



MANULIFE US REAL ESTATE INVESTMENT TRUST

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

ACQUISITION OF 400 CAPITOL MALL, SACRAMENTO, CALIFORNIA IN UNITED STATES

1. INTRODUCTION

Manulife US Real Estate Management Pte. Ltd., in its capacity as manager of Manulife US Real Estate Investment Trust (“**Manulife US REIT**” or “**MUST**”, and the manager of Manulife US REIT, the “**Manager**”), is pleased to announce that Manulife US REIT, through its indirect wholly owned subsidiary, has entered into a purchase agreement (the “**Purchase Agreement**”) with 400 Capitol Mall Owner, L.P. (the “**Vendor**”) to acquire the property located at 400 Capitol Mall, Sacramento, California (the “**Property**” or “**400 Capitol**”) for an estimated aggregate purchase consideration of US\$198.8 million. The Vendor is an unrelated third party.

2. INFORMATION ON THE PROPERTY

The Property is a 29-storey top Class A office building totalling 500,662 rentable square feet (“**sq ft**”) located in the Central Business District (“**CBD**”) of Sacramento, the capital of California. It is in close proximity to Golden 1 Center, the sports and entertainment arena, and the Downtown Commons mixed-use neighbourhood, with shops, restaurants, hotels and residential units. 400 Capitol also has good access to multiple public transit options. The Property, which is Sacramento’s tallest office tower and which attained Sacramento’s first LEED Platinum rating, was built in 1992 and its facilities include a heated swimming pool, full service fitness centre and a six-storey parking garage. The Property is leased to 44 tenants from legal, finance, state government, co-working, business and consulting services.

Purchase Consideration (US\$)	198,750,000 ⁽¹⁾
Net Lettable Area (“NLA”) (sq ft)	500,662
Number of Storeys	29
Year Built	1992
Committed Occupancy⁽²⁾	94.9% ⁽³⁾
Number of Tenants⁽²⁾	44
Weighted Average Lease Expiry (“WALE”) by NLA⁽²⁾	5.9 years

Notes:

- (1) Subject to adjustments as set out in paragraph 3.1 below and closing and post-closing adjustments in the ordinary course of business.
- (2) Based on information as at 11 September 2019, being the Latest Practicable Date (Singapore Time).
- (3) Committed occupancy has taken into account the renewal of certain tenant’s lease effective 1 October 2019 and excludes a tenant who has vacated the Property.

3. DETAILS OF THE ACQUISITION

3.1 Purchase Consideration and Valuation

The purchase consideration payable to the Vendor in connection with the acquisition of the Property (the “**Acquisition**”) is US\$198,750,000 (the “**Purchase Consideration**”) subject to a US\$750,000 Purchase Consideration reduction in the event that certain leasing objectives are not met prior to the completion of the Acquisition and also subject to closing and post-closing adjustments in the ordinary course of business as well as an additional US\$250,000 credit to Vendor only in the event the Acquisition has not closed by 4 November 2019 (“**Closing and Post-Closing Adjustments**”). The Purchase Consideration was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation of the Property by Cushman & Wakefield Western, Inc., the independent valuer (the “**Valuer**”) commissioned by the Manager and the Trustee to value the Property. The independent valuation conducted by the Valuer concluded a market value for the Property of US\$200,500,000 as of 27 August 2019. The Purchase Consideration represents a discount of 0.9% to the Valuer’s valuation.

The Valuer has valued the Property based on the income capitalisation approach and the sales comparison approach. The income capitalisation approach consisted of a discounted cash flow analysis and a direct capitalisation method.

3.2 Total Acquisition Cost

The total cost of the Acquisition (the “**Total Acquisition Cost**”) is currently estimated to be approximately US\$206.1 million, comprising:

- 3.2.1 the Purchase Consideration of US\$198.8 million;
- 3.2.2 an acquisition fee of approximately US\$2.0 million (the “**Acquisition Fee**”) payable to the Manager pursuant to the Trust Deed dated 27 March 2015 constituting Manulife US REIT (as amended and restated), which the Manager has elected to be paid in cash; and
- 3.2.3 the estimated professional and other transaction fees and expenses of approximately US\$5.3 million incurred or to be incurred by Manulife US REIT in connection with the Acquisition.

3.3 Purchase Agreement

In connection with the Acquisition, Manulife US REIT has established the following entities:

- (i) Manulife US REIT Beta 7 (Singapore) Pte. Ltd., which has an issued and paid up capital of US\$2.00; and
- (ii) Hancock S-REIT Sacramento LLC, which has an initial committed capital of US\$6,000,000.

The key terms of the Purchase Agreement include the following:

- 3.3.1 customary provisions relating to the Acquisition, including limited representations and warranties;
- 3.3.2 the conditions precedent to the buyer's obligation to proceed with the closing are that (i) all of the representations and warranties of Vendor contained in the Purchase Agreement shall be true and correct in all material respects as of the closing date, (ii) the Vendor shall have delivered to the buyer a tenant estoppel from major tenants together with tenant estoppels or seller estoppels for tenants under leases, when aggregated with the foregoing, occupying 75% of the rentable square footage of the Property, (iii) the title insurance company shall be irrevocably committed to issuing the title policy to the buyer, (iv) the Vendor shall have performed and observed, in all material respects, all covenants and agreements of the Purchase Agreement to be performed and observed by it and (v) the Vendor shall have delivered to the buyer all of the items required to be delivered to the buyer pursuant to the terms of the Purchase Agreement;
- 3.3.3 the Property is being conveyed on an "AS IS, WHERE IS" basis with limited representations and warranties by both parties; and
- 3.3.4 to the extent that the Vendor's obligations under the Purchase Agreement survive the closing, they will survive for nine months following the closing date, and the Vendor will not have any liability to the buyer for most breaches until the buyer's claims aggregate more than US\$200,000, subject to a cap of US\$5,000,000.

