



## 3Q 2018 Financial Results (1 Jul 2018 to 30 Sep 2018) 5 November 2018

# Important Notice

This presentation shall be read in conjunction with Manulife US REIT's financial results announcement dated 5 November 2018 published on SGX Net.

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** Key Highlights

**2** Financial Highlights

**3** Portfolio Performance

**4** Summary

**5** Appendix

**6** U.S. Outlook

*Exchange, Jersey City, New Jersey*

# Key Highlights

# 3Q 2018 Key Highlights

## DPU Growth

Net Property Income

**US\$25.1 m**

▲ 74.9% YoY

Distributable Income

**US\$19.3 m**

▲ 64.9% YoY

Distribution per Unit

**1.51 US Cents**

▲ 33.6% YoY

Adjusted DPU of 1.52 US cents, increased 3.4% YoY

## Strong Leasing Momentum

Occupancy Rate

**96.5%<sup>1</sup>**

Increased occupancy for four properties

WALE

**6.0 years**

Rental Reversion

**+13.5%<sup>2</sup>**

Eight leases signed in 3Q 2018<sup>3</sup>

## 100%<sup>4</sup> Fixed Rate Loans

Gearing Ratio

**37.4%**

Weighted Average Debt Maturity

**3.0 years**

Weighted Average Interest Rate

**3.27%**

(1) Committed occupancy (includes signed leases where tenant has not yet assumed occupancy) as at 30 Sep 2018

(2) Weighted by NLA. Excludes one lease that does not meet rental reversion criteria

(3) NLA of ~69,000 sq ft, amounting to 1.9% of Portfolio by NLA







(4) Excludes drawn good news facilities of US\$0.8 million

*Phipps, Atlanta, Georgia*



# Financial Highlights

# 3Q 2018 Adjusted DPU<sup>1</sup> Increased 3.4% YoY

	3Q 2018 (US\$'000)	3Q 2017 (US\$'000)	Change (%)	YTD Sep 2018 (US\$'000)	YTD Sep 2017 (US\$'000)	Change (%)
<b>Gross Revenue</b>	40,379	23,037	<b>75.3</b>	104,053	62,776	 <b>65.8</b>
<b>Net Property Income</b>	25,147	14,381	<b>74.9</b>	65,174	39,933	 <b>63.2</b>
<b>Net Income</b>	13,470	9,271	<b>45.3</b>	44,011	39,021	 <b>12.8</b>
<b>Distributable Income</b>	19,257	11,675	<b>64.9</b>	51,395	32,075	 <b>60.2</b>
<b>DPU (US cents)</b>	1.51	1.13 <sup>2</sup>	<b>33.6</b>	4.04	4.35	 <b>(7.1)<sup>3</sup></b>
<b><i>Adjusted DPU<sup>1</sup></i> <i>(US cents)</i></b>	<b>1.52</b>	<b>1.47</b>	<b>3.4</b>	<b>4.53</b>	<b>4.42</b>	 <b>2.5</b>

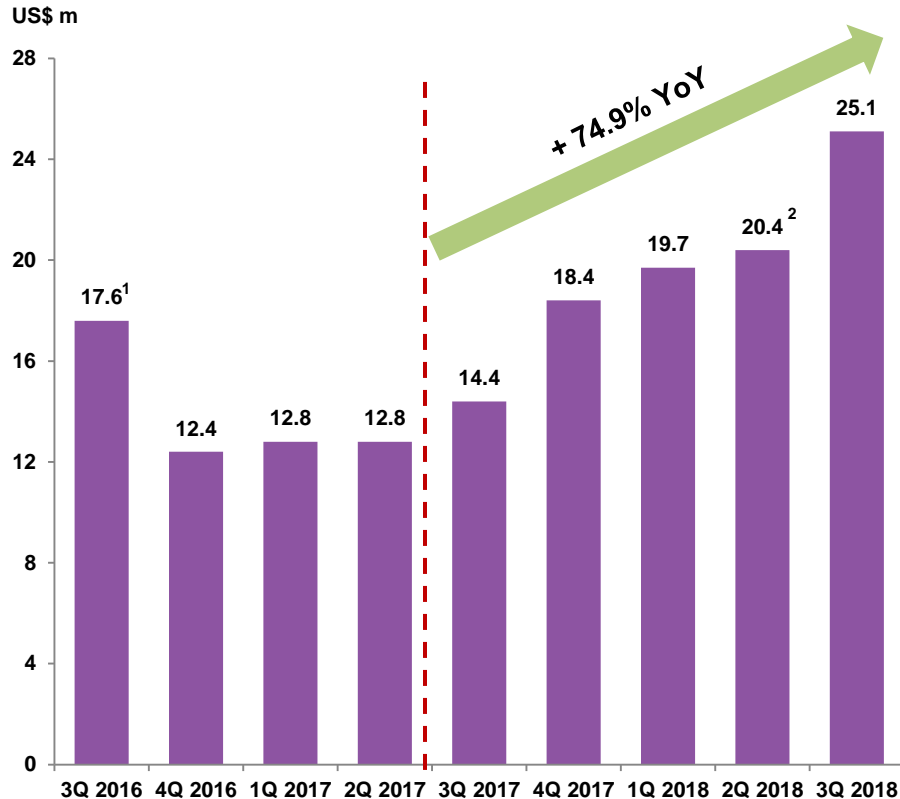
(1) Adjusted DPU was calculated based on the weighted average number of Units in issue, which normalises the impact of the enlarged Unit base from Preferential Offering in 2018 and Rights Issue in 2017

(2) 3Q 2017 DPU of 1.13 US cents was computed based on the enlarged Unit base from Rights Issue used to partially fund Exchange acquisition while there was no income from Exchange included in 3Q 2017 DPU since Exchange was only acquired on 31 Oct 2017 (U.S. Time). As such, 3Q 2018 DPU is 33.6% higher than 3Q 2017 DPU.

