

 **Manulife**

| **US REIT**



**Acquisition of 10 Exchange Place Located in New Jersey**  
**2 September 2017**

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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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*Note: For defined terms not defined herein, please refer to the Circular dated 2 Sep 2017*



# Overview of Acquisition

# Manulife US REIT's Second Acquisition

## Overview of 10 Exchange Place, New Jersey



Property	Exchange
<b>Description</b>	<ul style="list-style-type: none"> <li>• 30-storey Class A office building</li> <li>• Prominent frontage on Hudson River waterfront</li> <li>• “Live, work, play” environment</li> <li>• Outstanding transportation access to Manhattan, New York City (NYC)</li> </ul>
<b>Location</b>	10 Exchange Place, Jersey City, New Jersey
<b>Land Tenure</b>	Freehold
<b>NLA</b>	730,598 sq ft
<b>Parking Lots</b>	467
<b>Year of Completion</b>	1988
<b>Purchase Price</b>	US\$313.2 million <sup>1</sup>
<b>Valuation</b>	RERC: US\$336 million <sup>2</sup> Colliers: US\$330 million <sup>2</sup>
<b>Occupancy Rate</b>	93.1% <sup>3</sup>
<b>WALE (by NLA)</b>	5.7 years <sup>3</sup>
<b>Tenants</b>	25

(1) The purchase consideration is US\$317.2 million comprising of purchase price US\$313.2 million and settlement adjustments estimated at US\$4.0 million. Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US\$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

(2) Valuation for the Property is based on independent valuations by RERC and Colliers as at 11 Jul 2017 and 18 Jul 2017 respectively

(3) As at 31 Jul 2017



# Key Rationale

# Key Rationale – Growing from Strength to Strength

- 1 Exposure to Prime Office Submarket Minutes from NYC
- 2 High-Quality Waterfront Property at an Attractive Discount<sup>1</sup>
- 3 Solidify Geographical Diversification & Expand Tenant Base
- 4 Accretive Acquisition Funded by Rights Issue
- 5 Capitalise on Growth Opportunities in line with Long Term Strategy

(1) As compared to appraised values

## Acquisition of Sponsor's Class A Office Building

- Spectacular view of Manhattan, NYC skyline
- Highly desirable for residential environment - "Live, work, play"
- Convenient access to NYC via rapid transit, ferries, interstate highways and roads
- Close proximity to three major airports – Newark, LaGuardia and John F. Kennedy
- Cheap alternative to Manhattan, attracting global institutions: Goldman Sachs, JPMorgan Chase, UBS, Bank of America Merrill Lynch
- 24 hour round-the-clock amenities

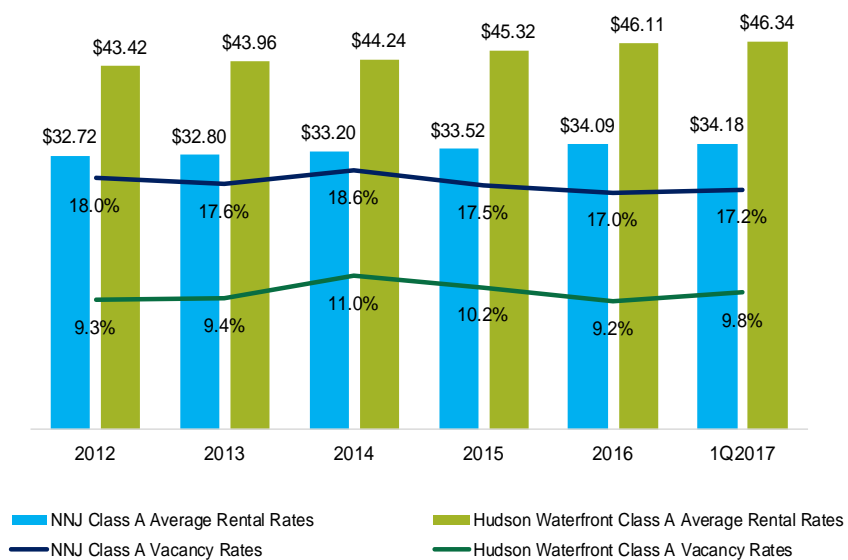


See the Independent Market Research Report by C&W in Appendix C of the Circular dated 2 Sep 2017 for more details.



# Exposure to Prime Office Submarket Minutes from NYC

## Lower Vacancy and Higher Rentals



## Demographics (2016)

	NNJ	US
Population ('000)	3,565.3	323,881.4
Median Household Income	\$71,226	\$54,505

See the Independent Market Research Report by C&W in Appendix C of the Circular dated 2 Sep 2017 for more details