The Manager anticipates to complete the Acquisition in 4Q2019, subject to the long stop date for completion of the Acquisition of 4 December 2019.

3.4 Property Management Agreement

Upon completion of the Acquisition, property management services in respect of the Property will be performed by John Hancock Life Insurance Company (U.S.A.) ("**JHUSA**") as property manager of Manulife US REIT, pursuant to the master property management agreement entered into between JHUSA and Hancock S-REIT Parent Corp., a wholly owned subsidiary of Manulife US REIT, on 26 June 2015 (as amended) (the "**Master Property Management Agreement**").

The property management fees payable in relation to the Property is 2.5% of the gross income (excluding non-cash items) from the Property for each month, payable in arrears.

(See the prospectus of Manulife US REIT dated 12 May 2016 for further details of the terms of the Master Property Management Agreement.)

4. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to Unitholders:

4.1 Entry into California's Capital, Sacramento

The Property will be MUST's first acquisition in Sacramento, California.

Sacramento: Located in the Heart of California



4.1.1 Flourishing Economy and Desirable Live, Work, Play Environment

Sacramento is the capital of California, which is the 5th largest economy in the world. Sacramento has one of the strongest economies in California, with the region's Gross Metropolitan Product ("GMP") annual growth rate averaging 3.2% (between 2013 and 2018), exceeding the 2.3% growth rate for the U.S. over the same period.

Sacramento is widely recognised as the premier location for large corporations with government, law and lobby interests. The city is one of the most attractive business hubs in Western United States due to its relatively low cost of doing business, favourable labour environment, and extensive transport infrastructure. It also provides a cheaper alternative to San Francisco in terms of business and living costs. The key economic drivers include healthcare, government agencies and technology.

Sacramento offers a desirable live, work, play environment with affordable residential areas and an upsurge in hospitality, retail and entertainment developments. Sacramento is also located near to lifestyle/tourist destinations of Napa Valley vineyards, Lake Tahoe and the Sierra Nevada.

The Greater Sacramento Area has a population of approximately 2.3 million people and is the 3rd fastest growing Metropolitan Statistical Area in California, having increased by 20% since 2002. Population growth is supported by significant immigration from nearby San Francisco and Southern California and is expected to grow in line with the U.S. average population growth going forward to 2023. The median age of the Sacramento core based statistical area is only 35.9 years compared to the median age of U.S. of 37.8 years¹. Additionally, given the proximity of UC Davis and Sacramento State School, the local population represents a growing labour pool of highly-skilled individuals.

4.1.2 Extensive Connectivity

Sacramento is supported by a highly connected transportation system. It is one of the few inland metropolitan areas with an international airport, deep-water port, transcontinental train network, and easy access to major highways. The city also features other public transportation options, such as its downtown light rail system.

4.1.3 More than US\$2.0 billion Investment Rejuvenating Sacramento

There are multiple projects and developments planned within Sacramento that will provide long term economic growth.



- 1) **Downtown Development²:** Positive effect from Golden 1 Center, a sports and entertainment venue delivered in 2016. The area enjoys a growing influx of residential, retail, and hospitality developments.
- 2) **Railyards Master Project:** One of the nation’s largest infill redevelopment projects. This includes approximately 12,000 residential units, 5 million sq ft of office, retail, hotel, entertainment and healthcare space plus the development of a major medical campus (Kaiser Permanente).

1 United States Census Bureau – 2013 – 2017 American Community Survey 5-year estimates.
 2 Downtown Sacramento – Golden 1 Center.

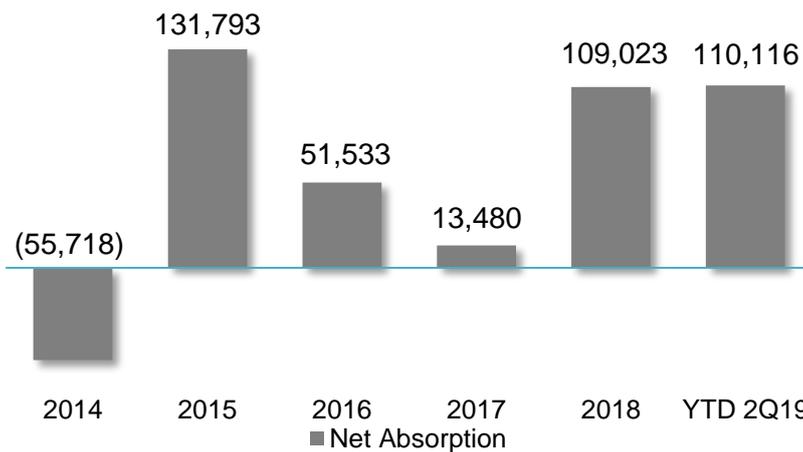
- 3) **Revamping Old Sacramento:** In 2019, Sacramento’s City Council committed US\$47 million towards upgrading the heritage site and improving access to the waterfront area, creating a series of new event venues and increasing tourism¹.
- 4) **Developing the Bridge District²:** 3 residential developments and 1 mixed-use development planned or under construction as of 2019, including a prospective 7-storey hotel and residential project next to the Tower Bridge.

4.1.4 **Thriving Office Market – High Barriers to Entry**

Sacramento Downtown/Midtown Office submarket currently contains approximately 10.8 million sq ft of leasable area. Replacement costs of office buildings in the submarket are high at, approximately US\$700 per sq ft, which is approximately twice the market value per sq ft of Class A properties across Sacramento. This is partially attributable to increasing land costs in CBD due to land scarcity caused by more hotel, retail, and multi-family housing developments springing up in surrounding areas. Coupled with high construction costs, speculative construction of office space in this submarket has been limited in the near term.

The competitive micro market comprises 12 Class A properties which are identified by the Valuer to be the most comparable to 400 Capitol in terms of location, physical attributes, and access to amenities. The competitive micro market has experienced positive cumulative net absorption of office space from 2015 to 2Q 2019.