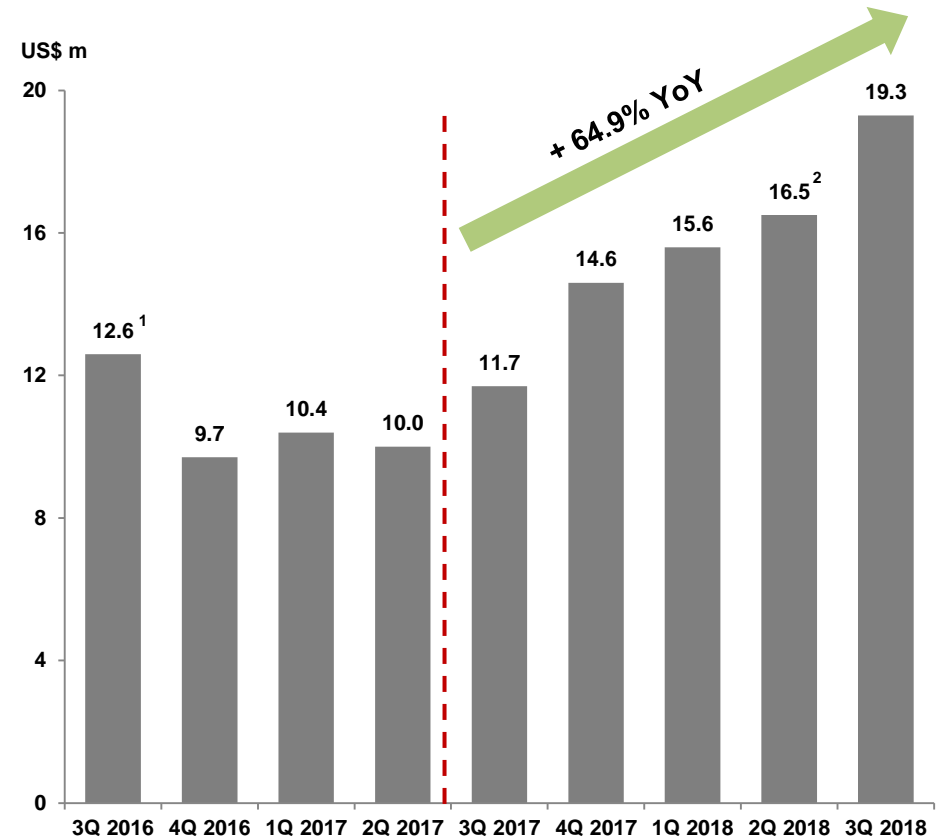
(3) YTD Sep 2018 DPU was lower largely due to the drag from the enlarged Unit base from the issuance of Preferential Offering to partially fund Penn and Phipps acquisitions, while income contribution from Penn and Phipps was only from acquisition date of 22 Jun 2018 (U.S. Time)

# Track Record of Delivering Robust and Sustainable Income through Fortified Portfolio

## Net Property Income Growth



## Distributable Income Growth



(1) 3Q 2016 includes results from 20 May 2016 to 30 Sep 2016

(2) Include acquisitions of Penn and Phipps completed on 22 Jun 2018 (U.S. Time); 2Q 2018 results only include 9 days of income contribution from Penn and Phipps

# Healthy Balance Sheet

	As at 30 Sep 2018 (US\$'000)
Investment Properties	1,725,409
Total Assets	1,772,082
Borrowings	658,481 <sup>1</sup>
Total Liabilities	731,477
Net Assets Attributable to Unitholders	1,040,605
NAV per Unit (US\$)	0.82
Adjusted NAV per Unit (US\$)	0.80 <sup>2</sup>

(1) Net of upfront debt related unamortised transaction costs of US\$3.9 million

(2) Excluding distributable income

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

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

As at 30 Sep 2018



Gross Borrowings

**US\$662.4 m**



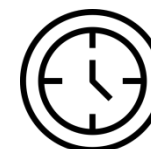
Gearing Ratio

**37.4%<sup>3</sup>**



Weighted Average Interest Rate

**3.27%**



Weighted Average Debt Maturity

**3.0 years**



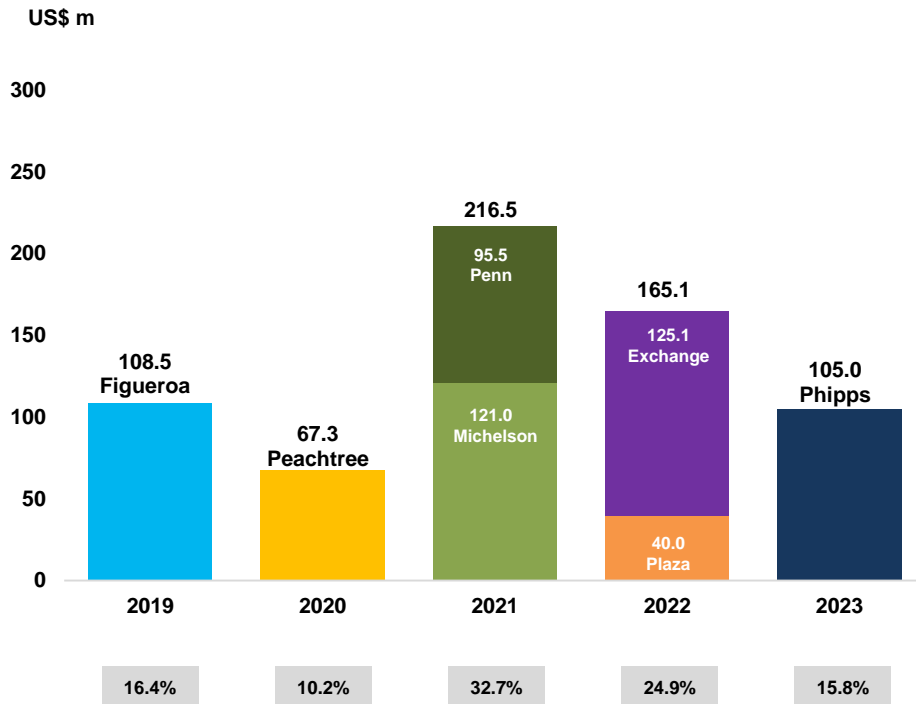
Interest Coverage

**4.4 times<sup>4</sup>**

# Disciplined and Prudent Capital Management

100%<sup>1</sup> Fixed Rate Loans Mitigate Impact of Rate Hikes

## Well-spread Debt Maturity Profile<sup>2</sup>



## Capital Management Strategy

Increase financial flexibility

Diversify sources of funding

Lengthen weighted average debt maturity

Long-term Capital Structure

Unencumber properties

Equity

50% - 60%

Debt

35% - 40%

Perpetual

5% - 10%

(1) Excludes drawn good news facilities of US\$0.8 million  
(2) Excludes undrawn good news facilities and revolving credit facilities

