

Manulife US Real Estate Investment Trust

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



US REIT

CIRCULAR TO UNITHOLDERS IN RELATION TO: THE PROPOSED ACQUISITION OF OFFICE PROPERTIES IN UNITED STATES AT AN AGGREGATE PURCHASE CONSIDERATION OF US\$387.0 MILLION FROM AN INTERESTED PERSON

1750 Pennsylvania Ave, Washington, D.C.



Phipps Tower, Atlanta



CIRCULAR DATED 27 APRIL 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Manulife US Real Estate Investment Trust (“**Manulife US REIT**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	Saturday, 12 May 2018 by 5.00 p.m.
Date and time of Extraordinary General Meeting (“ EGM ”)	Tuesday, 15 May 2018 at 5.00 p.m.
Place of EGM	Carlton Hotel Singapore Empress Ballroom 5, Level 2 76 Bras Basah Road Singapore 189558

MANAGED BY

MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.

(Registration Number: 201503253R)

OVERVIEW OF PROPOSED ACQUISITION OF PENN & PHIPPS

Property	Type	Purchase Price	NLA	WALE (by NLA)	Occupancy
1750 Pennsylvania Ave (Penn)	Class A	US\$182.0 m	277,243 sq ft	6.8 years	97.2%
Phipps Tower (Phipps)	Trophy	US\$205.0 m	475,091 sq ft	10.0 years	97.3%

Refer to <http://investor.manulifeusreit.sg/videos.html> to view the video of the Properties

KEY RATIONALE

1 Landmark Assets and Exposure to Prime Office Submarkets

Washington, D.C.: Conquering the Capital



- ✓ Rare opportunity in the heart of CBD
- ✓ Headquarters for international corporations and organisations
- ✓ Highly educated, high household income, affluent consumer base
- ✓ Rental rates are ~50.0% higher in D.C.'s CBD vs overall D.C.

Atlanta: Economic Centre of Southeast U.S.



- ✓ Premier office submarket, Buckhead
- ✓ Home to 15 Fortune 500 firms
- ✓ Young and skilled workforce in deluxe 'Live, Work, Play' environment
- ✓ Rents growing 58.4% faster than broader market since 2012

2 Fortifying Trade Sectors and Quality of Tenants

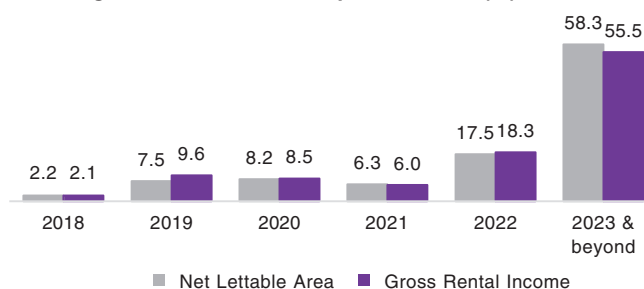
Top 10 Tenants of Enlarged Portfolio	% of Gross Rental Income
Carter's*	7.4%
Kilpatrick Townsend	5.2%
TCW Group	5.0%
Hyundai Motor Finance	4.5%
The Children's Place	4.3%
U.S. Department of Treasury*	4.2%
U.N. Foundation*	3.7%
Quinn Emanuel Trial Lawyers	3.5%
Amazon	3.5%
Quest Diagnostics	2.8%
Total Top 10 Tenants	44.1%

* Denotes new top 10 tenants following the Acquisitions

- ✓ Increased exposure to **Retail Trade**, **Public Administration** and **Grant Giving**
- ✓ Majority of leases with built-in rental escalations

3 Strengthening Portfolio by Lengthening Lease Expiries

Enlarged Portfolio Lease Expiries Profile (%)



4 Delivering Returns through Accretive Acquisitions

Illustrative Purpose: FY2017 Pro Forma DPU Accretion⁽¹⁾



- ✓ Acquired at 1.8% discount to valuation⁽²⁾

Above data as at 31 December 2017.

Source: JLL Independent Market Research Report, March 2018.

(1) The illustrative FY2017 Pro Forma DPU assumes the acquisition costs (excluding acquisition fees) are funded through combination of drawdown of loan facilities and issuance of perpetual securities.

(2) Based on the average valuation of US\$394.2 million of two independent appraisals.

TABLE OF CONTENTS

	Page
CORPORATE INFORMATION	ii
OVERVIEW	1
INDICATIVE TIMETABLE	6
LETTER TO UNITHOLDERS	
1. Summary of Approval Sought	7
2. The Acquisitions	7
3. Rationale for and Benefits of the Acquisitions	12
4. Requirement for Unitholders' Approval	22
5. Interests of Directors and Substantial Unitholders	25
6. Directors' Service Contracts	26
7. Advice of the Independent Financial Adviser	27
8. Certain Financial Information relating to the Acquisitions	27
9. Recommendation	30
10. Extraordinary General Meeting	30
11. Abstentions from Voting	30
12. Action to be Taken by Unitholders	30
13. Directors' Responsibility Statement	31
14. Consents	31
15. Documents Available for Inspection	31
IMPORTANT NOTICE	33
GLOSSARY	34
APPENDICES	
Appendix A – Details of the Properties, the Current Portfolio and the Enlarged Portfolio	A-1
Appendix B – Valuation Certificates	B-1
Appendix C – Independent Market Research Report	C-1
Appendix D – Independent Financial Adviser's Letter	D-1
Appendix E – Existing Interested Person Transactions	E-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	F-1
PROXY FORM	

CORPORATE INFORMATION

Directors of Manulife US Real Estate Management Pte. Ltd. (the manager of Manulife US REIT) (the “Manager”)	:	Mr Hsieh Tsun-Yan (Chairman and Non-Executive Director) Mr Davy Lau (Independent Non-Executive Director and Lead Independent Director) Mr Ho Chew Thim (Independent Non-Executive Director) Ms Veronica McCann (Independent Non-Executive Director) Dr Choo Kian Koon (Independent Non-Executive Director) Mr Kevin Adolphe (Non-Executive Director) Mr Michael Dommermuth (Non-Executive Director)
Registered Office of the Manager	:	51 Bras Basah Road #11-00 Manulife Centre Singapore 189554
Trustee of Manulife US REIT	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Manager for the Acquisitions and as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors, the Audit and Risk Committee of the Manager and to the Trustee (the “IFA”)	:	Deloitte & Touche Corporate Finance Pte. Ltd. 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809
Independent Valuers	:	Cushman & Wakefield of Massachusetts, Inc. (appointed by the Manager) 225 Franklin Street, Suite 300 Boston, MA 02110 Colliers International Valuation & Advisory Services, LLC (appointed by the Trustee) 160 Federal Street Boston, MA 02110-1701
Independent Market Research Consultant	:	Jones Lang LaSalle Americas, Inc. Market Research & Advisory 2020 K Street NW, Suite 1100 Washington, DC 20006

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 34 to 39 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW OF MANULIFE US REIT

Manulife US REIT is the first pure-play U.S. office Real Estate Investment Trust (“**REIT**”) to be listed in Asia. Listed on the SGX-ST on 20 May 2016, Manulife US REIT’s investment strategy is principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets¹ in the United States, as well as real estate-related assets.

As at 20 April 2018, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), Manulife US REIT has a market capitalisation of approximately US\$963.5 million. Manulife US REIT’s current portfolio (the “**Current Portfolio**”) comprises five office properties located in the United States with an aggregate net lettable area (“**NLA**”) of approximately 2.98 million square feet (“**sq ft**”) and valuation of approximately US\$1.3 billion as at 31 December 2017:

- (i) **Figueroa**, a 35-storey Class A office building located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues. The property offers ample amenities, which include a restaurant, coffee shop, an adjacent carpark with 841 lots and a courtesy shuttle which travels throughout the surrounding downtown;
- (ii) **Michelson**, a 19-storey Trophy quality² office building located in Irvine, Orange County, California, within five kilometres of John Wayne International Airport. The property is surrounded by hotels, high-end residential properties, restaurants and other retail offerings. On-site amenities include a café, penthouse sky garden and a large carpark with 2,744 lots;
- (iii) **Peachtree**, a 27-storey Class A office building located in the heart of midtown Atlanta, within walking distance to two subway stations. On-site amenities include a conference centre, fitness centre, a high-end restaurant, a cafe and reserved parking in an attached carpark with 1,221 lots;
- (iv) **Plaza**, an 11-storey Class A office building located within the mixed-use amenity base of Harmon Meadow in Secaucus, New Jersey, with convenient access to midtown Manhattan, New York City via bus and train, approximately three miles away via the Lincoln Tunnel. The property features a five-storey atrium lobby, a café and lounge, an executive conference centre, a high-end fitness centre, building-wide Wi-Fi connectivity and access to 1,474 parking lots; and

1 Key markets include U.S. markets that are expected to have above average investment potential considering factors such as projected investment returns, forecasted employment or rent growth, and supply and demand dynamics within the particular market or submarket.

2 “**Trophy**” refers to buildings that are either iconic in nature or built to the highest quality standards. They generally command the highest rents and sale prices in the market and are found in only the most prestigious locations.

- (v) **Exchange**, a 30-storey Class A office tower located in Jersey City, New Jersey, directly on the Hudson River waterfront, with unobstructed views of the Manhattan skyline and a convenient access to New York City via an adjacent subway station and nearby water ferry terminal. Various facilities are available to the tenants of the property, including a newsstand, café and on-site food service options, as well as in-building parking located on the second to sixth floors with a total of 467 parking lots.

SUMMARY OF APPROVAL SOUGHT

In furtherance of Manulife US REIT's investment strategy, the Manager is seeking approval from unitholders of Manulife US REIT ("**Unitholders**") for the proposed acquisition of the following office properties:

- (a) the office building located at 1750 Pennsylvania Avenue NW, Washington, D.C. ("**Penn**") from John Hancock Life Insurance Company (U.S.A.) ("**JHUSA**") (an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**")) (the "**Penn Acquisition**"); and
- (b) the office building known as Phipps Tower located at 3438 Peachtree Road, Atlanta, Georgia ("**Phipps**", and together with Penn, the "**Properties**") from JHUSA (the "**Phipps Acquisition**", and together with the Penn Acquisition, the "**Acquisitions**"),

for an estimated aggregate purchase consideration of US\$387.0 million¹.

(See paragraph 2.1 of the Letter to Unitholders for further details.)

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

- (i) Hancock S-REIT DC 1750 LLC; and
- (ii) Hancock S-REIT ATL Phipps LLC.

Manulife US REIT has through its wholly-owned indirect subsidiaries, Hancock S-REIT DC 1750 LLC and Hancock S-REIT ATL Phipps LLC, entered into sale and purchase agreements with JHUSA on 12 April 2018 for the Penn Acquisition (the "**Penn Purchase Agreement**") and the Phipps Acquisition (the "**Phipps Purchase Agreement**", and together with the Penn Purchase Agreement, the "**Purchase Agreements**"), respectively.

Description of the Properties

- (i) **Penn** is a 13-storey Class A office building totalling 277,243 sq ft that is located a block away from the White House in Washington, D.C. It is also in close proximity to the International Monetary Fund, the World Bank and the Federal Reserve. Penn is located within a highly amenitised mixed-use location that is walking distance away from multiple Metrorail² stations and provides easy access to highways for suburban car commuters. Penn was constructed in 1964 and major renovations were implemented between 2012 and 2018, including the addition of a state-of-the-art fitness centre, a restroom and common corridor refurbishment, mechanical work and a garage modernisation. Penn is occupied by multiple tenants, including the United Nations Foundation ("**U.N. Foundation**") and the United States Department of Treasury ("**U.S. Department of Treasury**").

1 Subject to Closing and Post-Closing Adjustments (as defined herein) in the ordinary course of business.

2 Metrorail is a heavy rail rapid transit system serving the Washington, D.C. metropolitan area in the United States, administered by the Washington Metropolitan Area Transit Authority ("**WMATA**") and is the third busiest rapid transit rail system in the U.S. by number of passenger trips.

- (ii) **Phipps** is a 19-storey Trophy quality office tower totalling 475,091 sq ft in the heart of Buckhead, Atlanta. Buckhead is one of the primary business districts of Atlanta, with high-end retail and entertainment venues and is surrounded by an upscale residential area. Phipps was constructed by the Sponsor in 2010, and has achieved LEED-CS Gold Certification. Building amenities include a fitness centre, a conference centre, a farm-to-table café, and covered pedestrian access to over a hundred shops and restaurants at the adjacent Phipps Plaza shopping mall. Phipps provides 1,150 parking stalls that are part of a five-level parking garage adjacent to the office building¹.

(See **Appendix A** of this Circular for further details.)

Total Acquisition Cost

The total cost of the Acquisitions (the “**Total Acquisition Cost**”) is currently estimated to be approximately US\$398.9 million, comprising:

- (i) the estimated purchase consideration of US\$387.0 million² payable to JHUSA in connection with the Acquisitions (the “**Total Purchase Consideration**”);
- (ii) an acquisition fee of US\$2.9 million (the “**Acquisition Fee**”) payable in units of Manulife US REIT (“**Units**”) to the Manager (the “**Acquisition Fee Units**”)³; and
- (iii) the estimated professional and other transaction fees and expenses of approximately US\$9.0 million incurred or to be incurred by Manulife US REIT in connection with the Acquisitions.

Purchase Consideration and Valuation

The Total Purchase Consideration payable to JHUSA in connection with the Acquisitions is US\$387.0 million⁴ which was negotiated on a willing-buyer and willing-seller basis after taking into account the two independent valuations of each of the Properties by the Independent Valuers (as defined below).

The Manager has commissioned an independent property valuer, Cushman & Wakefield of Massachusetts, Inc. (“**C&W**”), and DBS Trustee Limited, in its capacity as trustee of Manulife US REIT (the “**Trustee**”), has commissioned another independent property valuer, Colliers International Valuation & Advisory Services, LLC (“**Colliers**”, and together with C&W, the “**Independent Valuers**”), to value each of the Properties. C&W determined the market value of Penn and Phipps as at 31 March 2018 at US\$184.0 million and US\$208.2 million respectively, while Colliers determined the market value of Penn and Phipps as at 31 March 2018 at US\$186.0 million and US\$210.2 million respectively. The Independent Valuers have valued each of the

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- 1 Phipps is subject to a so-called “bonds for title” arrangement under which fee simple title to Phipps is owned by the Development Authority of Fulton County, Georgia (the “**Development Authority**”), which will lease Phipps to Hancock S-REIT ATL Phipps LLC as a way to reduce the real estate taxes payable on Phipps for a specified period. Under this arrangement, no money changes hands for the lease. After this arrangement expires (in December 2020), Hancock S-REIT ATL Phipps LLC will acquire fee simple title to Phipps from the Development Authority for US\$100.00 and will commence paying the full amount of real estate taxes on Phipps, which means that Phipps will be assessed in a manner and amount consistent with similar commercial office buildings in the taxing area. Given the expense reimbursement structure of the leases at Phipps, the difference in real estate taxes payable following the expiration of this arrangement will largely be borne by the tenants.
- 2 Subject to Closing and Post-Closing Adjustments in the ordinary course of business.
- 3 As each of the Acquisition will constitute an “**Interested Party Transaction**” under the Property Funds Appendix, the Acquisition Fee is payable to the Manager in Units, and the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.
- 4 Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

Properties 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.

(See paragraph 2.2 of the Letter to Unitholders for further details.)

RATIONALE FOR AND BENEFITS OF THE ACQUISITIONS

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

- (i) Landmark Assets and Exposure to Prime Office Submarkets
- (ii) Fortifying Trade Sectors and Quality of Tenants
- (iii) Strengthening Portfolio by Lengthening Lease Expiries
- (iv) Delivering Returns through Accretive Acquisitions

INTERESTED PERSON TRANSACTION¹ AND INTERESTED PARTY TRANSACTION²

As at the Latest Practicable Date, the Sponsor is deemed interested in 83,249,210 Units, which is equivalent to approximately 8.04% of the total number of Units in issue. However, the Manager is a wholly-owned subsidiary of the Sponsor and the Sponsor is, therefore, regarded as a “Controlling Shareholder”³ of the Manager under both the Listing Manual and the Property Funds Appendix.

