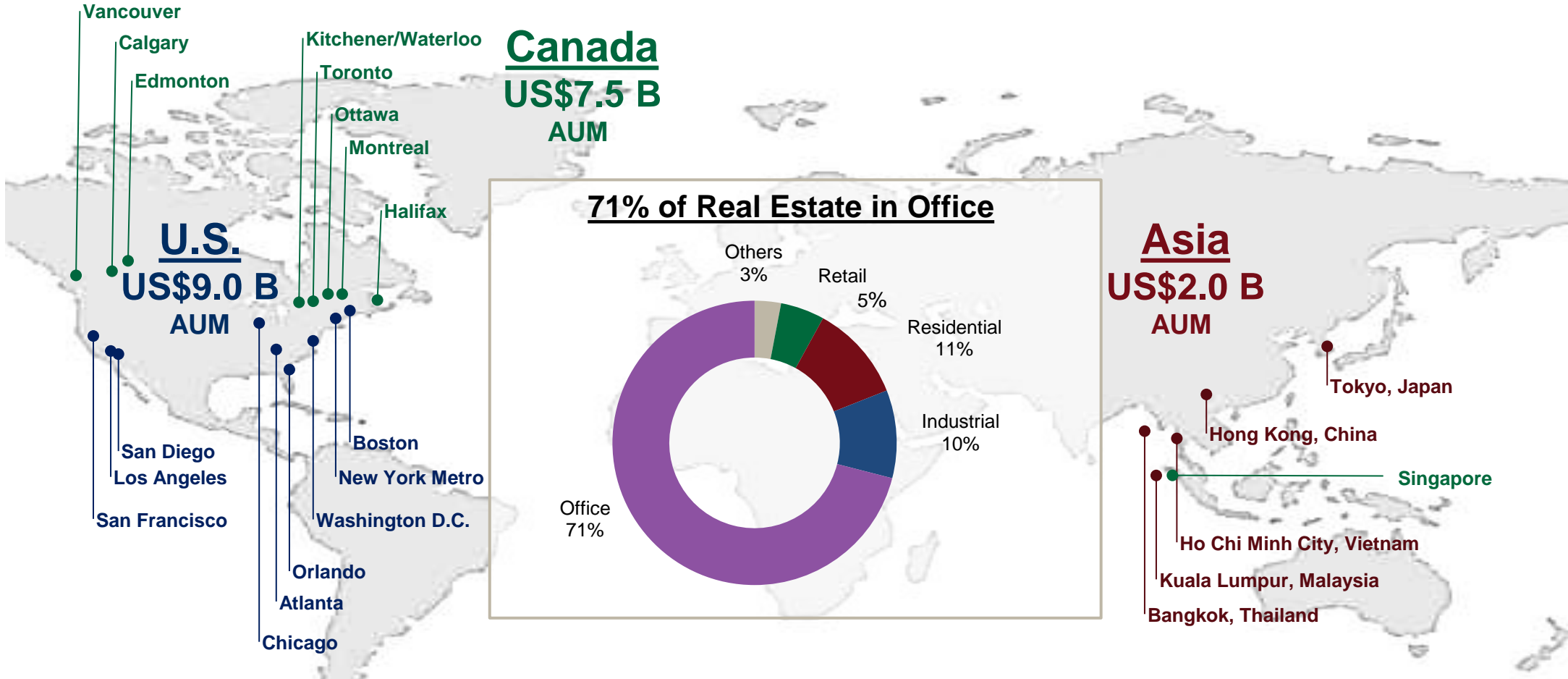






# Supported by Reputable Sponsor with Proven Track Record

Vertically-Integrated Real Estate Platform: Global Real Estate AUM of US\$18.5 b



> 80 years in real estate      > 570 professionals in 25 cities globally      Strong leasing network of >1,000 tenants