*Plaza, Secaucus, New Jersey*



# Portfolio Performance

# Trophy and Class A Assets Across the U.S.



As at 30 Sep 2018	Figueroa	Michelson	Peachtree	Plaza	Exchange	Penn	Phipps	Portfolio
NLA (sq ft)	701,977	532,663	557,589	461,525	730,823	277,315	475,199	3.7 m
WALE (by NLA)	4.8 years	3.7 years	5.2 years	7.7 years	6.2 years	6.1 years	9.2 years	6.0 years
Occupancy (%)	94.3	96.0	93.3	98.9	96.2	100.0	100.0	96.5
Property Value <sup>1</sup> (US\$)	328.6 m	342.0 m	203.0 m	119.6 m	338.0 m	187.0 m	207.2 m	1.7 b
Avg Gross Rent (US\$ psf p.a.)	40.81	51.19	32.48	30.74	39.36	52.02	35.52	39.65 <sup>2</sup>

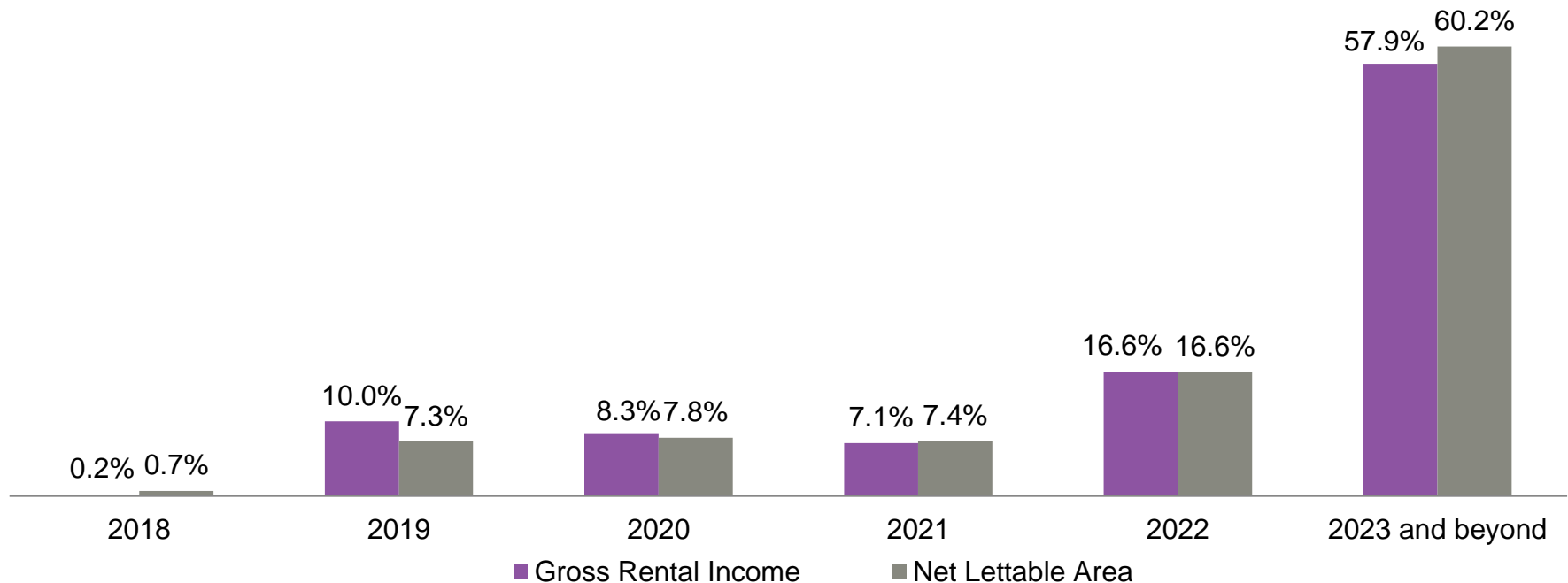
(1) Based on carrying value as at 30 Sep 2018

(2) Weighted by NLA

# Proactive Leasing for 2019 Expiries

Long WALE of 6.0 Years – Continue to Seek Lease Terms Accretive to WALE

Lease Expiry Profile as at 30 Sep 2018<sup>(1)</sup> (%)