**Strongest office market** within NNJ

Historically **outperforms** greater regional market

**Highest rental submarket** in New Jersey

Attractive to financial and technology firms

Vacancy levels have decreased since 2014 and expected to continue to decline

**Absorption expected to exceed new construction**

# Exposure to Prime Office Submarket Minutes from NYC



## EXCELLENT TRANSPORT CONNECTIVITY TO NEW YORK CITY

**10**  
MINUTES by 

**10**  
MINUTES by 

**20**  
MINUTES by 

# High-Quality Waterfront Property at an Attractive Discount

## High Occupancy Rate of 93.1%<sup>1</sup> with Strong Tenant Base

### Top 10 Tenants of the Property by Cash Rental Income<sup>1</sup>

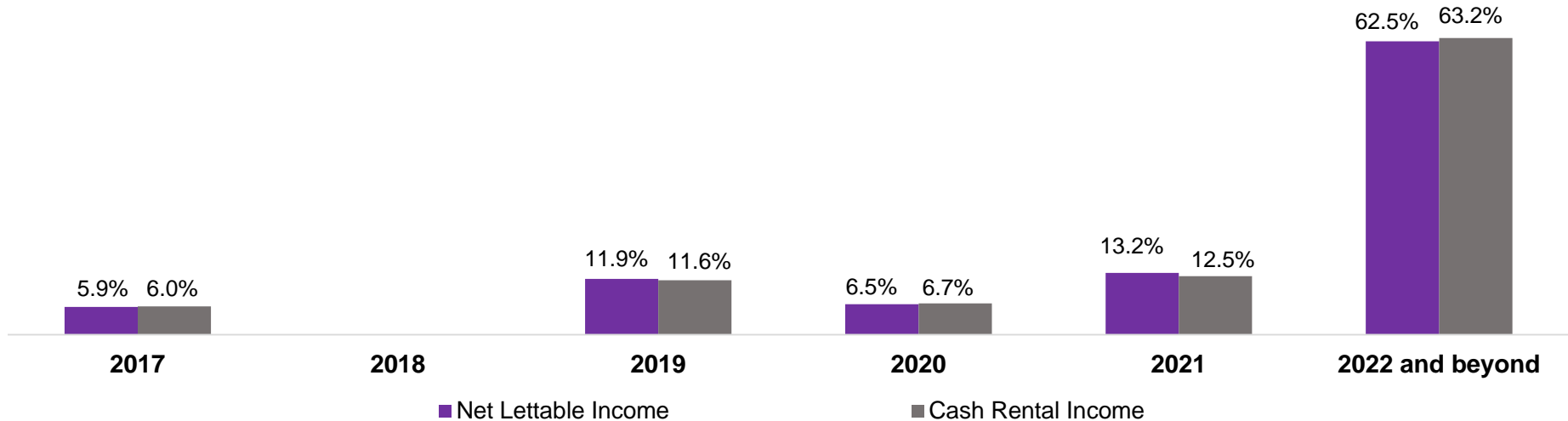
Tenants	Profile	% of Cash Rental Income
<b>Amazon Corporate LLC</b> (NASDAQ: AMZN)	Fortune 500 company and among the world's largest e-commerce retailer)	18.2%
<b>Rabo Support Services, Inc.</b>	Management consulting services	12.3%
<b>ACE American Insurance</b> (NYSE: CB)	One of the world's largest publicly traded P&C insurance company operating under Chubb name	11.0%
<b>Kuehne &amp; Nagel, Inc.</b> (SIX: KNIN)	Global transport and logistics company based in Switzerland	9.5%
<b>Opera Solutions, LLC</b>	Global provider of advanced analytics software solutions	7.2%
<b>Data Pipe</b>	Provider of managed hosting services and data centers for IT services and cloud computing	5.3%
<b>Daikin Applied Americas</b> (TYO: 6367)	Part of Daikin Industries, among the world's largest HVAC manufacturers	5.1%
<b>Jackson Hewitt Tax Service</b>	Second largest tax-preparation service in the U.S.	3.4%
<b>Citrix Systems</b> (NASDAQ: CTXS)	American multinational software company whose solutions are used by 99% of Fortune 100 and 98% of Fortune 500	3.2%
<b>EXL Service</b> (NASDAQ: EXLS)	Provides decision analytics, ops management, outsourcing, business transformation and IT services	3.1%
<b>Total</b>		<b>78.3%</b>

