

Manulife US REIT's 1Q 2017 DPU beats Projection¹ by 8.6%

- Net property income of US\$12.8 million above projection by 2.7%
- Achieved distributable income of US\$10.4 million while Distribution per Unit ("DPU") of 1.65 US cents outperformed projection by 8.6%
- High occupancy of 97.2% with weighted average lease expiry of 5.6 years as at 31 March 2017
- Demand for U.S. office space remains strong with lower national average vacancy rate

Singapore, 2 May 2017 – Manulife US Real Estate Investment Trust ("Manulife US REIT" or the "REIT"), the first pure-play U.S. office REIT listed in Asia, today announced that its distributable income for the reporting period from 1 January 2017 to 31 March 2017 ("1Q 2017" or the "Reporting Period") has exceeded projection by 7.3% largely due to higher property income and lower interest costs.

SUMMARY OF MANULIFE US REIT RESULTS

1 January to 31 March 2017	Actual US\$'000	Projection US\$'000	Change %
Gross Revenue	19,833	20,090	(1.3)
Net Property Income	12,763	12,431	2.7
Net Income for the period	8,505	7,757	9.6
Income available for distribution to Unitholders	10,413	9,703	7.3
Distribution per Unit ("DPU") (cents)	1.65	1.52	8.6

The REIT recorded net property income of US\$12.8 million and distributable income of US\$10.4 million for the Reporting Period, which outperformed projection by 2.7% and 7.3%, respectively. The higher distributable income was mainly due to higher net property income

¹ Projected results for 1Q 2017 were derived by pro-rating the projected figures for the year from 1 January 2017 to 31 December 2017 ("Projection Year 2017") as disclosed in the Prospectus.

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.

and lower interest expenses. As a result, the REIT recorded a DPU of 1.65 US cents in 1Q 2017, which was 8.6% higher than the projected DPU of 1.52 US cents².

For the Reporting Period, gross revenue was 1.3% below projection due to lower recoveries income³, which was partially offset by higher rental and other income mainly arising from rental escalations and higher car park income.

Ms Jill Smith, Chief Executive Officer of Manulife US Real Estate Management Pte. Ltd. (the “Manager”) said, ***“We are pleased to report a strong set of 1Q 2017 results. Our DPU this quarter has surpassed projection by 8.6%. With a portfolio occupancy of 97.2%, weighted lease expiry of 5.6 years and no debt expiring till 2019, we expect the portfolio to deliver a stable performance. The U.S. economy remains strong with an unemployment rate of 4.5% in March 2017 and lower vacancy rate of the office sector by 10 basis points to 10.3% in 1Q 2017. We remain confident in the overall U.S. commercial real estate market and will continue to seek investment opportunities that will deliver long term value to Unitholders.”***

Portfolio Updates

As at 31 March 2017, the portfolio’s occupancy has improved to 97.2% based on committed leases. The average passing rent for the properties increased by 3.0% in 1Q 2017 as compared to 4Q 2016. With a weighted average lease expiry of 5.6 years and minimal leases expiring in 2017, the Manager expects the portfolio to deliver a stable return.

Moving forward, the Manager will continue to focus on asset, lease and capital management of the portfolio.

Continued Demand for Offices in U.S.

The U.S. reported an annualised real GDP growth rate of 2.1% for the fourth quarter of 2016 and 1.6% for the full calendar year. The unemployment rate declined by 20 basis points (“bps”) to 4.5% in March 2017 and the U.S. economy created 533,000 non-farm jobs in the first quarter of 2017. This rate of employment growth is supportive of continued healthy absorption in the office market.

While the Federal Reserve increased interest rates by 25 bps in December 2016 and its expectation is for two to three additional increases in 2017, the REIT’s current borrowings were not impacted as all borrowings are at fixed interest rates with no refinancing required until 2019.

² Manulife US REIT declares distributions on a semi-annual basis. No distribution has been declared for this Reporting Period.

³ Recoveries income from tenants is recognised when applicable recoverable property operating expenses are incurred. Since the recoverable property operating expenses were lower than projection, recoveries income was also lower than projection.

Office absorption during the current U.S. business cycle has been relatively strong, with demand exceeding new supply for most of the past six years. The national average vacancy rate decreased by 10 bps to 10.3% during the first quarter of 2017. Furthermore, the U.S. office market has generated more than 84 million square feet of net absorption over the last 12 months.

Market conditions continue to be generally favourable in the three markets that Manulife US REIT has invested in, with minimal new supply and rising market rents.

Distribution Policy

Manulife US REIT's distribution policy is to distribute 100% of its distributable income up to the financial year ended 31 December 2017 on a semi-annually basis. The REIT has paid its first distribution of 3.55 US cents per Unit on 30 March 2017, which had exceeded the forecast⁴ by 4.8%.

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About Manulife US REIT

Manulife US Real Estate Investment Trust ("Manulife US REIT") is the first pure-play U.S. office REIT listed in Asia. It is a Singapore REIT established with the investment strategy principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States ("U.S."), as well as real estate-related assets.

Manulife US REIT's initial portfolio ("IPO Portfolio") comprises three prime, freehold and Class A or Trophy quality office properties strategically located in Los Angeles; Irvine, Orange County; and Atlanta. The IPO Portfolio, valued at US\$834.2⁵ million, has an aggregate Net Lettable Area of 1.8 million sq ft and an occupancy rate of 97.2% as at 31 March 2017.

About the Sponsor – The Manufacturers Life Insurance Company ("Manulife")

Manulife is part of a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. The Sponsor operates as John Hancock in the U.S. and as Manulife in other parts of the world, providing a wide range of financial protection and wealth management products, such as life and health insurance, group retirement products, mutual funds and banking products. The Sponsor also provides asset management services to institutional customers. Assets under management and administration by Manulife and its subsidiaries were approximately US\$728 billion as at 31 December 2016. Manulife Financial Corporation is listed on the Toronto Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange and the Philippine Stock Exchange.

⁴ The Prospectus disclosed an 8-month profit forecast for the period from 1 May 2016 to 31 Dec 2016.

⁵ Based on 31 December 2016 appraised values after capitalisation of capital expenditures, tenant improvement allowances and leasing costs.



About the Manager – Manulife US Real Estate Management Pte. Ltd.

The Manager is Manulife US Real Estate Management Pte. Ltd., an indirect wholly-owned subsidiary of the Sponsor. The Manager's key objectives are to provide Unitholders with regular and stable distributions and to achieve long-term growth in DPU and NAV per Unit, while maintaining an appropriate capital structure.

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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.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. 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. The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.