(1) Amounts may not sum to 100% due to rounding

# Organic Growth Driven by Rental Reversion and Escalation

Rental Reversion for 3Q 2018

Leases Signed



Total NLA of ~69,000 sq ft



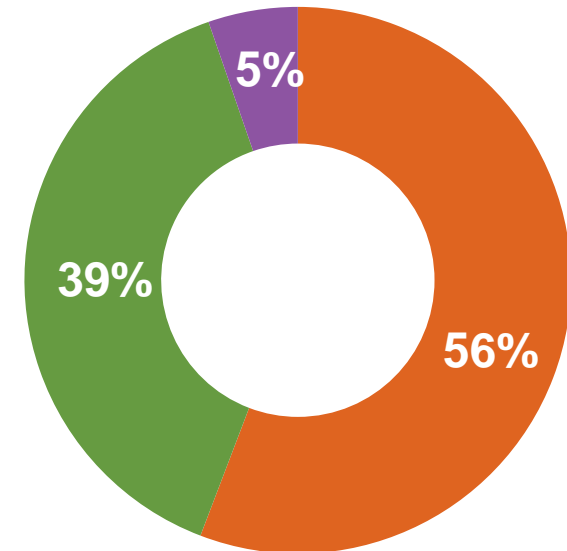
Positive Rental Reversion

13.5%<sup>1</sup>

Rental Escalation as at 30 Sep 2018 / YTD

95% of Leases by Gross Rental Income have Rental Escalation

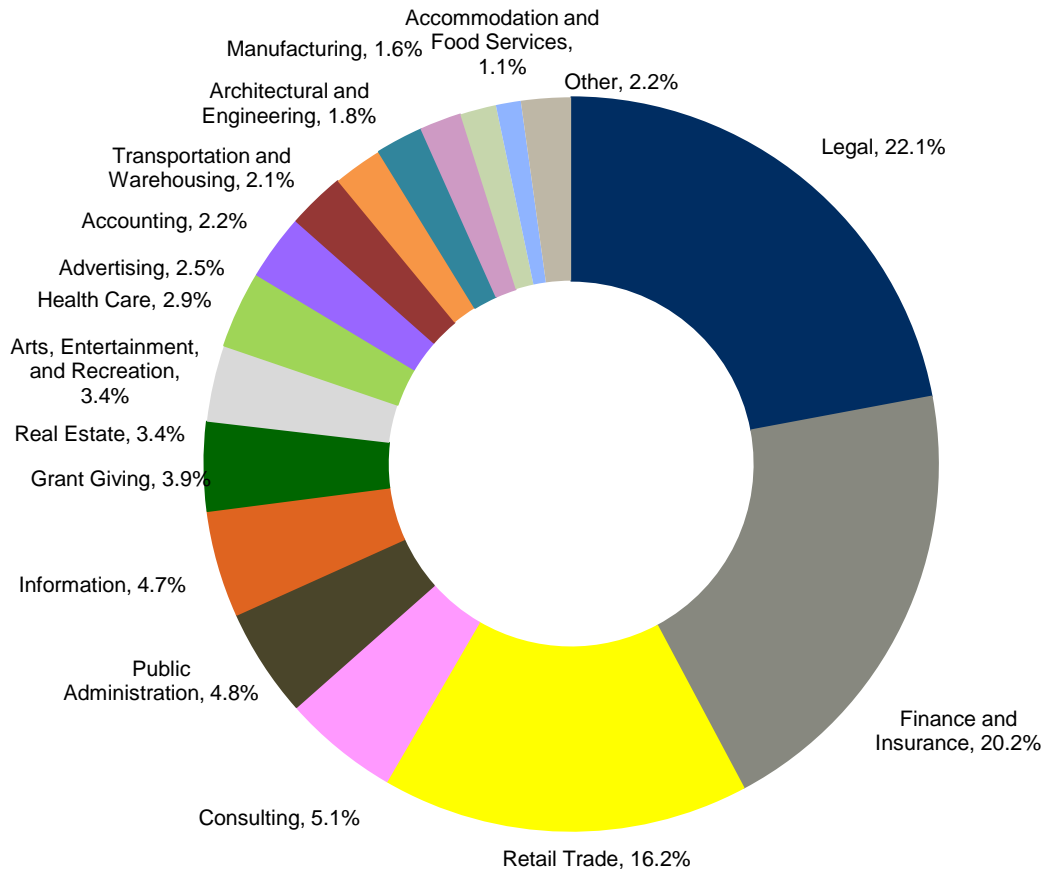
- Annual Rental Escalations which average about 2.6%
- Mid-term or periodic rental increases
- Without rental increases (85% are Government leases)



(1) Weighted by NLA. Excludes leases signed in suites vacant more than 12 months prior to execution

# Quality, Diversified Tenant Base Across Multiple Sectors

## Gross Rental Income Breakdown by Trade Sector



Amounts may not sum to 100% due to rounding  
Data as at 30 Sep 2018

## No Tenant Contributing more than 7.5% of Gross Rental Income

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

Tenant	Sector	NLA (sq ft)	% of GRI
The William Carter Co.	Retail Trade	304,013	7.5%
The TCW Group	Finance and Insurance	188,835	5.0%
Kilpatrick Townsend	Legal	206,226	4.8%
Hyundai Capital America	Finance and Insurance	96,921	4.5%
The Children's Place	Retail Trade	197,949	4.2%
US Treasury	Public Administration	120,324	4.0%
United Nations Foundation	Grant Giving	94,988	3.8%
Quinn Emanuel	Legal	126,505	3.6%
Amazon	Retail Trade	129,259	3.5%
Quest Diagnostics	Health Care	131,612	2.7%
Total Top 10 Tenants		1,596,632	43.6%

# Limited Supply in Our Cities

Market	Properties Under Construction to be delivered from 2018 – 2020 ('000 sq ft)	Class A Inventory		Manulife US REIT <sup>1</sup>		
		Vacancy (%)	Gross Asking Rent per sq ft (US\$)	Properties	Vacancy (%)	Gross Passing Rent (US\$)
Downtown Los Angeles	0	13.5	43.15	Figueroa	5.7	40.81
Irvine, Orange County	0	17.6	35.72	Michelson	4.0	51.19
Midtown Atlanta	1,131 <sup>2</sup>	9.1	38.59	Peachtree	6.7	32.48
Meadowlands <sup>3</sup>	0	11.2 <sup>4</sup>	29.78	Plaza	1.1	30.74
Hudson Waterfront <sup>5</sup>	0	17.4	42.18	Exchange	3.8	39.36
Washington, D.C.	1,264 <sup>6</sup>	11.6	54.98	Penn	0.0	52.02
Buckhead Atlanta	0	14.1	37.40	Phipps	0.0	35.52

Source: CoStar Market Analysis & Forecast – As at 4 Oct 2018

(1) Data as at 30 Sep 2018

(2) Approximately 50% pre-leased

(3) Secaucus is within the Meadowlands submarket

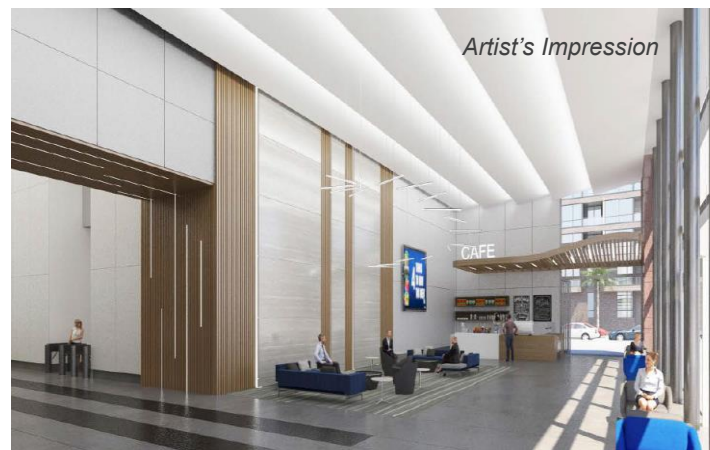
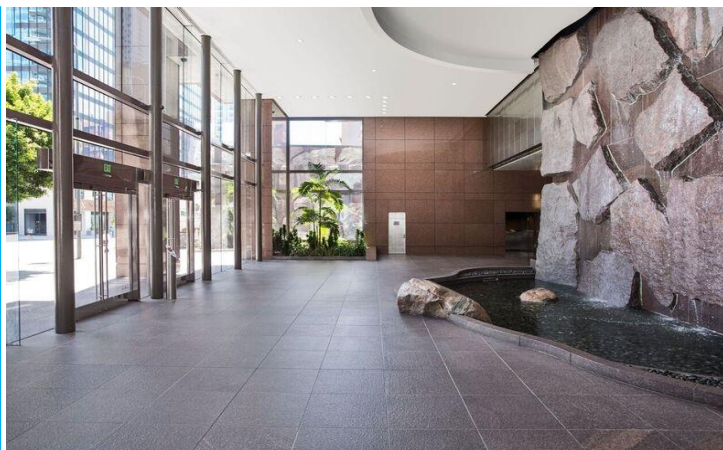
(4) Plaza's competitive set has vacancy rate of only 6%

