

 **Manulife**

| US REIT

Annual General Meeting

24 April 2019



Important Notice

This presentation shall be read in conjunction with Manulife US REIT's Annual Report 2018 which is also published on SGXNet.

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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.

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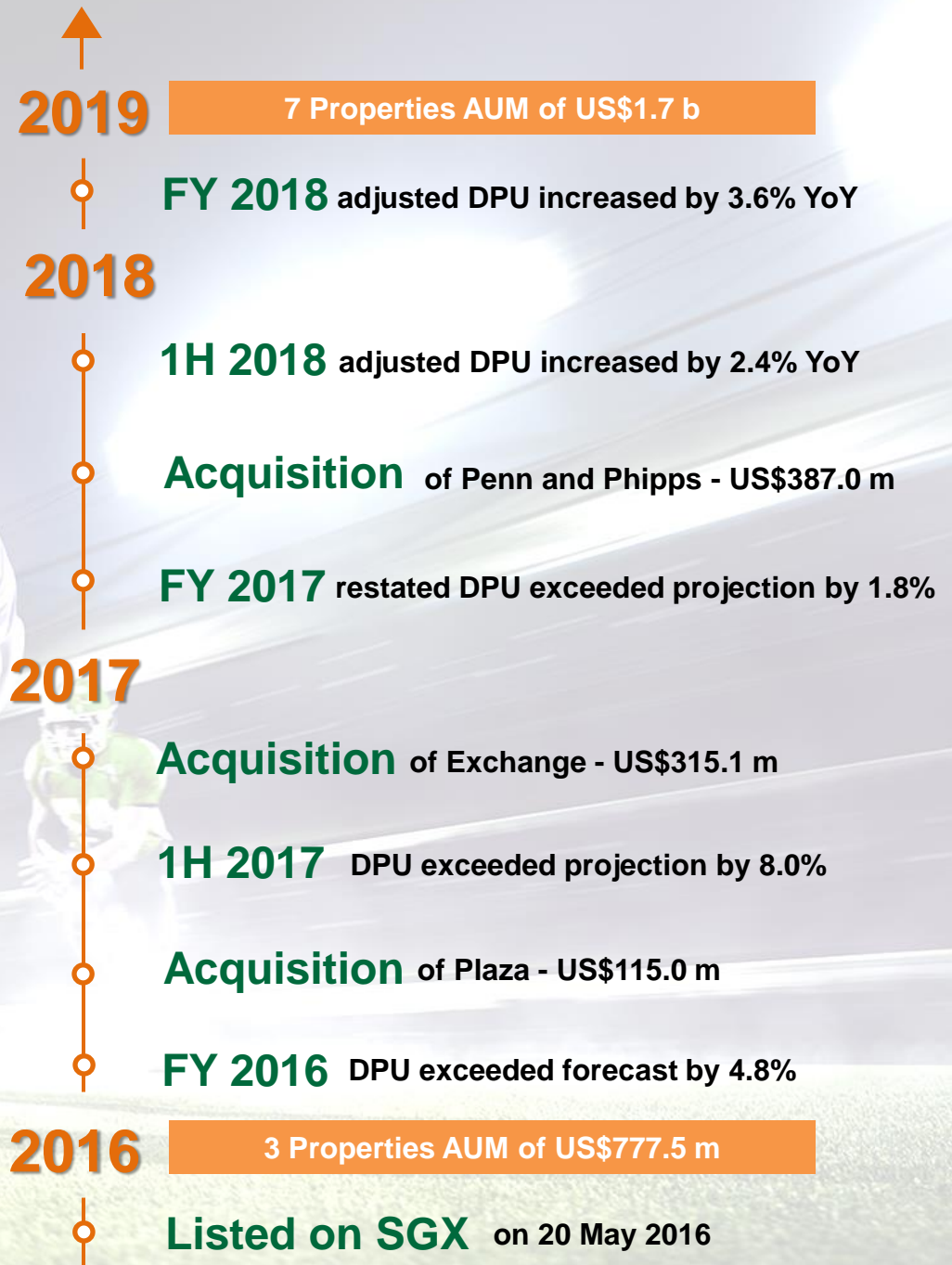
1 Key Milestones