As JHUSA is an indirect, wholly-owned subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, JHUSA (being a subsidiary of a “controlling shareholder” of the Manager) is (for the purpose of the Listing Manual) an “Interested Person”⁴ and (for the purpose of the Property Funds Appendix) an “Interested Party”⁵ of Manulife US REIT.

1 “Interested Person Transaction” means a transaction between an entity at risk and an Interested Person (as defined herein).

2 “Interested Party Transaction” has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.

3 “Controlling Shareholder” means a person who:

- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

4 “Interested Person” means:

- (a) In the case of a company, “Interested Person” means:
 - (i) a director, chief executive officer, or controlling shareholder of the issuer; or
 - (ii) an associate of any such director, chief executive officer, or controlling shareholder; and
- (b) in the case of a REIT, shall have the meaning defined in the Code on Collective Investment Schemes issued by the MAS.

5 “Interested Party” means:

- (a) a director, chief executive officer or controlling shareholder of the manager, or the manager, the trustee or controlling unitholder of the property fund; or
- (b) an associate of any director, chief executive officer or controlling shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund.

Therefore, each of the Acquisitions will constitute an “Interested Person Transaction” under Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) as well as an “Interested Party Transaction” under Appendix 6 of the Code of Collective Investment Schemes (“**CIS Code**” and Appendix 6 of the CIS Code, the “**Property Funds Appendix**”), in respect of which the approval of Unitholders is required.

The Total Purchase Consideration of US\$387.0 million¹ equates to approximately 45.4% of the latest audited net tangible assets (“**NTA**”) and the net asset value (“**NAV**”) of Manulife US REIT as at 31 December 2017. As this value exceeds 5.0% of the NTA and the NAV of Manulife US REIT, the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution² for the Acquisitions, pursuant to Chapter 9 of the Listing Manual.

(See paragraph 4.2 of the Letter to Unitholders for further details.)

1 Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

2 “**Ordinary Resolution**” means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed constituting Manulife US REIT dated 27 March 2015, as amended, varied or supplemented from time to time (the “**Manulife US REIT Trust Deed**”).

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: Saturday, 12 May 2018 by 5.00 p.m.
Date and time of the EGM	: Tuesday, 15 May 2018 at 5.00 p.m.
If approval for the Acquisitions is obtained at the EGM:	
Target date for completion of the Acquisitions (" Completion ")	: Expected to be around 6 June 2018 (or such other date as may be agreed between Manulife US REIT and JHUSA)

LETTER TO UNITHOLDERS



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

Directors of the Manager

Mr Hsieh Tsun-Yan (Chairman and Non-Executive Director)
Mr Davy Lau (Independent Non-Executive Director and
Lead Independent Director)
Mr Ho Chew Thim (Independent Non-Executive Director)
Ms Veronica McCann (Independent Non-Executive Director)
Dr Choo Kian Koon (Independent Non-Executive Director)
Mr Kevin Adolphe (Non-Executive Director)
Mr Michael Dommermuth (Non-Executive Director)

Registered Office

51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554

27 April 2018

To: Unitholders of Manulife US Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

Manulife US REIT's investment strategy is principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States, as well as real estate-related assets. In furtherance of Manulife US REIT's investment strategy, the Manager is convening the EGM to seek the approval of Unitholders by way of an Ordinary Resolution for the Acquisitions, which comprises the acquisition of Penn and Phipps.

2. THE ACQUISITIONS

2.1 Description of the Properties

2.1.1 Penn is a 13-storey Class A office building totalling 277,243 sq ft that is located a block away from the White House in Washington, D.C. It is also in close proximity to the International Monetary Fund, the World Bank and the Federal Reserve. Penn is located within a highly amenitised mixed-use location that is walking distance away from multiple Metrorail stations and provides easy access to highways for suburban car commuters. Penn was constructed in 1964 and major renovations were implemented between 2012 and 2018, including the addition of a state-of-the-art fitness centre, a restroom and common corridor refurbishment, mechanical work and a garage modernisation. Penn is occupied by multiple tenants, including the U.N. Foundation and the U.S. Department of Treasury.

2.1.2 Phipps is a 19-storey Trophy quality office tower totalling 475,091 sq ft in the heart of Buckhead, Atlanta. Buckhead is one of the primary business districts of Atlanta, with high-end retail and entertainment venues and is surrounded by an upscale residential area. Phipps was constructed by the Sponsor in 2010, and has achieved LEED-CS Gold Certification. Building amenities include a fitness centre, a conference centre, a farm-to-table café, and covered pedestrian access to over a hundred shops and restaurants at the adjacent Phipps Plaza shopping mall. Phipps provides 1,150 parking stalls that are part of a five-level parking garage adjacent to the office building¹.

(See **Appendix A** of this Circular for further details.)

2.2 Total Acquisition Cost and Valuation

The Total Acquisition Cost is currently estimated to be approximately US\$398.9 million, comprising:

- (i) the estimated Total Purchase Consideration of US\$387.0 million² payable to JHUSA in connection with Acquisitions;
- (ii) the Acquisition Fee of US\$2.9 million³ payable in Units to the Manager; and
- (iii) the estimated professional and other transaction fees and expenses of approximately US\$9.0 million incurred or to be incurred by Manulife US REIT in connection with the Acquisitions.

The Total Purchase Consideration was negotiated on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Properties by the Independent Valuers. The Independent Valuers have valued the Properties 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.

¹ Phipps is subject to a so-called “bonds for title” arrangement under which fee simple title to Phipps is owned by the Development Authority, which will lease Phipps to Hancock S-REIT ATL Phipps LLC as a way to reduce the real estate taxes payable on Phipps for a specified period. Under this arrangement, no money changes hands for the lease. After this arrangement expires (in December 2020), Hancock S-REIT ATL Phipps LLC will acquire fee simple title to Phipps from the Development Authority for US\$100.00 and will commence paying the full amount of real estate taxes on Phipps, which means that Phipps will be assessed in a manner and amount consistent with similar commercial office buildings in the taxing area. Given the expense reimbursement structure of the leases at Phipps, the difference in real estate taxes payable following the expiration of this arrangement will largely be borne by the tenants.

² Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

³ As each of the Acquisitions will constitute an “Interested Party Transaction” under the Property Funds Appendix, the Acquisition Fee is payable to the Manager in Units, and the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

The following table sets out the appraised values of the Properties, the respective dates of such appraisal and the purchase consideration:

Property	Appraised Value		Purchase Consideration ¹ (US\$ million)
	By C&W as at 31 March 2018 (US\$ million)	By Colliers as at 31 March 2018 (US\$ million)	
Penn	184.0	186.0	182.0
Phipps	208.2	210.2	205.0
Total	392.2	396.2	387.0

The Total Purchase Consideration at US\$387.0 million¹ represents a discount of 1.3% to C&W's total appraised value of US\$392.2 million, a discount of 2.3% to Colliers' total appraised value of US\$396.2 million and a discount of 1.8% to the average of the total appraised values by the Independent Valuers of US\$394.2 million.

(See **Appendix B** of this Circular for further details on the Independent Valuers' respective valuations of the Properties.)

2.3 Purchase Agreements

Penn Purchase Agreement

The key terms of the Penn Purchase Agreement include the following:

- 2.3.1** Under the Penn Purchase Agreement, Hancock S-REIT DC 1750 LLC will acquire JHUSA's interest in the real estate, buildings, improvements and other related assets constituting Penn.
- 2.3.2** Hancock S-REIT DC 1750 LLC had until 17 April 2018 at 5:00 p.m. local time at the property to perform due diligence with respect to Penn, including certain environmental diligence and review of JHUSA provided property-level documentation, such as surveys, title insurance policies, leases, environmental reports and other contracts and property information affecting Penn. Hancock S-REIT DC 1750 LLC also conducted its own review of title for Penn during the same period.
- 2.3.3** Hancock S-REIT DC 1750 LLC had the right to terminate the Penn Purchase Agreement for any reason prior to 17 April 2018 at 5:00 p.m. local time at the property. Hancock S-REIT DC 1750 LLC may terminate the Penn Purchase Agreement, upon notice and subject to certain cure rights by JHUSA to elect to attempt to repair the damage, if 5% or more of the net rentable area of Penn is rendered completely untenable due to damage caused by fire, lightning or other casualty or eminent domain.
- 2.3.4** The Penn Purchase Agreement conveys Penn "AS IS, WHERE IS" with limited representations and warranties by each of the parties. Hancock S-REIT DC 1750 LLC's right to make a claim as a result of a breach of a representation or covenant by JHUSA will be subject to certain limitations, including a maximum aggregate cap on damages of up to US\$5,000,000 for most breaches.

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

- 2.3.5** Hancock S-REIT DC 1750 LLC's obligation to acquire Penn is subject to certain conditions, including: performance of JHUSA's obligations under the Penn Purchase Agreement in all material respects; delivery of acceptable tenant estoppels from or for specified major tenants and not less than 75% of the total rental square footage of Penn; subject to agreed-to exceptions, the accuracy of JHUSA's representations in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for Penn insuring that fee simple title to Penn is vested in Hancock S-REIT DC 1750 LLC subject only-to agreed-to exceptions; no major tenant bankruptcies; no uncured events of default or failure to pay rent by any major tenant; approval by Unitholders for the Penn Acquisition at an extraordinary general meeting of Unitholders; Hancock S-REIT DC 1750 LLC obtaining debt financing in an amount sufficient to fund the Penn Acquisition and Hancock S-REIT ATL Phipps LLC obtaining debt financing in an amount sufficient to fund the Phipps Acquisition; and no event or fact that materially affects an equity fund raising by Manulife US REIT prior to completion of the Penn Acquisition.
- 2.3.6** JHUSA's obligation to sell Penn is also subject to certain conditions, including: (i) performance of Hancock S-REIT DC 1750 LLC's obligations under the Penn Purchase Agreement in all material respects; (ii) the accuracy of Hancock S-REIT DC 1750 LLC's representations in all material respects; and (iii) Hancock S-REIT DC 1750 LLC obtaining debt financing in an amount sufficient to fund the Penn Acquisition.

Phipps Purchase Agreement

The key terms of the Phipps Purchase Agreement include the following:

- 2.3.7** Under the Phipps Purchase Agreement, Hancock S-REIT ATL Phipps LLC will acquire JHUSA's interest in the real estate, buildings, improvements and other related assets constituting Phipps.
- 2.3.8** Hancock S-REIT ATL Phipps LLC had until 17 April 2018 at 5:00 p.m. local time at the property to perform due diligence with respect to Phipps, including certain environmental diligence and review of JHUSA provided property-level documentation, such as surveys, title insurance policies, leases, environmental reports and other contracts and property information affecting Phipps. Hancock S-REIT ATL Phipps LLC also conducted its own review of title for Phipps during the same period.
- 2.3.9** Hancock S-REIT ATL Phipps LLC had the right to terminate the Phipps Purchase Agreement for any reason prior to 17 April 2018 at 5:00 p.m. local time at the property. Hancock S-REIT ATL Phipps LLC may terminate the Phipps Purchase Agreement, upon notice and subject to certain cure rights by JHUSA to elect to attempt to repair the damage, if 5% or more of the net rentable area of Phipps is rendered completely untenable due to damage caused by fire, lightning or other casualty or eminent domain.
- 2.3.10** The Phipps Purchase Agreement conveys Phipps "AS IS, WHERE IS" with limited representations and warranties by each of the parties. Hancock S-REIT ATL Phipps LLC's right to make a claim as a result of a breach of a representation or covenant by JHUSA will be subject to certain limitations, including a maximum aggregate cap on damages of up to US\$5,000,000 for most breaches.

2.3.11 Hancock S-REIT ATL Phipps LLC's obligation to acquire Phipps is subject to certain conditions, including: performance of JHUSA's obligations under the Phipps Purchase Agreement in all material respects; delivery of acceptable tenant estoppels from or for specified major tenants and not less than 75% of the total rental square footage of Phipps; subject to agreed-to exceptions, the accuracy of JHUSA's representations in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for Phipps insuring that leasehold title to Phipps is vested in Hancock S-REIT ATL Phipps LLC subject only to agreed-to exceptions; no major tenant bankruptcies; no uncured events of default or failure to pay rent by any major tenant; approval by Unitholders for the Phipps Acquisition at an extraordinary general meeting of Unitholders; Hancock S-REIT ATL Phipps LLC obtaining debt financing in an amount sufficient to fund the Phipps Acquisition and Hancock S-REIT DC 1750 LLC obtaining debt financing in an amount sufficient to fund the Penn Acquisition; the approval of the Development Authority to the assignment of the leasehold interest in Phipps, the extension of the corresponding lease, and the Development Authority's execution of documents to facilitate the debt financing for the Phipps Acquisition; and no event or fact that materially affects an equity fund raising by Manulife US REIT prior to completion of the Phipps Acquisition.

2.3.12 JHUSA's obligation to sell Phipps is also subject to certain conditions, including: (i) performance of Hancock S-REIT ATL Phipps LLC's obligations under the Phipps Purchase Agreement in all material respects; (ii) the accuracy of Hancock S-REIT ATL Phipps LLC's representations in all material respects; (iii) Hancock S-REIT ATL Phipps LLC obtaining debt financing in an amount sufficient to fund the Phipps Acquisition; and (iv) the approval of the Development Authority to the assignment of the leasehold interest in Phipps to Hancock S-REIT ATL Phipps LLC and the extension of the corresponding lease and the Development Authority's execution of documents to facilitate the debt financing for the Phipps Acquisition.

2.4 Signage Rights

Under the Phipps Purchase Agreement, it is provided that in the event that a permit for the operation of an LED illuminated sign at Phipps is obtained to allow the sign to be used as a changing sign for general advertising and a certain minimum net income is generated from the operation of the sign in any month from the date of the Phipps Purchase Agreement to 31 December 2018, Hancock S-REIT ATL Phipps LLC shall pay a closing or post-closing adjustment to JHUSA which (i) is equal to the incremental market value of the signage income for Phipps (a) as determined by a valuer agreed by both parties and (b) satisfying Manulife US REIT's independent financial adviser in accordance with Singapore regulatory requirements, less all actual, out of pocket costs incurred by Hancock S-REIT ATL Phipps LLC to obtain the permit and (ii) does not exceed US\$1.75 million ("**Signage Rights**"). The costs of the independent financial adviser shall be borne by Manulife US REIT.

For the avoidance of doubt, payment of any amounts in respect of the Signage Rights is not part of the Ordinary Resolution for the Acquisitions and is subject to Rules 905 and 906 of the Listing Manual as the value cannot be determined at this point of time. It should be noted that even assuming that the maximum amount of US\$1.75 million is payable in respect of the Signage Rights and is added to the purchase consideration for Phipps, it will still be lower than each of C&W's and Collier's appraised values.

2.5 Property Management Agreement

Upon completion of the Acquisitions, property management services in respect of each of the Properties will be performed by 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 each of the Properties are as follows:

2.5.1 Penn: 3.0% of the gross income (excluding non-cash items) from Penn for each month, payable in arrears; and

2.5.2 Phipps: 2.5% of the gross income (excluding non-cash items) from Phipps 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.

2.6 Method of Financing

The Manager may finance the Total Acquisition Cost through a combination of debt, equity funding and/or issuance of capital market instruments such as perpetual securities under Manulife US REIT’s US\$1.0 billion Multicurrency Debt Issuance Programme. However, the Acquisition Fee is to be paid in the form of Units.

The final decision regarding the funding mix for the Acquisitions will be made by the Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on Manulife US REIT’s capital structure, distributions per Unit (“**DPU**”) and debt expiry profile and the terms and requirements associated with each financing option.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITIONS

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

3.1 Landmark Assets and Exposure to Prime Office Submarkets¹

3.1.1 Conquering the Capital

Central Business District (“**CBD**”), Washington, D.C.

Washington, D.C. is the capital of the U.S. and the epicentre of power and influence comprising the President, Congress, the Supreme Court and every major federal regulatory body. Washington, D.C. hosts 176 foreign embassies as well as the headquarters of many international corporations, trade unions, non-profit organisations and professional associations. Washington, D.C.’s highly educated workforce, affluent consumer base and dynamic economy are widely regarded as being among the strongest in the world.