(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

# Asset Enhancement Initiatives Progressing Well

Figueroa



## AEIs

Lobby  
Gantries  
New Café

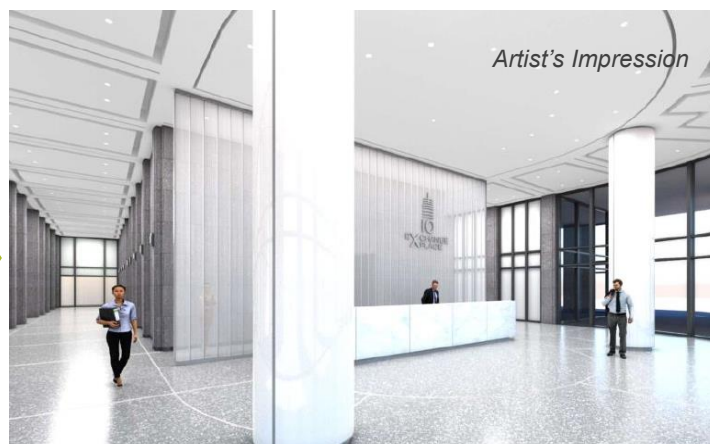
## Budget

Up to US\$8 m

## Expected Completion

2019

Exchange



## AEIs

Lobby  
Security Desk  
LED Lighting

## Budget

Up to US\$12 m

## Expected Completion

2019

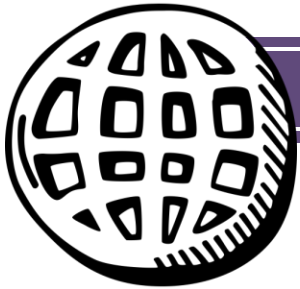
*Michelson, Irvine, California*



# Summary



# Summary



## Macro Environment

- Limited trade war impact to date
  - ✓ 3Q 2018 GDP growth +3.5%
  - ✓ Increased consumer and government spending in the quarter
  - ✓ U.S. unemployment decreased to 3.7%
- Riding out global uncertainties with high quality portfolio - strong occupancy and long WALE
- Impact of rate hikes mitigated by 100%<sup>1</sup> fixed debt and rental escalations



## Micro Environment

- Included in Phillip SING Income ETF listed 29 Oct 2018
- Continue to drive strong leasing momentum
- Focus on 2019 renewals
- Opportunistic acquisitions in strong growth markets with desirable Live, Work, Play environment

(1) Excludes drawn good news facilities of US\$0.8 million



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

**MANULIFE US REAL ESTATE INVESTMENT TRUST**  
8 Cross Street, #16-03 Manulife Tower, Singapore 048424

<http://www.manulifeusreit.sg>

*Figueroa, Los Angeles, California*



# Appendix

# Tax Structure<sup>1</sup>

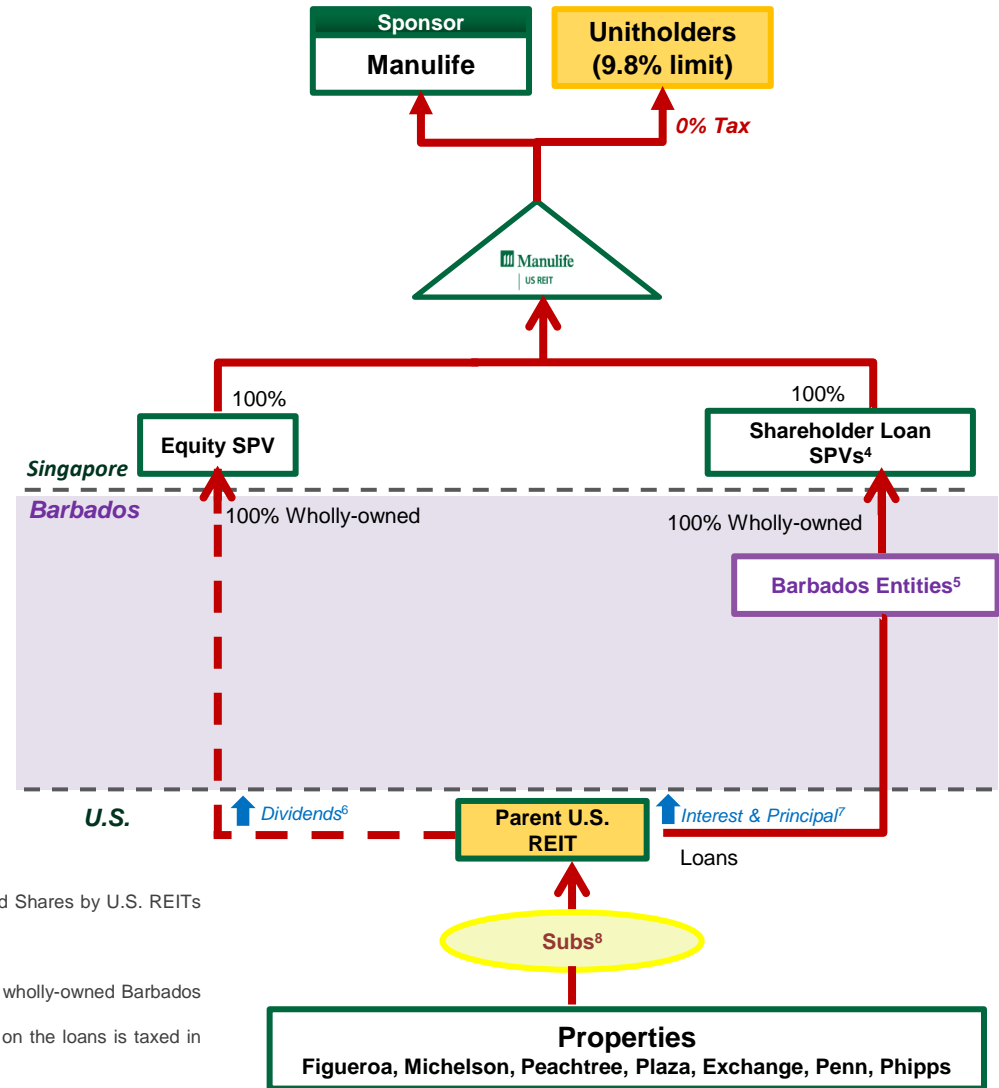
No 30%<sup>2</sup> withholding tax on interest and principal on shareholder's loan - **US Portfolio Interest Exemption Rule**

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>3</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) 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) For U.S. and non U.S. persons filing valid tax forms
- (3) No less than 5 persons holding 50% of company
- (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) The Barbados Limited Partnerships have extended loans to the Parent U.S. REIT and the interest income on the loans is taxed in Barbados
- (6) Subject to 30% withholding tax
- (7) 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
- (8) 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\$17.7b