Historical Net Absorption for Competitive Micro Market (sq ft)

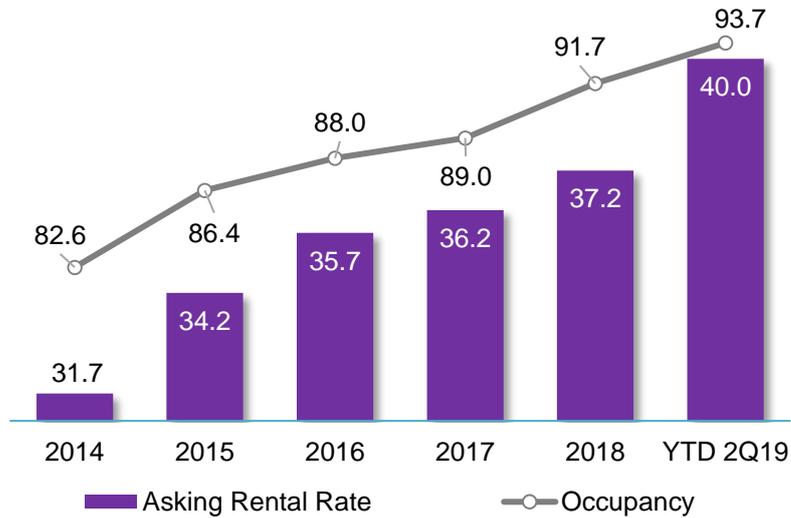


Source: Independent Market Research Report as of 1 September 2019 by Cushman & Wakefield Western, Inc.

1 Sacramento Business Journal – City Council commits up to \$47 million for Old Sac plans.
 2 City of West Sacramento – The Bridge District.

Strong demand for Class A office space in Sacramento has also translated into robust rental growth. The asking rent for Class A office space in competitive micro market has been growing at an annual rate of 4.1% from 2014 to 2018. Overall vacancy rates for Sacramento Downtown/Midtown submarket Class A properties are at a multi-year low at 11.3% while the competitive micro market vacancy rates is only at 6.3%.

Historical Asking Rent (US\$ per sq ft) and Occupancy Rate (%) for Competitive Micro Market



Source: Independent Market Research Report as of 1 September 2019 by Cushman & Wakefield Western, Inc.

4.2 Prime Location, Top Class A Tower with 5-Star Amenities Attracting Multiple High-Quality Tenants

4.2.1 Prime Location in Downtown Sacramento



400 Capitol is uniquely positioned in the CBD. It is within walking distance to Golden 1 Center and the Downtown Core, and benefits from the exposure to the 'Live-Work-Play' environment of Sacramento's Downtown Core and its growing influx of high-end residential, hotel and retail developments.

400 Capitol is the tallest building in Sacramento, standing at a towering 423 feet high and forming an integral part of the city's skyline. The Property is widely considered the premier building in the market and is downtown Sacramento's address of choice for premier law, financial service, accounting, and professional service firms. The Property has best-in-class features, including:

Distinctive design: Designed by the world-renowned architectural firm Hellmuth, Obata & Kassabaum, the Property is among the most distinctive and recognisable office towers in Sacramento.

Expansive lobby: The building has a recently renovated five-storey jewel box grand atrium lobby.

Column free floor plates: Ranging from 14,000 – 34,000 sq ft, the floor plates are easily adaptable and appeal to a diverse set of potential large tenants.

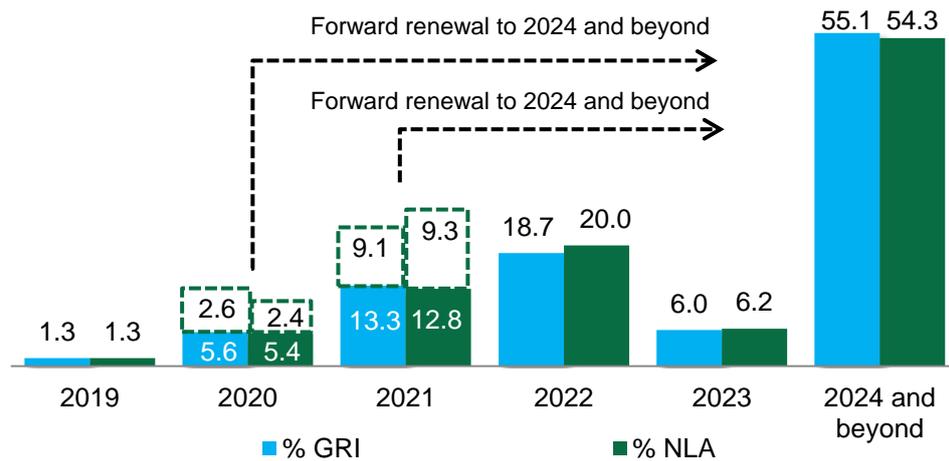
5-star onsite amenity base: Market leading onsite amenities which include a fitness centre, heated lap pool, renovated conference rooms, abundant parking, fine dining, gourmet takeaway, retail and hair salon.

Highly efficient building systems: Maintained to the highest institutional standards since completion, the Property features modern construction and highly efficient building systems which has made it Sacramento's first LEED Platinum status building.

4.2.2 **Strong Occupancy and Long WALE with Upside Potential**

The Property's current occupancy stands at 94.9% with a WALE by NLA of 5.9 years. Over the past 3 years, the Property has maintained a high average occupancy rate of 92%. Additionally, within the last 3 years, more than 80% of expiring leases have been renewed, demonstrating a strong retention rate. This is further supported by tenants occupying 11.7% of the Property's NLA who have forward renewed their leases to 2024 and beyond. This demonstrates the attractiveness of the Property to tenants.