¹ Source: the independent market research report from Jones Lang LaSalle Americas, Inc. (“**JLL**”) commissioned in connection with the Acquisitions (the “**Independent Market Research Report**”). See Appendix C of this Circular for more details.

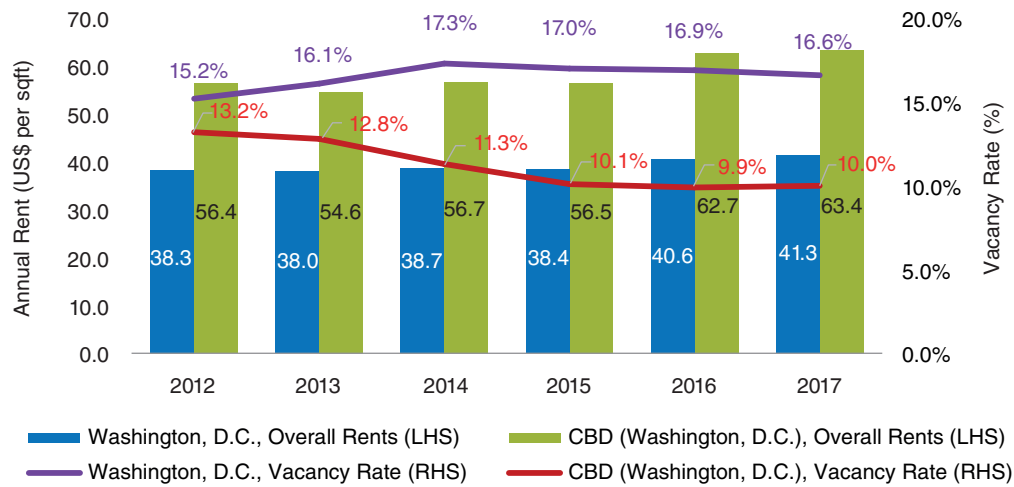
Washington, D.C. consistently ranks as one of the highest-income and most-educated markets in the country, while also boasting fast population growth with net positive migration. Given these characteristics, corporates have pursued expansion opportunities in the metro area of Washington, D.C. to take advantage of the talented and skilled workforce.

Proximity to the U.S. Federal Government’s Executive Branch is a key factor driving the strength and durability of the CBD submarket. The “Pennsylvania Avenue” location is regarded as the preferred address for high-profile law firms, international agencies, associations and political think tanks. Due to the CBD’s irreplaceable location and durable characteristics, underpinned by its transportation infrastructure, the CBD submarket is expected to remain as Washington, D.C.’s pre-eminent commercial district.

Desirable Office Submarket with Strong Performance

The CBD submarket is historically Washington, D.C.’s strongest fundamentally, carrying a 10-year average vacancy rate of 10.7%, the lowest in the city. A large development pipeline, combined with continued give-backs and consolidation from key users is exacerbating a flight to quality and divergence in vacancy trends. Due to its diversity and geographic advantages, the CBD has been more resilient than other submarkets, and as a result, annual rent and vacancy trends have been relatively stable.

CBD and Washington, D.C. Office Rent Comparison



Currently in the CBD submarket, similar value-oriented Class A buildings such as Penn are being demolished, renovated or repositioned, hence creating an opportunity for Penn in terms of capturing further leasing activity from technology, media, non-profits, associations and creative sector tenants. Vacancy within the White House West micromarket, where Penn is located, is at 3.6%, well below the overall vacancy rate in the CBD submarket. As such, Penn is poised to benefit from these trends and maintain a durable and resilient market position given its irreplaceable location, proximity to the White House and prominent street address.

High Quality Class A Office Property

Penn is a 13-storey Class A property located in Washington, D.C.'s CBD, offering views of the National Mall landscaped park, various monuments, and it is strategically located one block from the White House. Penn was constructed in 1964 and underwent significant renovations from 2012 to 2018, which included a refurbished two-storey main lobby welcoming guests and tenants with contemporary millwork and stone floors, as well as overhauls of the restrooms and common corridors.

Penn's on-site amenities include a gourmet sandwich shop, U.S. Post Office, a new fully equipped tenant-only fitness centre with towel service and a three-level basement parking garage as well as secured bike storage. Its 23,000 sq ft floor plates fall within the desirable size range for a majority of tenants.

Penn is surrounded by a good retail amenity base and it also offers convenient access to numerous fine dining establishments, private clubs and quality hotels. The property has been awarded the Energy Star Certification by the U.S. Environmental Protection Agency.

Strategic Location with Excellent Connectivity



The CBD is one of Washington, D.C.'s premier submarkets due to its central location and extensive accessibility by road, rail and air. As the heart of the office core, nearly all of the CBD's submarket is within short walking distance of a Metrorail station. Penn has the advantage of being on the fringe of downtown's congested streets, avoiding busy street traffic, while enjoying direct access to major public transportation arteries of Pennsylvania Avenue and Connecticut Avenue that provide easy access throughout the CBD.

Penn is within three blocks to Farragut North and Farragut West Metrorail Stations. Penn is strategically located between the White House one block to the east and the World Bank headquarters one block to the west, and is a short distance to the headquarters of the International Monetary Fund, the Federal Reserve and George Washington University. There is also easy access to Lafayette Square, Blair House and many U.S. government agencies.

3.1.2 Exposure to Strongest Office Submarket

Buckhead, Atlanta

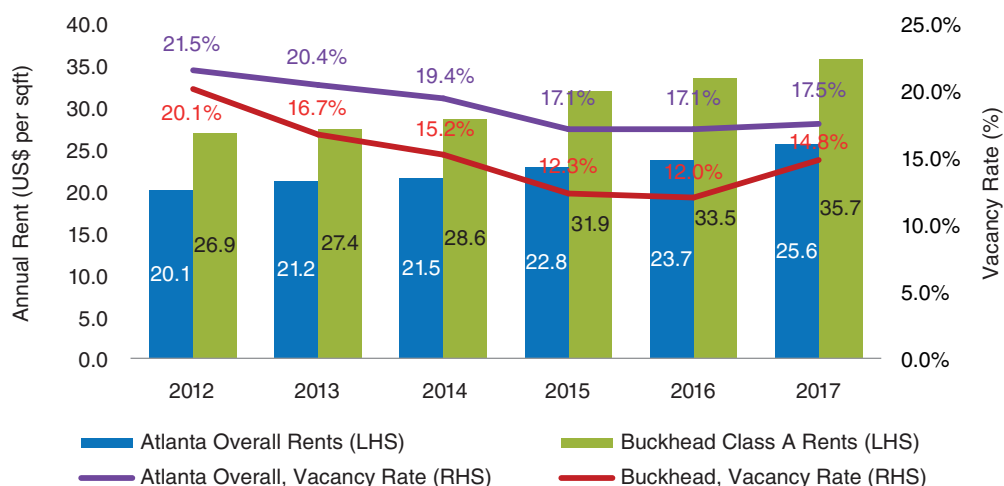
Atlanta is the economic centre of the southeast U.S., with a Metropolitan Statistical Area¹ (“MSA”) GDP of US\$320 billion ranking it the tenth largest economy in the country. Atlanta MSA’s GDP has grown at an average of 4.3% per annum since 2010, compared to 3.8% for the U.S. overall. Atlanta is home to 15 Fortune 500 companies, including Coca-Cola, Home Depot, United Parcel Service (UPS), Delta Airlines and SunTrust, among others. A unique combination of the lowest cost of doing business among the 50 largest MSAs in the U.S., low cost of living, access to world-class talent and institutions and ease of local, regional and global transportation options has enabled Atlanta to thrive economically and demographically.

Buckhead lies at the intersection of a number of key regional transport arteries, making it among the most connected submarkets in Atlanta. As such, it is the centre for financial, professional, and business service industries within Atlanta. Its proximity to the northern suburbs provides convenient access to the region’s talent base, particularly for mid-to-senior level professionals. Coupled with the quickly expanding upscale multi-family base, these factors have made Buckhead a more desirable place to work and live.

Desirable Office Submarket with Strong Performance

Buckhead remains Atlanta’s premier submarket, traditionally commanding the highest rents and one of the lowest vacancy rates in the entire metro area. The Buckhead Class A office market has enjoyed positive absorption for eight straight years, resulting in compressed vacancy and increasing direct asking rents. Office rents in Buckhead have generally commanded a premium of over 30%, above the overall Atlanta office rents in recent times. This solid rent growth is expected to continue into the future as Buckhead remains the most coveted office location in metro Atlanta.

Buckhead and Atlanta Office Rent Comparison



¹ In the United States, a metropolitan statistical area is a geographic region with a relatively high population density at its core and close economic ties to the surrounding area. MSAs are defined by the U.S. Office of Management and Budget and used by the U.S. Census Bureau, U.S. Bureau of Economic Analysis and other federal government agencies for statistical purposes.

After a few strong quarters of deliveries, Buckhead currently has no major sites under construction. This limited supply coming online due to a scarcity of building sites, and increased construction costs, will result in landlord-favourable conditions continuing. Buckhead is expected to remain a driver of growth in the Atlanta office market, responsible for a disproportionate share of future leasing, construction and sales activity.

High Quality Trophy Office Property

Phipps is a 19-storey Trophy quality office tower, constructed in 2010 by the Sponsor. Phipps Tower is part of the 8-building Trophy set of the Upper Buckhead micromarket in Atlanta. It has a distinctive penthouse top noticeable across the Atlanta skyline and offers floor-to-ceiling window walls providing tenants with views at every direction.

Phipps offers various facilities to its tenants, such as a farm-to-table café, a sundry shop, a fitness centre and a conference centre. There are five levels of covered parking with 1,150 parking stalls, as well as designated electric vehicle charging stations. The property is also LEED-CS Gold certified.

Strategic Location with Excellent Connectivity



Phipps is strategically located in the Buckhead office submarket in Atlanta, one of the primary business districts of Atlanta. Buckhead has high-end retail and entertainment venues and is surrounded by an upscale residential area. The neighbourhood is approximately seven miles northeast of the Atlanta CBD and has nine points of accessibility, providing commuters multiple routes for convenient travel throughout the Atlanta metro area giving immediate access via Peachtree Road, Wieuca Road and Georgia 400 via Buckhead Loop. It is also in close proximity to interstate highways I-85, I-285, and I-75. In addition, Phipps is also within walking distance of the Buckhead MARTA¹ station. Due to its parking design and location on Peachtree NW, Phipps does not suffer from ingress-egress challenges like other buildings in the vicinity.

1 Public transit in Atlanta is mainly served by the Metropolitan Atlanta Rapid Transit Authority (“MARTA”), which consists of over 1,000 miles of bus and rail services and is the ninth largest transit system in the U.S.

Phipps also provides good accessibility and convenient area amenities including direct covered access to the super-regional Phipps Plaza shopping centre, one of the most exclusive shopping environments in the neighbourhood. In November 2017, plans were announced for a redevelopment of Phipps Plaza by its owner, which will offer a mixed-use development and entertainment destinations around the existing facilities, further enhancing the attractiveness of the area. Furthermore, Phipps is surrounded by amenities such as boutiques, restaurants, shops, hotels, banks and services, providing tenants and visitors a level of convenience in terms of live, work and play.

3.2 Fortifying Trade Sectors and Quality of Tenants

Penn

The two major tenants in Penn are the U.S. Department of Treasury and the U.N. Foundation, which together occupy nearly 80% of the NLA, have leases expiring in 2022 and 2028 respectively. The U.N. Foundation is a public charity created in 1998 to assist the United Nations and its humanitarian efforts through advocacy, partnerships, community building, and fund-raising. The inclusion of Penn in the portfolio substantially increases tenants from the Public Administration and Grant Giving sectors, offering stability and resilience to the overall tenant base of Manulife US REIT. As at 31 December 2017, Penn is 97.2% leased.

Tenants	Profile	% of Gross Rental Income¹
U.S. Department Of Treasury	Government agency that manages the finances of the U.S. Federal Government.	41.7%
U.N. Foundation	International organisation established to foster global peace, prosperity and justice.	37.4%
AOL	Leading source of news, opinion entertainment and digital information.	6.3%
U.S. Chemical Safety Board	Independent federal agency charged with investigating chemical accidents.	4.8%
Board of Regents of the University Texas	Governing body for the University of Texas system.	4.4%
United States Postal Service	Provides mail processing and delivery services to individuals and businesses in the U.S.	2.3%
VIPS Catering	Catering company, servicing the surrounding area and special events.	1.0%
Taylor Gourmet	Food service company, servicing various areas in the CBD.	0.9%
General Nutrition Corporation	American company selling health and nutrition related products.	0.7%
Export-Import Bank of India	Export finance institution, providing financial services in India.	0.5%
Total		100.0%

1 "Gross Rental Income" means rental income and recoveries income without straight line adjustments and amortisation of tenant improvement allowance, leasing commission and free rent incentives.

Phipps

Phipps is the global headquarters of Carter’s, the major American designer and marketer of children’s apparel known for the “OshKosh B’gosh” plus “Skip.Hop” brands, on a 15 year lease expiring in 2030¹. Other tenants in Phipps comprise a strong mix of finance, consulting and real estate firms. As at 31 December 2017, Phipps is 97.3% leased².

Tenants	Profile	% of Gross Rental Income
Carter’s (NYSE:CRI)	Major American designer and marketer of children’s apparel – OshKosh B’gosh.	64.6%
Northwestern Mutual	A financial representative, providing a wide range of financial products and services.	12.6%
CoStar (NASDAQ:CSGP)	Commercial real estate information and marketing provider.	9.9%
Daugherty Business Solutions	Provides business technology consulting services to local and state governments, organisations, and Fortune 500 companies.	3.8%
Speakeasy Communication	Provides personal growth, communication development, and consulting services worldwide.	3.6%
Cornerstone Investment	Employee-owned registered investment advisor.	2.3%
Government of Japan	Consulate-General of Japan.	2.3%
Quantum National Bank	Community bank, locally owned and operated.	0.4%
Carole Parks	Catering services company.	0.1%
Total		99.6% ³

As part of the Manager’s asset management strategy, it aims to acquire prime properties which offer diversification in terms of trade sector and tenant base, in order to enhance the resilience of Manulife US REIT’s portfolio. Overall, the Enlarged Portfolio⁴ will be more diversified in terms of trade sector contribution. The Acquisitions will increase exposure to the key trade sectors of Public Administration and Grant Giving. In addition, the Enlarged Portfolio will have an increased component in Retail Trade sector tenants, increasing from 11.0% by Gross Rental Income (in the Current Portfolio) to 16.2%, primarily due to the addition of the major American designer and marketer of children’s apparel, Carter’s.

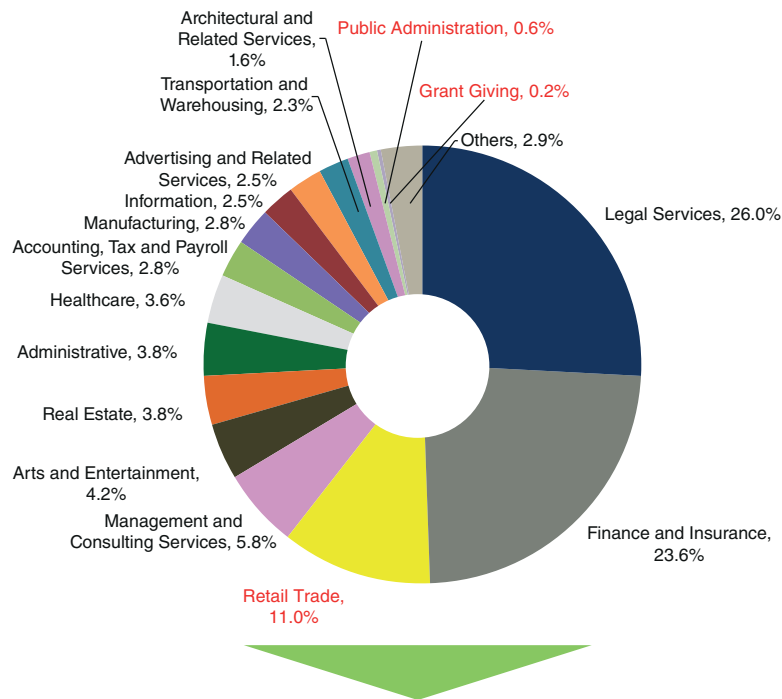
1 Subject to an early termination option exercisable by Carter’s in 2025 on payment of termination fees.