## Sponsor

**Manulife**

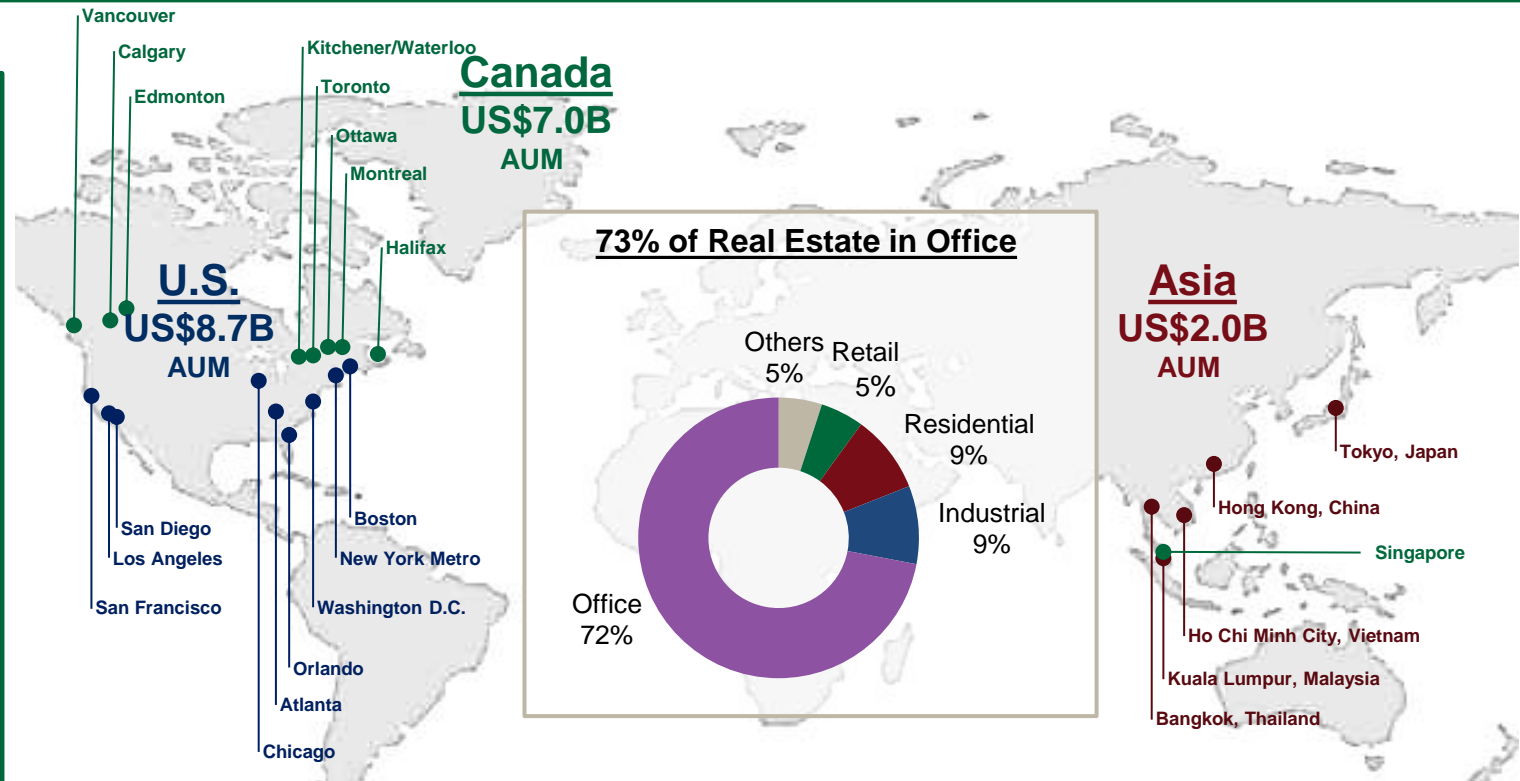
AUM  
US\$849B

Manulife Asset Mgt  
Private Markets

AUM  
US\$93.6B

Global Real Estate

AUM  
US\$17.7B



More than 80  
years of  
experience in  
real estate

Over 660  
real estate  
professionals in 23  
offices globally

John Hancock AUM of  
US\$8.7b and strong  
leasing network of  
>1,000 tenants

Note: All AUM in fair value basis as at 30 Jun 2018

*Peachtree, Atlanta, Georgia*

# U.S. Outlook

# Overall U.S. Outlook

## Steady Economic Growth

**+3.5%**

3Q 2018<sup>1</sup> GDP growth

**2.3%**

2017<sup>1</sup> GDP Growth

**3.7%**

Unemployment decreased<sup>2</sup>

**569k**

Jobs created 3Q 2018<sup>2</sup>

**↑134k**

Non-farm jobs added in September<sup>2</sup>

- Economy maintains momentum in third quarter and expected to continue in the remainder of 2018
- Strong consumer and government spending continues

## U.S. Office Trends

**+7.9M**

3Q 2018<sup>4</sup> net absorption

**+2.8%<sup>3</sup>**

Annual<sup>4</sup> increase in rents

**15.2%<sup>3</sup>**

3Q 2018<sup>4</sup> vacancy rate

**Construction Pipeline Steady**

**↓10.2M**

New supply in 3Q 2018<sup>4</sup>

- Fundamentals remain positive looking ahead to the remainder of 2018
- Competition for talent driving demand for top quality assets

(1) Source: U.S. Department of Commerce, Bureau of Economic Analysis (Oct 2018)

(2) Source: U.S. Department of Labor, Bureau of Labor Statistics (Oct 2018)

(3) Includes all office

(4) Source : JLL U.S. Office Outlook 3Q 2018

# Downtown Los Angeles, California

## Boom in Residential Development Creates Live, Work, Play Environment



### Population

10.2 million<sup>1</sup>

### Median household income

US\$57,952<sup>2</sup>

Surrounded by entertainment venues, e.g. STAPLES Center, the Los Angeles Convention Center and L.A. LIVE

Holds one of the highest concentrations of working millennials in LA<sup>3</sup>

Companies have been relocating to DTLA to be near millennials; tenant base in DTLA more diversified as a result

## Class A Statistics as at 3Q 2018

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	12 Month Rent Growth <sup>4</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
40.2	13.5	43.15	(37.2)	0	1.5	0	N/A

Source: CoStar Market Analysis & Forecast – Downtown Los Angeles submarket, 4 Oct 2018

(1) Total population of Los Angeles County; Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates

(3) Source: Downtown Center Business Improvement District "Downtown LA Market Report 2Q 2017"