Note: All AUM in fair value basis as at 30 Sep 2019



# Portfolio Overview

	<b>Figueroa</b>	<b>Michelson</b>	<b>Peachtree</b>	<b>Plaza</b>	<b>Exchange</b>	<b>Penn</b>	<b>Phipps</b>	<b>Centerpointe</b>	<b>Capitol</b>
<b>Location</b>	Los Angeles	Irvine	Atlanta	Secaucus	Jersey City	Washington, D.C.	Atlanta	Virginia	Sacramento
<b>Property Type</b>	Class A	Trophy	Class A	Class A	Class A	Class A	Trophy	Class A	Class A
<b>Completion Date</b>	1991	2007	1991	1985	1988	1964	2010	1987 / 1989	1992
<b>Last refurbishment</b>	2019	-	2015	2016	-	2018	-	2018	2016
<b>Property Value (US\$ m)<sup>1</sup></b>	337.6	345.0	210.7	119.9	348.6	189.0	220.1	122.8	201.3
<b>Occupancy (%)</b>	93.8	90.1	95.0 <sup>2</sup>	98.9	95.8	100.0	100.0	98.7	94.2
<b>NLA (sq ft)</b>	702,951	532,933	558,784	461,525	736,383	277,597	475,629	420,013	500,662
<b>WALE by NLA (years)</b>	3.7	6.1	5.0	6.4	6.7	4.9	8.1	6.1	5.8
<b>Land Tenure</b>	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold <sup>3</sup>	Freehold	Freehold
<b>No. of Tenants</b>	29	14	25	7	23	11	10	21	42

Data as at 31 Dec 2019

(1) Valuation as at 31 Dec 2019

(2) A new lease was executed at Peachtree in Jan 2020, bringing the property's occupancy to 99.0%

(3) The property is held in a leasehold until the end of 2020 to afford it certain real estate tax advantages but will be converted to a freehold for a nominal sum of US\$100.0 thereafter

# Tax Advantaged Tax Structure

## 1 MUST's tax advantage

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

## 2 Stable U.S. tax jurisdictions

## 3 MUST's tax structure supported by 4 strong pillars

For illustrative purposes only

	US REIT	S-REIT <sup>1</sup>	Manulife US REIT
DPU Yield	2.9% <sup>2</sup>	5.8%	5.8% <sup>3</sup>
U.S. Withholding Taxes	(0.9%)	-	-
Net Yield – Singapore Retail Investor	2.0%	5.8%	5.8%
Net Yield – Singapore Institutions	2.0%	4.8% <sup>4</sup>	5.8%
Net Yield – Foreign Institutions	2.0%	5.2% <sup>5</sup>	5.8%

Source: Bloomberg

(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 2020 distribution yield of 17 Office REITs listed in U.S. as at 31 Jan 2020

(3) Analyst consensus for Manulife US REIT's FY 2020 distribution yield as at 31 Jan 2020

(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



# Tax Structure

## Predominantly Supported by Four Pillars



### Parent U.S. REIT Structure

- Tax transparency – Dividends distributed are deductible
- Income shielded by interest expense and depreciation



### U.S. Portfolio Interest Exemption Rule

- No 30%<sup>1</sup> withholding tax on interest and principal on shareholder's loan



### Barbados Entities (U.S. Tax Act Dec 2017 Section 267A)

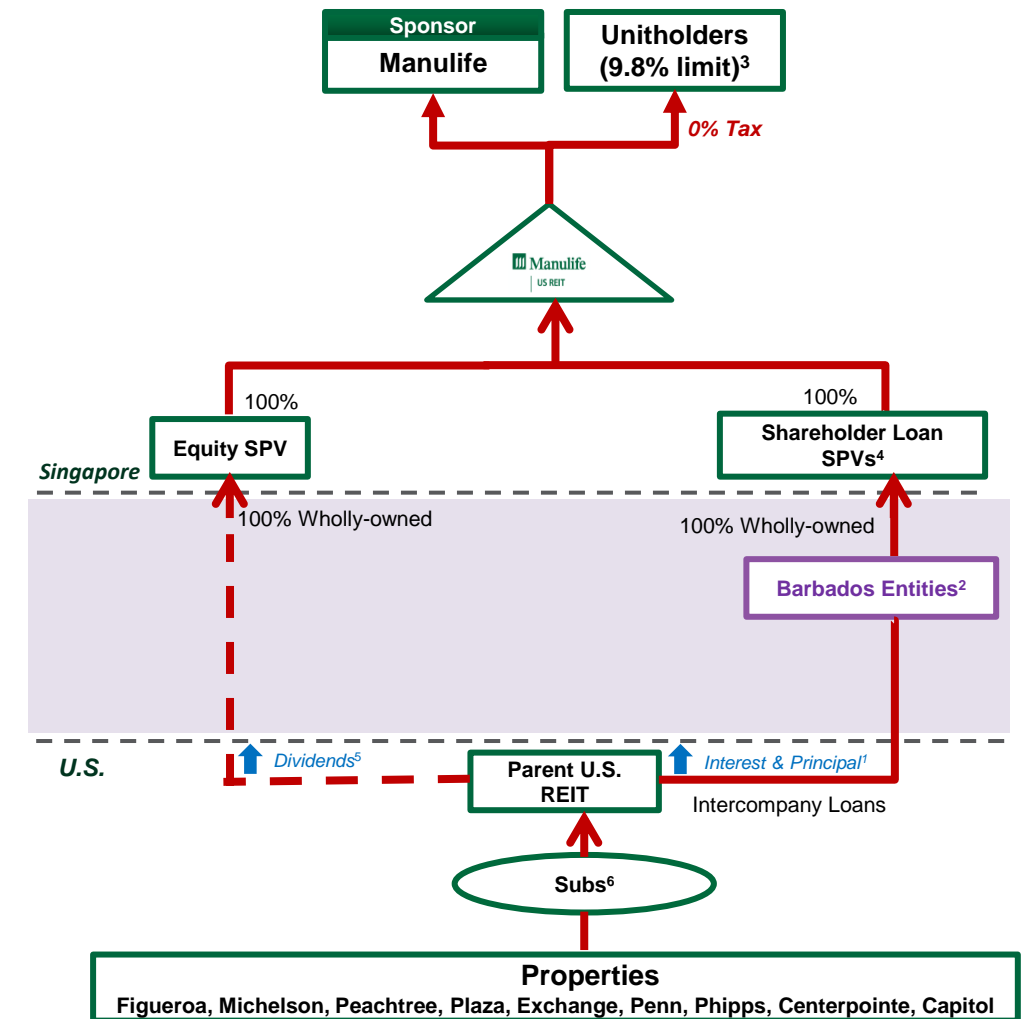
- Barbados limited partnerships<sup>2</sup> are “fiscally transparent”
- Interest income on intercompany loans are taxed in Barbados and principal repayments are not subjected to tax



