

## PRESS RELEASE

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(Left-Right: Figueroa, Michelson, Peachtree, Plaza, Exchange, Penn and Phipps)  
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## Manulife US REIT Acquires US\$122.0 million Gem in Virginia, Washington, D.C. Metro Area<sup>1</sup>

- Expanding footprint into one of the highest population and GDP metro areas in U.S.
- Located 30 minutes from Amazon HQ2
- Best-in-class freehold Class A office building
- High occupancy of 98.7% and long WALE of 6.9 years
- Accretive acquisition increases DPU by 3.3%

**Singapore, 29 April 2019 – 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 the REIT, through its indirect wholly owned subsidiary, has entered into a purchase agreement with Carr Properties (the “Vendor”) to acquire **Centerpointe I & II** (“Centerpointe”), which is a two-tower freehold Class A office building (the “Property”) located at Fairfax, Virginia, Washington, D.C. Metro Area (“Washington MSA”) at a purchase consideration of US\$122.0 million (the “Acquisition”).

The estimated total cost of the Acquisition is approximately US\$127.0 million, comprising the purchase consideration of US\$122.0 million, acquisition fee of US\$1.2 million, professional and other transaction fees and expenses of approximately US\$3.8 million.

The Acquisition is in line with the REIT’s investment strategy and business model, and will be financed by a combination of loans and issuance of new units in Manulife US REIT via private placement of new units in Manulife US REIT (“New Units”) to raise gross proceeds of no less than US\$94.0 million (the “Private Placement”).

Upon completion of the Acquisition which is expected to be on 10 May 2019, the aggregate gearing ratio of Manulife US REIT will improve from 37.6% to 36.8%.

(1) Refer to the announcement dated 29 April 2019 for details of the pro forma financial effects of the Acquisition.



<b>Description</b>	Two-tower, 11-storey Class A building Located 30 mins from Washington, D.C. by car
<b>Location</b>	4000 & 4050 Legato Road, Fairfax, Virginia
<b>Land Tenure</b>	Freehold
<b>NLA</b>	419,981 sq ft
<b>Parking Lots</b>	1,456 parking spaces (3.5 spaces/1,000 sq ft)
<b>Year of Completion</b>	Centerpointe I – 1987 Centerpointe II – 1989 (>US\$8 million capital expenditures and renovation since 2012)
<b>Purchase Price</b>	US\$122.0 million (US\$290.49 per sq ft)
<b>Valuation</b>	US\$122.1 million
<b>Implied Cap Rate</b>	7.55%
<b>Occupancy Rate</b>	98.7%
<b>WALE (by NLA)</b>	6.9 years
<b>Tenants</b>	21

Commenting on the Acquisition, Ms Jill Smith, Chief Executive Officer of Manulife US Real Estate Management Pte. Ltd. (the “Manager”) said, “**We are excited to acquire Centerpointe, a best-in-class, freehold, US\$122.0 million office asset in Fairfax County, Virginia, Washington, D.C. Metro Area. Located in Washington MSA, Fairfax is an economic engine for the nation’s capital. Washington MSA has one of the highest populations, median household incomes and GDPs in the U.S. These qualities have attracted global firms, especially in the government, defense and technology sectors, to the region and now, Amazon Inc. will join that ever growing list. We believe Centerpointe, which is a 30-**

minute drive from Amazon HQ2 could potentially benefit from a multisector office, residential, hospitality and retail boom that will follow this further injection of growth. Furthermore, delivering on our promise, this acquisition is 3.3% accretive based on FY2018 pro forma DPU.”

### **High-Quality Asset in an Attractive Location**

#### *Expanding Footprint into Virginia, Washington MSA*

The addition of Centerpointe in Fairfax Center, a submarket within Fairfax County, Virginia, in the Washington MSA will deepen Manulife US REIT’s exposure in the Northeastern United States. Together with the office property located at 1750 Pennsylvania Avenue NW in Washington, D.C.’s Central Business District which was acquired by Manulife US REIT in June 2018, the Acquisition will bolster Manulife US REIT’s presence in the office market in Washington MSA.

In November 2018, Amazon Inc. announced its plans to build corporate headquarters, Amazon HQ2, in Crystal City, a neighbourhood of Arlington located within Virginia, between Washington, D.C. and the subject property. The selection of Arlington (a Washington MSA suburb), following a highly competitive bid process, as the preferred choice for Amazon Inc.’s corporate headquarters is a testament to the competitiveness of the office market in this area.

With a median household income of US\$117,515, Fairfax County, Virginia is one of the most affluent counties in the U.S. It is also Northern Virginia’s employment hub with the local economy supported by the retail, healthcare, services and a range of government sector entities. Fairfax Center, the submarket in which the Property is located, lies in the centre of Fairfax County. Aligned with the investment objectives of Manulife US REIT, it comprises over 4.8 million sq ft of office space, augmented by over 6 million sq ft of retail amenities, plus ample hotels and executive housing options – making it an ideal ‘Live, Work, Play’ destination. The central location provides employers direct access to the highly educated and top talent residing in Fairfax County.