Lease Expiry Profile of 400 Capitol⁽¹⁾ (%)



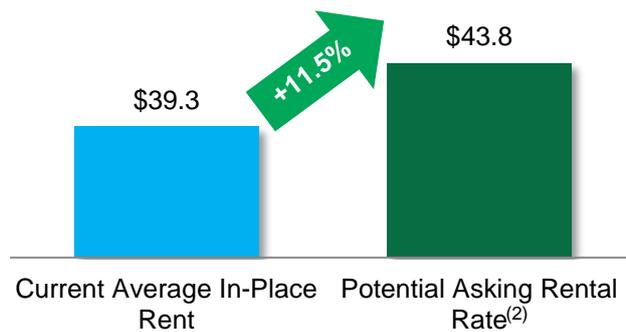
Note:

(1) Based on information as at 11 September 2019, being the Latest Practicable Date (Singapore Time).

The Property also has an average of 2.3% rental escalations per annum, providing healthy organic growth to the underlying rental income of the Property.

Furthermore, the current average in-place rent of the Property is up to 11.5% below the potential asking rental rate of the Property. This provides another source of organic rental income growth as expiring leases will be potentially renewed at higher asking rents.

Current Average Rent⁽¹⁾ (US\$ / sq ft)



Notes:

(1) Based on information as at 11 September 2019, being the Latest Practicable Date (Singapore Time).

(2) Potential asking rental rate of the Property is between US\$41.40 to US\$43.80 per sq ft as per Independent Market Research Report as of 1 September 2019 by Cushman & Wakefield Western, Inc.

4.2.3 High-Quality and Credit-Worthy Tenants

Top 10 tenants have a long WALE by NLA of 6.4 years and includes internationally recognised firms such as Wells Fargo, Morgan Stanley and leading law firms.

Top 10 Tenants by % of Gross Rental Income⁽¹⁾ (“GRI”)

Tenant	Sector	NLA (sq ft)	% of GRI
Wells Fargo ⁽²⁾	Finance and Insurance	52,618	10.3%
WeWork	Real Estate	47,316	10.0%
Weintraub Genshlea & Chediak	Legal	44,900	9.1%
Kronick Moskowitz	Legal	30,659	8.5%
Orrick Herrington & Sutcliffe	Legal	34,849	7.8%
Wilke, Fleury, Hoffelt, Gould & Birney	Legal	25,154	5.2%
DLA Piper US	Legal	19,732	4.5%
Morgan Stanley	Finance and Insurance	19,487	3.8%
Crowe Horwath	Accounting	17,096	3.4%
Jackson Lewis	Legal	16,010	2.9%
Total Top 10 Tenants		307,821	65.5%

Notes:

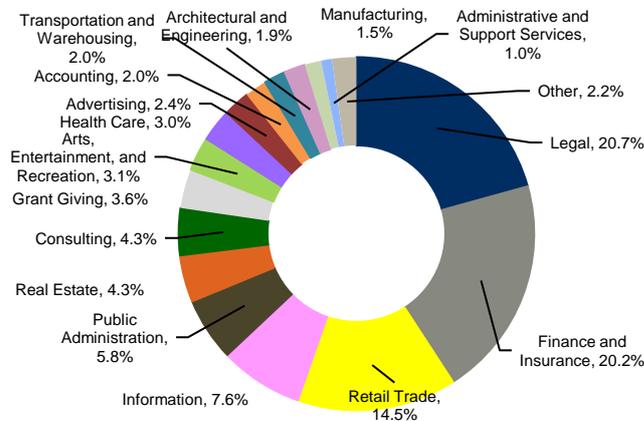
- (1) Based on information as at 11 September 2019, being the Latest Practicable Date (Singapore Time).
- (2) Includes Wells Fargo Bank and Wells Fargo Advisors.

4.3 Improved Tenant and Net Property Income (“NPI”) Diversification

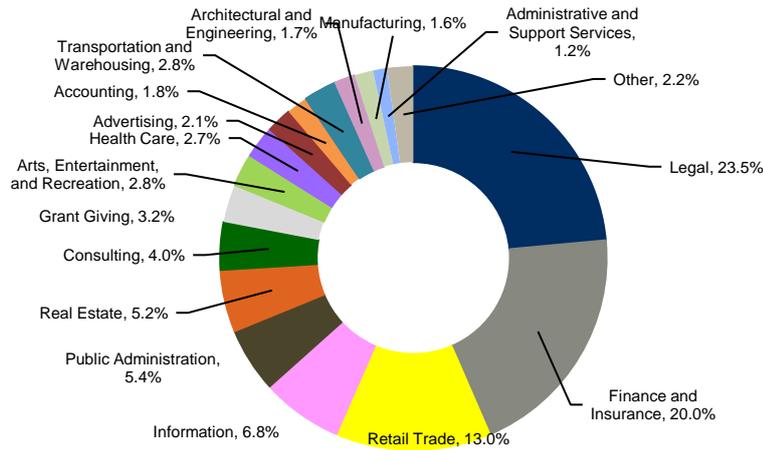
4.3.1 Improved Tenant Diversification

The current portfolio will be further fortified by the addition of 44 tenants from a range of trade sectors including legal, finance and insurance, public administration, real estate, consulting and accounting firms.

**Current Portfolio GRI by Trade Sector
(As at 30 June 2019)**



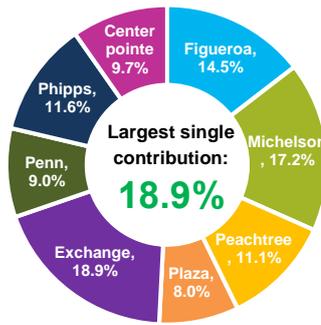
Enlarged Portfolio GRI by Trade Sector (As at 30 June 2019)



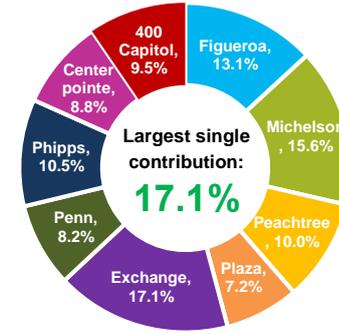
4.3.2 Improved NPI Diversification

The Acquisition will allow Manulife US REIT to diversify and reduce its exposure to the portfolio’s largest asset (based on NPI) from 18.9% to 17.1%.