2 Staying Focused: Financial and Portfolio Results

3 Forging Forward, Seizing Opportunities



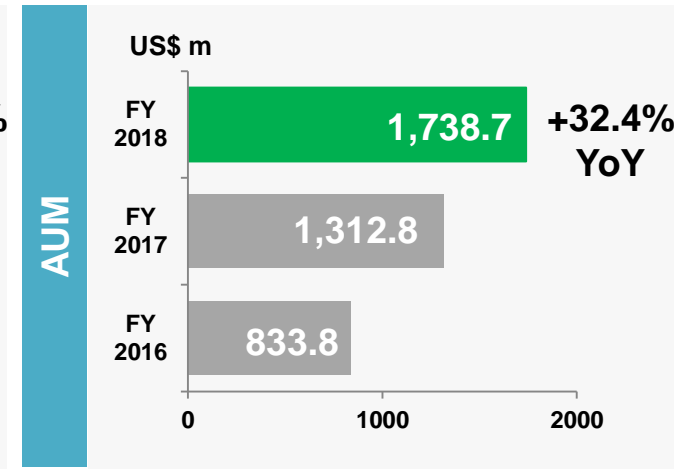
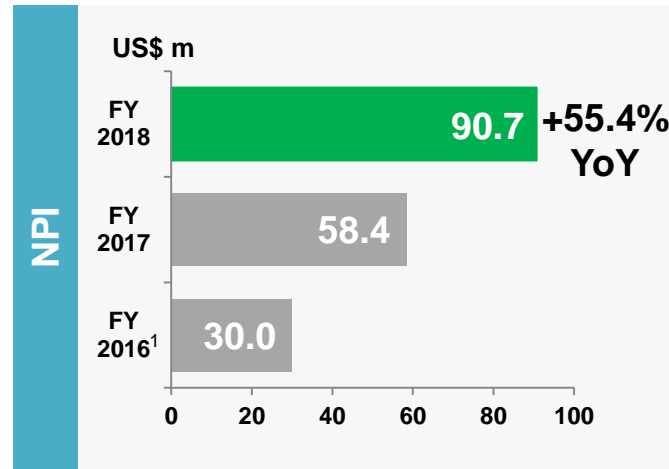
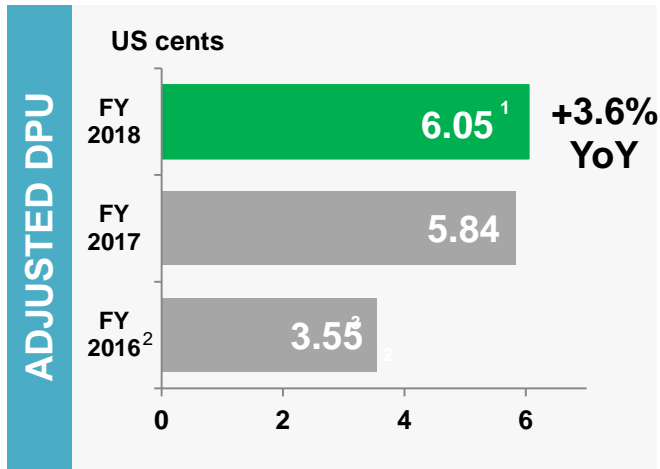
Key Milestones





