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**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 FULLY UNDERWRITTEN PREFERENTIAL OFFERING TO RAISE GROSS PROCEEDS OF APPROXIMATELY US\$197.2 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 the manager of Manulife US REIT, the "**Manager**"), wishes to announce the proposed fully underwritten, pro-rata and non-renounceable preferential offering of 227,935,981 new units in Manulife US REIT (the "**New Units**") on the basis of 22 New Units for every 100 existing units in Manulife US REIT (the "**Units**") held as at 5.00 p.m. on Thursday, 24 May 2018 (the "**Preferential Offering Books Closure Date**") to Entitled Unitholders (as defined herein) (fractions of a New Unit to be disregarded) at an issue price of US\$0.865 per New Unit (the "**Issue Price**") to raise gross proceeds of approximately US\$197.2 million (the "**Preferential Offering**").

The Issue Price of US\$0.865 per New Unit represents a discount of approximately 7.9% to the volume weighted average price of US\$0.9391 per Unit for trades in the Units done on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full Market Day<sup>1</sup> on 15 May 2018.

Each of Manulife (International) Limited ("**MIL**"), Manufacturers Life Reinsurance Limited ("**MLRL**") and the Manager has provided an irrevocable undertaking (collectively, the "**Undertakings**") that it will accept, subscribe and pay in full its total provisional allotment of New Units under the Preferential Offering, the details of which are set out in paragraph 3 below.

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

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.

## 2. DETAILS OF THE PREFERENTIAL OFFERING

The Manager and DBS Bank Ltd. and CLSA Singapore Pte. Ltd. (collectively, the “**Joint Lead Managers and Underwriters**”) have today entered into an underwriting agreement (the “**Underwriting Agreement**”) in relation to the Preferential Offering. Pursuant to the Underwriting Agreement, each of the Joint Lead Managers and Underwriters has severally agreed to procure subscribers for (either by itself or through one or more affiliates), and failing which, to subscribe and pay for (either by itself or through one or more affiliates), the New Units (excluding such number of New Units undertaken to be accepted, subscribed and paid for pursuant to the Undertakings at the Issue Price per New Unit). Subject to the Undertakings, the Preferential Offering is fully underwritten by the Joint Lead Managers and Underwriters, subject to the terms and conditions contained in the Underwriting Agreement.

As the Preferential Offering is made on a non-renounceable basis, the provisional allotment of New Units cannot be renounced in favour of a third party or traded on the SGX-ST. Each Entitled Unitholder will be provisionally allotted the New Units under the Preferential Offering on the basis of their unitholdings in Manulife US REIT as at the Preferential Offering Books Closure Date (fractions of a New Unit to be disregarded).

Entitled Unitholders are at liberty to accept or decline, in part or in full, their provisional allotments of New Units and are eligible to apply for additional New Units in excess of their provisional allotments under the Preferential Offering (“**Excess New Units**”). Entitled Unitholders are prohibited from trading, transferring, assigning or otherwise dealing with (in full or in part) their (i) provisional allotments of New Units or (ii) eligibility to apply for Excess New Units.

The New Units under the Preferential Offering represented by the provisional allotments of (i) Entitled Unitholders who decline or do not accept, in full or in part, their provisional allotments of New Units under the Preferential Offering and/or (ii) ineligible Unitholders, may be issued to satisfy applications for Excess New Units as the Manager may, in its absolute discretion, deem fit.

In the allotment of Excess New Units, preference will be given to the rounding of odd lots. Applications by directors of the Manager and substantial unitholders of Manulife US REIT who have control or influence over Manulife US REIT or the Manager in connection with the day-to-day affairs of Manulife US REIT or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of directors of the Manager, will rank last in priority for the rounding of odd lots and allotment of Excess New Units.

## 3. COMMITMENT BY MIL, MLRL AND THE MANAGER

To demonstrate its support for Manulife US REIT’s long-term growth and the Preferential Offering, the Manulife Group has, through MIL (which owns approximately 6.37% of the existing Units), MLRL (which owns approximately 1.42% of the existing Units) and the Manager (which owns approximately 0.25% of the existing Units), provided the Undertakings to subscribe for the pro-rata entitlement of MIL, MLRL and the Manager under the Preferential Offering respectively. The commitment by MIL, MLRL and the

Manager under the Undertakings represents in aggregate approximately 8.04% of the New Units to be issued pursuant to the Preferential Offering.

