

Manulife US REIT's 3Q 2017 DPU Outperformed its Projection¹ by 9.6%

- 3Q 2017 net property income of US\$14.4 million exceeded projection by 20.9%
- Recorded distributable income of US\$11.7 million for 3Q 2017, while Distribution per Unit ("DPU") of 1.60 US cents outperformed projection by 9.6%
- High occupancy rate at 95.7% with weighted average lease expiry of 5.9 years as at 30 September 2017
- Positive rental reversion of 12.2% for YTD 2017
- Acquired two prime properties, Plaza and Exchange in New Jersey with a combined value of US\$430.1 million

Singapore, 3 November 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 of US\$32.1 million for the financial period 1 January 2017 to 30 September 2017 ("YTD 2017") had exceeded its projection by 13.2%, largely due to higher net property income and lower interest costs. In line with the strong performance, the REIT recorded a DPU of 4.83 US cents in YTD 2017, which was 8.5% higher than the projected DPU for the same financial period.

For the third quarter ended 30 September 2017 ("3Q 2017"), DPU was 1.60 US cents, which was 9.6% above projection. During the quarter, the REIT completed its maiden acquisition of 500 Plaza Drive ("Plaza") in New Jersey which contributed to the 3Q 2017 results.

SUMMARY OF MANULIFE US REIT RESULTS

	1 July – 30 September 2017 ("3Q 2017")			1 January – 30 September 2017 ("YTD 2017")		
	Actual US\$'000	Projection US\$'000	Change %	Actual US\$'000	Projection US\$'000	Change %
Gross Revenue	23,037	19,727	16.8	62,776	59,787	5.0
Net Property Income	14,381	11,896	20.9	39,933	36,664	8.9
Net Income for the period	9,271	7,375	25.7	39,021	22,566	72.9
Income available for distribution to Unitholders	11,675	9,281	25.8	32,075	28,330	13.2
DPU (US cents)	1.60	1.46	9.6	4.83	4.45	8.5

¹ Projected results for 3Q 2017 and YTD 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.

In 3Q 2017, gross revenue of US\$23.0 million was 16.8% above projection due to the gross revenue contribution from Plaza, higher rental and other income which was partly offset by lower recoveries income² from the IPO portfolio of Figueroa, Michelson and Peachtree (the "IPO Portfolio"). Excluding recoveries income, gross revenue was 23.5% ahead of projection.

During the quarter, the REIT registered Net Property Income ("NPI") of US\$14.4 million, which outperformed projection by 20.9%. The NPI was propelled by the contribution of Plaza, as well as higher NPI from the IPO Portfolio which itself was driven by higher rental and other income, and lower property expenses.

Portfolio Updates

Following Manulife US REIT's completion of its maiden acquisition of Plaza, the REIT had a total portfolio valuation of US\$973.5 million as at 30 September 2017.

On 2 September 2017, the REIT proposed the acquisition of 10 Exchange Place, a 30-storey Class A office building in Jersey City, New Jersey, U.S. ("Exchange") via an underwritten and renounceable rights issue (the "Rights Issue") of 299,288,423 new units (the "Rights Units") at the issue price of US\$0.695 per rights unit to raise gross proceeds of approximately US\$208.0 million.

The Rights Issue was 133.5% oversubscribed, and the Rights Units were listed and quoted on the Main Board of the SGX-ST on 26 October 2017. The Rights Units rank *pari passu* in all respects with the existing Manulife US REIT units in issue, including the right to any distributions which may accrue for the period from 29 June 2017 to 31 December 2017, as well as all distributions thereafter.

Commenting on the REIT's latest results, Ms Jill Smith, Chief Executive Officer of Manulife US Real Estate Management Pte. Ltd. (the "Manager") said, ***"It has been a thrilling third quarter as we announced the landmark acquisition of a Sponsor asset, Exchange, located minutes away from New York City. Plaza's acquisition, which was completed in this period, contributed to our 3Q 2017 DPU which outperformed our projection by 9.6%. Our latest results also bear testimony to the high quality assets in our diversified portfolio, as we begin to spread across the commercial real estate sector in the U.S."***

As at 30 September 2017, the portfolio's occupancy remains stable at 95.7% based on committed leases. With a weighted average lease expiry of 5.9 years and a limited percentage of leases expiring in 2017, the Manager expects the portfolio to continue to deliver a solid performance.

Moving forward, the Manager will continue to focus on asset, lease and capital management to deliver long term value to Unitholders.

Prudent Capital Management

As at 30 September 2017, the REIT had a gearing of 33.1% and an average debt maturity of 3.1 years.

² 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.

Continued Demand for Offices in the U.S.

The U.S. reported an annualised real GDP growth rate of 3.0% for the third quarter of 2017. This follows the revised 3.1% quarterly GDP rate reported for the second quarter of 2017 and represents the first time the U.S. has reported two consecutive quarters of GDP growth at and above 3% since 3Q 2014. The 2Q and 3Q 2017 GDP growth rates are significantly higher than the 1.2% rate reported for the first quarter and the 1.6% rate for calendar year 2016.

Since January, the unemployment rate has declined by 60 basis points (“bps”) to 4.2% in September 2017. The U.S. economy lost 33,000 non-farm jobs in September, mainly due to hurricanes affecting the Southeastern states. This comes after creating 307,000 jobs over the past two months and averaging 172,000 new jobs a month over the past 12 months. Despite the September report, the current trend of employment growth is supportive of continued healthy absorption in the office market.

The Federal Reserve has increased interest rates by 25 bps three times in the last 12 months: in December 2016 and in March and June 2017. The REIT’s current borrowings have not been impacted by the increases as all borrowings are at fixed interest rates with no refinancing required until 2019.

U.S. office absorption has been relatively strong during the current business cycle, but the amount of new office construction has been increasing. According to JLL’s third quarter 2017 Office Outlook report: development activity is near its cyclical high, with 46.5 million sq ft of space delivered so far in 2017; third quarter leasing activity reached its highest level since 2015, increasing by 11.1% to 62.4 million sq ft; and the national vacancy rate increased by 20 basis points this quarter to 15.0%. Rent growth has decelerated recently but was still robust, with JLL reporting 2.7% rent growth over the last 12 months as of 3Q 2017.

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

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For queries, please contact:

Media

YAP Meng Lee/ Shirley WONG

Email: myap@kreab.com / swong@kreab.com

Phone: +65 3163 7476 / +65 3163 7473

Analysts

Caroline Fong

Head of Investor Relations

Email: carol_fong@manulifeusreit.sg

Phone: +65 6801 1066

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 portfolio comprises four prime, freehold and Class A or Trophy quality office properties strategically located in Los Angeles; Irvine, Orange County; Atlanta; and Secaucus. The current portfolio valued at US\$973.5³ million, has an aggregate Net Lettable Area of 2.3 million sq ft and an occupancy rate of 95.7% as at 30 September 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\$780 billion as at 30 June 2017. 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.

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.

IMPORTANT NOTICE

This announcement 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.

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.

³ Based on CBRE appraisal as at 30 June 2017 for Michelson, Figueroa and Peachtree. For Plaza, the fair value is based on independent valuation completed by Cushman & Wakefield as at 2 June 2017.