Current Portfolio NPI by Property (As at 30 June 2019) ⁽¹⁾



Enlarged Portfolio NPI by Property (As at 30 June 2019) ⁽²⁾



Notes:

- (1) Centerpointe was acquired on 10 May 2019. For illustrative purposes, NPI for Centerpointe was extrapolated based on actual results (for the period 10 May 2019 to 30 Jun 2019) to full period 1H FY2019.
- (2) NPI for 400 Capitol was based on 1H FY2019 Pro Forma.

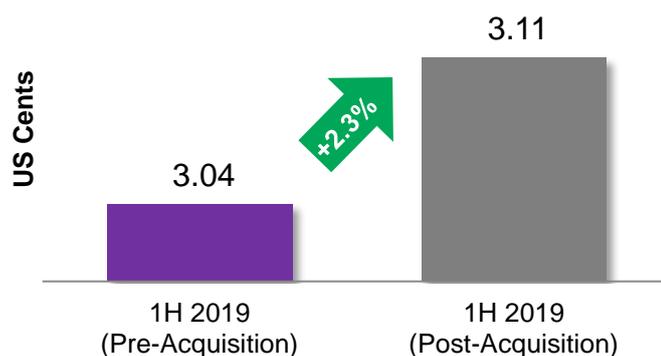
4.4 Accretive Acquisition Enhances Unitholders' Returns

The Property will be acquired at a discount to appraised fair value and is expected to provide distribution per Unit (“DPU”) and net asset value (“NAV”) per Unit accretion.

The purchase price of the Property of US\$198.8 million represents a discount of 0.9% to the appraised fair value of US\$200.5 million. The Acquisition at a discount from the appraised fair value presents good value for Unitholders.

The Acquisition is expected to be DPU accretive to the Unitholders. The 1H FY2019 pro forma DPU is expected to increase by 2.3% from 3.04 US cents to 3.11 US cents after the Acquisition.

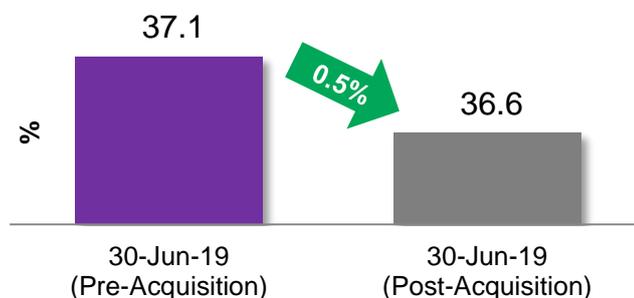
1H FY2019 Pro Forma DPU (US cents)



The Acquisition is also NAV per Unit accretive and lowers the overall gearing of Manulife US REIT. Post-Acquisition, the pro forma NAV per Unit as at 30 June 2019 is expected to increase from US\$0.79 to US\$0.80.

The pro forma aggregate gearing as at 30 June 2019 is expected to improve from 37.1% to 36.6%. This will provide debt headroom of approximately US\$123.3 million and US\$330.2 million based on Manulife US REIT’s internal target gearing limit of 40% and regulatory gearing limit of 45%, respectively.

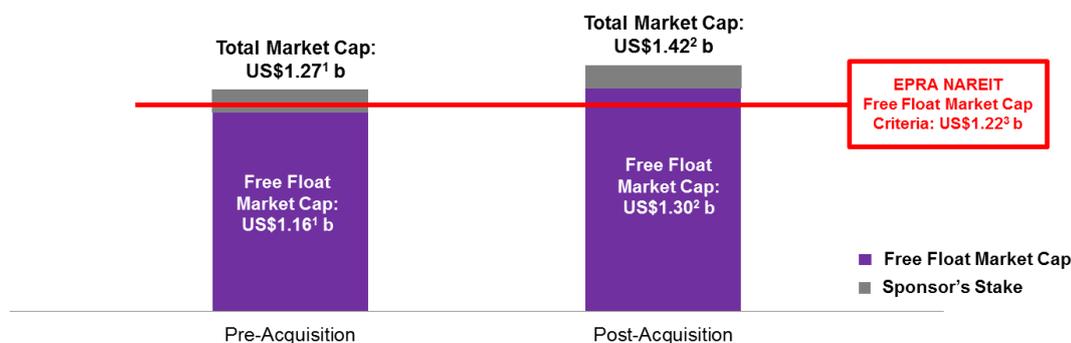
Pro Forma Aggregate Gearing as at 30 June 2019 (US cents)



4.5 Possible Entry into FTSE EPRA Nareit Developed Asia Index at Next Review

The equity fund raising exercise in connection with the Acquisition will increase Manulife US REIT’s free float from US\$1.16 billion to US\$1.30 billion. This may bring Manulife US REIT closer to the FTSE EPRA Nareit Developed Asia Index inclusion, which could result in positive re-rating of Manulife US REIT.

Pro Forma Market Capitalisation (US\$’ billion)



Source: Bloomberg, FTSE Russell

Notes:

- (1) Based on 1,401,067,898 Units in issue and the weighted average price of US\$0.9089 per Unit on the SGX-ST on 18 September 2019. Free float market cap excludes sponsor stake of 124,545,307 Units as at 18 September 2019.
- (2) Enlarged market cap and free float based on Units issued and to be issued as at 18 September 2019 and assuming that 92.7 million and 73.3 million New Units will be issued at an illustrative price of US\$0.863 and US\$0.847 per New Unit for the private placement and preferential offering respectively. Enlarged free float excludes sponsor’s stake in the New Units issued via preferential offering.
- (3) Based on published fast track threshold for September cut-off of US\$1,632 million, which implies a regular entry threshold of US\$1,224 million.

5. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

5.1 Method of Financing

The Manager will finance the Total Acquisition Cost through a combination of loans and an equity fund raising. Please refer to the announcement titled “Launch of Fully Underwritten Equity Fund Raising to Raise Gross Proceeds of Approximately US\$142.1 million” dated 19 September 2019 for further details of a proposed equity fund raising to raise gross proceeds of approximately US\$142.1 million (“**Equity Fund Raising**”) comprising a private placement (“**Private Placement**”) of new units in Manulife US REIT (“**New Units**”) and a preferential offering (“**Preferential Offering**”) of New Units.

5.2 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition presented in paragraphs 5.3 and 5.4 are strictly for illustrative purposes only. The two pro forma financial effects presented below are for six-month period ended 30 June 2019 (“**1H FY2019**”) and financial year ended 31 December 2018 (“**FY2018**”). Both pro forma financial effects were prepared based on the following assumptions:

- the Acquisition is assumed to be funded through a combination of drawdown of loan facilities of US\$64.0 million and Equity Fund Raising comprising a Private Placement of 92.7 million New Units and a Preferential Offering of 73.3 million New Units to raise gross proceeds of approximately US\$142.1 million. In the event that the New Units issued are different from the assumption, the pro forma financial effects of the Acquisition would differ;
- Manager’s management fees and property management fees are paid in units, and;
- the Property is assumed to be generating net property income for the full period of 1H FY2019 and FY2018.

5.3 1H FY2019 Pro Forma Financial Effects of the Acquisition based on the Manulife US REIT Group Unaudited Financial Statements

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU and NAV per Unit and capitalisation presented below are strictly for illustrative purposes only and were prepared based on the unaudited financial statements of Manulife US REIT and its subsidiaries (the “**Manulife US REIT Group**”) for the six-month period ended 30 June 2019, which includes the contribution from Centerpointe from the date of acquisition on 10 May 2019 to 30 June 2019 (“**1H FY2019**” and the “**1H FY2019 Unaudited Financial Statements**”) and the unaudited management accounts of the Property for the six-month period ended 30 June 2019.

In addition to the assumptions outlined in paragraph 5.2, the pro forma financial effects also assume that all existing or committed leases were in place since 1 January 2019, adjusted for lease renewal and vacancies (based on information as at 11 September 2019), and all tenants paid their rents in full during this period.

(i) 1H FY2019 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition on Manulife US REIT’s DPU for 1H FY2019 as if the Acquisition was completed on 1 January 2019 and Manulife US REIT held and operated the Property through to 30 June 2019 are as follows:

	Pro forma Financial Effects for 1H FY2019	
	1H FY2019 Unaudited Financial Statements	After the Proposed Acquisition ⁽¹⁾
Distributable Income available for Unitholders (US\$'000)	39,967	46,063 ⁽²⁾
Issued Units ('000)	1,397,573	1,564,048 ⁽³⁾
DPU (US cents)	3.04	3.11
DPU Accretion (%) ⁽⁴⁾	N.A.	2.3

N.A.: Not applicable

Notes:

- (1) Assuming that the New Units in relation the Private Placement and Preferential Offering are issued at an illustrative price of US\$0.863 and US\$0.847 per New Unit respectively.
- (2) The Vendor had granted rent free periods to certain tenants of the Property under the existing lease arrangements and as part of the terms of the Acquisition, the Vendor had offered to reimburse the buyer (in this case, Manulife US REIT) for the amount of rent which would otherwise have been payable by the tenants to the landlord if such rent free periods were not granted ("**Rent Free Reimbursement**"). The Rent Free Reimbursement will be credited against the purchase consideration for the Property and will go towards the distributable income of Manulife US REIT. The actual amount of Rent Free Reimbursement will be finalised after the closing of the Acquisition. However, the 1H FY2019 pro forma distributable income post-acquisition includes Rent Free Reimbursement of approximately US\$1.1 million that was provided to certain tenants in 1H FY2019.
- (3) The number of issued Units as at 30 June 2019 include (i) approximately 166.0 million of New Units issued from the Private Placement and Preferential Offering; and (ii) approximately 0.5 million New Units issued to the Manager and Property Manager for base fees and property management fees.
- (4) Subject to rounding difference.

(ii) **1H FY2019 Pro Forma NAV as at 30 June 2019**

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition on Manulife US REIT's NAV per Unit as at 30 June 2019, as if the Acquisition was completed on 30 June 2019 are as follows:

	Pro forma Financial Effects as at 30 June 2019	
	1H FY2019 Unaudited Financial Statements	After the Proposed Acquisition
NAV (US\$'000)	1,112,873	1,251,720
Units issued and to be issued ('000)	1,401,123 ⁽¹⁾	1,567,094 ⁽²⁾
NAV per Unit (US\$) ⁽³⁾	0.79	0.80

Notes:

- (1) Based on total number of Units issued and to be issued as at 30 June 2019.
- (2) Including Units issued and to be issued as at 30 June 2019 and assuming that the New Units in relation to Private Placement and Preferential Offering were issued at an illustrative price of US\$0.863 and US\$0.847 per New Unit, respectively.
- (3) Subject to rounding.

(iii) **1H FY2019 Pro Forma Capitalisation as at 30 June 2019**

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Manulife US REIT as at 30 June 2019, as if the Acquisition was completed on 30 June 2019, is as follows:

	Pro forma Financial Effects as at 30 June 2019	
	1H FY2019 Unaudited Financial Statements	After the Proposed Acquisition
Current		
Secured loans and borrowings (US\$'000) ⁽¹⁾	115,292	115,292
Non-Current		
Secured loans and borrowings (US\$'000) ⁽¹⁾	604,310	667,480
Total loans and borrowings (US\$'000)	719,602	782,772
Unitholders' funds (US\$'000)	1,112,873	1,251,720
Total Capitalisation (US\$'000)	1,832,475	2,034,492

Notes:

(1) Stated net of unamortised transaction costs.