#### **4. USE OF PROCEEDS**

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of approximately US\$197.2 million from the Preferential Offering in the following manner:

- (i) approximately US\$191.1 million (which is equivalent to 96.9% of the gross proceeds of the Preferential Offering) to partially fund the proposed acquisition by Manulife US REIT of the office building located at 1750 Pennsylvania Avenue NW, Washington, D.C. and the office building known as Phipps Tower located at 3438 Peachtree Road, Atlanta, Georgia (the “**Proposed Acquisitions**”) and the associated costs; and
- (ii) approximately US\$6.1 million (which is equivalent to 3.1% of the gross proceeds of the Preferential Offering) to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Manulife US REIT in connection with the Preferential Offering,

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

In the event that Manulife US REIT does not proceed with the Proposed Acquisitions, the proceeds from the Preferential Offering shall be re-deployed to fund future investments and/or to pare down debt.

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

Pending the deployment of the net proceeds from the Preferential Offering, 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 Preferential Offering 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 percentage allocated. A status report on the use of proceeds from the Preferential Offering will also be provided in the annual reports of Manulife US REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

#### **5. RATIONALE FOR THE PREFERENTIAL OFFERING**

The Manager intends to use the net proceeds from the Preferential Offering towards the Proposed Acquisitions. As mentioned in the circular to Unitholders dated 27 April 2018, the Manager may finance the Proposed Acquisitions through a combination of debt, equity funding and/or issuance of capital market instruments. After consulting the Joint Lead

Managers and Underwriters and taking into account the prevailing market conditions and interest rate environment, the impact on Manulife US REIT's capital structure and distributions per Unit ("DPU"), the Manager believes that the Preferential Offering is an overall beneficial method of raising funds to finance the Proposed Acquisitions.

**6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS  
FOR ILLUSTRATIVE PURPOSES ONLY:**

The pro forma financial effects of the Proposed Acquisitions based on the financing of the Proposed Acquisitions with the Preferential Offering presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of the Manulife US REIT and its subsidiaries ("**Manulife US REIT Group**") for the financial year ended 31 December 2017 ("**FY2017**" and the "**FY2017 Audited Financial Statements**") and the unaudited management accounts of the Proposed Acquisitions, and assuming that:

- the Acquisition Fee of US\$2.9 million is paid to the Manager through the issuance of approximately 3.1 million Units; and
- the Total Acquisition Cost (excluding the Acquisition Fee payable in Units) of US\$397.7 million is funded through a combination of drawdown of loan facilities of approximately US\$200.5 million and a Preferential Offering of US\$197.2 million. Depending on the market conditions, the proportion of funding from loan facilities and the Preferential Offering may differ which may in turn affect the pro forma financial effects of the Proposed Acquisitions.

The pro forma financial effects of the Proposed Acquisitions on Manulife US REIT's DPU for FY2017 are as if the Proposed Acquisitions were completed on 1 January 2017 and Manulife US REIT held and operated the Properties in FY2017. The pro forma financial effects of the Proposed Acquisitions on Manulife US REIT's NAV per Unit as at 31 December 2017 are as if the Acquisitions were completed on 31 December 2017.

The pro forma financial effects of the Proposed Acquisitions on Manulife US REIT's DPU and NAV are as follows:

	Pro forma Financial Effects for FY2017	
	FY2017 Audited Financial Statements	After the Proposed Acquisitions
Distributable Income available for Unitholders (US\$ million)	46.7	59.8
Issued Units ('000)	1,033,722	1,266,680 <sup>(1)</sup>
DPU (US cents)	5.77 <sup>(2)</sup>	5.71
DPU Yield (%)	6.17 <sup>(3)</sup>	6.19 <sup>(4)</sup>
NAV per Unit (US\$)	0.82	0.83 <sup>(5)</sup>

**Notes:**

- (1) The Units issued as at 31 December 2017 include (i) approximately 3.1 million new Units issued to the Manager as payment for the Acquisition Fees; and (ii) approximately 1.9 million new Units that are issued to the Manager and the property manager of Manulife US REIT for management fees and property management fees. The issue price of the Acquisition Fee Units is based on theoretical ex-rights price of

US\$0.922 per Unit and the issue price of the management fees Units and the property management fees Units is based on the actual issue price of such Units.

- (2) Based on DPU paid for FY2017.
- (3) Based on the DPU divided by closing price on 15 May 2018 of US\$0.935 per Unit.
- (4) Based on the DPU divided by theoretical ex-rights price of US\$0.922 per Unit.
- (5) Based on NAV represented by Unitholders' funds of US\$1,046.4 million and number of Units issued and to be issued of 1,267,155,386 Units as at 31 December 2017. The number of Units is arrived after taking into account the issuance of the New Units under the Preferential Offering and new Units in payment of the Acquisition Fee.

## 7. 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 23 April 2018, pursuant to which the Manager may, during the period from 23 April 2018 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 laws or regulations to be held, whichever is earlier, issue new Units and/or warrants, options, 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 as at 23 April 2018 (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 Unitholders, shall not be more than 20.0% of the Base Figure.