Staying Focused: Financial and Portfolio Results

Delivering 3-Year Track Record; Driving FY 2018 Results



Committed Occupancy
of **96.7%**



Portfolio valuation YoY
+2.3%

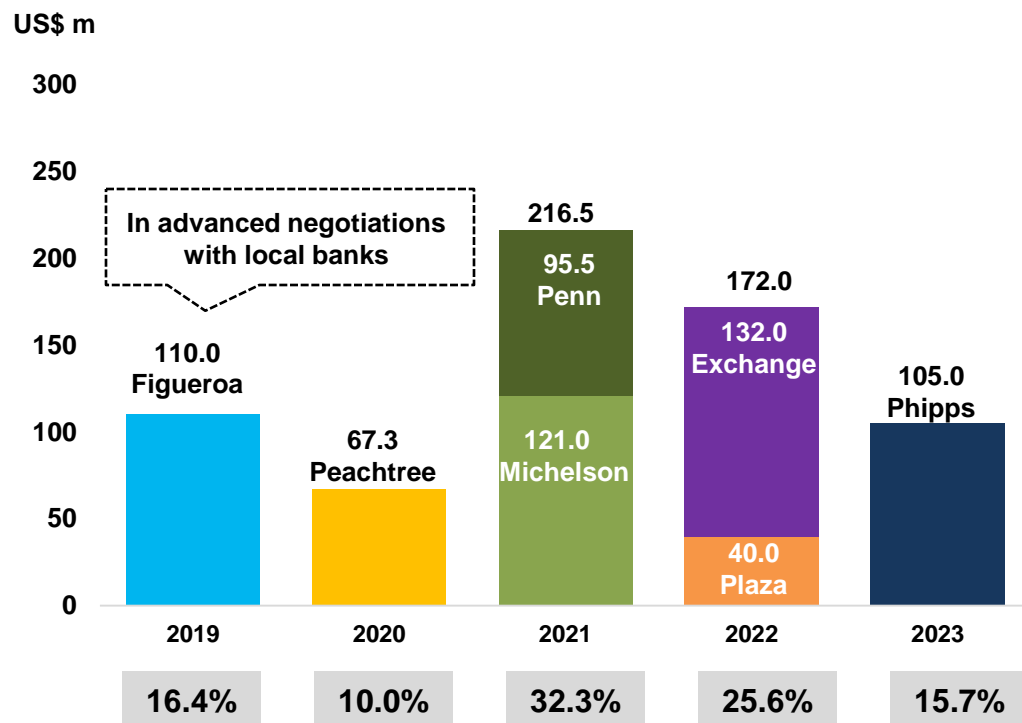


Acquisitions of Penn,
Washington, D.C. and Phipps,
Atlanta for **US\$387.0 m**

- (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



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

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
US\$0.83

Superior Quality Freehold Trophy and Class A Assets



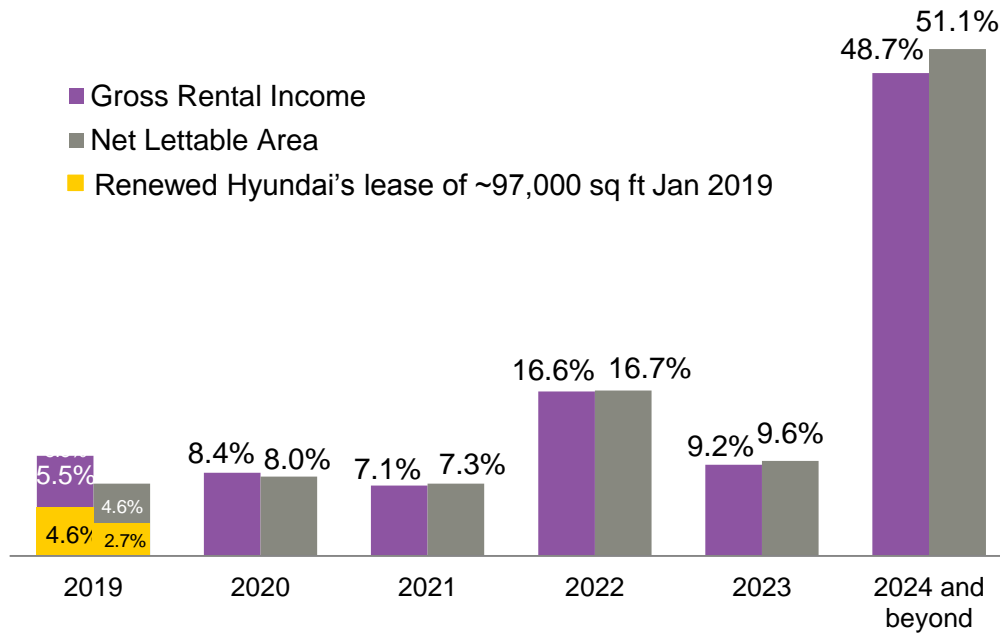
| As at 31 Dec 2018 | Figuroa | Michelson | Peachtree | Plaza | Exchange | Penn | Phipps |
|----------------------------|---------|-----------|-----------|---------|----------|---------|---------|
| NLA (sq ft) | 702,861 | 532,663 | 557,560 | 461,525 | 732,169 | 277,315 | 475,199 |
| WALE (Years by NLA) | 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 |