(1) As at 31 Jul 2017

# High-Quality Waterfront Property at an Attractive Discount

Long WALE of 5.7 years by NLA

## Lease Expiry Profile of the Property<sup>1</sup> (%)

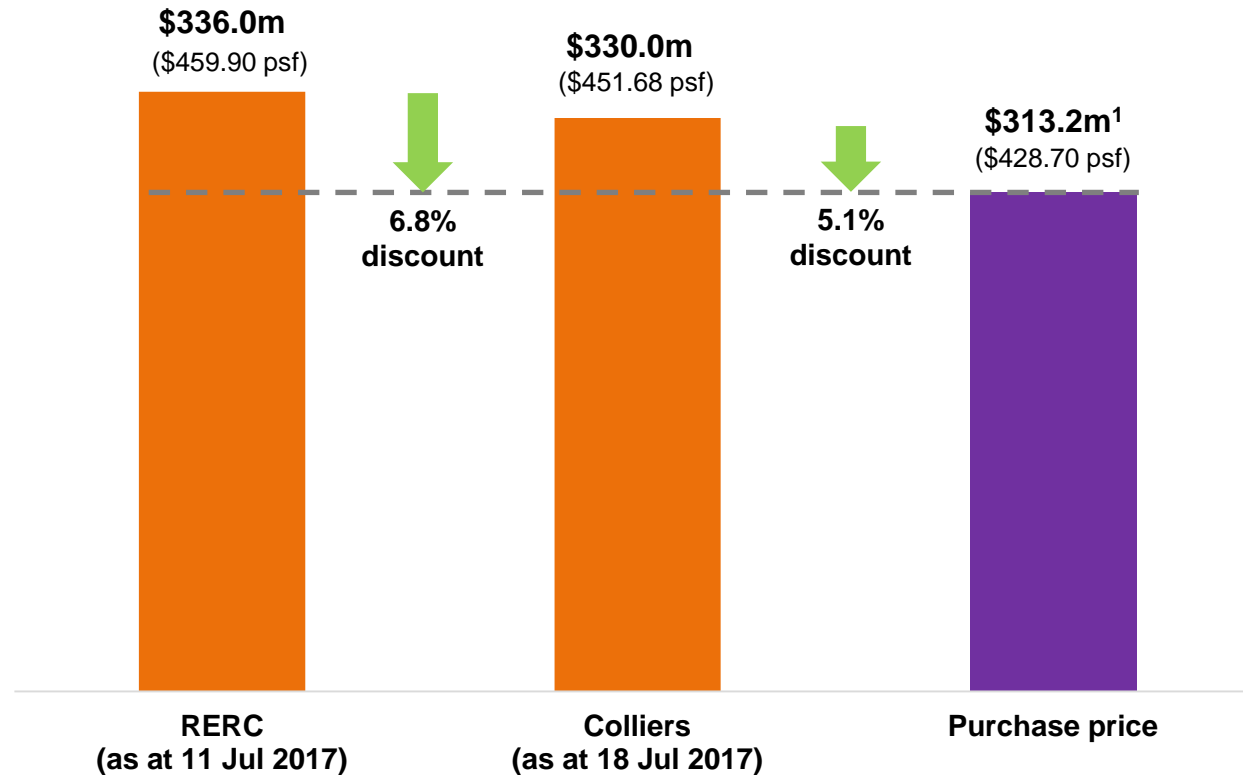


- ✓ No significant expiries until 2019
- ✓ Over 60% by NLA and CRI expiring in 2022 and beyond
- ✓ Majority of leases with built-in rental escalations, typically mid-term or periodic
- ✓ Passing rent of US\$38.18 psf vs market rent of US\$46.34 psf

(1) As at 31 Jul 2017

# High-Quality Waterfront Property at an Attractive Discount

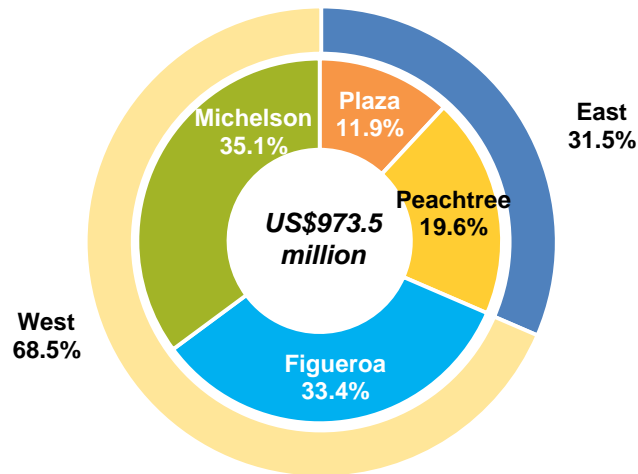
Purchase Price at Attractive 6.8% to 5.1% Discount to Appraised Values



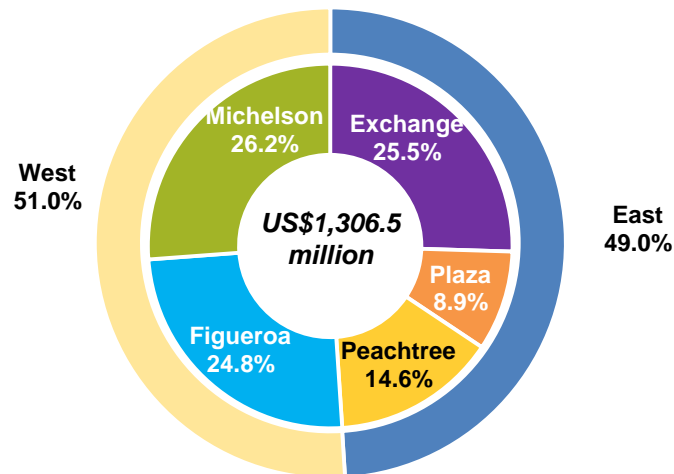
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# Solidify Geographical Diversification & Expand Tenant Base

