

**NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, EUROPEAN ECONOMIC AREA, CANADA OR JAPAN**



**MANULIFE US REAL ESTATE INVESTMENT TRUST**

(a real estate investment trust constituted on 27 March 2015 under the laws of the Republic of Singapore)

**LAUNCH OF PRIVATE PLACEMENT TO RAISE GROSS PROCEEDS OF  
UP TO APPROXIMATELY US\$80.5 MILLION**

**1. Introduction**

Manulife US Real Estate Management Pte. Ltd., in its capacity as manager of Manulife US Real Estate Investment Trust ("**Manulife US REIT**", and as manager of Manulife US REIT, the "**Manager**"), wishes to announce the proposed private placement of 73,600,000 new units in Manulife US REIT ("**New Units**") to institutional and other investors at an issue price of between US\$0.817 and US\$0.842 per New Unit (both figures inclusive) (the "**Issue Price Range**") to raise gross proceeds of no less than US\$60.1 million, subject to an upsize option to issue up to 24,947,000 additional New Units ("**Upsize Option**") to raise an aggregate gross proceeds of up to approximately US\$80.5 million (the "**Private Placement**").

**2. Details of the Private Placement**

The Manager and DBS Bank Ltd. (the "**Lead Manager and Underwriter**") have today entered into a placement agreement (the "**Placement Agreement**") in relation to the Private Placement. Pursuant to the Placement Agreement, the Lead Manager and Underwriter has agreed to procure subscriptions for or place out, as applicable, and failing which, to subscribe and pay for, the New Units at the issue price per New Unit (the "**Issue Price**") to be determined, on the terms and subject to the conditions of the Placement Agreement. The Private Placement shall be subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the New Units on the Main Board of the SGX-ST. The Private Placement is fully underwritten by the Lead Manager and Underwriter on the terms and subject to the conditions of the Placement Agreement.

The Issue Price Range of between US\$0.817 and US\$0.842 per New Unit (both figures inclusive) represents a discount of between:

DBS Bank Ltd. was the Sole Financial Adviser and Issue Manager for the initial public offering of Manulife US Real Estate Investment Trust (the "**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.

- (i) 5.6% and 8.4% to the volume weighted average price (“**VWAP**”) of US\$0.8917 per Unit for trades in the Units done on the SGX-ST for the Market Day<sup>1</sup> on 19 June 2017 (being the Market Day on which the Placement Agreement was signed); and
- (ii) (for illustrative purposes only) 2.1% and 5.0% to the adjusted VWAP<sup>2</sup> (“**Adjusted VWAP**”) of US\$0.8597 per Unit.

The Issue Price will be determined by the Manager and the Lead Manager and Underwriter following a book-building process. The Manager will make an announcement via SGXNET once the Issue Price has been determined.

### 3. Use of Proceeds

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of up to approximately US\$80.5 million from the Private Placement (assuming a full Upsize Option and based on the minimum of the Issue Price Range) in the following manner:

- (i) approximately US\$75.0 million (which is equivalent to 93.2% of the gross proceeds of the Private Placement) to partially fund the acquisition (the “**Acquisition**”) of the property located at 500 Plaza Drive, Secaucus, New Jersey (the “**Property**”) (see announcement titled “Acquisition of Property in New Jersey, Three Miles from New York City” dated 19 June 2017 for further details); and
- (ii) approximately US\$5.4 million (which is equivalent to 6.7% of the gross proceeds of the Private Placement) to pay the estimated fees and expenses, including land transfer taxes, professional fees and expenses, incurred or to be incurred by Manulife US REIT in connection with the Acquisition and the Private Placement,

with the balance of the gross proceeds of the Private Placement, if any, to be used for general corporate and/or working capital purposes.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes, including, without limitation, to repay existing indebtedness.

Pending the deployment of the net proceeds from the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or used to repay outstanding borrowings or for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use and in accordance with the

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1 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

2 The Adjusted VWAP is computed based on the VWAP of all trades in the Units on the SGX-ST for the Market Day on 19 June 2017 (being the Market Day on which the Placement Agreement was signed) and subtracting 3.2 US cents per Unit (which represents the mid-point of the range of the Advanced Distribution (as defined herein)). This amount is only an estimate based on information currently available to the Manager and the Manager’s estimate of Manulife US REIT’s revenue and expenses (including estimated and pro-rated performance fees payable to the Manager), and the actual Advanced Distribution may differ.

percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

#### **4. Rationale for the Private Placement**

The Manager believes that the Private Placement will bring the following benefits to unitholders of Manulife US REIT (“**Unitholders**”):

##### **4.1 Benefits of the acquisition of the Property**

The acquisition of the Property will be financed by a combination of debt and equity so as to ensure that the acquisition will provide overall distribution per Unit accretion to Unitholders while maintaining an optimum level of gearing. (See announcement titled “Acquisition of Property in New Jersey, Three Miles from New York City” dated 19 June 2017 for further details.)