The Base Figure, being the total number of Units in issue as at 23 April 2018, was 1,036,072,644.

The number of Units that can be issued under the General Mandate is 518,036,322 Units, of which no more than 207,214,528 Units may be issued on a non pro-rata basis. The Manager has not issued any Units under the General Mandate.

227,935,981 New Units to be issued pursuant to the Preferential Offering would constitute 22.0% of the Base Figure, which is within the 50.0% limit for issue of new Units. Accordingly, the prior approval of the Unitholders is not required for the issue of the New Units under the Preferential Offering.

## 8. ELIGIBILITY TO PARTICIPATE IN THE PREFERENTIAL OFFERING

**Entitled Unitholders.** Entitled Unitholders are Unitholders with Units standing to the credit of their securities accounts with The Central Depository (Pte) Limited ("**CDP**") (but do not include securities sub-accounts) and whose registered addresses with CDP are in Singapore as at the Preferential Offering Books Closure Date or who have, at least three Market Days prior to the Preferential Offering Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore.

**Foreign Unitholders.** The making of the Preferential Offering may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical

reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than Singapore) where Unitholders may have as their addresses registered with CDP, the Preferential Offering will not be extended to Unitholders, (a) whose registered addresses with CDP are outside Singapore, and (b) who have not, at least three Market Days prior to the Preferential Offering Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but will, subject to certain exceptions, be extended to certain Unitholders located, resident or with a registered address out of Singapore. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notices and documents at least three Market Days prior to the Preferential Offering Books Closure Date. Details of the Preferential Offering and procedures for acceptance of and payment and excess application for New Units under the Preferential Offering by Entitled Unitholders will be set out in an instructions booklet to be despatched to Entitled Unitholders in due course (the “**Instructions Booklet**”). A further announcement on the despatch will be made by the Manager at the appropriate time.

For the avoidance of doubt, even if a Unitholder has provided a Singapore address as aforesaid, the offer of New Units under the Preferential Offering to him will be subject to compliance with applicable securities and other laws of the relevant jurisdiction. The Manager, along with the Joint Lead Managers and Underwriters, reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

The New Units to be offered under the Preferential Offering have not been and will not be registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, or under the securities laws of any other jurisdiction, and may not be offered, sold, resold, granted, delivered, allotted, taken up or transferred, directly or indirectly, 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 Manager further reserves the right to reject any acceptances of the Preferential Offering and any application for Excess New Units under the Preferential Offering where it believes, or has reason to believe, that such acceptances or applications may violate the applicable laws of any jurisdiction.

## **9. STATUS OF NEW UNITS**

The New Units issued pursuant to the Preferential Offering will, upon issue, rank *pari passu* in all respects with the existing Units in issue on the day immediately prior to the date on which the New Units are issued pursuant to the Preferential Offering, including the right to Manulife US REIT’s distributable income from 1 January 2018 up to 30 June 2018, as well as all distributions thereafter.

## **10. APPROVAL IN-PRINCIPLE**

Approval in-principle for the New Units has been obtained from the SGX-ST.

The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Preferential Offering, the New Units, Manulife US REIT and/or its subsidiaries.

The SGX-ST's approval in-principle is subject to:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) submission of:
  - (a) a written undertaking from the Manager that it will comply with Rule 704(30), Rule 815 and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Preferential Offering and where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in Manulife US REIT's announcements on use of proceeds and in its annual report;
  - (b) a written undertaking from the Manager that it will comply with Rule 877(10) of the Listing Manual with regard to the allotment of any excess New Units; and
  - (c) a written confirmation from financial institutions as required under Listing Rule 877(9) that the undertaking Unitholders who have given the irrevocable undertakings to subscribe for the New Units have sufficient financial resources to fulfil their obligation under its irrevocable undertakings.

#### 11. INDICATIVE TIMETABLE FOR THE PREFERENTIAL OFFERING

Event	Date and Time
Preferential Offering Books Closure Date	24 May 2018 at 5.00 p.m.
Despatch of Instructions Booklet (together with the ARE <sup>1</sup> ) to Entitled Unitholders	30 May 2018
Opening date and time for the Preferential Offering	30 May 2018 at 9.00 a.m. via ARE and ATMs
Last date and time for acceptance, application (if applicable) and payment for provisional allotments of New Units and Excess New Units	11 June 2018 at 5.00 p.m. via ARE 11 June 2018 at 9.30 p.m. via ATMs
Listing of the New Units pursuant to the Preferential Offering	20 June 2018 at 9.00 a.m.

<sup>1</sup> "ARE" refers to the acceptance form for New Units provisionally allotted to Entitled Unitholders under the Preferential Offering and application form for Excess New Units.

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)

16 May 2018

**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.

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