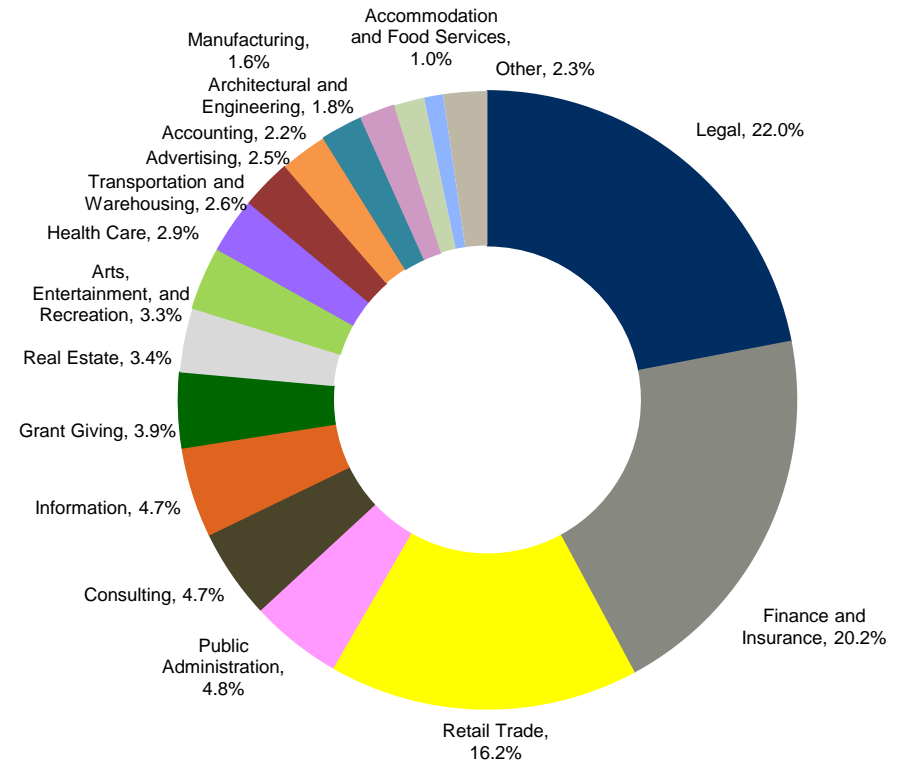
(1) Committed Occupancy

Minimal Leases Due in 2019; Long WALE of 5.8 Years

Lease Expiry Profile as at 31 Dec 2018¹ (%)



Well-Diversified Tenant Base



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

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

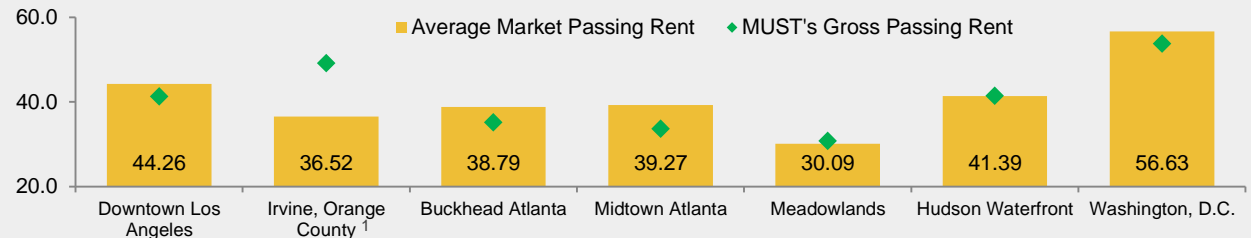
(1) Weighted by NLA. Excludes leases signed in suites vacant more than 12 months prior to execution. Rental reversions will only be disclosed when substantial and meaningful
 (2) Annualised Annual and mid-term rental escalations

Strong Growth Markets with Limited Supply

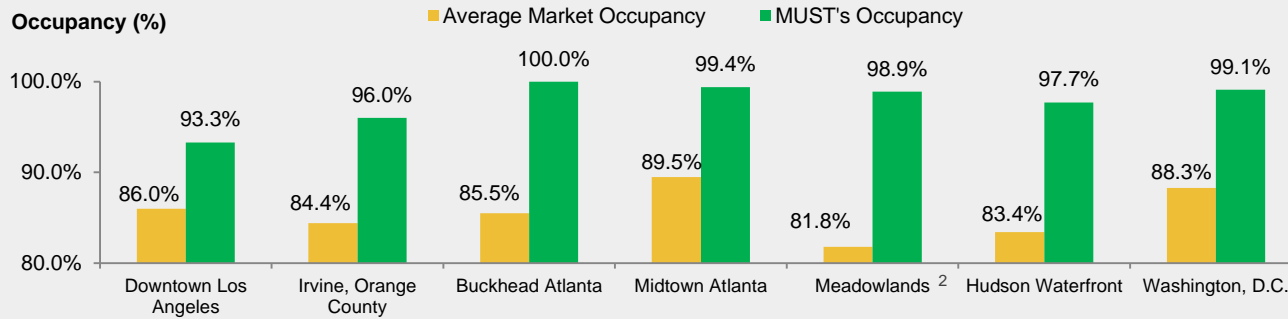
Rent Growth Potential

Majority of our properties are 5% – 14% below market rents

Passing Rent (US\$)



Occupancy (%)



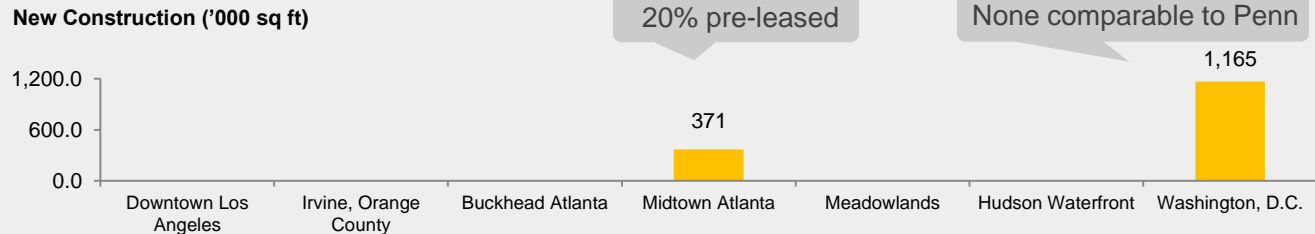
Best-in-Class Properties Exceed Market Occupancies

