Manulife

US REIT

PRESS RELEASE

Manulife US REIT Reports Impressive FY2016[1] Results; 1st Distribution Beats Forecast[2] by 4.8%

- **Net property income of US$30.0 million higher than forecast[2] by 1.0%**
- **Portfolio valuation increased by 7.2% for the reporting year**
- **Positive rental reversions of 10.5%[3]**
- **Distribution of 3.55 US cents will be disbursed on 30 March 2017**

Singapore, 13 February 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 financial results for 20 May 2016 to 31 December 2016 ("FY2016") have beaten the REIT's profit forecast[2] as a result of higher property performance and lower borrowing costs and trust expenses.

Based on the REIT's closing price of US$0.86 on 10 February 2017 and distribution per unit ("DPU") of 3.55 US cents, the REIT has recorded an annualised yield of 6.7%.

SUMMARY OF MANULIFE US REIT RESULTS

	4Q2016			FY2016		
	1 Oct 2016 to 31 Dec 2016			20 May 2016 to 31 Dec 2016		
	Actual US$'000	Forecast[2] US$'000	Change %	Actual US$'000	Forecast[2] US$'000	Change %
Gross Revenue	19,314	19,726	(2.1)	47,510	48,234	(1.5)
Net Property Income	12,369	12,348	0.2	29,972	29,687	1.0
Net Income for the period	17,954	6,814	> 100	51,674	16,282	> 100
Income available for distribution to Unitholders	9,712	9,376	3.6	22,306	21,285	4.8
DPU (cents)						
- For the period	1.54	1.49	3.6	3.55	3.39	4.8
- Annualised	6.16	5.96	3.6	5.75	5.50	4.8

For FY2016, Manulife US REIT recorded gross revenue of US$47.5 million, which was 1.5% below forecast due to lower recovery revenues[4]. Nonetheless, the REIT generated net property income of

[1] 20 May 2016 to 31 Dec 2016

[2] The Prospectus disclosed an 8-month profit forecast for the period from 1 May 2016 to 31 Dec 2016. Forecast results for the financial period from 1 Oct 2016 to 31 Dec 2016 ("4Q2016") and FY2016 were derived by pro-rating the forecast figures for the period from 1 May 2016 to 31 Dec 2016 as disclosed in the Prospectus.

[3] 1 Jan 2016 to 31 Dec 2016.

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.

US$30.0 million which was ahead of the REIT's forecast by 1.0%, mainly due to higher rental and other income, and lower property expenses.

For the fourth quarter ended 31 December 2016 ("4Q2016"), Manulife US REIT recorded distributable income of US$9.7 million, which outperformed the REIT's forecast by 3.6%. For FY2016, higher net property income, together with lower finance and other trust expenses, resulted in a distributable income of US$22.3 million, beating the REIT's forecast by 4.8%.

In line with the higher distributable income, the REIT recorded a DPU of 1.54 US cents in 4Q2016, which was 3.6% higher than the forecast DPU of 1.49 US cents. For FY2016, the REIT reported a DPU of 3.55 US cents which exceeded the forecast DPU of 3.39 US cents by 4.8%.

Ms Jill Smith, Chief Executive Officer of Manulife US Real Estate Management Pte. Ltd. (the "Manager") said, ***"FY2016 was a milestone year for Manulife US REIT, as we launched the IPO and exceeded the DPU forecast by 4.8%. The portfolio valuation increased by 7.2% this reporting year, underpinned by the positive fundamentals of the U.S. real estate market. Moving forward, the U.S. commercial market is poised to benefit from the growth of the U.S. economy. We are excited by the year ahead and will drive the REIT forward in the best interests of Unitholders."***

Portfolio Updates

As at 31 December 2016, the REIT's portfolio value has increased by 2.5% over the previous valuation as at 30 September 2016. For FY2016, the REIT's portfolio value has increased by US$56.3 million or 7.2% over the acquisition cost.

Based on committed leases, the REIT's property portfolio occupancy remained strong at 97.0%. The REIT has a weighted average lease expiry of 5.8 years with 67.8% of the leases expiring in 2022 and beyond. In addition, the REIT registered positive rental reversions of 10.5% on approximately 130,000 square feet of leases for the period 1 January 2016 to 31 December 2016.

Moving forward, the Manager will continue proactively to manage the REIT's assets and search for yield accretive investment opportunities, which will further strengthen the performance of the property portfolio.

Prudent Capital Management

100.0% of the REIT's borrowings are fixed at an average cost of debt of 2.46% p.a. with no refinancing required until 2019. The interest expense of US$5.1 million was below the REIT's forecast by 9.3% due to lower interest cost and lower amortisation of financing costs.

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[4] Recovery revenues from tenants are recognised when applicable recoverable property operating expenses are incurred. Since the recoverable property operating expenses were lower than forecast, the recovery revenues were also lower.

In addition, gearing of 34.7% as at 30 September 2016 was reduced to 33.8% as at 31 December 2016 as a result of the increase in the investment portfolio's fair value which provides additional debt headroom for the REIT.

Positive Outlook

The U.S. reported an annualised real GDP growth rate of 1.9% for the fourth quarter of 2016 and 1.6% for the full calendar year[5]. The U.S. economy created 156,000 non-farm jobs in December, resulting in a 12-month moving average of roughly 183,000 net new jobs created per month[6]. This rate of employment growth is supportive of continued healthy absorption in the office market.

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

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 10.4% during 4Q2016, as the market recorded 6 million square feet of net absorption. Over the last 12 months, the U.S. office market vacancy rate declined by 30 bps[7].

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 Payment

Manulife US REIT's distribution policy is to distribute 100% of distributable income for the period from the Listing Date of 20 May 2016 to 31 December 2016 ("First Distribution") and the financial year from 1 January 2017 to 31 December 2017. The book closure date is 21 February 2017 and the Manager will pay its First Distribution on 30 March 2017.

– END –

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

5 Source: U.S. Department of Commerce, Bureau of Economic Analysis
6 Source: U.S. Department of Labor, Bureau of Labour Statistics.
7 Source: CoStar "Market Analysis and Forecast", 4Q2016.

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Atlanta. The IPO Portfolio, valued at US$833.8[8] million, has an aggregate Net Lettable Area of 1.8 million sq ft and an occupancy rate of 97.0% as at 31 December 2016.

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

Manulife is part of Manulife Financial Corporation ("MFC"), a leading international financial services group providing forward-thinking solutions to help people with their big financial decisions. It operates as John Hancock in the U.S., and Manulife elsewhere where it provides financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions. 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.

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

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

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[8] Based on the independent valuation conducted by CBRE as at 31 Dec 2016.