2 Excluding a lease with H.I.G. Atlanta, Inc. which expired on 28 February 2018.

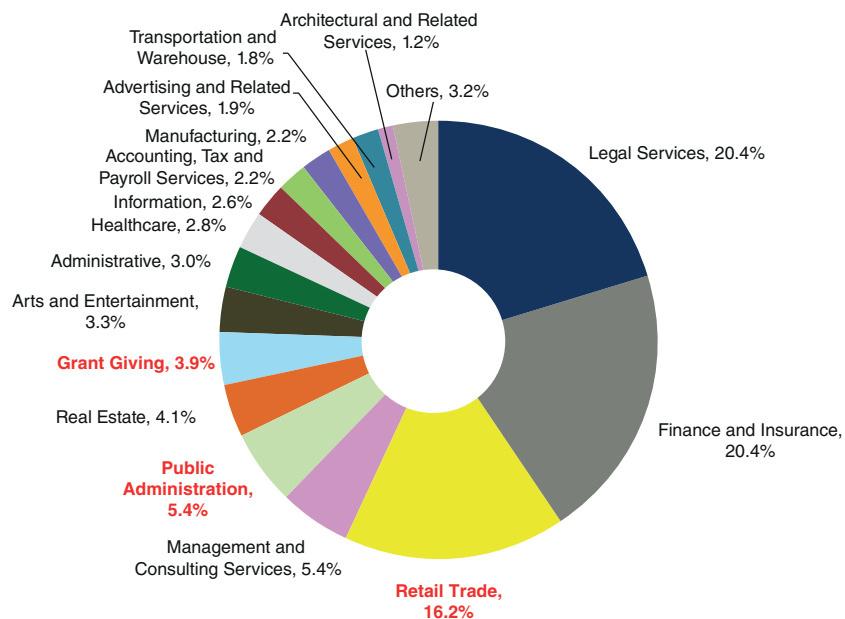
3 JHUSA operates the property management office in Phipps, and accounts for the remaining 0.4% of the Gross Rental Income, but is not listed as a tenant.

4 “**Enlarged Portfolio**” consists of Manulife US REIT’s current portfolio (the “**Current Portfolio**”) and the Properties.

**Portfolio Breakdown by Trade Sector
(by Gross Rental Income as at 31 December 2017)
Current Portfolio**



Enlarged Portfolio



The Top 10 Tenants of the Enlarged Portfolio by Gross Rental Income will also be well diversified across trade sectors and across properties. New large tenants with long term leases in the Enlarged Portfolio also results in a longer WALE¹ (by Gross Rental Income) of the Top 10 Tenants of 7.4 years, as compared to 6.5 years for the Current Portfolio's Top 10 Tenants.

1 "WALE" means Weighted Average Lease to Expiry.

Top 10 Tenants by Gross Rental Income (as at 31 December 2017)

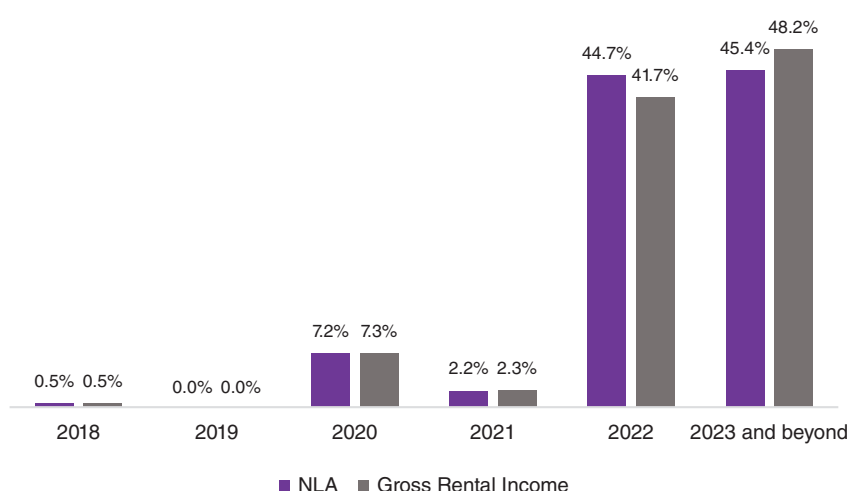
Enlarged Portfolio			
Tenant	Property	Trade Sector	% Gross Rental Income
Carter's	Phipps	Retail Trade	7.4%
Kilpatrick Townsend	Peachtree	Legal Services	5.2%
TCW Group	Figuroa	Finance and Insurance	5.0%
Hyundai Motor Finance	Michelson	Finance and Insurance	4.5%
The Children' Place	Plaza	Retail Trade	4.3%
U.S. Department of Treasury	Penn	Public Administration	4.2%
U.N. Foundation	Penn	Grant Giving	3.7%
Quinn Emanuel Trial Lawyers	Figuroa	Legal Services	3.5%
Amazon	Exchange	Retail Trade	3.5%
Quest Diagnostics	Plaza	Healthcare	2.8%
Total Top 10 Tenants			44.1%

3.3 Strengthening Portfolio by Lengthening Lease Expiries

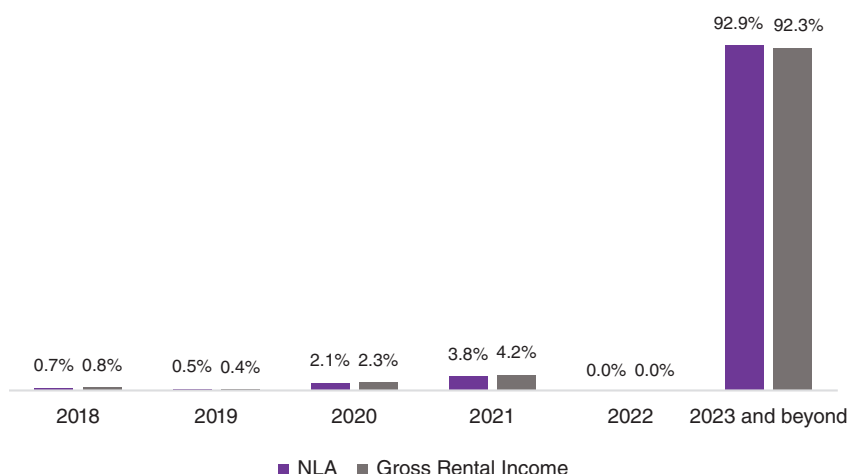
The tenant leases in Penn and Phipps are long-tenured, with 93.7% and 97.4% of the leases (by Gross Rental Income) as at 31 December 2017 respectively, structured with original tenures of 10 or more years. As at 31 December 2017, the WALE (by NLA) for Phipps is 10.0 years, providing long-term stable cash flows to the portfolio. This is further strengthened by Penn, with a WALE (by NLA) of 6.8 years.

The Properties have lease expiry profiles that are back-ended, with the majority of leases only expiring in or after 2022. This provides resilience and stability in the rental income generated by the Properties, lengthening the WALE (by NLA) of the Enlarged Portfolio from 5.7 years to 6.3 years as at 31 December 2017.

Lease Expiry Profile of Penn (as at 31 December 2017)



Lease Expiry Profile of Phipps (as at 31 December 2017)

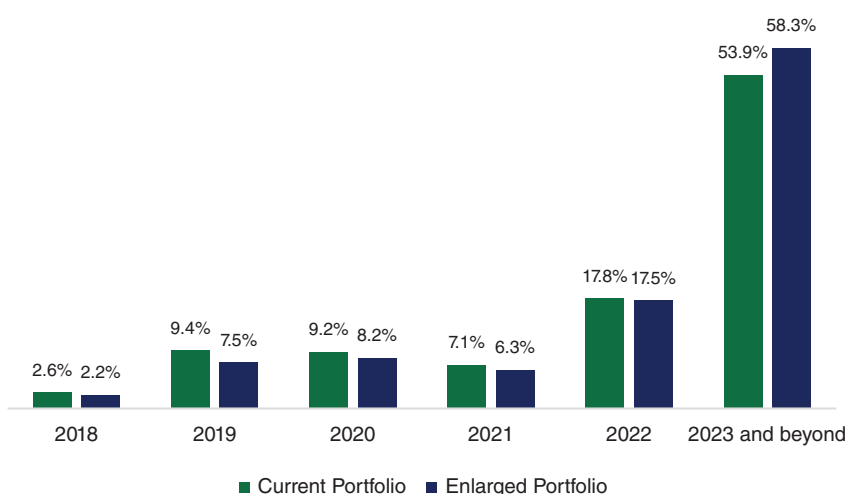


Many of the leases at the Properties have built-in rental escalations providing organic growth to the rental revenues. In Penn, 47.4% of the leases by NLA have annual escalations in the range of 2.0% to 3.0%. While in Phipps, 99.0% of the leases by NLA have either annual escalations in the range of 2.0% to 3.0% or periodic escalations which are equivalent to approximately 1.3% escalations annually over the course of the lease.

The current passing gross rent for Penn is US\$48.90 per sq ft versus an expected market gross rent of US\$55.00 per sq ft. According to JLL, the average asking full service rental rates for Class A buildings in the Buckhead submarket is US\$35.66 per sq ft as at 2017 and this is projected to increase going forward due to the strong demand for the submarket. However, as Phipps is part of the 8-building Trophy set, expected market net rent for the property is US\$30.00 per sq ft. As such, there is an opportunity for rental reversion in future leases, given that the average passing net rent of Phipps is US\$22.20 per sq ft as at 31 December 2017.

The Acquisitions will improve the lease expiry profile of the Enlarged Portfolio, by increasing the percentage of leases expiring in 2023 (by NLA) and beyond from 53.9% to 58.3%. In addition, no more than 8.2% of leases will expire in any single year up to 2021.

Lease Expiry Profile (by NLA) as at 31 December 2017



3.4 Delivering Returns through Accretive Acquisitions

The agreed-upon purchase price of the Properties of US\$387.0 million¹ represents a discount of 1.3% to C&W's total appraised value of US\$392.2 million and a discount of 2.3% to Colliers' total appraised value of US\$396.2 million. The acquisition of Penn and Phipps at an attractive discount from the independent appraised value presents good value for Unitholders.

	Penn	Phipps
Valuation by C&W as at 31 March 2018 (US\$ million)	184.0	208.2
Valuation by Colliers as at 31 March 2018 (US\$ million)	186.0	210.2
Purchase Consideration ¹ (US\$ million)	182.0	205.0

4. REQUIREMENT FOR UNITHOLDERS' APPROVAL

4.1 Discloseable Transaction

4.1.1 Discloseable Transaction

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.

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

4.1.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Acquisitions using the applicable bases of comparison described in sub-paragraph 4.1.1 above are set out in the table below.

Comparison of	The Acquisitions (US\$ million)	Manulife US REIT (US\$ million)	Relative figure (%)
Rule 1006(b) Net profits attributable to the assets acquired compared to Manulife US REIT's net profits (including fair value change in investment properties)	12.2	73.8	16.5
Rule 1006(b) Net profits attributable to the assets acquired compared to Manulife US REIT's net profits (excluding fair value change in investment properties)	15.1	42.4	35.6
Rule 1006(c) Aggregate value of consideration ⁽¹⁾ to be given compared with Manulife US REIT's market capitalisation ⁽²⁾	387.0	957.2	40.4

Notes:

- (1) For the purposes of computation under Rule 1006(c), the aggregate consideration given by Manulife US REIT is the Total Purchase Consideration for the Properties which is subject to Closing and Post-Closing Adjustments in the ordinary course of business.
- (2) Based on 1,036,072,644 Units in issue and the weighted average price of US\$0.9239 per Unit on the SGX-ST on 12 April 2018, being the market day preceding the date of the announcement of the Acquisitions.

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a major transaction under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of Manulife US REIT's business.

The Manager is of the view that the Acquisitions are in the ordinary course of Manulife US REIT's business as they are within the investment mandate of Manulife US REIT and each of the Properties is of the same asset class as Manulife US REIT's existing properties and within the same geographical markets that Manulife US REIT targets. As such, the Acquisitions are, therefore, not subject to Chapter 10 of the Listing Manual. However, each of the Acquisitions will constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual as well as an "Interested Party Transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

4.2 Requirement of Unitholders' Approval for the Acquisitions

Under Chapter 9 of the Listing Manual, where Manulife US REIT proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of Manulife US REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the audited financial statements of Manulife US REIT and its Subsidiaries (the "**Manulife US REIT Group**") for the financial year ended 31 December 2017 ("**FY2017**", and the audited financial statements of the Manulife US REIT Group for FY2017, "**FY2017 Audited Financial Statements**"), the NTA of Manulife US REIT was US\$852.1 million as at 31 December 2017. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by Manulife US REIT with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of US\$42.6 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by Manulife US REIT whose value exceeds 5.0% of Manulife US REIT's latest audited NAV. Based on the FY2017 Audited Financial Statements, the NAV of Manulife US REIT was US\$852.1 million as at 31 December 2017. Accordingly, if the value of a transaction which is proposed to be entered into by Manulife US REIT with an Interested Party is equal to or greater than US\$42.6 million, such a transaction would be subject to Unitholders' approval.

As at the Latest Practicable Date, the Sponsor is deemed interested in 83,249,210 Units, which is equivalent to approximately 8.04% of the total number of Units in issue. However, the Manager is a wholly-owned subsidiary of the Sponsor and the Sponsor is, therefore, regarded as a "Controlling Shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As JHUSA is an indirect, wholly-owned subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, JHUSA (being a subsidiary of a "Controlling Shareholder" of the Manager) is (for the purpose of the Listing Manual) an "Interested Person" and (for the purpose of the Property Funds Appendix) an "Interested Party" of Manulife US REIT.

The aggregate value of the Total Purchase Consideration of US\$387.0 million¹ equates to approximately 45.4% of the latest audited NTA and the NAV of Manulife US REIT as at 31 December 2017. As this value exceeds 5.0% of the NTA and the NAV of Manulife US REIT, the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution for the Acquisitions, pursuant to Chapter 9 of the Listing Manual.

It should be noted that each of the Acquisitions will also constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual as well as an "Interested Party Transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

In addition, upon completion of the Phipps Acquisition, Manulife US REIT will assume a lease by JHUSA for a property management office at Phipps (“**JHUSA Lease**”)¹. As at 1 June 2018, the aggregate rent to be derived from this lease is estimated to be approximately US\$0.1 million which is 0.01% of the audited NTA and the NAV of Manulife US REIT as at 31 December 2017. By approving the Acquisitions, Unitholders will be deemed to have also approved the JHUSA Lease.

Prior to the Latest Practicable Date, Manulife US REIT had entered into Existing Interested Person Transactions amounting to US\$0.1 million² which comprises 0.01% of the audited NTA of Manulife US REIT as at 31 December 2017. Save as described above, there were no other interested person transactions entered into with Manulife Financial Corporation (“**MFC**”) and its subsidiaries and associates or any other interested persons of Manulife US REIT during the course of the current financial year. The Sponsor is wholly-owned by MFC. Details of the Existing Interested Person Transactions may be found in **Appendix E** of this Circular.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

5.1 Interests of Directors and Substantial Unitholders³

As at the Latest Practicable Date, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 1,258,848 Units. Further details of the interests in Units of Directors and Substantial Unitholders are set below.