All properties' occupancies exceed their market average

Limited Supply

Minimal upcoming construction

New Construction ('000 sq ft)



(1) Not comparable to Class A data as Michelson is a Trophy building
 (2) Vacancy include old/incomparable buildings. Plaza's competitive set has ~5% vacancy rate.
 Source: CoStar Market Analysis & Forecast – As at 1 Apr 2019



Forging Forward, Seizing Opportunities

Key Investment Criteria

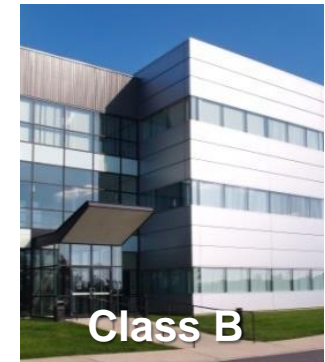
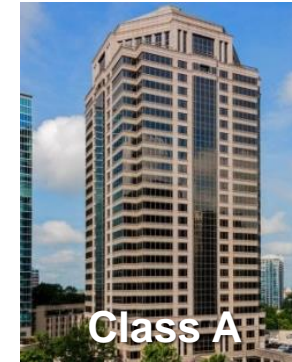
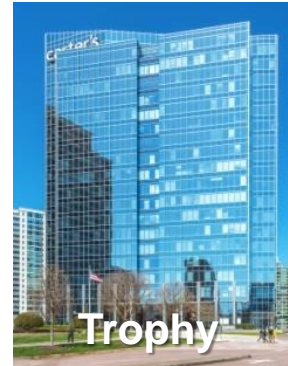
Trophy/Class A Assets Provide Strong Income in Upcycles and Remain Resilient during Market Turmoil as compared to Class B & Lower Class Business Park Assets

1 Key Locations and Strong Fundamentals

2 Trophy and Class A Assets

3 Long WALE and High Occupancy

4 Live, Work, Play Environment



| | | | |
|------------------------|---|--------------------------------------|--|
| Features | State-of-the-Art architecture | High quality building finishes | Outdated features, may require renovation |
| Location | Great accessibility, abundant amenities | Central location, abundant amenities | Less desirable location, limited amenities |
| Typical Tenants | Multi-nationals | Multi-nationals | SMEs |