## Current Portfolio Valuation<sup>1</sup>

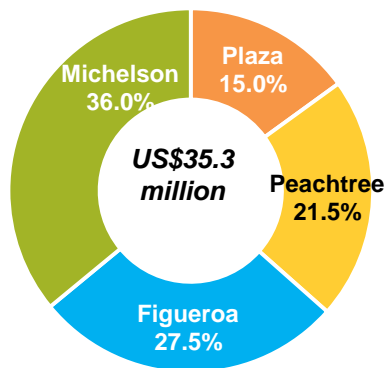


## Enlarged Portfolio Valuation<sup>1</sup>

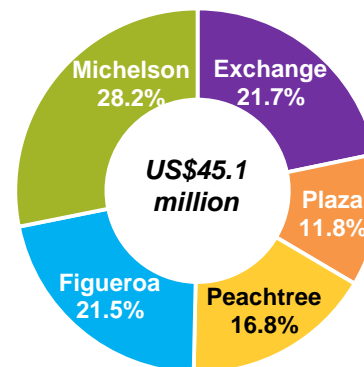


+ 34.2%

## Current Portfolio NPI<sup>2</sup>



## Enlarged Portfolio NPI<sup>2</sup>



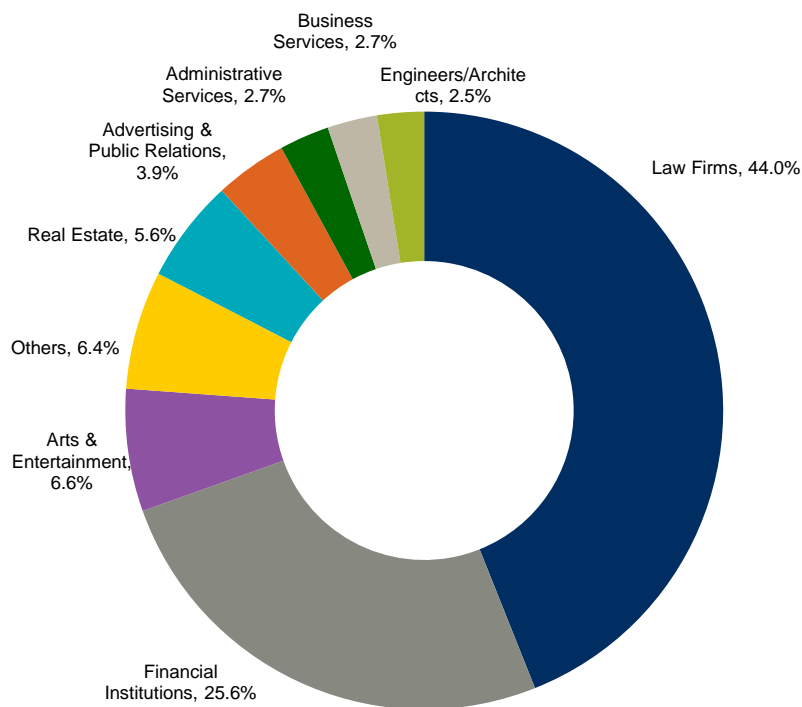
+ 27.8%

(1) Valuation for Existing Portfolio as at 30 Jun 2017 (save for Plaza which was valued as at 2 Jun 2017); Valuation for the Property is based on the average of the independent valuations by RERC and Colliers as at 11 Jul 2017 and 18 Jul 2017 respectively

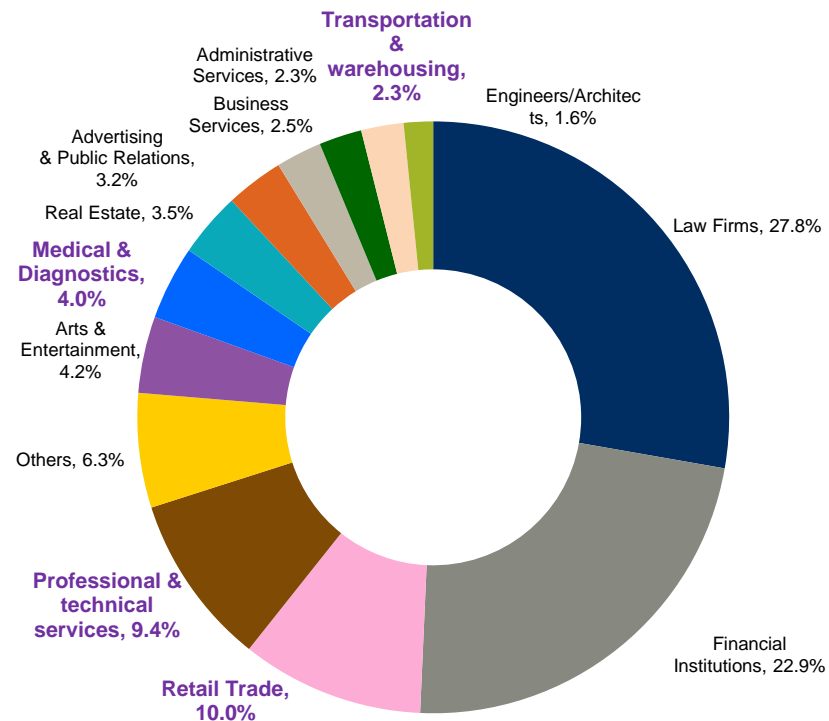
(2) Based on audited financial information for the IPO Portfolio and unaudited financial information for Plaza and the Property, for the period from 20 May 2016 to 31 Dec 2016

# Solidify Geographical Diversification & Expand Tenant Base

## IPO Portfolio Cash Rental Income by Trade Sector<sup>1</sup>



## Enlarged Portfolio Cash Rental Income by Trade Sector<sup>1</sup>



- ✓ Improve tenant diversification since IPO Portfolio
- ✓ Four new trade sectors added: **(1) Transportation & Warehousing (2) Professional & Technical Services (3) Retail Trade (4) Medical & Diagnostics**
- ✓ Percentage of law firms decreased from 44.0% to 27.8%

(1) As at 31 Jul 2017

# Solidify Geographical Diversification & Expand Tenant Base

Top 10 Tenants of Enlarged Portfolio has WALE of 7.0 years

IPO Portfolio <sup>1</sup>	
Tenants	% Cash Rental Income
Kilpatrick	10.6%
TCW	10.1%
Hyundai Capital America	8.9%
Quinn Emanuel	8.2%
Gibson Dunn	7.1%
LA Fitness	4.8%
Bryan Cave	4.1%
Jones Day	3.8%
Greenberg	3.4%
Allen Matkins	3.1%
<b>Total Top 10 Tenants</b>	<b>64.1%</b>

Enlarged Portfolio <sup>1</sup>	
Tenants	% Cash Rental Income
Kilpatrick	6.7%
TCW	6.4%
Hyundai Capital America	5.6%
<b>The Children's Place</b>	<b>5.4%</b>
Quinn Emanuel	5.2%
Gibson Dunn	4.5%
<b>Amazon</b>	<b>4.4%</b>
<b>Quest Diagnostics</b>	<b>3.5%</b>
LA Fitness	3.0%
<b>Rabo Support Services</b>	<b>3.0%</b>
<b>Total Top 10 Tenants</b>	<b>47.7%</b>

(1) As at 31 Jul 2017

**Note:**

In the Enlarged Portfolio, The Children's Place and Quest Diagnostics are tenants from Plaza while Amazon and Rabo Support Services are tenants from the Property.