5.4 FY2018 Pro Forma Financial Effects of the Acquisition based on the Manulife US REIT Group Audited Financial Statements for financial year ended 31 December 2018

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition on the DPU and NAV per Unit and capitalisation presented below are strictly for illustrative purposes only and were prepared based on the audited financial statements of Manulife US REIT Group for the financial year ended 31 December 2018 ("FY2018" and the "FY2018 Audited Financial Statements"), the unaudited management accounts of the Centerpointe property acquired on 10 May 2019, and the unaudited management accounts of the Property.

(i) **FY2018 Pro Forma DPU**

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition on Manulife US REIT's DPU for FY2018 as if the Acquisition was completed on 1 January 2018 and Manulife US REIT held and operated the Property in FY2018 are as follows:

	Pro forma Financial Effects for FY2018			
	FY2018 Audited Financial Statements	After the acquisition of Centerpointe ⁽¹⁾ only	After the Proposed Acquisition of 400 Capitol only	After the acquisition of Centerpointe and the Proposed Acquisition of 400 Capitol
Distributable Income (US\$'000)	70,981	80,054	80,717 ^(2, 3)	89,790 ⁽³⁾
Issued Units ('000)	1,276,324	1,391,465	1,443,553 ⁽⁴⁾	1,558,694 ⁽⁵⁾
DPU (US cents)	5.57	5.77	5.60	5.77
DPU Accretion (%) ⁽⁷⁾	N.A.	N.A.	0.6	0.1 ⁽⁶⁾

N.A.: Not applicable.

Notes:

- (1) Based on the pro forma financial effects of the acquisition of Centerpointe announced on 29 April 2019, adjusted for the actual interest rate entered into.
- (2) Based on the unaudited management accounts of the Property for the financial year ended 31 December 2018.
- (3) The FY2018 pro forma distributable income post-acquisition includes Rent Free Reimbursement of approximately US\$0.2 million that was provided to certain tenants in FY2018.
- (4) The number of issued Units as at 31 December 2018 include (i) approximately 166.0 million of New Units issued from the Private Placement and Preferential Offering; and (ii) approximately 1.3 million New Units issued to the Manager and Property Manager for base fees and property management fees.
- (5) The number of issued Units as at 31 December 2018 include (i) approximately 166.0 million of New Units issued from the Private Placement and Preferential Offering; (ii) approximately 114.1 million of Units issued in the private placement which was launched on 29 April 2019; and (iii) approximately 2.3 million New Units issued to the Manager and Property Manager for base fees and property management fees.
- (6) The Property had an occupancy rate of 84% as at 31 December 2018. However, the occupancy rate for 1H FY2019 pro forma has increased mainly due to the signing of new leases, including a major tenant. Since the FY2018 pro forma did not include the income contribution from these new leases, the FY2018 pro forma DPU accretion was lower than 1H FY2019 pro forma DPU accretion of 2.3%.
- (7) Subject to rounding difference.

(ii) **FY2018 Pro Forma NAV as at 31 December 2018**

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition on Manulife US REIT's NAV per Unit as at 31 December 2018, as if the Acquisition was completed on 31 December 2018 are as follows:

	Pro forma Financial Effects as at 31 December 2018			
	FY2018 Audited Financial Statements	After the acquisition of Centerpointe only	After the Proposed Acquisition of 400 Capitol only	After the acquisition of Centerpointe and the Proposed Acquisition of 400 Capitol
NAV (US\$'000)	1,064,063	1,156,196	1,202,910	1,295,043
Units issued and to be issued ('000)	1,280,245 ⁽¹⁾	1,394,323 ⁽²⁾	1,446,216 ⁽³⁾	1,560,294 ⁽⁴⁾
NAV per Unit (US\$) ⁽⁵⁾	0.83	0.83	0.83	0.83

Notes:

- (1) Based on total number of Units issued and to be issued as at 31 December 2018.
- (2) Including Units issued and to be issued as at 31 December 2018 and 114.1 million new Units issued in the private placement launched on 29 April 2019 at an issue price of US\$0.824 per new Unit.
- (3) Including Units issued and to be issued as at 31 December 2018 and assuming that the new Units in relation to Private Placement and Preferential Offering were issued at an illustrative price of US\$0.863 and US\$0.847 per New Unit respectively.
- (4) Including Units issued and to be issued as at 31 December 2018, 114.1 million new Units issued in the private placement launched on 29 April 2019 at an issue price of US\$0.824 per new Unit, and assuming that the new Units in relation to Private Placement and Preferential Offering were issued at an illustrative price of US\$0.863 and US\$0.847 per New Unit respectively.
- (5) Subject to rounding difference.

(iii) **FY2018 Pro Forma Capitalisation as at 31 December 2018**

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Manulife US REIT as at 31 December 2018, as if the Acquisition was completed on 31 December 2018, is as follows:

	Pro forma Financial Effects as at 31 December 2018			
	FY2018 Audited Financial Statements	After the acquisition of Centerpointe only	After the Proposed Acquisition of 400 Capitol only	After the acquisition of Centerpointe and the Proposed Acquisition of 400 Capitol
Current				
Secured loans and borrowings (US\$'000) ⁽¹⁾	109,889	109,889	109,889	109,889
Non-Current				
Secured loans and borrowings (US\$'000) ⁽¹⁾	557,311	589,925	620,481	653,095
Total loans and borrowings (US\$'000)	667,200	699,814	730,370	762,984
Unitholders' funds (US\$'000)	1,064,063	1,156,196	1,202,910	1,295,043
Total Capitalisation (US\$'000)	1,731,263	1,856,010	1,933,280	2,058,027

Notes:

(1) Stated net of unamortised transaction costs.