There is no new supply of office product in the Fairfax Center submarket, given the high cost for new construction. As a result, quality buildings like Centerpointe stand out and consistently outperform their peers in the submarket on occupancy, rents and tenant retention.

#### *Best-in-Class Freehold Class A Office Building in Fairfax Center*

The Property represents a best-in-class freehold Class A asset with premium quality construction, first-class on-site amenities, a structured parking garage and surface parking facilities.

Centerpointe is the highest building in Fairfax Center providing unobstructed signage and branding opportunities, visible to approximately 220,000 daily passengers commuting along

Route 50 and Interstate 66, two of the most travelled highways in the region. Centerpointe II was recently renovated with a brand-new lobby, a 3,500 sq ft fitness centre, landscaped outdoor recreation area, and a café. The building has ample parking with 1,456 parking lots. These features distinguish the building as a unique asset in the Fairfax Center submarket.



The Property is strategically located in a desirable ‘Live, Work, Play’ location nestled directly between Fair Oaks Mall and Fairfax Towne Center, two of the most prominent retail centers in Fairfax Center. Spanning 1.6 million sq ft, Fair Oaks Mall is the largest mall in the submarket and the second largest mall in the state while Fairfax Towne Center is the closest amenity to Centerpointe and comprises 340,000 sq ft of retail. Combined, the retail destinations provide tenants with ~1.9 million sq ft of walkable retail amenities that are within 5-minute walking distance from the Property, including a wide array of options for shopping, dining, and other highly desirable tenant services. Furthermore, the property enjoys excellent connectivity to major railways, public transport and two major airports (Reagan National Airport and Dulles International Airport)

### **Solid Tenancy and Favourable Lease Profile Providing Stable Cash Flow**

Centerpointe is operating at 98.7% occupancy as at 31 March 2019. Centerpointe competes against a limited subset of similar high-quality properties, and thus enjoys lower vacancy rates compared to older, less competitive or mid-rise buildings in the submarket. The Property’s premier distinction has resulted in historically high occupancy rates of 94% on average and

rental rates at a premium of between 10% - 25% over the competitive set, during the past 8 years.

Centerpointe is being leased to 21 tenants including several large companies and a government agency with stable credit profiles such as ASM Research (subsidiary of Accenture (NYSE:ACN)), Edelman Financial Services, Board of Supervisors for Fairfax County, Salient Federal Solutions and ECS Federal (subsidiary of ASGN Incorporated (NYSE:ASGN)), amongst others. Over 50% of the tenants by NLA use this building as their headquarters location, a testament to the desirable attributes of the building.

100% of the leases in the building have built-in rental escalations ranging between 2.5% to 3.0%, providing organic growth to the rental income for the Manulife US REIT. The Property has a long weighted-average lease expiry (“WALE”) of 6.9 years as at 31 March 2019, which will lengthen the WALE of Manulife US REIT’s existing portfolio from 6.0 years to 6.1 years post-Acquisition.

#### **Enhance Diversification and Strengthen Existing Portfolio**

The acquisition of Centerpointe will increase Manulife US REIT’s aggregate portfolio value by 7.0% from US\$1.7 billion to US\$1.9 billion and NLA by 11.2% from 3.7 million sq ft to 4.2 million sq ft as at 31 December 2018.

The addition of Centerpointe to the existing portfolio will further diversify the tenant sector mix by reducing the concentration of Legal and Retail Trade tenants and increasing the concentration of Information sector. The additional access to technology sector tenants, which is a high growth sector, will help to complement the portfolio’s stable growth sectors such as Legal and Finance and Insurance.

#### **Accretive Acquisition Enhances Unitholder Returns**

The Acquisition is expected to be distribution per Unit (“DPU”) accretive to Unitholders and improve the aggregate gearing ratio of Manulife US REIT. Based on the FY2018 pro forma financial impact of the Acquisition, the DPU is expected to increase by 3.3% from 5.57 US cents to 5.76 US cents. As at 31 March 2019, the aggregate gearing ratio of Manulife US REIT will improve from 37.6% to 36.8%, providing debt headroom of approximately US\$101.0 million and US\$284.0 million, based on Manulife US REIT’s target gearing of 40.0% and regulatory gearing limit of 45.0%, respectively.

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**NOTE: This Press Release is to be read in conjunction with the SGXNET Announcement released by Manulife US REIT on the same date. All capitalised terms not otherwise defined herein shall have the meaning ascribed to the same in the SGXNET Announcement dated 29 April 2019.**



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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 portfolio comprises seven prime, freehold and Trophy or Class A quality office properties strategically located in Los Angeles; Irvine, Orange County; Atlanta; New Jersey; and Washington, D.C. The current portfolio valued at US\$1.8 billion, has an aggregate Net Lettable Area of 3.7 million sq ft and an occupancy rate of 97.4% as at 31 March 2019.

**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. 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**

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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.