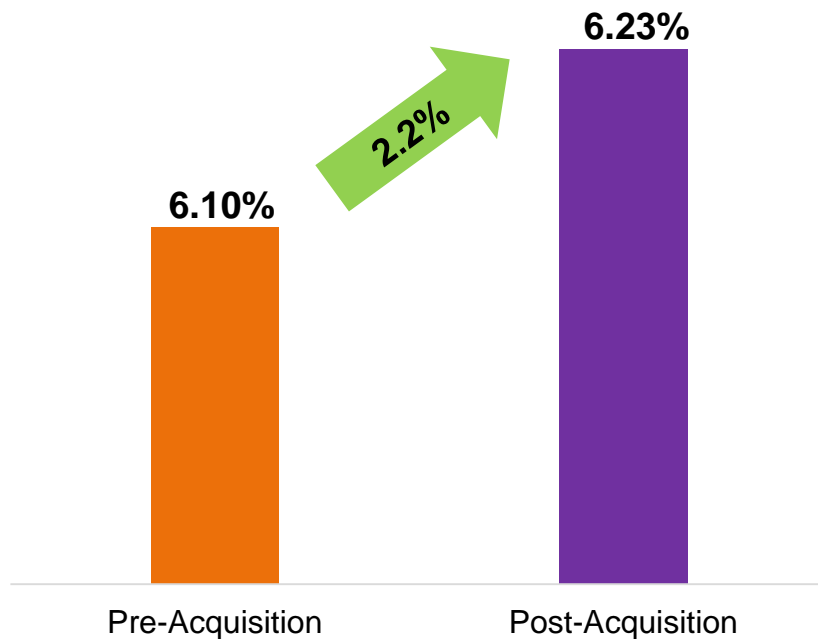


# Accretive Acquisition Funded by Rights Issue

## Accretive Distribution Yield

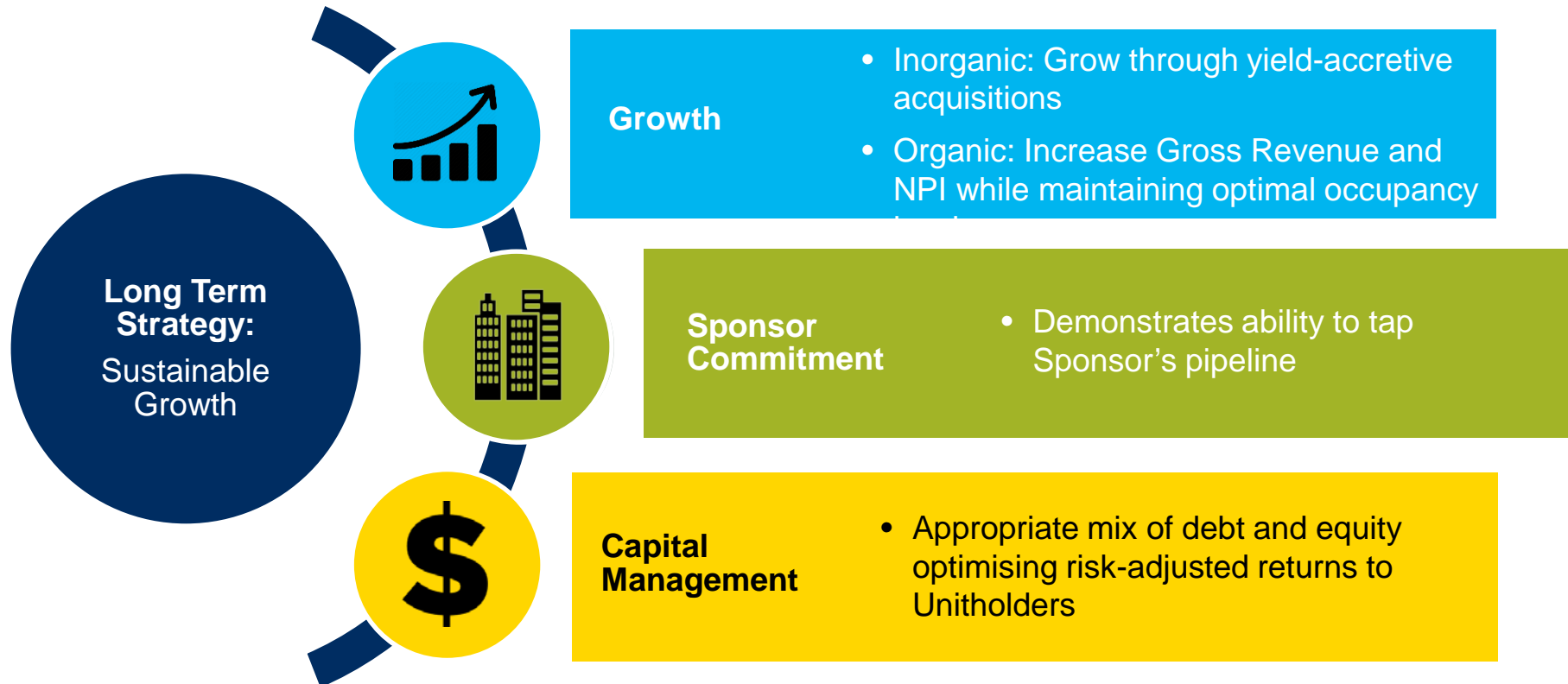
- Partially funded by rights issue and debt financing
- Eligible Unitholders may subscribe for their Rights Entitlements at an Issue Price of US\$0.695 which is at an attractive discount of 21.6% to TERP.