##### **4.2 Expected increase in trading liquidity of Units**

The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by approximately 73,600,000, which represents an increase of 11.7% over the total number of Units currently in issue (assuming that the Upsize Option is not exercised)<sup>3</sup>.

This increase in the total number of Units in issue and enlarged Unitholder base are expected to improve the trading liquidity of the Units.

##### **4.3 Reduced time of issuance**

The Private Placement represents a fast and efficient means of raising capital to finance the acquisition of the Property with certainty. It also minimises the exposure of the equity fund raising to the volatility of the market price of the Units.

#### **5. Authority to Issue New Units**

The New Units will be issued pursuant to a general mandate (the “**General Mandate**”) given to the Manager at the annual general meeting (“**AGM**”) held on 24 April 2017, pursuant to which the Manager may, during the period from 24 April 2017 to (i) the conclusion of the next AGM of Manulife US REIT or (ii) the date by which the next AGM of Manulife US REIT is required by applicable regulations to be held, whichever is earlier, issue new Units and/or securities, warrants, debentures or other instruments convertible into Units (“**Convertible Securities**”) such that the number of new Units (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the total number of Units in issue (excluding treasury Units, if any) as at 24 April 2017 (the “**Base Figure**”), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) issued other than on a pro-rata basis to existing

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3 The New Units to be issued pursuant to the Private Placement will increase the number of Units in issue by approximately 98,547,000, which represents an increase of 15.6% over the total number of Units currently in issue (assuming that the Upsize Option is exercised).

Unitholders, shall not be more than 20.0% of the Base Figure.

As at 24 April 2017, the number of Units in issue was 629,610,788.

The number of Units that can be issued under the General Mandate is 314,805,394 Units, of which no more than 125,922,157 Units may be issued for a non pro-rata placement.

In aggregate with 1,754,571 Units issued since 24 April 2017, the 73,600,000 New Units to be issued pursuant to the Private Placement would constitute 12.0% of the Base Figure (assuming that the Upsize Option is not exercised)<sup>4</sup>, which is within the 20.0% limit for issue of new Units other than on a pro-rata basis. Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement.

## 6. Eligibility to Participate in the Private Placement

The offer of New Units under the Private Placement will be made to institutional and other investors.

The New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws. The New Units are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act.

The Manager, along with the Lead Manager and Underwriter, reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

## 7. Status of the New Units

### 7.1 Entitlement to Advanced Distribution

Manulife US REIT’s policy is to distribute its distributable income on a semi-annual basis to Unitholders.

In connection with the Private Placement, the Manager intends to declare, in respect of the Units in issue on the day immediately prior to the date on which the New Units pursuant to the Private Placement are issued (the “**Existing Units**”), a distribution of the distributable income for the period from 1 January 2017 to the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement (the “**Advanced Distribution**”).

The New Units pursuant to the Private Placement are expected to be listed on 29 June 2017. The current expectation of the Manager is that the quantum of distribution per Unit

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<sup>4</sup> In aggregate with 1,754,571 Units issued since 24 April 2017, the 98,547,000 New Units to be issued pursuant to the Private Placement would constitute 15.9% of the Base Figure (assuming that the Upsize Option is exercised).

under the Advanced Distribution is estimated to range from 3.1 US cents to 3.3 US cents<sup>5</sup>. A further announcement on the actual amount of Advanced Distribution (which may differ from the estimate above) will be made by the Manager in due course after the management accounts of Manulife US REIT for the relevant period have been finalised.

The next distribution thereafter will comprise Manulife US REIT's distributable income for the period from the day the New Units are issued pursuant to the Private Placement to 31 December 2017 (the "**Relevant Period Distribution**"). Semi-annual distributions will resume thereafter.

The Advanced Distribution is intended to ensure that the distributable income accrued by Manulife US REIT up to the day immediately preceding the date of issue of the New Units (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

## **7.2 Status of New Units issued pursuant to the Private Placement**

The New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to Manulife US REIT's distributable income from the day of issuance of the New Units under the Private Placement as well as all distributions thereafter, other than in respect of the Advanced Distribution.

**For the avoidance of doubt, the holders of the New Units to be issued pursuant to the Private Placement will not be entitled to the Advanced Distribution.**

## **8. Application to the SGX-ST for Approval in-Principle**

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST (the "**AIP**").

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<sup>5</sup> This amount is an estimate only based on information currently available to the Manager, and the Manager's estimate of Manulife US REIT's revenue and expenses and the actual Advanced Distribution may differ. The actual quantum of the distribution will be announced on a later date after the closure of the Transfer Books and Register of Unitholders.

BY ORDER OF THE BOARD

Jill Smith

Chief Executive Officer

**Manulife US Real Estate Management Pte. Ltd.**

(Company registration no. 201503253R)

(as manager of Manulife US Real Estate Investment Trust)

19 June 2017

**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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, Canada or Japan, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The securities described herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States unless registered under the Securities Act, or except pursuant to an applicable exemption from registration. There will be no public offer of securities in the United States.

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.