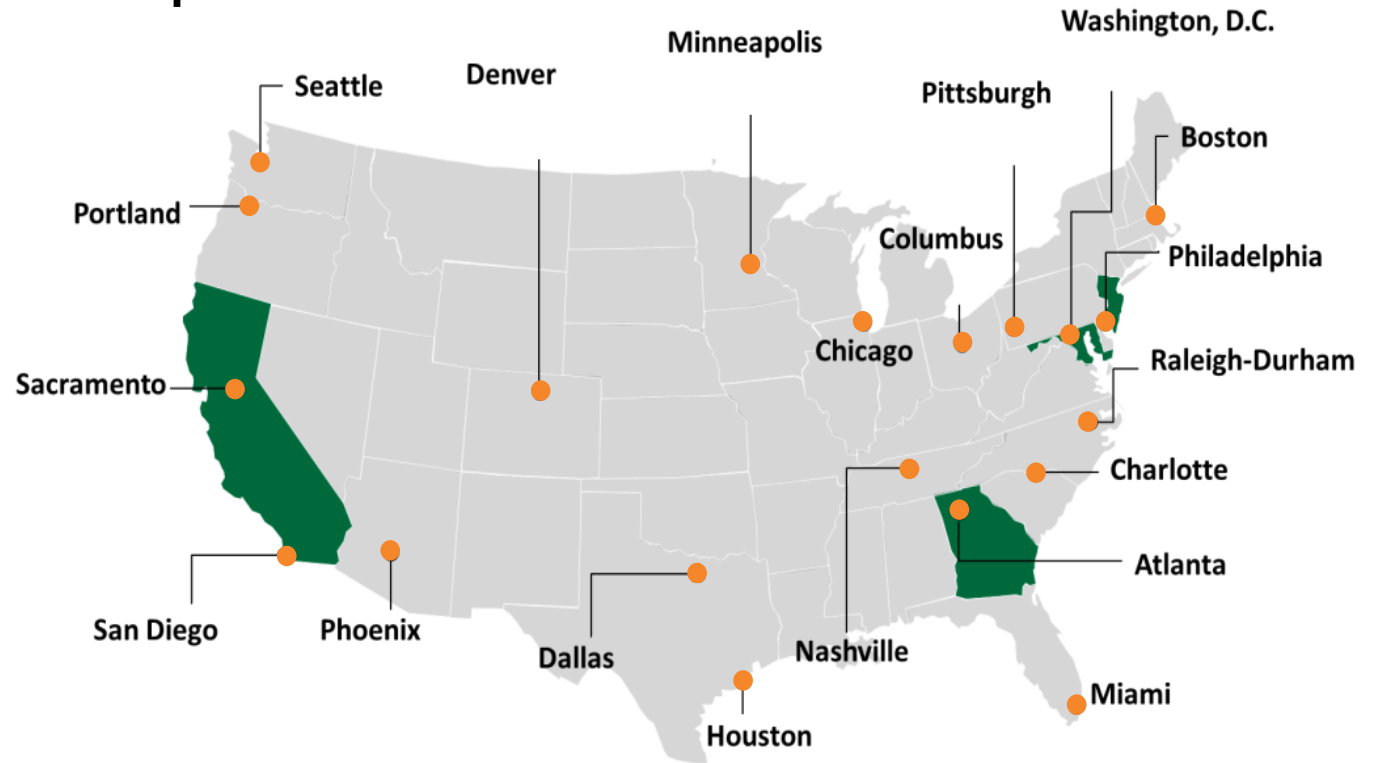
Poised for Growth

U.S. is the Largest Real Estate Market in the World

① U.S. economy remains bright spot despite challenging global economic backdrop

② Continue to drive leasing and asset management

③ Seek accretive acquisitions – at the right price and right time





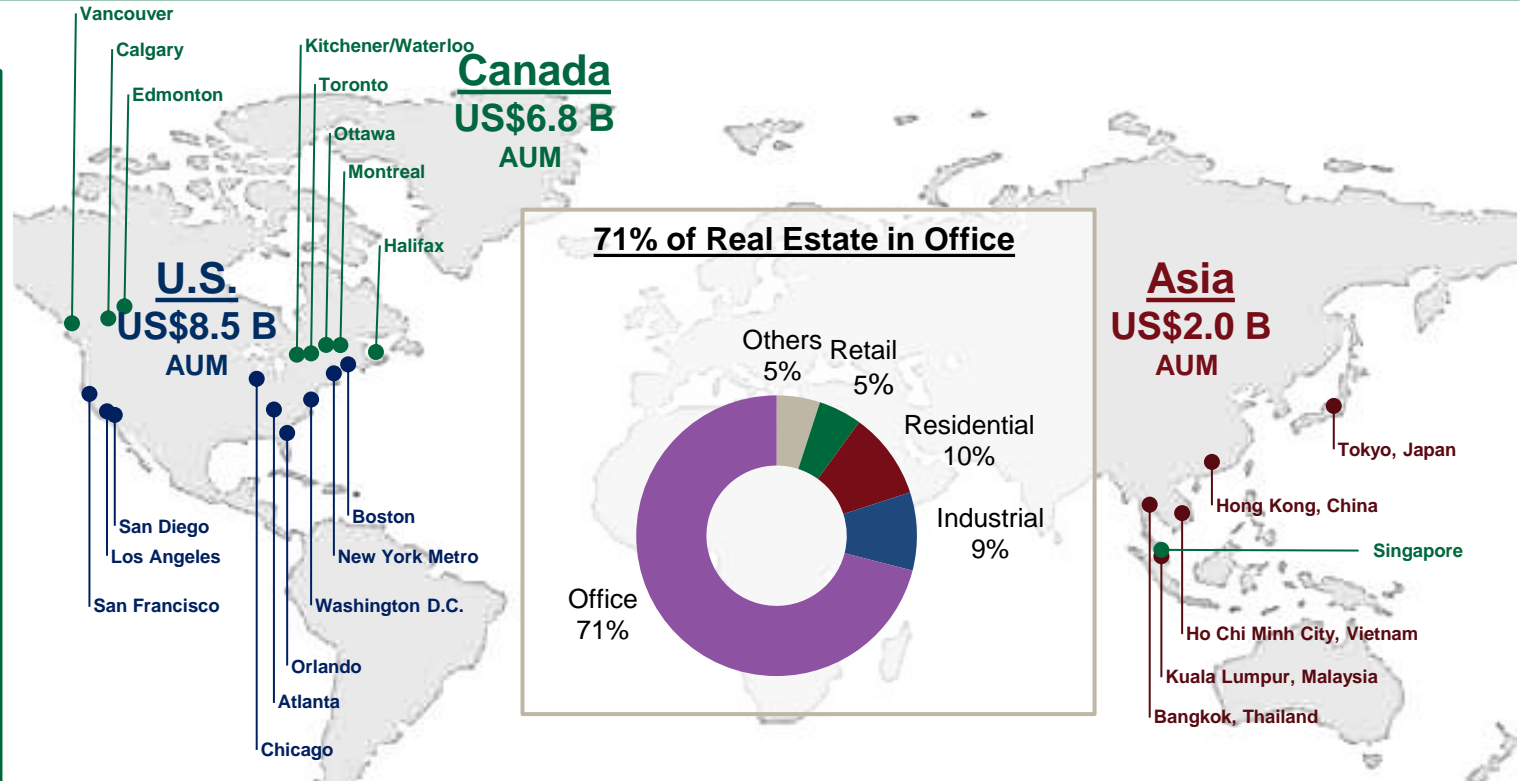
For enquiries, please contact: Ms Caroline Fong, Head of Investor Relations
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<http://www.manulifeusreit.sg>