### FY2016 Pro Forma DPU Yield Accretive



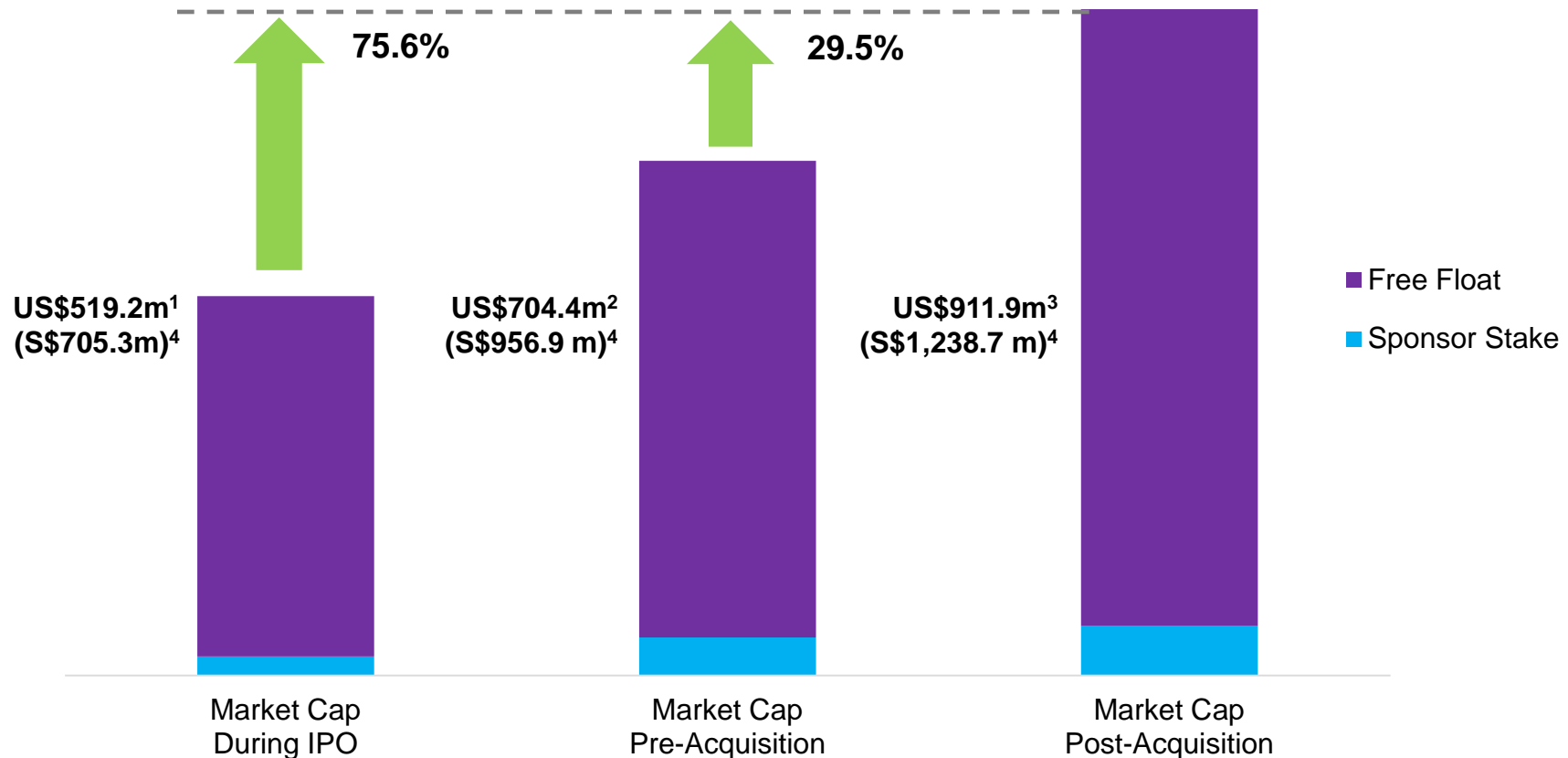
# Capitalise on Growth Opportunities in line with Long Term Strategy

Consistent with Manulife US REIT's Long Term Strategy



# Market Cap Increased by 75.6% since IPO

## Increase in Free Float Trading Liquidity



(1) Based on 625.5 million Units in issue and the issue price of US\$0.83 per Unit during IPO

(2) Based on 730.0 million Units in issue and unit price of US\$0.965 per Unit as at 31 Aug 2017

(3) Based on 730.0 million Units in issue and approximately 299.3 million new Units to be issued in connection with the Acquisition and TERP of US\$0.886 per Unit (assuming, for illustrative purposes, MIL's and MLRL's ownership percentage in Manulife US REIT remained constant before and after the Acquisition)

(4) Based on an exchange rate of 1 USD : 1.3584 SGD as at 31 Aug 2017



# Method of Financing

# Financial Effects of Transaction

	FY2016 Audited	Pro Forma FY2016	
		After acquisition of Plaza (and 2017 Private Placement)	After acquisition of Plaza (and 2017 Private Placement), the Rights Issue and the Acquisition
<b>Distributable Income (US\$ m)</b>	22.3	26.4	35.1
<b>DPU Yield (%)</b>	5.96 <sup>1</sup>	6.10 <sup>1</sup>	6.23 <sup>2</sup>
<b>NAV (US\$ m)</b>	547.0	624.0	827.5
<b>NAV per Unit (US\$)</b>	0.87	0.86	0.80

(1) Based on Closing price of US\$0.965 as at 31 Aug 2017

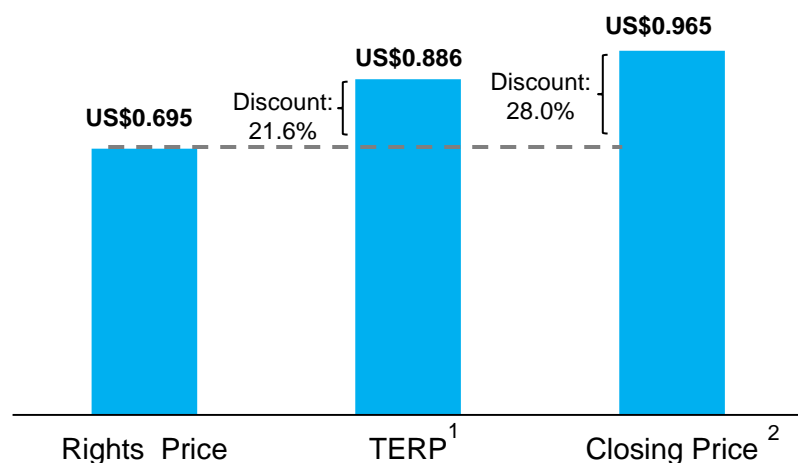
(2) Based on TERP of US\$0.886

Refer to the announcement dated 2 Sep 2017 for details of the pro forma financial effects of the Acquisition and the Rights Issue