Mr Hsieh Tsun-Yan is the Chairman and a Non-Executive Director of the Manager and an Independent Director of MFC. Mr Kevin Adolphe is a Non-Executive Director of the Manager and holds several senior executive positions within MFC, including the President and Chief Executive Officer of Manulife Asset Management Private Markets and President and Chief Executive Officer of Manulife Real Estate. Mr Michael Dommermuth is a Non-Executive Director of the Manager and holds several senior executive positions within MFC, including Executive Vice President, Head of Wealth and Asset Management, Asia. 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 the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Hsieh Tsun-Yan	772,398 ⁽²⁾	0.075	–	–	772,398 ⁽²⁾	0.075
Ho Chew Thim	141,000	0.014	–	–	141,000	0.014
Veronica McCann	345,450 ⁽³⁾	0.033	–	–	345,450 ⁽³⁾	0.033
Davy Lau	–	–	–	–	–	–
Dr Choo Kian Koon	–	–	–	–	–	–
Kevin Adolphe	–	–	–	–	–	–
Michael Dommermuth	–	–	–	–	–	–

1 The JHUSA Lease is in respect of lease of office space of 2,124 sq ft at Phipps. It commenced on 1 June 2010 and will expire on 31 December 2019.

2 This excludes the fees and charges paid by Manulife US REIT to the Manager under the Manulife US REIT Trust Deed and to JHUSA under the Master Property Management Agreement and the Property Management Agreement as these form part of the Exempted Agreements as set out in Manulife US REIT’s Prospectus dated 12 May 2016. Accordingly, such transactions are not included in the aggregate value of total Interested Person Transactions as governed by Rule 905 and 906 of the Listing Manual.

3 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.

Notes:

- (1) The percentage is based on 1,036,072,644 Units in issue as at the Latest Practicable Date.
- (2) The 772,398 Units were jointly owned by Mr Hsieh Tsun-Yan and his spouse, Mrs Hsieh Siauyih Goon.
- (3) The 345,450 Units were jointly owned by Ms Veronica McCann and her spouse, Mr Steven John Baggott.

As at the Latest Practicable Date, Mr Hsieh Tsun-Yan, Mr Kevin Adolphe and Mr Michael Dommermuth hold certain non-material interests in the shares of MFC.

Based on the information available to the Manager, the Substantial Unitholders and their interests in the Units as at the Latest Practicable Date 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	65,961,631	6.37	–	–	65,961,631	6.37
Manulife International Holdings Limited ⁽³⁾	–	–	65,961,631	6.37	65,961,631	6.37
Manulife Financial Asia Limited ⁽⁴⁾	1	N.M. ⁽⁸⁾	83,249,209	8.04	83,249,210	8.04
Manulife Holdings (Bermuda) Limited ⁽⁵⁾	–	–	83,249,210	8.04	83,249,210	8.04
The Sponsor ⁽⁶⁾	–	–	83,249,210	8.04	83,249,210	8.04
MFC ⁽⁷⁾	–	–	83,249,210	8.04	83,249,210	8.04

Notes:

- (1) The percentage is based on 1,036,072,644 Units in issue as at the Latest Practicable Date.
- (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 65,961,631 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 65,961,631 Units; (ii) MLRL’s direct interest in 14,677,878 Units; and (iii) the Manager’s direct interest in 2,609,700 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 83,249,209 Units.
- (6) MHBL is a wholly-owned subsidiary of the Sponsor. The Sponsor is therefore deemed interested in MHBL’s deemed interest in 83,249,210 Units.
- (7) The Sponsor is a wholly-owned subsidiary of MFC. MFC is therefore deemed interested in the Sponsor’s deemed interest in 83,249,210 Units.
- (8) Not meaningful.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Acquisitions.

6. DIRECTORS’ SERVICE CONTRACTS

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

7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed Deloitte & Touche Corporate Finance Pte. Ltd. as the IFA to advise the Independent Directors and the Trustee in relation to the Acquisitions. A copy of the IFA Letter, containing its advice in full, is set out in **Appendix D** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Acquisitions and the JHUSA Lease are based on normal commercial terms and are not prejudicial to the interests of Manulife US REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Acquisitions (the "**Resolution**").

8. CERTAIN FINANCIAL INFORMATION RELATING TO THE ACQUISITIONS

8.1 Pro Forma Financial Effects of the Acquisitions

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisitions on the DPU and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the FY2017 Audited Financial Statements and the unaudited management accounts of the Properties, and assuming that:

- the Acquisition Fee of US\$2.9 million is paid to the Manager through the issuance of approximately 3.2 million Units; and
- the Total Acquisition Cost (excluding the Acquisition Fee payable in Units) of US\$396.0 million is funded through a combination of drawdown of loan facilities of US\$176.0 million and the issuance of perpetual securities of US\$220.0 million. Depending on the market conditions, the proportion of funding from loan facilities and issuance of perpetual securities may differ which may in turn affect the pro forma financial effects of the Acquisitions.

8.2 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisitions on Manulife US REIT's DPU for FY2017 as if the Acquisitions were completed on 1 January 2017 and Manulife US REIT held and operated the Properties in FY2017 are as follows:

	Pro forma Financial Effects for FY2017	
	FY2017 Audited Financial Statements	After the Acquisitions ⁽¹⁾
Distributable Income available for Unitholders (US\$ million)	46.7	47.5
Issued Units ('000)	1,033,722	1,037,714 ⁽²⁾
DPU (US cents)	5.77	5.85
DPU Yield (%)	6.27 ⁽³⁾	6.36 ⁽³⁾

Notes:

- (1) Depending on the market conditions, the Manager may decide in the best interest of Unitholders to fund the Total Acquisition Cost (excluding Acquisition Fees paid to the Manager in Units) of US\$397.0 million through a combination of drawdown of loan facilities and equity fund raising. For illustrative purposes only, assuming this is funded by a drawdown of loan facilities totalling US\$236.5 million and equity fund raising of US\$160.5 million, the Distributable Income will be US\$57.8 million, the number of Issued Units will be 1,222,067,644 Units, the DPU will be 5.77 US cents and the DPU Yield will be 6.27% after the Acquisitions. The above is purely for illustrative purposes only and depending on the market conditions, the proportion of debt and equity funding may differ which may in turn affect the financial effects of the Acquisitions stated above.
- (2) The Units issued as at 31 December 2017 include (i) approximately 3.2 million new Units issued to the Manager as payment for the Acquisition Fees; and (ii) approximately 0.8 million new Units that are issued to the Manager and Property Manager for management fees and property management fees. The issue price of the Acquisition Fee Units is based on the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading for the last 10 business days immediately preceding (and for the avoidance of doubt, including) 10 April 2018 of US\$0.9211.
- (3) Based on the DPU divided by closing price on 10 April 2018 of US\$0.92 per Unit.

8.3 Pro Forma NAV**FOR ILLUSTRATIVE PURPOSES ONLY:**

The pro forma financial effects of the Acquisitions on Manulife US REIT's NAV per Unit as at 31 December 2017, as if the Acquisitions were completed on 31 December 2017 are as follows:

	Pro forma Financial Effects as at 31 December 2017	
	FY2017 Audited Financial Statements	After the Acquisitions⁽¹⁾
NAV represented by Unitholders' funds (US\$ million)	852.1	855.0
Units issued and to be issued ('000)	1,036,073	1,039,224 ⁽²⁾
NAV per Unit (US\$)	0.82	0.82

Notes:

- (1) Depending on the market conditions, the Manager may decide in the best interest of Unitholders to fund the Total Acquisition Cost (excluding Acquisition Fees paid to the Manager in Units) of US\$397.0 million through a combination of drawdown of loan facilities and equity fund raising. For illustrative purposes only, assuming this is funded by a drawdown of loan facilities totalling US\$236.5 million and equity fund raising of US\$160.5 million, the NAV represented by Unitholders' funds will be US\$1,010.4 million, the number of Units issued and to be issued will be 1,222,713,363 Units and the NAV per Unit will be US\$0.83 after the Acquisitions. The above is purely for illustrative purposes only and depending on the market conditions, the proportion of debt and equity funding may differ which may in turn affect the financial effects of the Acquisitions stated above.
- (2) The number of Units is arrived at after taking into account the issuance of new Units in payment of the Acquisition Fee.

8.4 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Manulife US REIT as at 31 December 2017, as if the Acquisitions were completed on 31 December 2017, is as follows:

	Pro forma Financial Effects as at 31 December 2017	
	FY2017 Audited Financial Statements	After the Acquisitions ⁽¹⁾
Current Secured loans and borrowings (US\$ million) ⁽²⁾	–	–
Non-Current Unsecured loans and borrowings (US\$ million) ⁽²⁾	–	–
Secured loans and borrowings (US\$ million) ⁽²⁾	458.4	633.2
Total loans and borrowings (US\$ million)	458.4	633.2
Unitholders' funds (US\$ million)	852.1	855.0
Perpetual securities holders (US\$ million) ⁽³⁾	–	215.6
Total Capitalisation (US\$ million)	1,310.5	1,703.8

On the pro forma basis, the debt leverage ratio of Manulife US REIT as at 31 December 2017 would have increased from 33.7% to 36.2% after the Acquisitions and the issuance of the perpetual securities.

Notes:

- (1) Depending on the market conditions, the Manager may decide in the best interest of Unitholders to fund the Total Acquisition Cost (excluding Acquisition Fees paid to the Manager in Units) of US\$397.0 million through a combination of drawdown of loan facilities and equity fund raising. For illustrative purposes only, assuming this is funded by a drawdown of loan facilities totalling US\$236.5 million and equity fund raising of US\$160.5 million, the secured loans and borrowings will be US\$693.4 million and the Unitholders funds will be US\$1,010.4 million after the Acquisitions. On the pro forma basis, the debt leverage ratio of Manulife US REIT as at 31 December 2017 would have increased from 33.7% to 39.6% under this assumption. The above is purely for illustrative purposes only and depending on the market conditions, the proportion of debt and equity funding may differ which may in turn affect the financial effects of the Acquisitions stated above.
- (2) Stated net of unamortised transaction costs.
- (3) Stated net of equity issuance costs.

9. RECOMMENDATION

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix D** of this Circular) and the rationale for the Acquisitions as set out in paragraph 3 above, the Independent Directors (which includes the Audit and Risk Committee) believe that the Acquisitions are on normal commercial terms and would not be prejudicial to the interests of Manulife US REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the Resolution.

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Tuesday, 15 May 2018 at 5.00 p.m. at Carlton Hotel Singapore, Empress Ballroom 5, Level 2, 76 Bras Basah Road, Singapore 189558, for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of EGM, which is set out on pages F-1 to F-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the Resolution. Approval by way of an Ordinary Resolution is required in respect the Resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

11. ABSTENTIONS FROM VOTING

Under Rule 919 of the Listing Manual, where a meeting is held to obtain Unitholders’ approval, the interested person and any associate of the interested person must not vote on the Resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

Given that the Acquisitions involve transactions with JHUSA, which is an indirect, wholly-owned subsidiary of the Sponsor, the Sponsor (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on the Resolution; and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the Resolution unless specific instructions as to voting are given.

In the interest of good corporate governance, Mr Hsieh Tsun-Yan will also abstain from voting on the Resolution.

12. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar’s office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than Saturday, 12 May 2018 at 5.00 p.m., being not less than 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the Resolution must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint Mr Hsieh Tsun-Yan, Mr Kevin Adolphe or Mr Michael Dommermuth as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the Resolution.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Acquisitions, Manulife US REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. CONSENTS

Each of the IFA (being Deloitte & Touche Corporate Finance Pte. Ltd.), the Independent Valuers (being C&W and Colliers) and the Independent Market Research Consultant (being JLL) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates, the independent market research report and all references thereto, in the form and context in which they are included in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager¹ at 51 Bras Basah Road, Level 11 Manulife Centre, Singapore 189554 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Penn Purchase Agreement;
- (ii) the Phipps Purchase Agreement;
- (iii) the IFA Letter;
- (iv) the valuation report on the Properties issued by C&W;
- (v) the valuation report on the Properties issued by Colliers;
- (vi) the independent market research report issued by the Independent Market Research Consultant;
- (vii) the FY2017 Audited Financial Statements; and

¹ Prior appointment with the Manager will be appreciated.

(viii) the written consents of each of the IFA, the Independent Valuers and the Independent Market Research Consultant.

The Manulife US REIT Trust Deed will also be available for inspection at the registered office of the Manager for so long as Manulife US REIT continues to be in existence.

Yours faithfully

MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.

(Registration Number: 201503253R)

As manager of Manulife US Real Estate Investment Trust

HSIEH TSUN-YAN

Chairman and Non-Executive Director

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on 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 indicative of the future performance of Manulife US REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The Units may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

%	:	Per centum or percentage
Acquisition Fee	:	The acquisition fee for the Acquisitions which the Manager will be entitled to receive from Manulife US REIT upon completion of the Acquisitions
Acquisition Fee Units	:	The Units to be issued to the Manager as payment of the Acquisition Fee
Acquisitions	:	The Penn Acquisition and the Phipps Acquisition
Audit and Risk Committee	:	The Audit and Risk Committee of the Manager
C&W	:	Cushman & Wakefield of Massachusetts, Inc., one of the Independent Valuers
CBD	:	Central Business District
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 27 April 2018
CIS Code	:	Code on Collective Investment Schemes
Closing and Post-Closing Adjustments	:	Closing and post-closing adjustments in the ordinary course of business, including the Signage Rights
Colliers	:	Colliers International Valuation & Advisory Services, LLC, one of the Independent Valuers
Completion	:	The completion of the Acquisitions
Controlling Unitholder	:	A person who: (i) has an interest in Units constituting not less than 15.0% of the total number of Units in issue; or (ii) in fact exercises control over Manulife US REIT
CPF Board	:	The Central Provident Fund Board
Current Portfolio	:	The portfolio of properties currently held by Manulife US REIT
Development Authority	:	Development Authority of Fulton County
DPU	:	Distribution per Unit

EGM	:	The extraordinary general meeting of Unitholders to be held on Tuesday, 15 May 2018 at 5.00 p.m. at Carlton Hotel Singapore, Empress Ballroom 5, Level 2, 76 Bras Basah Road, Singapore 189558, to approve the matters set out in the Notice of Extraordinary General Meeting on pages F-1 to F-3 of this Circular
Enlarged Portfolio	:	The Current Portfolio and the Properties
Existing Interested Person Transactions	:	The transactions entered into between Manulife US REIT, the Sponsor and its subsidiaries and associates during the course of the current financial year up to the Latest Practicable Date
FY2017	:	The financial year ended 31 December 2017
FY2017 Audited Financial Statements	:	The audited financial statements of Manulife US REIT Group for FY2017
Gross Rental Income	:	Rental income and recoveries income without straight-line adjustments and amortisation of tenant improvement allowance, leasing commission and free rent incentives
IFA	:	Deloitte & Touche Corporate Finance Pte. Ltd.
IFA Letter	:	The letter from the IFA to the Independent Directors and to the Trustee containing its advice as set out in Appendix D of this Circular
Independent Directors	:	The independent directors of the Manager
Independent Valuers	:	C&W and Colliers
JHUSA	:	John Hancock Life Insurance Company (U.S.A.)
JLL or Independent Market Research Consultant	:	Jones Lang LaSalle Americas, Inc., the Independent Market Research Consultant
Latest Practicable Date	:	20 April 2018, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Manulife US Real Estate Management Pte. Ltd., in its capacity as manager of Manulife US REIT
Manulife US REIT	:	Manulife US Real Estate Investment Trust
Manulife US REIT Group	:	Manulife US REIT and its subsidiaries

Manulife US REIT Trust Deed	:	The trust deed dated 27 March 2015 constituting Manulife US REIT, as amended, varied, or supplemented from time to time
Market Day	:	A day on which the SGX-ST is open for trading in securities
Market Value	:	<p>The estimated amount for which a property should be sold and purchased on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, and on the basis of the following assumptions:</p> <ul style="list-style-type: none"> (i) a willing and prudent, but not anxious, buyer and seller; (ii) a reasonable period within which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind; (iii) that the property will be reasonably exposed to the market; (iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; (v) that the seller has sufficient resources to allow a reasonable period for the exposure of the property for sale; and (vi) that the seller has sufficient resources to negotiate an agreement for the sale of the property
MAS	:	Monetary Authority of Singapore
Master Property Management Agreement	:	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)
MFAL	:	Manulife Financial Asia Limited
MFC	:	Manulife Financial Corporation
MHBL	:	Manulife Holdings (Bermuda) Limited
MIHL	:	Manulife International Holdings Limited
MIL	:	Manulife (International) Limited