Reputable Sponsor with Proven Track Record in Property Management

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

Sponsor



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

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 | 3.1% ² | 7.0% | 7.0% ³ |
| U.S. Withholding Taxes | (0.9%) | - | - |
| Net Yield – Singapore Retail Investor | 2.2% | 7.0% | 7.0% |
| Net Yield – Singapore Institutions | 2.2% | 5.8% ⁴ | 7.0% |
| Net Yield – Foreign Institutions | 2.2% | 6.3% ⁵ | 7.0% |

2 MUST's tax structure supported by 4 strong pillars

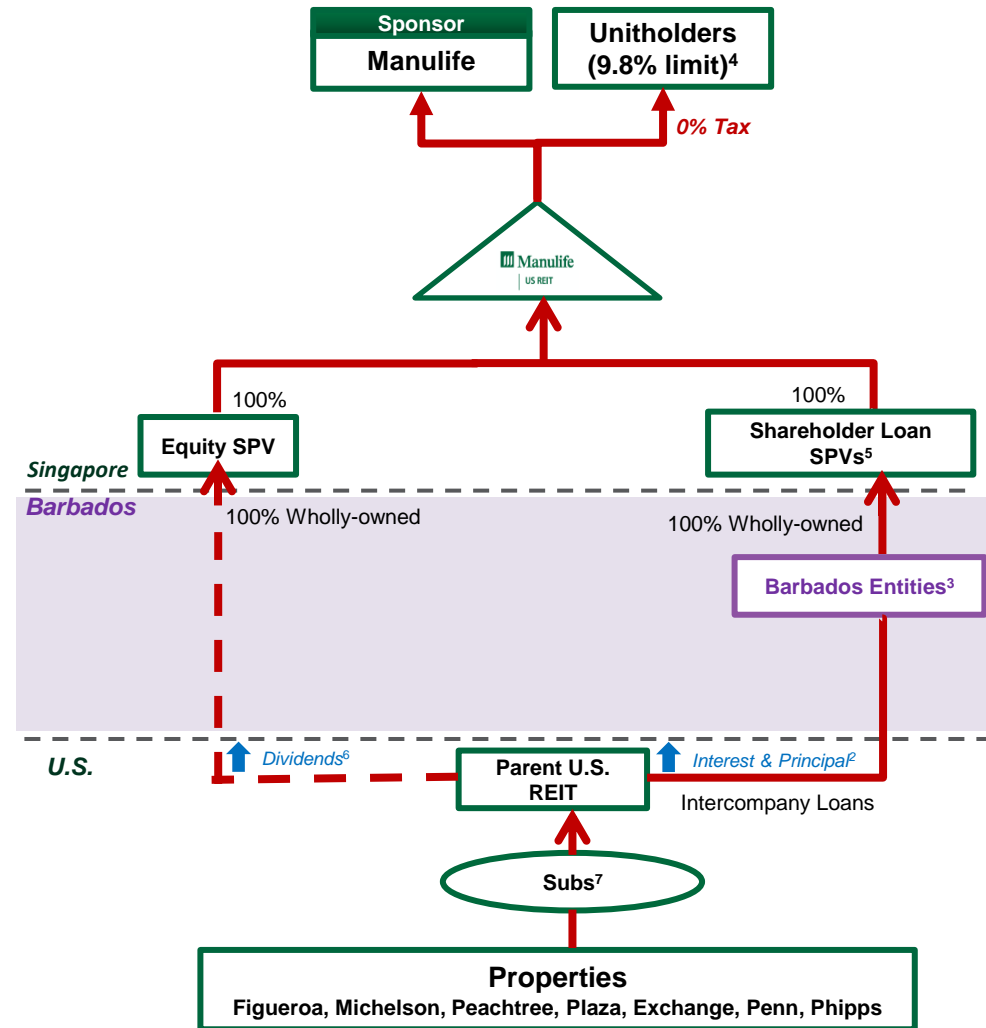
3 Stable U.S. tax jurisdictions

- (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 22 Apr 2019 (Source: Bloomberg)
 (3) Analyst consensus for Manulife US REIT's FY 2019 distribution yield as at 22 Apr 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