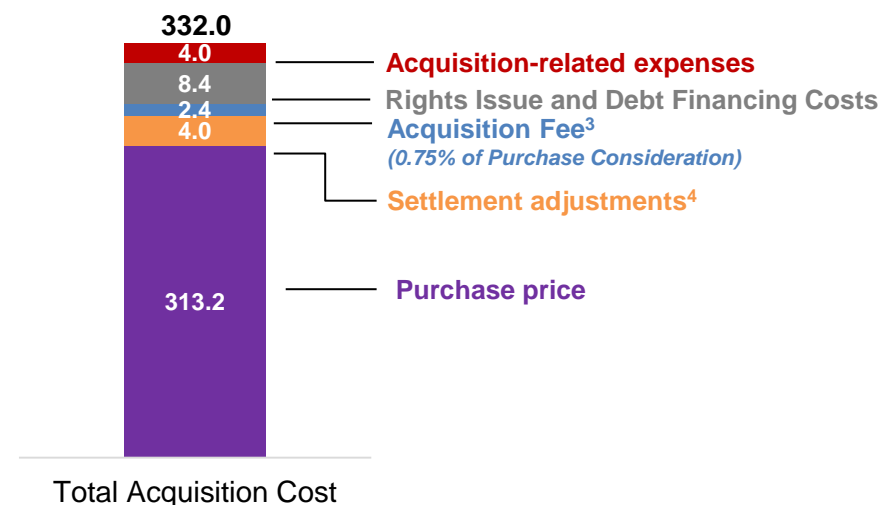
# Details of Rights Issue

- Offering of Rights Units via a fully underwritten renounceable Rights Issue to raise gross proceeds of approximately **US\$208.0 million**
- Rights ratio of **41** Rights Units for every 100 Existing Units
- Irrevocable undertakings by:
  - Manulife (International) Limited (“MIL”) and Manufacturers Life Reinsurance Limited (“MLRL”) – wholly owned subsidiaries of the Sponsor, to subscribe fully for their total provisional allotment of Rights Units
- Remaining rights are underwritten by DBS Bank Ltd. and Deutsche Bank AG, Singapore Branch

## Rights Issue Price



## Total Acquisition Cost (US\$ million)



(1) TERP = (Market capitalisation of Manulife US REIT based on the Closing Price + Gross proceeds from the Rights Issue) divided by Units outstanding after the Rights Issue.

(2) Closing Price as at 31 Aug 2017


(3) As the Acquisition will constitute an IPT, the Acquisition Fee payable to the Manager shall not be sold within one year from the date of issuance

(4) Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US\$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