MLRL	:	Manufacturers Life Reinsurance Limited
MSA	:	Metropolitan Statistical Area
NAV	:	Net asset value
NLA	:	Net lettable area
NPI	:	Net property income
NTA	:	Net tangible asset value
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Manulife US REIT Trust Deed
Penn	:	The property located at 1750 Pennsylvania Avenue NW, Washington, D.C.
Penn Acquisition	:	The proposed acquisition of Penn
Penn Purchase Agreement	:	The sale and purchase agreement entered into between JHUSA and Hancock S-REIT DC 1750 LLC on 12 April 2018 in relation to the Penn Acquisition
Phipps	:	The property located at Phipps Tower, 3438 Peachtree Road, Atlanta, Georgia
Phipps Acquisition	:	The proposed acquisition of Phipps
Phipps Purchase Agreement	:	The sale and purchase agreement entered into between JHUSA and Hancock S-REIT ATL Phipps LLC on 12 April 2018 in relation to the Phipps Acquisition
Properties	:	Penn and Phipps
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Purchase Agreements	:	The Penn Purchase Agreement and the Phipps Purchase Agreement
REIT	:	Real Estate Investment Trust
Resolution	:	The resolution in connection with the Acquisitions to be proposed at the EGM
S\$ and cents	:	Singapore dollars and cents
Securities Act	:	U.S. Securities Act of 1933, as amended

SGX-ST	:	Singapore Exchange Securities Trading Limited
Signage Rights	:	A closing or post-closing adjustment amount payable by Hancock S-REIT ATL Phipps LLC to JHUSA in the event that a permit for the operation of an LED illuminated sign at Phipps is obtained to allow the sign to be used as a changing sign for general advertising and a certain minimum net income is generated from the operation of the sign in any month from the date of the Phipps Purchase Agreement to 31 December 2018, and this adjustment, if payable, shall (i) be equal to the incremental market value of the signage income for Phipps (a) as determined by a valuer agreed by both parties and (b) satisfying Manulife US REIT's independent financial adviser in accordance with Singapore regulatory requirements, less all actual, out of pocket costs incurred by Hancock S-REIT ATL Phipps LLC to obtain the permit, and (ii) not exceed US\$1.75 million
Sponsor	:	The Manufacturers Life Insurance Company
sq ft	:	Square feet
sq m	:	Square metre
Substantial Unitholder	:	A person who has an interest in Units constituting not less than 5.0% of the total number of Units in issue
Total Acquisition Cost	:	The estimated total cost of the Acquisitions
Total Purchase Consideration	:	The estimated purchase consideration of US\$387.0 million ¹ payable to JHUSA in connection with the Acquisitions
Trustee	:	DBS Trustee Limited, in its capacity as trustee of Manulife US REIT
U.S. or United States	:	United States of America
Unit	:	A unit representing an undivided interest in Manulife US REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
US\$ and cents	:	U.S. dollars and cents
WALE	:	Weighted average lease to expiry

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

All references to the names of the tenants of the Current Portfolio and/or the Enlarged Portfolio are to the trade names under which the respective tenants carry on business.

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DETAILS OF THE PROPERTIES, THE CURRENT PORTFOLIO AND THE ENLARGED PORTFOLIO

1. PENN

1.1 Description of Penn

Penn is a 13-storey Class A office building totalling 277,243 sq ft that is located a block away from the White House in Washington, D.C. It is also in close proximity to the International Monetary Fund, the World Bank and the Federal Reserve. Penn is located within a highly amenitised mixed-use location that is walking distance away from multiple Metrorail stations and provides easy access to highways for suburban car commuters. Penn was constructed in 1964 and major renovations were implemented between 2012 and 2018, which included the addition of a state-of-the-art fitness centre, a restroom and common corridor refresh, mechanical work and a garage modernisation. Penn is occupied by multiple tenants, including the U.N. Foundation and the U.S. Department of Treasury.

The table below sets out a summary of selected information on Penn as at 31 December 2017 (unless otherwise indicated).

Location	1750 Pennsylvania Avenue, Washington, D.C.
Land Area (sq ft)	26,861 (based on Colliers)
NLA (sq ft)	277,243
Committed Occupancy	97.2%
Land Tenure	Freehold
Year Built	1964 ⁽¹⁾
Number of Storeys	13
Number of Tenants	10
WALE by NLA	6.8 years
Valuation by C&W as at 31 March 2018 (US\$ million)	184.0
Valuation by Colliers as at 31 March 2018 (US\$ million)	186.0

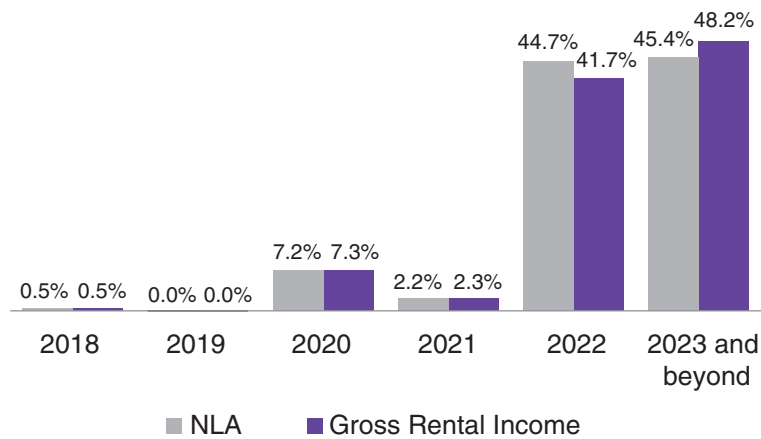
Note:

(1) Penn was renovated between 2012 and 2018.

1.2 Lease Expiry Profile for Penn

The chart below illustrates the committed lease expiry profile of Penn by percentage of committed NLA and monthly Gross Rental Income as at 31 December 2017.

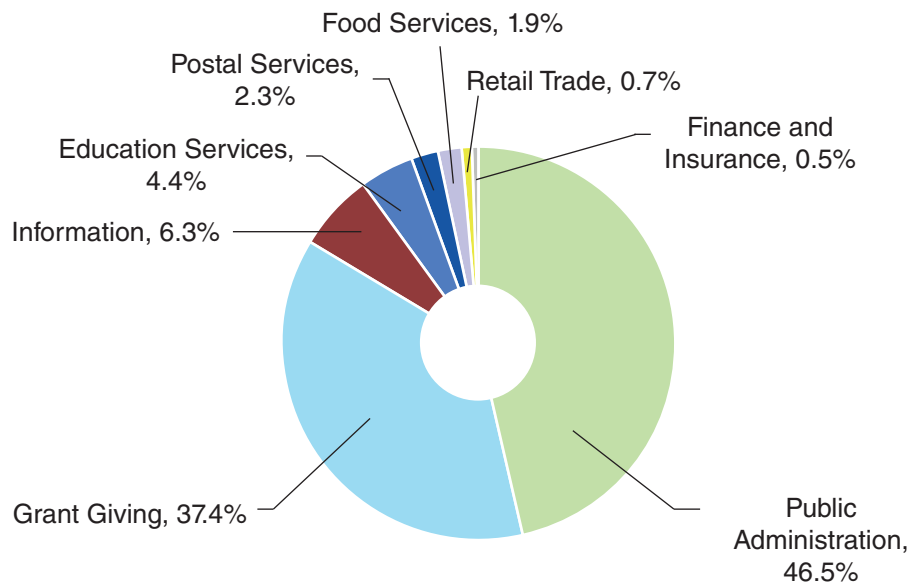
Lease Expiry Profile (Penn)



1.3 Trade Sector Analysis for Penn

The chart below provides a breakdown by the different trade sectors represented in Penn as a percentage of monthly Gross Rental Income as at 31 December 2017.

Trade Sector as a % of Gross Rental Income (Penn)



1.4 Top Ten Tenants of Penn

The table below sets out the top ten tenants of Penn by monthly Gross Rental Income as at 31 December 2017.

No.	Tenant	Trade Sector	% of Gross Rental Income
1	U.S. Department of Treasury	Public Administration	41.7%
2	U.N. Foundation	Grant Giving	37.4%
3	AOL	Information	6.3%
4	U.S. Chemical Safety Board	Public Administration	4.8%
5	University of Texas System	Education Services	4.4%
6	United States Postal Service	Postal Services	2.3%
7	VIPS Catering	Food Services	1.0%
8	Taylor Gourmet	Food Services	0.9%
9	General Nutrition Corporation	Retail Trade	0.7%
10	Export-Import Bank Of India	Finance and Insurance	0.5%
Top 10 Tenants			100.0%
Other Tenants			0.0%
Total			100.0%

2. PHIPPS

2.1 Description of Phipps

Phipps is a 19-storey Trophy quality office tower totalling 475,091 sq ft in the heart of Buckhead, Atlanta. Buckhead is one of the primary business districts of Atlanta, with vibrant high-end retail and entertainment venues and is surrounded by an upscale residential area. Phipps was constructed by the Sponsor in 2010, and has achieved LEED-CS Gold Certification. Building amenities include a full-service fitness centre, conference centre, farm-to-table café, and covered pedestrian access to over a hundred shops and restaurants at the adjacent Phipps Plaza shopping mall. Phipps provides 1,150 parking stalls that are part of a five-level parking garage adjacent to the office building.

The table below sets out a summary of selected information on Phipps as at 31 December 2017 (unless otherwise indicated).

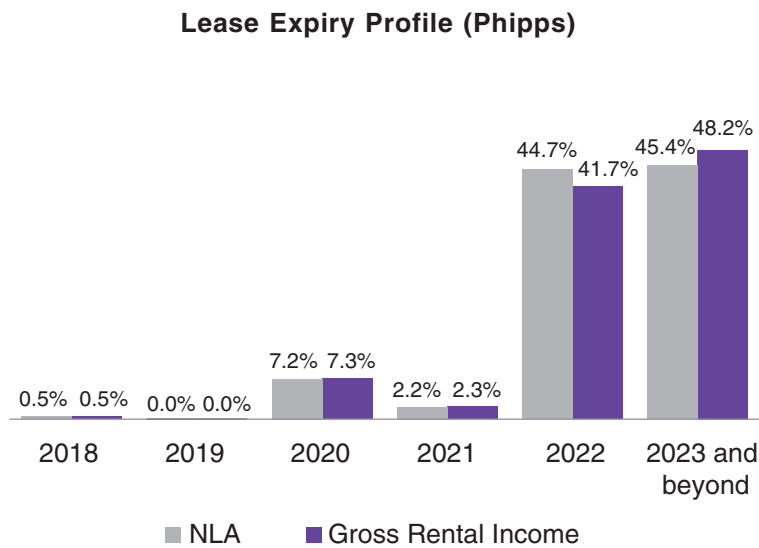
Location	3438 Peachtree Road, Atlanta, GA
Land Area (sq ft)	129,176 (based on Colliers)
NLA (sq ft)	475,091
Committed Occupancy	97.3% ⁽¹⁾
Land Tenure	Leasehold ⁽²⁾
Year Built	2010
Number of Storeys	19
Number of Tenants	9 ⁽¹⁾
WALE by NLA	10.0 years
Valuation by C&W as at 31 March 2018 (US\$ million)	208.2
Valuation by Colliers as at 31 March (US\$ million)	210.2

Notes:

- (1) Excluding a lease with H.I.G. Atlanta, Inc. which expired on 28 February 2018.
- (2) Phipps is subject to a so-called “bonds for title” arrangement under which fee simple title to Phipps is owned by the Development Authority, which will lease Phipps to Hancock S-REIT ATL Phipps LLC as a way to reduce the real estate taxes payable on Phipps for a specified period. Under this arrangement, no money changes hands for the lease. After this arrangement expires (in December 2020), Hancock S-REIT ATL Phipps LLC will acquire fee simple title to Phipps from the Development Authority for US\$100.00 and will commence paying the full amount of real estate taxes on Phipps, which means that Phipps will be assessed in a manner and amount consistent with similar commercial office buildings in the taxing area. Given the expense reimbursement structure of the leases at Phipps, the difference in real estate taxes payable following the expiration of this arrangement will largely be borne by the tenants.

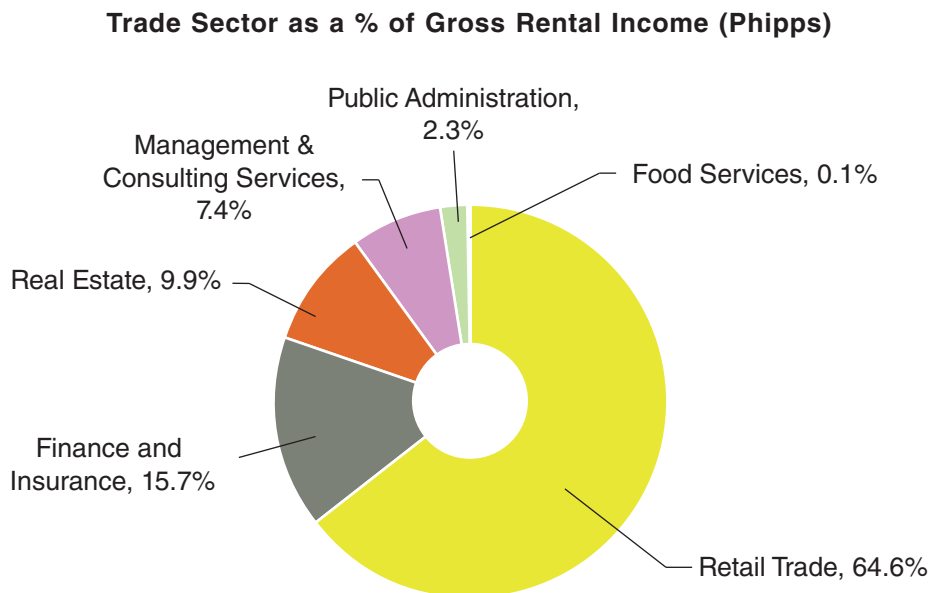
2.2 Lease Expiry Profile for Phipps

The chart below illustrates the committed lease expiry profile of Phipps by percentage of committed NLA and monthly Gross Rental Income as at 31 December 2017.



2.3 Trade Sector Analysis for Phipps

The chart below provides a breakdown by the different trade sectors represented in Phipps as a percentage of monthly Gross Rental Income as at 31 December 2017.



2.4 Top Nine Tenants of Phipps¹

The table below sets out the top nine tenants of Phipps by monthly Gross Rental Income as at 31 December 2017.

No.	Tenant	Trade Sector	% of Gross Rental Income
1	Carter's	Retail Trade	64.6%
2	North Mutual Insurance	Finance and Insurance	12.6%
3	CoStar	Real Estate	9.9%
4	Daugherty Business Solutions	Management & Consulting Services	3.8%
5	Speakeasy Communications Consulting	Management & Consulting Services	3.6%
6	Government of Japan	Public Administration	2.3%
7	Cornerstone Investment Partners	Finance and Insurance	2.3%
8	Quantum National Bank	Finance and Insurance	0.4%
9	Carole Parks Catering	Food Services	0.1%
Top 9 Tenants			99.6%
Other Tenants			0.4%
Total			100.0%

3. CURRENT PORTFOLIO

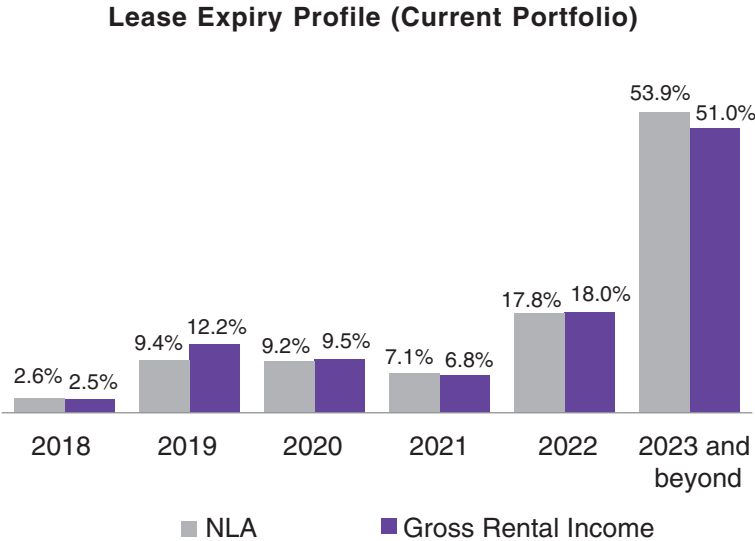
The table below sets out selected information about the Current Portfolio as at 31 December 2017.