### Foreign Sourced Income

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

- (1) 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
- (2) The Barbados Limited Partnerships have extended intercompany loans to the Parent U.S. REIT and the interest income on the loans is taxed in Barbados
- (3) 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 U.S. – applies to pillars 1 and 2 above
- (4) 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
- (5) Subject to 30% withholding tax
- (6) Each Sub holds an individual property



# ESG: External Relations and Human Capital



## Investment Community

- Organised panel discussions with fund managers, analysts, regulators and lawyer at Investor Day 2019 for retail investors
- Invited U.S. based tax advisor to conduct a U.S. Tax Seminar for institutional investors, analysts and media
- Organised U.S. Site Visit for analysts and media to view properties and hear from brokers/valuers



## Employees

- Incorporated monthly 'Breakfast on the House' to gather feedback from employees
- 'Work At Home' option every month
- Half-day off every quarter
- Organised regular mental health talks and fitness classes



## Local Community

- Regular engagement with elderly community
- Channeled >\$25,000 towards charities and social procurement
- Regular participation in donation drives



Panelists sharing insights on equity market, offshore REITs and U.S Tax



Hearty breakfast and conversation @ Singapore Zoo

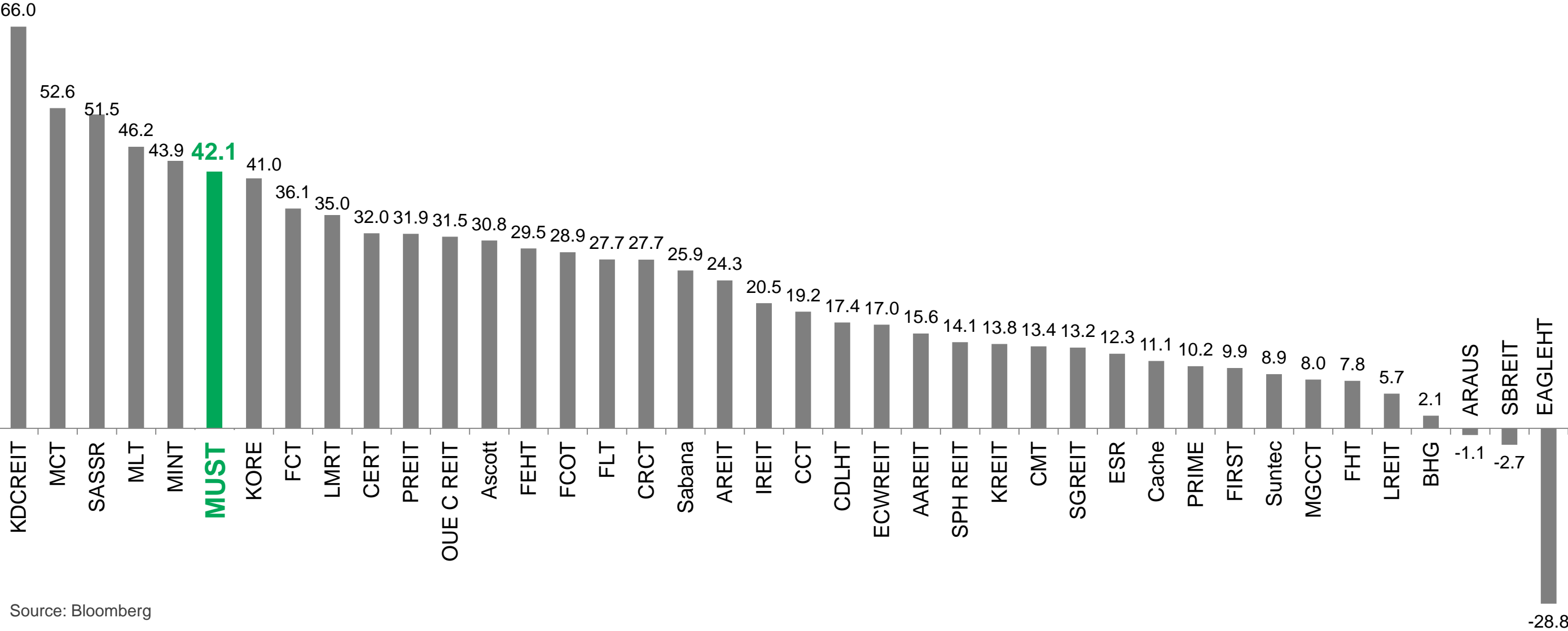


Staff whipped up Thanksgiving lunch for ~40 elderly members



# Delivering Stellar Total Shareholder Return in FY 2019

FY2019 Total Shareholder Return (%)



Source: Bloomberg



## Coronavirus: What Does It Mean for Investors?

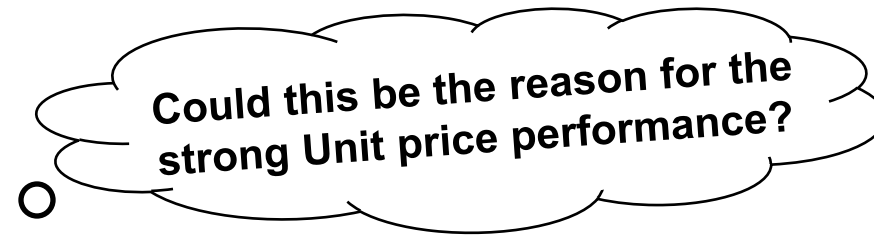
*Published on 4 Feb 2020 by Manulife Investment Management*