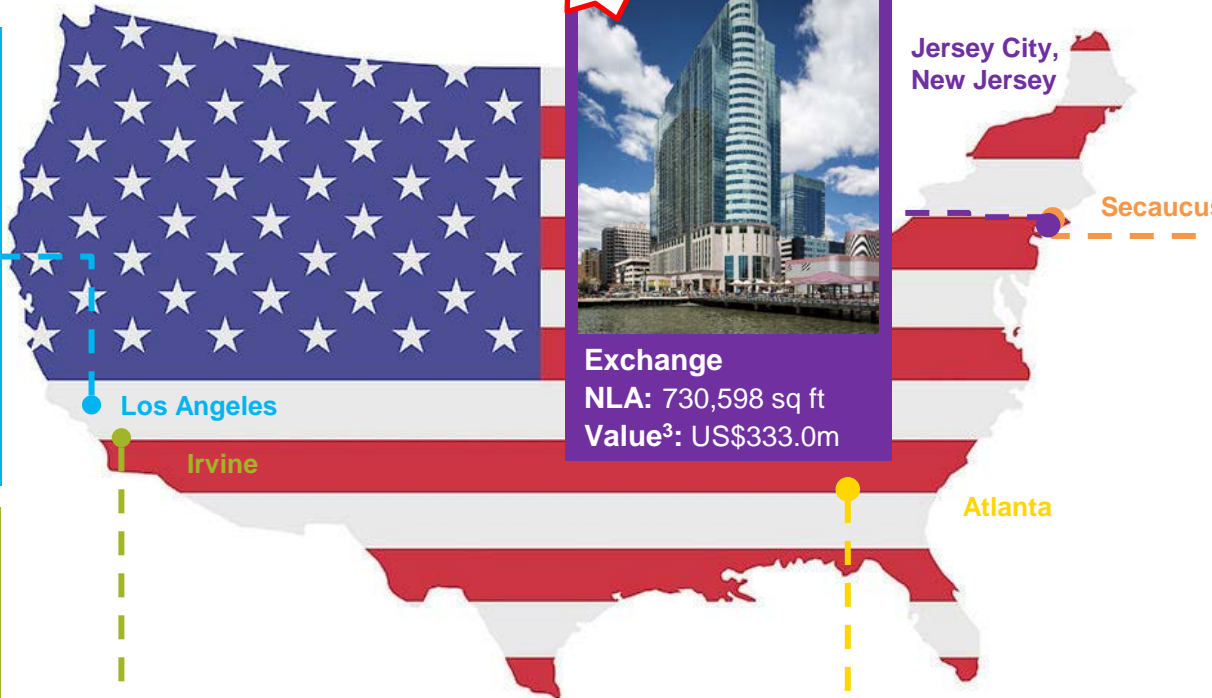


**Conclusion**

# Expand Manulife US REIT's Footprint in U.S.




**Figuroa**  
 NLA: 699,372 sq ft  
 Value<sup>1</sup>: US\$325.0m



**NEW**



**Exchange**  
 NLA: 730,598 sq ft  
 Value<sup>3</sup>: US\$333.0m




**Plaza**  
 NLA: 461,725 sq ft  
 Value<sup>2</sup>: US\$116.0m



**Michelson**  
 NLA: 532,603 sq ft  
 Value<sup>1</sup>: US\$342.0m

Enlarged Portfolio <sup>4</sup>	
<b>Total NLA</b>	: 2,980,220 sq ft
<b>Valuation</b>	: US\$1,306.5 million
<b>WALE (by NLA)</b>	: 5.9 years
<b>Occupancy</b>	: 95.8%
<b>Land Tenure</b>	: 100% freehold
<b>No. of Tenants</b>	: 102



**Peachtree**  
 NLA: 555,922 sq ft  
 Value<sup>1</sup>: US\$190.5m

(1) Based on 30 Jun 2017 appraised values  
 (2) Based on independent valuation by Cushman & Wakefield as at 2 Jun 2017  
 (3) Based on the average of the independent valuations by RERC and Colliers as at 11 Jul 2017 and 18 Jul 2017 respectively  
 (4) As at 31 Jul 2017



# Key Milestones since IPO



US REIT

Listed on SGX on  
20 May 2016

## 3Q2016 Results

7 Nov 2016  
DPU exceeded  
forecast by 5.8%

## FY2016 Results

13 Feb 2017  
DPU exceeded  
forecast by 4.8%

## 1Q2017 Results

2 May 2017  
DPU exceeded  
projection by 8.6%



Announced  
maiden  
acquisition of  
Plaza  
US\$115.0m

## 1H2017 Results

8 Aug 2017  
DPU exceeded  
projection by 8%



Announced  
acquisition  
of  
Exchange  
US\$313.2m

2016

2017

May

Sep

Nov

Dec

Feb

Mar

May

Jun

Jul

Aug

Sep



Awarded runner-up in the New Issues Category of the Most Transparent Company Award at SIAS' 17<sup>th</sup> Investors' Choice Awards



Awarded Best REIT Deal of the Year and Best IPO for Retail Investors in Southeast Asia by Alpha Southeast Asia's Deal & Solution Awards 2016



Included in the MSCI Singapore Small Cap Index



Included in the GPR/APREA Investable REIT 100 Index



Ranked 11<sup>th</sup> among 43 REITs and Business Trusts in the Governance Index for Trusts 2017



Awarded Best Annual Report for First-Year Listed Companies at the Singapore Corporate Awards 2017

# Approvals Required at EGM<sup>1</sup>

**IFA is of the opinion that the Acquisition is on normal commercial terms and are not prejudicial to Manulife US REIT and its minority Unitholders**

## **Resolution 1**

The Proposed Acquisition of the Property as an Interested Person Transaction

## **Resolution 2**

The Rights Issue

**Both Resolution 1 and Resolution 2 are inter-conditional**

(1) 19 Sep 2017



JOURNAL SQUARE

URL HARBORSIDE APARTMENTS

HOBOKEN

30 HUDSON

MONACO APARTMENTS

NOC II IV V

EAST HAMPTON

101 HUDSON

TRUMP PLAZA RESIDENCES

SOUTH HAMPTON

HUDSON GREENE APARTMENTS

350 HUDSON STREET

NOC VII

NOC VIII

PACIFIC

NOC I

RIVERSIDE

ATLANTIC

50 COLUMBUS



EXCHANGE PLACE NORTH

CRYSTAL POINT

LIBERTY TOWERS APARTMENTS

99 HUDSON STREET

15 EXCHANGE PLACE

HARBORSIDE PLAZA 10

90 HUDSON STREET

1 HARBORSIDE PLAZA

70 HUDSON STREET

HYATT REGENCY JERSEY CITY

Hudson River

# Thank You

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

<http://www.manulifeusreit.sg>

# Portfolio Overview



	<b>Figueroa</b>	<b>Michelson</b>	<b>Peachtree</b>	<b>Plaza</b>	<b>Exchange</b>
<b>Location</b>	Los Angeles	Irvine	Atlanta	Secaucus	Jersey City
<b>Property Type</b>	Class A	Trophy	Class A	Class A	Class A
<b>Completion Date</b>	1991	2007	1991	1985	1988
<b>Last Refurbishment</b>	2015	-	2015	2016	-
<b>Property Value</b>	325.0 <sup>1</sup>	342.0 <sup>1</sup>	190.5 <sup>1</sup>	116.0 <sup>2</sup>	333.0 <sup>3</sup>
<b>Occupancy<sup>4</sup> (%)</b>	95.3%	98.4%	95.1%	98.9	93.1
<b>NLA (sq ft)</b>	699,372	532,603	555,922	461,725	730,598
<b>WALE<sup>4</sup> (by NLA)</b>	5.2 years	4.8 years	5.8 years	8.7 years	5.7 years
<b>Land Tenure</b>	Freehold	Freehold	Freehold	Freehold	Freehold
<b>No. of Tenants<sup>4</sup></b>	30	15	25	7	25

(1) Based on 30 Jun 2017 appraised values

(2) Based on independent valuation by Cushman & Wakefield as at 2 Jun 2017

(3) Based on the average of the independent valuations by Colliers and RERC as at 18 Jul 2017 and 11 Jul 2017 respectively

(4) As at 31 Jul 2017