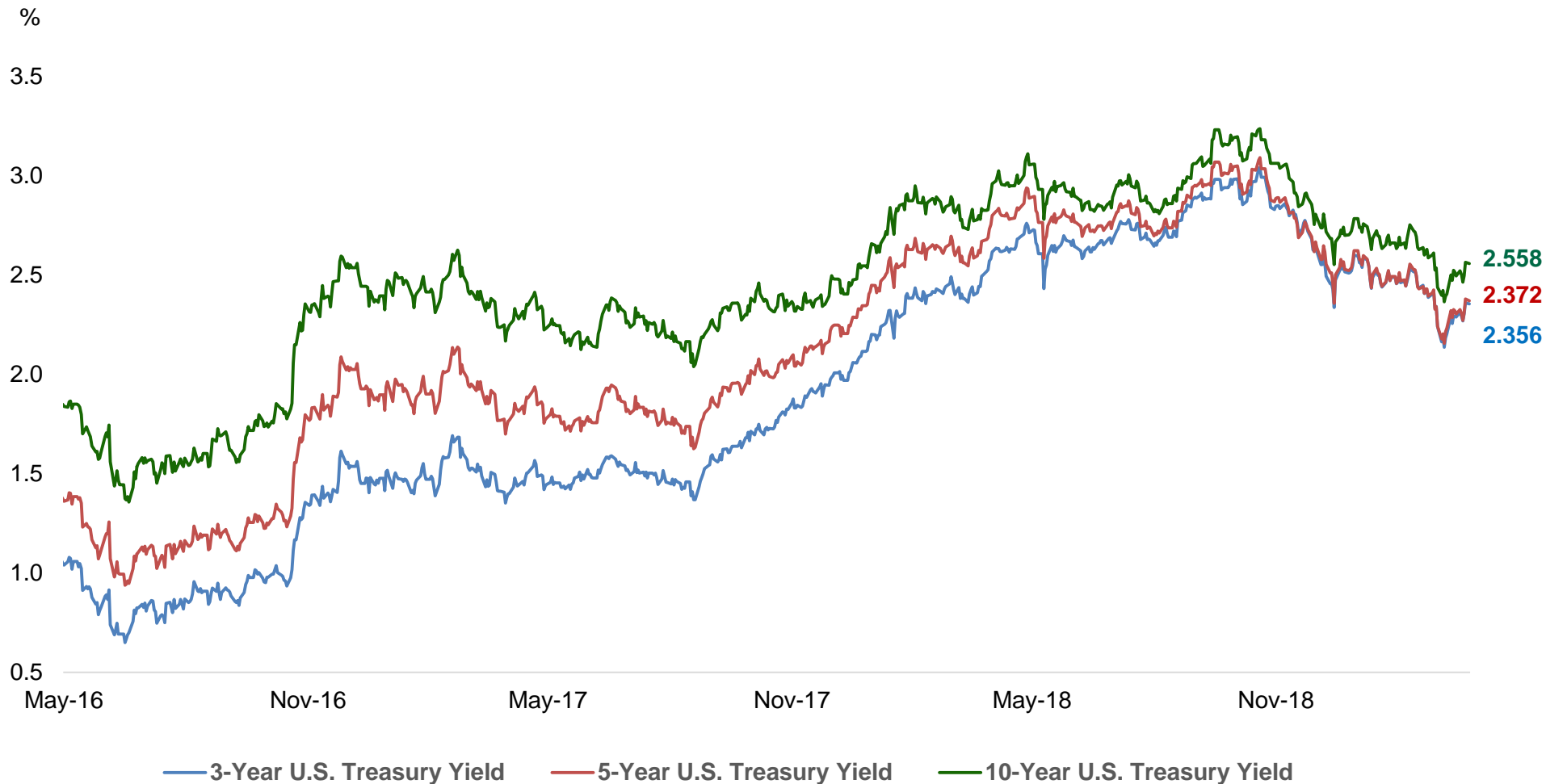
- 1 Parent US REIT Structure**
 - Tax transparency – Dividends distributed are deductible
 - Income shielded by interest expense and depreciation
- 2 US Portfolio Interest Exemption Rule**
 - No 30%² withholding tax on interest and principal on shareholder's loan
- 3 Barbados Entities (US Tax Act Dec 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

3/5/10-Year U.S. Treasury Yields Since IPO

Easing Interest Rates to Benefit Refinancing of Figueroa's Loan



Source: Bloomberg as at 15 Apr 2019