6. OTHER INFORMATION

6.1 Disclosure under Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual governs the acquisition and divestment of assets, including options to acquire or dispose of assets, by an issuer. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by an issuer may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with the issuer's NAV;
- (ii) the net profits attributable to the assets acquired, compared with the issuer's net profit;
- (iii) the aggregate value of the consideration given, compared with the issuer's market capitalisation; and
- (iv) the number of Units issued by the issuer as consideration for an acquisition, compared with the number of Units previously in issue.

The relative figures for the Acquisition using the applicable bases of comparison in Rule 1006 of the Listing Manual are set out in the table below.

Comparison of	The Acquisition (US\$ million)	Manulife US REIT (US\$ million)	Relative figure (%)
Rule 1006(b) Net property income ⁽¹⁾ attributable to the assets acquired compared to Manulife US REIT's net property income	12.0 ⁽²⁾	90.7 ⁽²⁾	13.2
Rule 1006(c) Aggregate value of consideration ⁽³⁾ to be given compared with Manulife US REIT's market capitalisation ⁽⁴⁾	198.8	1,273.4	15.6

Notes:

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
- (2) For the financial year ended 31 December 2018.
- (3) For the purposes of computation under Rule 1006(c), the aggregate consideration given by Manulife US REIT is the Purchase Consideration for the Property.
- (4) Based on 1,401,067,898 Units in issue and the weighted average price of US\$0.9089 per Unit on the SGX-ST on 18 September 2019, being the market day preceding the date of entry into the Purchase Agreement.

6.2 Interest of Directors and Substantial Unitholders¹

As at the date of this announcement, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 1,363,774 Units. Further details of the interests in Units of Directors and Substantial Unitholders are set out below.

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at 11 September 2019:

¹ A "Substantial Unitholder" means a person who has an interest in Units constituting not less than 5.0% of the total number of Units in issue.

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Hsieh Tsun-Yan	942,325 ⁽²⁾	0.067	-	-	942,325 ⁽²⁾	0.067
Veronica McCann	421,449 ⁽³⁾	0.030	-	-	421,449 ⁽³⁾	0.030
Davy Lau	-	-	-	-	-	-
Dr Choo Kian Koon	-	-	-	-	-	-
Michael Dommermuth	-	-	-	-	-	-
Stephen Blewitt	-	-	-	-	-	-

Notes:

- (1) The percentage is based on 1,401,067,898 Units in issue as at 11 September 2019.
- (2) The 942,325 Units were jointly owned by Mr Hsieh Tsun-Yan and his spouse, Ms Hsieh Siauyih Goon.
- (3) The 421,449 Units were jointly owned by Ms Veronica McCann and her spouse, Mr Steven John Baggott.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Units as at 11 September 2019 are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% ^{(1),(2)}
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Manulife (International) Limited	80,473,188	5.74	-	-	80,473,188	5.74
Manulife International Holdings Limited ⁽³⁾	-	-	80,473,188	5.74	80,473,188	5.74
Manulife Financial Asia Limited ⁽⁴⁾	1	N.M.	124,545,306	8.89	124,545,307	8.89
Manulife Holdings (Bermuda) Limited ⁽⁵⁾	-	-	124,545,307	8.89	124,545,307	8.89
The Sponsor ⁽⁶⁾	-	-	124,545,307	8.89	124,545,307	8.89
MFC ⁽⁷⁾	-	-	124,545,307	8.89	124,545,307	8.89
Prudential Corporation Asia Limited ⁽⁸⁾	-	-	76,839,142	5.48	76,839,142	5.48
Prudential Plc ⁽⁸⁾	-	-	76,839,142	5.48	76,839,142	5.48

N.M.: Not meaningful

Notes:

- (1) The percentage is based on 1,401,067,898 Units in issue as at 11 September 2019.
- (2) For the avoidance of doubt, the percentage of interests in the Units in this column is not cumulative.
- (3) Manulife (International) Limited ("**MIL**") is a wholly-owned subsidiary of Manulife International Holdings Limited ("**MIHL**"). MIHL is therefore deemed interested in MIL's direct interest in 80,473,188 Units.
- (4) MIHL, Manufacturers Life Reinsurance Limited ("**MLRL**") and the Manager are wholly-owned subsidiaries of Manulife Financial Asia Limited ("**MFAL**"). MFAL is therefore deemed interested in (i) MIHL's deemed interest in 80,473,188 Units; (ii) MLRL's direct interest in 37,546,316 Units; and (iii) the Manager's direct interest in 6,525,802 Units.
- (5) MFAL is a wholly-owned subsidiary of Manulife Holdings (Bermuda) Limited ("**MHBL**"). MHBL is therefore deemed interested in (i) MFAL's direct interest in 1 Unit; and (ii) MFAL's deemed interest in 124,545,306 Units.

- (6) MHBL is a wholly-owned subsidiary of the Sponsor. The Sponsor is therefore deemed interested in MHBL's deemed interest in 124,545,307 Units.
- (7) The Sponsor is a wholly-owned subsidiary of MFC. MFC is therefore deemed interested in the Sponsor's deemed interest in 124,545,307 Units.
- (8) Prudential Corporation Asia Limited ("**PCAL**") and Prudential Plc are deemed interested in Manulife US REIT's Units held and managed by PCAL's subsidiaries as fund managers.

Save as disclosed above and based on information available to the Manager as at the date of this announcement, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Acquisition.

6.3 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

7. DOCUMENTS FOR INSPECTION

A copy of the following is available for inspection during normal business hours at the registered office of the Manager located at 8 Cross Street, #16-03, Manulife Tower, Singapore 048424 for a period of three months commencing from the date of this announcement, prior appointment would be appreciated:

- (i) the Purchase Agreement;
- (ii) the valuation report on the Property issued by the Independent Valuer;
- (iii) the FY2018 Audited Financial Statements; and
- (iv) the 1H FY2019 Unaudited Financial Statements.

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 September 2019

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.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The New Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).