	Figueroa	Michelson	Peachtree	Plaza	Exchange
Location	865 S. Figueroa Street, Los Angeles, California	3161 Michelson Drive, Irvine, California	1100 Peachtree Street, Atlanta, Georgia	500 Plaza Drive, Secaucus, New Jersey	10 Exchange Place, Jersey City, New Jersey
NLA (sq ft)	701,978	532,663	556,587	461,525	730,823
Committed Occupancy	92.9%	96.5%	96.8%	98.9%	95.7%
Land Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Completion Year	1991	2007	1991	1985	1988
Number of Car Park Lots	841	2,744	1,221	1,474	467
Number of Tenants	28	15	25	7	25
WALE by NLA	4.9 years	4.4 years	5.8 years	8.3 years	5.5 years
Acquisition Date	20 May 2016	20 May 2016	20 May 2016	19 July 2017	31 October 2017

¹ JHUSA operates the property management office in Phipps, and accounts for the remaining 0.4% of the Gross Rental Income, but is not listed as a tenant.

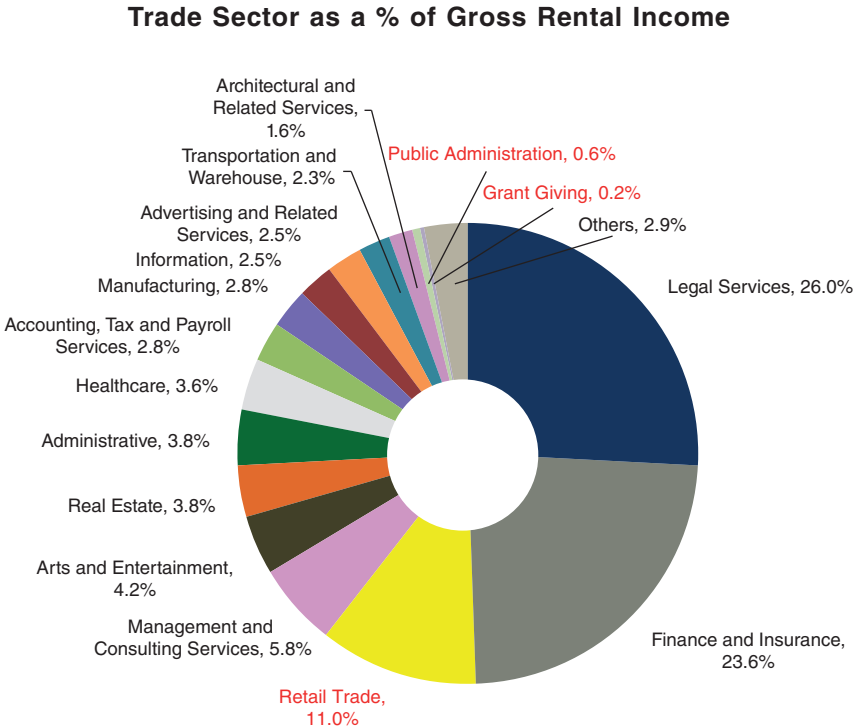
3.1 Lease Expiry Profile for the Current Portfolio

The chart below illustrates the committed lease expiry profile of the Current Portfolio by percentage of the committed NLA and monthly Gross Rental Income as at 31 December 2017.



3.2 Trade Sector Analysis for the Current Portfolio

The chart below provides a breakdown by the different trade sectors represented in the Current Portfolio as a percentage of monthly Gross Rental Income as at 31 December 2017.



3.3 Top Ten Tenants of the Current Portfolio

The table below sets out the top ten tenants of the Current Portfolio by monthly Gross Rental Income as at 31 December 2017.

No.	Tenant	Trade Sector	% of Gross Rental Income
1	Kilpatrick Townsend	Legal Services	6.7%
2	TCW Group	Finance and Insurance	6.4%
3	Hyundai Motor Finance	Finance and Insurance	5.8%
4	The Children' Place	Retail Trade	5.4%
5	Quinn Emanuel Trial Lawyers	Legal Services	4.5%
6	Amazon	Retail Trade	4.4%
7	Quest Diagnostics	Healthcare	3.5%
8	Gibson Dunn	Legal Services	3.2%
9	LA Fitness	Arts & Entertainment	3.0%
10	Rabo Support Services, Inc	Management & Consulting Services	3.0%
Top 10 Tenants			45.9%
Other Tenants			54.1%
Total			100.0%

4. ENLARGED PORTFOLIO

Manulife US REIT's current property portfolio comprises five office properties located in the United States. The table below sets out selected information on the Current Portfolio and the Enlarged Portfolio as at 31 December 2017 (unless otherwise indicated).

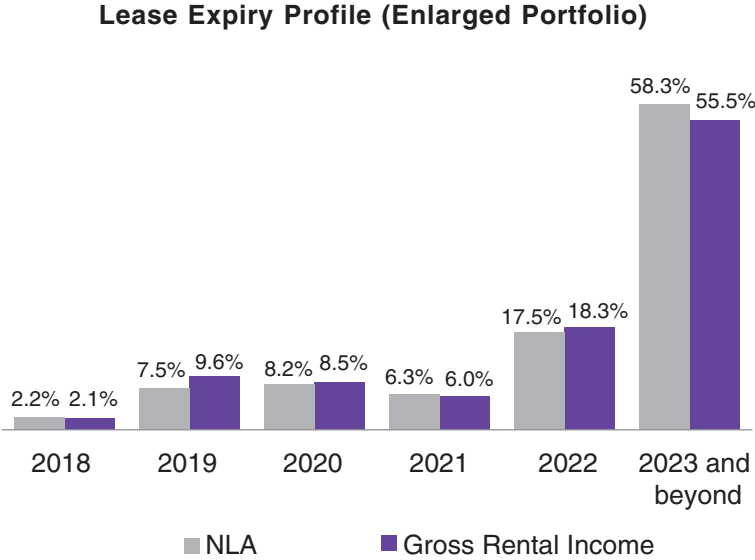
	Penn	Phipps	Current Portfolio	Enlarged Portfolio
NLA (sq ft)	277,243	475,091	2,983,576	3,735,910
Number of Tenants	10	9 ⁽³⁾	100	119
Valuation (US\$ million)	185.0 ⁽¹⁾	209.2 ⁽²⁾	1,312.8	1,707.0
Committed Occupancy	97.2%	97.3% ⁽³⁾	95.9%	96.2%
WALE (by NLA)	6.8 years	10.0 years	5.7 years	6.3 years

Notes:

- (1) Based on the average appraised values by C&W of US\$184.0 million as at 31 March 2018 and Colliers of US\$186.0 million as at 31 March 2018.
- (2) Based on the average appraised values by C&W of US\$208.2 million as at 31 March 2018 and Colliers of US\$210.2 million as at 31 March 2018.
- (3) Excluding a lease with H.I.G. Atlanta, Inc. which expired on 28 February 2018.

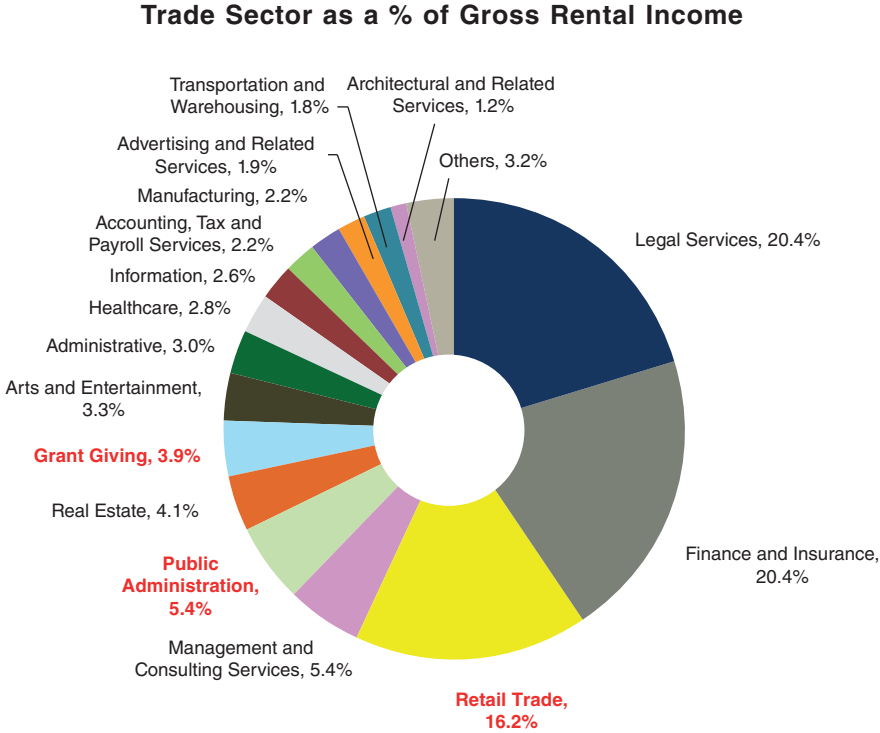
4.1 Lease Expiry Profile for the Enlarged Portfolio

The chart below illustrates the committed lease expiry profile of the Enlarged Portfolio by percentage of committed NLA and monthly Gross Rental Income as at 31 December 2017.



4.2 Trade Sector Analysis for the Enlarged Portfolio

The chart below provides a breakdown by the different trade sectors represented in the Enlarged Portfolio as a percentage of monthly Gross Rental Income as at 31 December 2017.



4.3 Top Ten Tenants of the Enlarged Portfolio

The table below sets out the top ten tenants of the Enlarged Portfolio by monthly Gross Rental Income as at 31 December 2017.

No.	Tenant	Trade Sector	% of Gross Rental Income
1	Carter's	Retail Trade	7.4%
2	Kilpatrick Townsend	Legal Services	5.2%
3	TCW Group	Finance and Insurance	5.0%
4	Hyundai Motor Finance	Finance and Insurance	4.5%
5	The Children' Place	Retail Trade	4.3%
6	U.S. Department of Treasury	Public Administration	4.2%
7	U.N. Foundation	Grant Giving	3.7%
8	Quinn Emanuel Trial Lawyers	Legal Services	3.5%
9	Amazon	Retail Trade	3.5%
10	Quest Diagnostics	Healthcare	2.8%
Top 10 Tenants			44.1%
Other Tenants			55.9%
Total			100.0%

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VALUATION CERTIFICATES



INDEPENDENT PROPERTY VALUATION SUMMARY

1750 Pennsylvania Avenue NW

1750 Pennsylvania Avenue NW
Washington, DC 20006

Prepared For:

Manulife US Real Estate Management Pte. Ltd.

(In Its Capacity as Manager of Manulife US Real Estate Investment Trust)
51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554

DBS Trustee Limited

(In Its Capacity as Trustee of Manulife US Real Estate Investment Trust)
12 Marina Bay Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Prepared By:

Cushman & Wakefield of Washington, D.C., Inc.

Valuation & Advisory
2101 L Street NW, Suite 700
Washington, DC 20037
C&W File ID: 18-26001-900316-001





CUSHMAN & WAKEFIELD OF WASHINGTON, DC, INC.
2101 L STREET NW, SUITE 700
WASHINGTON, DC 20037
CUSHMANWAKEFIELD.COM

April 5, 2018

Manulife US Real Estate Management Pte. Ltd.

(In Its Capacity as Manager of Manulife US Real Estate Investment Trust)
51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554

DBS Trustee Limited

(In Its Capacity as Trustee of Manulife US Real Estate Investment Trust)
12 Marina Bay Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Re: Independent Property Valuation Summary Report

Manulife US Real Investment Trust ("REIT")
1750 Pennsylvania Avenue NW
Washington, DC 20006

C&W File ID: 18-26001-900316-001

Dear Sirs:

INSTRUCTIONS

In accordance with the terms of engagement dated March 13, 2018, Cushman & Wakefield of Washington, DC, Inc. (hereafter referred to as either "Appraiser" or "we") have considered the subject to be acquired by the REIT in order to provide you with our opinion of their Market Value, as March 31, 2018. This Valuation Summary Letter is a condensed version of our more expansive valuation report dated April 5, 2018 ("the Report") and we recommend that this shortened letter should be read in conjunction with the aforementioned fuller version of the report.

The valuation is required for the inclusion in connection with the proposed acquisition of 1750 Pennsylvania Avenue NW, Washington, DC 20006 by the REIT and may be included in a unitholder circular and/or offer information statement in connections with the foregoing.

We confirm that the valuation have been made in accord with the Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of Appraisal Institute and State Licensing Law.

Our Assumptions and Limiting Conditions, and Definitions form Appendix I to this report.



The valuation of the property that is on the basis of Market Value is subject to the following assumptions:

- For investment property: that the property would be sold subject to any existing leases.
- The appraisers' option of the Market Value was derived using the Income Capitalization (Direct Capitalization and DCF) as the primary valuation method and Sales Comparison method as a cross check.
- In order to comply with these Valuation Standards our files may be subject to monitoring by Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.
- The property was most recently inspected internally and externally by a suitably qualified real estate appraiser on March 31, 2018. We assume that there been no change to the property or its immediate surroundings since the date of our inspection.
- No allowance has been made in our valuation for any changes, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in affecting a sale. It is assumed that the Property is free from major or material encumbrances, restrictions or outgoings of an onerous nature which could affect the value.

RELIANCE ON THIS LETTER

We have prepared this letter and the enclosed valuation certificates which summarize our Report and outline key factors which we have considered in arriving at our opinion of values. This letter and the valuation certificates do not contain all the data and information found in our Report. For further information, reference should be made to Report.

The valuation and market information are no guarantees or predictions and must be read in considerations of the following:

The estimated value is based upon factual information provided by REIT/REIT Manager. All property data and information is assumed to be full and correct. It follows that we have made as assumptions that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions that have been made available to us and that the information is up to date and correct. While Cushman & Wakefield of Washington, DC, Inc. has endeavored to ensure the accuracy of the information, it has not independently verified all information provided by the REIT Manager. Cushman & Wakefield of Washington, DC, Inc. also accepts no responsibility for subsequent changes in information as to floor areas, income, expenses or market conditions.

Subject Property

The subject property represents a high quality office property, described in detail in the Report.

PROPERTY SUMMARY		
Address	Land Area SF	Net Rentable Area SF
1750 Pennsylvania Avenue NW Washington, DC	27,007	277,243

It is noted that the subject was re-measured to BOMA standards and contains a total of 281,144 square feet of net rentable area. The tenants, however, have legacy leases with smaller than BOMA measured spaces. Thus, the current rent roll has 277,243 square feet of net rentable area (excluding leased storage space). As the tenant leases expire, we reset the space to the larger BOMA re-measured square footage in our cash flow analysis. For purposes of this analysis, we use the net rentable area of 281,144 square feet.

Assumptions and Source of Information

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by the appraiser as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the REIT has confirmed that our assumptions are correct so far as they are aware. In the event that any assumptions prove to be to be inaccurate or incorrect then our valuation should be reviewed.

The Assumptions we have made for the purpose of our valuations are referred to as follows:

Areas

We have not measured the Property and neither have we undertaken the measurements of any land sites. As instructed we have relied upon the floor areas provided by REIT. We have assumed these to be correct, and have been assessed and calculated in accordance with local market practice.

City Planning and Zoning

We have made enquiries of the relevant planning authority in whose area each property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

We have made an Assumption that the buildings have been constructed in full compliance with valid city planning, zoning code, and building regulations approvals, that where necessary they have benefit of current Fire Certificates. Similarly, we have also made Assumption that the Property is not subject to any outstanding statutory notices as to construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Property is duly authorized or established and that no adverse planning conditions or restrictions apply.