(4) All building classes

# Irvine, Orange County

## Attractive Corporate Location with Diversified Economy



<b>Population</b>	3.2 million <sup>1</sup>
<b>Median household income</b>	US\$78,145 <sup>2</sup>
Irvine is considered the “CBD” of Orange County	
Strong labour pool with senior executives, middle managers and administrative personnel all living within Orange County	
Scores of technology companies headquartered here, including: Google, Blizzard Entertainment, Broadcom and Vizio	

## Class A Statistics as at 3Q 2018

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	12 Month Rent Growth <sup>3</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
14.6	17.6	35.72	(34.4)	0	2.7	0	N/A

Source: CoStar Market Analysis & Forecast – Irvine, Orange County submarket, 4 Oct 2018

(1) Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates

(3) All building classes

# Buckhead Atlanta, Georgia

## Finance and Insurance Concentration Continues to Drive Class A Demand



**Population**

5.9 million<sup>1</sup>

**Median household income**

US\$58,851<sup>2</sup>

Wealthiest area in Atlanta with residences of many executives

Georgia State and University of Georgia MBA programs are based in the submarket

Superior infrastructure system with several metro stops and easy access to world's busiest airport

## Class A Statistics as at 3Q 2018

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	12 Month Rent Growth <sup>3</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
16.1	14.1	37.40	38.8	0	6.1	0	N/A

Source: CoStar Market Analysis & Forecast – Upper Buckhead Atlanta submarket, 4 Oct 2018

(1) Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates

(3) All building classes

# Midtown Atlanta, Georgia

## Employers Continue to be Drawn by Large Young Educated Labour Force



<b>Population</b>	5.9 million <sup>1</sup>
<b>Median household income</b>	US\$58,851 <sup>2</sup>
Corporate headquarters for Coca-Cola, Earthlink, Equifax, and others	
Georgia Tech provides for a large educated work force	
Pro-business climate with no labour unions	
Lower cost of living than many other major cities	

### Class A Statistics as at 3Q 2018

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	12 Month Rent Growth <sup>3</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
15.7	9.1	38.59	(13.5)	0	7.1	1,131	Q1 2019

Source: CoStar Market Analysis & Forecast – Midtown Atlanta submarket, 4 Oct 2018

(1) Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates

(3) All building classes

# Secaucus, Northern New Jersey

## Affordable Manhattan Alternative Attracts Major Corporations



<b>Population</b>	3.7 million <sup>1</sup>
<b>Median household income</b>	US\$73,747 <sup>2</sup>
Excellent regional connectivity through public transportation infrastructure and interstate highways	
Affordable office location just three miles from the Lincoln Tunnel, which connects to Manhattan, New York City	
Many major U.S. firms with significant presence, such as Citi, E&Y, NBA, Polo Ralph Lauren, AXA	

### Class A Statistics as at 3Q 2018 for Meadowlands<sup>3</sup>

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	12 Month Rent Growth <sup>4</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
3.5	11.2 <sup>5</sup>	29.78	23.8	0	0.1	0	N/A

Source: CoStar Market Analysis & Forecast – Meadowlands submarket, 4 Oct 2018

(1) Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates, average of Northern New Jersey counties weighted by population

(3) Secaucus is within the Meadowlands submarket

(4) All building classes

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

# Jersey City, Northern New Jersey

**Vibrant Urban-Suburban Market Situated Across the Hudson River from Manhattan**



<b>Population</b>	3.7 million <sup>1</sup>
<b>Median household income</b>	US\$73,747 <sup>2</sup>
Highest rental submarket in New Jersey	
Attractive to financial and technology firms	
No new construction underway in this market	

## Class A Statistics as at 3Q 2018 for Hudson Waterfront<sup>3</sup>

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption (‘000 sq ft)	Net Delivery (‘000 sq ft)	12 Month Rent Growth <sup>4</sup> (%)	New Properties Under Construction (‘000 sq ft)	Delivery Year
18.7	17.4	42.18	(82.5)	0	0.1	0	N/A

Source: CoStar Market Analysis & Forecast – Hudson Waterfront submarket, 4 Oct 2018

(1) Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates, average of Northern New Jersey. counties weighted by population

(3) Jersey City is within the Hudson Waterfront submarket

(4) All building classes

# Central Business District, Washington, D.C.

## Highly Educated Workforce, Affluent Consumer Base and Dynamic Economy



<b>Population</b>	4.9 million <sup>1</sup>
<b>Median household income</b>	US\$95,235 <sup>2</sup>

Strongest submarket with one of the lowest vacancy rates in Washington, D.C.

Proximity to the U.S. Federal Government's Executive Branch

Regarded as preferred location by high-profile law firms, international agencies, associations and political think tanks

## Class A Statistics as at 3Q 2018

Rentable Building Area (mil sq ft)	Vacancy (%)	Gross Asking Rent (US\$)	Net Absorption ('000 sq ft)	Net Delivery ('000 sq ft)	12 Month Rent Growth <sup>3</sup> (%)	New Properties Under Construction ('000 sq ft)	Delivery Year
30.4	11.6	54.98	(163.7)	0	0.1	1,264 <sup>4</sup>	Q4 2018 – Q2 2020

Source: CoStar Market Analysis & Forecast – CBD submarket, 4 Oct 2018

(1) Source: U.S. Census Population Estimate (as at 1 Jul 2017)

(2) Source: U.S. Census Bureau and American Community Survey, 2016 5-year Estimates, average of Washington, D.C. MSA counties weighted by population

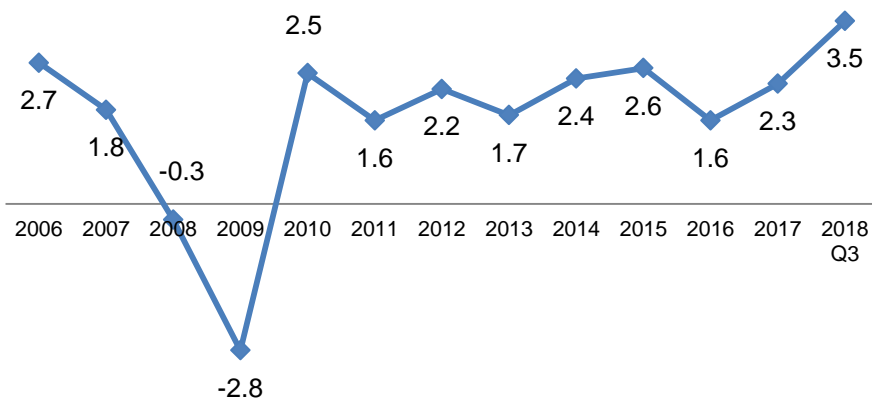
(3) All building classes

(4) Of the properties under construction, only 154K SF is directly comparable to Penn