“As we head into February, we see three key macroeconomic themes that are likely to interrupt the global economic recovery narrative and the associated reflation trade: the coronavirus and its impact on economic growth, how global growth has yet to hit a trough which would then set the stage for a recovery, and finally, how markets might have underpriced the likelihood of further monetary easing from global central banks.

**Coronavirus: an important economic shock, but not a permanent one**

The outbreak of 2019-nCov, more widely known as the coronavirus, is first and foremost a human tragedy, but the market is left with the unenviable task of forecasting and pricing an event that is evolving by the hour.” Click [here](#) or scan to read more.

By **Frances Donald, Chief Economist and Head of Macroeconomic Strategy** and **Sue Trinh, Managing Director, Macroeconomic Strategy** at Manulife Investment Management



## Manulife US REIT – Life After Entering the Index

*Published on 5 Feb 2020 by ProButterfly*

“In 2019, many S-REITs have announced their entry into an index. Among them is Manulife US REIT (BTOU.SI) which announced on 05-Dec-2019 that it will be included in the FTSE EPRA Nareit Global Developed Index with effect from 23-Dec-2019. This announcement propelled Manulife US REIT’s stock price from 97c just prior to the announcement to a historical high of US\$1.08 – a gain of 11.3% in less than two months. It presently trades at US\$1.06 at time of writing.

Over the course of a year, Manulife US REIT recorded a price appreciation of 38.2% (from US\$0.7671 to US\$1.06) and a total shareholder return of 42.1%, outperforming the FTSE ST REIT Index's price appreciation of 18.8% and total shareholder return of 25.5%. Based on analysts' consensus, Manulife US REIT's dividend yield was 6.0% for FY2019.” Click [here](#) or scan to read more.

This article series is a thought leadership initiative between Manulife US REIT and ProButterfly





# Additional Disclaimer

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