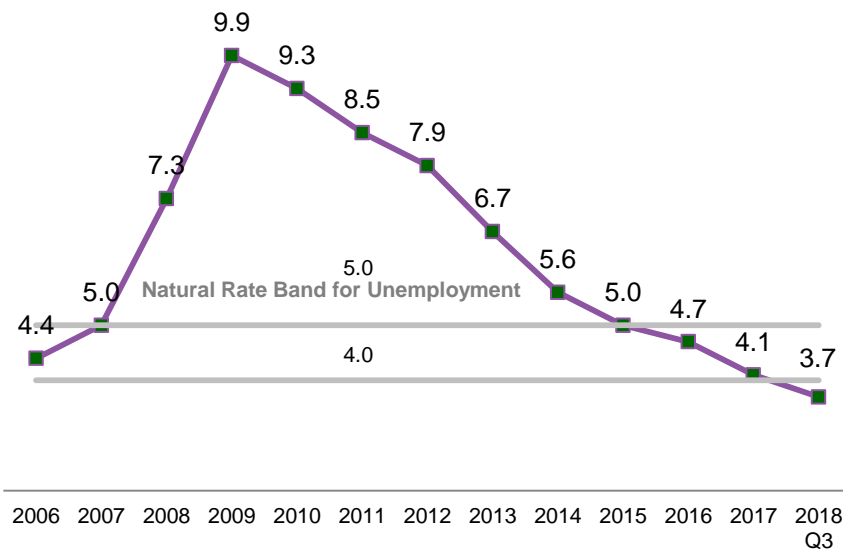
# Benefitting from the Growth of the World's Largest Economy

## Exposure to Growth of U.S. Economy and USD

### U.S. GDP Growth (YoY %)<sup>1</sup>



### U.S. Unemployment (%)<sup>2</sup>

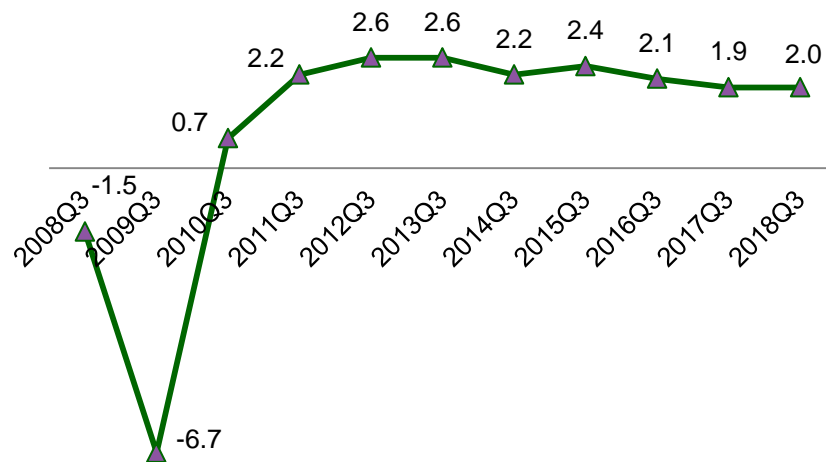


(1) GDP Growth Rate Source: U.S. Department of Commerce, Bureau of Economic Analysis  
(2) Unemployment Rate Source: U.S. Department of Labor, Bureau of Labor Statistics as at Oct 2018

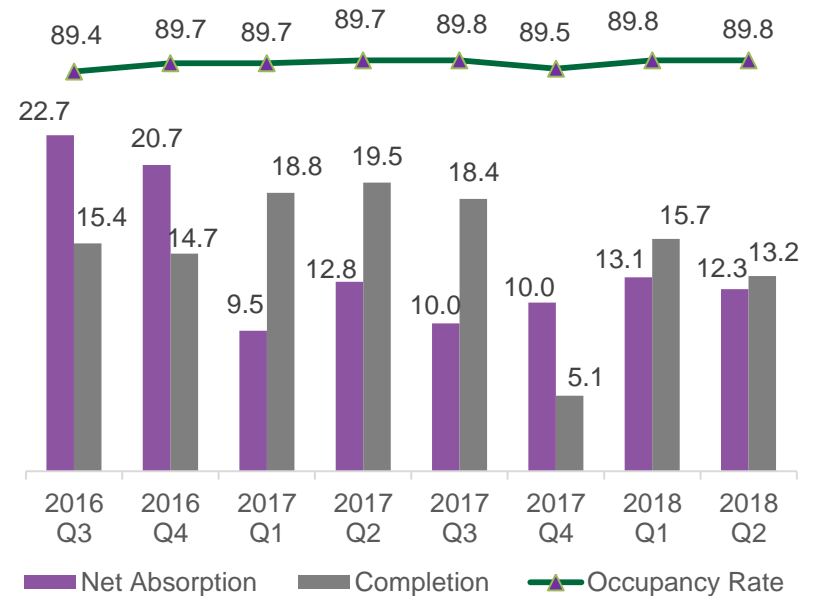
# Favourable U.S. Real Estate Outlook

## Demand for Office Space Driven by Technology and Other Creative Sectors

### U.S. Office Employment (YoY %)<sup>1</sup>



### U.S. Office Net Absorption (m sq ft) and Occupancy Rate (%)<sup>2</sup>



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

# Additional Disclaimer

CoStarPS does not purport that the CoStarPS Materials herein are comprehensive, and, while they are believed to be accurate, the CoStarPS Materials are not guaranteed to be free from error, omission or misstatement. CoStarPS has no obligation to update any of the CoStarPS Materials included in this document. Any user of any such CoStarPS Materials accepts them “AS IS” WITHOUT ANY WARRANTIES WHATSOEVER, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, TITLE AND FITNESS FOR ANY PARTICULAR PURPOSE. UNDER NO CIRCUMSTANCES SHALL COSTARPS OR ANY OF ITS AFFILIATES, OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, BE LIABLE FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER ARISING OUT OF THE COSTARPS MATERIALS, EVEN IF COSTARPS OR ANY OF ITS AFFILIATES HAS BEEN ADVISED AS TO THE POSSIBILITY OF SUCH DAMAGES.

The CoStarPS Materials do not purport to contain all the information that may be required to evaluate the business and prospects of Manulife US REIT or any purchase or sale of Manulife US REIT units. Any potential investor should conduct his, her or its own independent investigation and analysis of the merits and risks of an investment in Manulife US REIT. CoStarPS does not sponsor, endorse, offer or promote an investment in Manulife US REIT. The user of any such CoStarPS Materials accepts full responsibility for his, her or its own investment decisions and for the consequences of those decisions.