Environmental Matters

The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Cushman & Wakefield of Washington, DC, Inc. and its principals, agents, employees, shall not be liable for any cost, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous

waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids, or gasses, waste materials or other irritants, contaminants or pollutants.

An on-site inspection of the property was conducted. No evidence of asbestos material on-site was noted. A Phase 1 Environmental Assessment was not provided for use in the valuation. Our valuation assumes that no asbestos or other hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increase perceived risk, a revision of the concluded values may be necessary.

A detailed soils study was not provided for this analysis. The subject soil and sub-soil conditions are assumed to be suitable upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of sub-soil conditions.

Taxation and Cost

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposals.

Leases and Lease Terms

For the purpose of our valuation we have relied upon the information provided by the REIT as to lease terms, pending leases, and floor areas. We have verified the accuracy of this information and have assumed that this is up to date and correct. This analysis also assumes that the financial information, including rent rolls and historical income and expense statements; accurately reflect that the current and historical operations of the Property. Should this Assumption prove invalid then our opinion of value may be amended.

We have not inspected the title deeds and apart from those disclosed to us, we have assumed that all the Property is free from encumbrances and that there are no unusual, onerous or restrictive covenants in the titles or leases which would affect the values.

Unless we have been informed to the contrary, we have assumed that there are no material arrears of rent and/or service charges.

Covenant and Status of Tenants

We are not qualified to undertake a detailed investigation into the financial status of the tenants. Unless otherwise advised we have made the Assumption that there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

Information

We have made an Assumption that the information the REIT and its professional advisors have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

VALUATION RATIONALE

The property comprises a high quality modern office building with multi-story parking investment in The United States. As the asset is income generating we have adopted an income approach to valuation using the Income

Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

Sales Comparison Approach

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

Income Capitalization Approach

The Income Capitalization Approach is based on the premise that property is purchased for its income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents current in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Direct Capitalization

This method analysis the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Discounted Cash Flow (DCF)

The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

Based on the overall quality of the data and analyses, and considering the decision-making process of most investors for the Property, we have adopted an income approach to valuation using the Income Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

SUMMARY OF VALUES

On the basis, assumptions and qualifications detailed within this Valuation Summary Letter, we are of the opinion that the aggregate Market Value, as at March 31, 2018, of the Property, subject to the existing lettings, is \$184,000,000 (One Hundred Eighty Four Million Dollars).

Disclaimer

We have prepared this Valuation Summary Letter and the enclosed Valuation Certificates for inclusion in the unitholder circular and/or offer information statement and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included within the unitholder circular and/or offer information statement, other than in respect of the information provided within the Report and this Valuation Summary Letter. We do not make any warranty or representation as to the accuracy of the information in any other part of the

unitholder circular and/or offer information statements other than as expressly made of given by Cushman & Wakefield of Washington, DC, Inc. in this Valuation Summary Letter.

Liability and Publication

We agree to the inclusion of all or any part of the Reports to which this Valuation Summary Letter refers, or any data or other information contained in such Reports, and the Cushman & Wakefield of Washington, DC, Inc. name can be quoted, reproduced and relied upon in the unitholder circular and/or offer information statement prepared in connection with the proposed acquisition of the Property by the REIT or any other offer materials prepared by or on behalf of the REIT, including any supplementary documents (if any) and any materials produced by or on behalf of the REIT in connection with presentations or other materials prepared in connection with the proposed acquisition of the Property by the REIT.

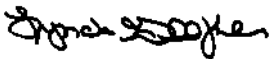
Save as set out above, if it is intended to make a reference to this Valuation Summary Letter in any published document, our prior approval to the publication is required so that we can approve the reference in context. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this Valuation Summary Letter. Disclosure of the Report by the addressees of the Report is not prohibited if required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings (for avoidance of doubt, this shall include disclosure of any addressee in connection with any form of due diligence deference) or for the purpose of resolving any actual or threatened dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the unitholders circular and/or offer information statement.

Cushman & Wakefield of Washington, DC, Inc. has relied upon property data supplied by the REIT which we assume to be true and accurate. Cushman & Wakefield of Washington, DC, Inc. takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

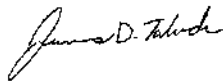
For the avoidance of doubt, the Independent Property Valuation Summary Report is prepared by Cushman & Wakefield of Washington, DC, Inc. and no partner, member or employee shall assume any personal responsibility for it nor shall owe a duty of care in respect of it.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF WASHINGTON, DC, INC.



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APPENDIX I: ASSUMPTIONS AND LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.

- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

OTHER GENERAL ASSUMPTIONS

Rental Assessment

Unless stated otherwise with the report, our valuations have been based upon the assumptions that the rent is to be assessed upon the premises as existing at the date of our inspection.

Insurance

In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

Measurements

We have not undertaken a measurement survey of the property and have relied upon the floor areas provided. We are unable to provide any warranty as to the accuracy of these figures.

Floor areas are provided for the purpose described in this report and area not to be relied upon by any third party for any other purpose.

Site Plan and Area

Where a site area and/or site plan has been provided, this is for indicative purposes only and should not be relied upon. We recommend that a solicitors Title Report be obtained and that the site boundaries we have assumed are verified and if any questions of doubt arise the matter to be raised with us so that we may review our valuation.

Condition

Unless otherwise stated within the report, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle or other defects.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuations, unless otherwise stated.

These include, inter alia, the following:

- High alumina cement concrete;
- Asbestos;
- Calcium chloride as a drying agent;
- Wood wool slabs on permanent shuttering
- Polystyrene and polyurethane used as insulation in cladding.

None of the services, drainage or service installations was tested and we are, therefore, unable to report upon their condition.

Fixtures and Fittings

In arriving at our opinions of value, we have disregarded the value of all process related to plant, machinery, fixtures and equipment. We have had regard to the landlords' fixtures such as elevators, escalators, central heating and air conditioning forming an integral part of the building.

Where the property is valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributed to plant and machinery.

Mortgages

We have disregarded the existence of any mortgages, debentures or other charges to which the property may be subject.

Operational Entities

Where the property is valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Our valuations do not make any allowance for goodwill.

Standard Terms of Business

We confirm that this valuation report has been provided in accordance with our Standard Terms of Business.

DEFINITIONS

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Source: Office of the Comptroller (OCC), Title 12 of the Code of Federal Regulations, Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Source: The Appraisal of Real Estate, 14th Edition, Appraisal Institute, Chicago, Illinois, 2013.

APPENDIX II: VALUATION CERTIFICATION

VALUATION CERTIFICATION

AERIAL PHOTOGRAPH



EXTERIOR PHOTOGRAPH



Property:	1750 Pennsylvania Avenue Office Building 1750 Pennsylvania Avenue NW Washington, DC 20006
Client:	Manulife US Real Estate Management Pte. Ltd. (in its capacity as manager of Manulife US Real Estate Investment Trust)
Intended User:	This report was prepared for the exclusive use of the client and DBS Trustee Limited (in its capacity as trustee of Manulife US Real Estate Investment Trust). Use of this report by others is not intended by the appraiser.
Intended Use:	This report is intended to summarize our opinion of the Market Value As Is of the leased fee interest in the subject property in connection with a circular to be issued in connection with a general meeting of unitholders of Manulife US Real Estate Investment Trust, including any supplementary documents (if any), related filings, presentations and any materials and disclosures in connection thereto.
Date of Inspection:	March 26, 2018
Property Interest:	Leased Fee

Summary of Salient Facts

The subject, 1750 Pennsylvania Avenue NW, is a Class A office building with the prestigious Pennsylvania Avenue address. The subject is located on the south side of Pennsylvania Avenue NW, one block west of the White House grounds, in the Central Business District (CBD) of Washington, DC. The location is enhanced by its proximity to the White House, International Monetary Fund, World Bank, Treasury Department, Executive Offices, and Federal Reserve. In addition, the Farragut North and West Metrorail Stations are within three blocks to the north, providing access to the Red, Blue, Orange, and Silver lines.

1750 Pennsylvania Avenue NW was originally developed in 1964 and renovated in 2001 and again in 2013/2014. The building features 13 stories and three below grade parking levels with a total of 277,243 square feet of net rentable area (excluding rentable storage). Also, it should be noted that the subject was re-measured to BOMA standards and has 281,144 square feet of net rentable area. The tenants, however, have legacy leases with smaller than BOMA measured spaces. As the tenant leases expire, we reset the space to the larger BOMA re-measured square footages in our cash flow analysis. For purpose of our analysis, we use the net rentable area of 281,441 square feet.

The subject is 97.2 percent leased to ten tenants. The largest office tenants are the GSA – US Treasury Department with 121,298 square feet (lease expiration January 2022) and United Nations Foundation with 95,472 square feet (lease expiration December 2028). The building features three retail tenants – United States Postal Service, Taylor Gourmet and General Nutrition Corporation. The subject has a strong economic profile with 79 percent of net rentable area leased by credit tenants and the contract rental rate 8.91 percent below current market levels.

The following is an executive summary of the information that is presented in more detail in the previously noted appraisal report.

SITE INFORMATION			
Total Land Area:	27,007 SF / 0.62 Acres	Flood Zone Status:	
Site Shape:	Irregular	Flood Zone:	X
Site Topography:	Level at street grade	Flood Map Number:	110001-1100010018C
Site Utility:	Very Good	Flood Map Date:	September 27, 2010
Locating Rating:	Excellent		
LOCATION DETAILS			
Nearest Metrorail Station	Farragut West		
Distance From Subject	Two Blocks		
Transit Lines Serving Station	Blue, Orange, Silver		
Estimated Walk Time:	5 Minutes		
BUILDING INFORMATION			
Type of Property:	Class A Office	Year Built:	1964
Building Class:	A	Year Renovated:	2001 and 2013/2014
Number of Buildings:	1	Actual Age:	54 Years
Number of Stories:	13	Condition:	Good
Building Area		Overall Building Rating:	Good
Gross Building Area:	304,424 SF	Number of Parking Spaces:	287
Net Rentable Area:	277,243 SF	Parking Ratio (per 1,000 sf):	1.02:1
Land-to-Building Ratio:	0.09:1	Parking Type:	Subterranean garage
<p><i>It is noted that the subject was re-measured to BOMA standards and contains a total of 281,144 square feet of net rentable area. The tenants, however, have legacy leases with smaller than BOMA measured spaces. Thus, the current rent roll has 277,243 square feet of net rentable area (excluding leased storage space). As the tenant leases expire, we reset the space to the larger BOMA re-measured square footage in our cash flow analysis. For purposes of this analysis, we use the net rentable area of 281,144 square feet.</i></p>			

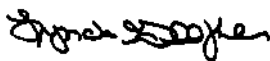
Basis of Valuation:	Market Value – Leased Fee (Subject to the existing tenancies)
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach including the Direct Capitalization method and Discounted Cash Flow (DCF) analysis
Date of Value:	March 31, 2018
Market Value As Is:	\$184,000,000 (One Hundred Eight Four Million Dollars) Our market value is equivalent to \$654 per square foot of net rentable area.
Assumptions, Disclaimers, Limitations & Qualifications:	This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations and Disclaimers section located within this report. Reliance on the valuation and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The appraisers have no pecuniary interest that would conflict with the proper valuation of the subject property.

Prepared by:	Lynda Gallagher, MAI Jimmy Takach Cushman & Wakefield of Washington, DC, Inc.
Prepared for:	Manulife US Real Estate Management Pte. Ltd. (In Its Capacity as Manager of Manulife US Real Estate Investment Trust) DBS Trustee Limited (In Its Capacity as Trustee of Manulife US Real Estate Investment Trust)

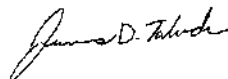
CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Lynda Gallagher, MAI made a personal inspection of the subject property. Jimmy Takach did not inspect the subject property.
- No one provided significant real property appraisal assistance to the person signing this report.
- We have not provided any services regarding the subject property within the prior three years, as an appraiser or in any other capacity.
- As of the date of this report, Lynda Gallagher, MAI has completed the continuing education program of the Appraisal Institute.
- As of the date of this report, Jimmy Takach has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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INDEPENDENT PROPERTY VALUATION SUMMARY

Phipps Tower

3438 Peachtree Road NE
Atlanta, Fulton County, GA 30324

Prepared For:

Manulife US Real Estate Management Pte. Ltd.

(In Its Capacity as Manager of Manulife US Real Estate Investment Trust)
51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554

DBS Trustee Limited

(In Its Capacity as Trustee of Manulife US Real Estate Investment Trust)
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Marina Bay Financial Centre Tower 3
Singapore 018982

Prepared By:

Cushman & Wakefield of Georgia, LLC

Valuation & Advisory
1180 Peachtree Street, Suite 3100
Atlanta, GA 30309
Cushman & Wakefield File ID: 18-41002-900273-001



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CUSHMANWAKEFIELD.COM

April 5, 2018

Manulife US Real Estate Management Pte. Ltd.

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DBS Trustee Limited

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12 Marina Bay Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Re: Independent Property Valuation Summary Report

Manulife US Real Investment Trust (the "REIT")
3438 Peachtree Road NE
Atlanta, Fulton County, GA 30324

Cushman & Wakefield File ID: 18-41002-900273-001

Dear Sirs:

INSTRUCTIONS

In accordance with the terms of engagement dated March 13, 2018, Cushman & Wakefield of Georgia, LLC (hereafter referred to as either "Appraiser" or "we") have considered the subject to be acquired by the REIT in order to provide you with our opinion of their Market Value, as March 31, 2018. This Valuation Summary Letter is a condensed version of our more expansive valuation report dated April 5, 2018 ("the Report") and we recommend that this shortened letter should be read in conjunction with the aforementioned fuller version of the report.

The valuation is required for the inclusion in connection with the proposed acquisition of 3438 Peachtree Road NE, Atlanta, Fulton County, GA 30324 by the REIT and may be included in a unitholder circular and/or offer information statement in connections with the foregoing.

We confirm that the valuation have been made in accord with the Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of Appraisal Institute and State Licensing Law.

Our Assumptions and Limiting Conditions, and Definitions form Appendix I to this report.



The valuation of the property that is on the basis of Market Value is subject to the following assumptions:

- For investment property: that the property would be sold subject to any existing leases.
- The appraisers' option of the Market Value was derived using the Income Capitalization (Direct Capitalization and DCF) as the primary valuation method and Sales Comparison method as a cross check.
- In order to comply with these Valuation Standards our files may be subject to monitoring by Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.
- The property was most recently inspected internally and externally by a suitably qualified real estate appraiser on March 31, 2018. We assume that there been no change to the property or its immediate surroundings since the date of our inspection.
- No allowance has been made in our valuation for any changes, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in affecting a sale. It is assumed that the Property is free from major or material encumbrances, restrictions or outgoings of an onerous nature which could affect the value.

RELIANCE ON THIS LETTER

We have prepared this letter and the enclosed valuation certificates which summarize our Report and outline key factors which we have considered in arriving at our opinion of values. This letter and the valuation certificates do not contain all the data and information found in our Report. For further information, reference should be made to Report.

The valuation and market information are no guarantees or predictions and must be read in considerations of the following:

The estimated value is based upon factual information provided by REIT/REIT Manager. All property data and information is assumed to be full and correct. It follows that we have made as assumptions that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions that have been made available to us and that the information is up to date and correct. While Cushman & Wakefield of Georgia, LLC. has endeavored to ensure the accuracy of the information, it has not independently verified all information provided by the REIT Manager. Cushman & Wakefield of Georgia, LLC, Inc. also accepts no responsibility for subsequent changes in information as to floor areas, income, expenses or market conditions.

PROPERTY

The property represents a high quality office property, described in detail in the Report.

PROPERTY SUMMARY		
Address	Land Area SF	Net Rentable Area SF
3438 Peachtree Road NE Atlanta, Georgia 30324	129,155	475,091

It is noted that the subject was re-measured to BOMA standards and contains a total of 481,246 square feet of net rentable area. The tenants, however, have legacy leases with variances from the BOMA measured spaces. Thus, we have utilized the current rent roll net rentable area for the occupied spaces and the BOMA measured area for the vacant area. As the tenant leases expire, we reset the space to the BOMA re-measured square footage in our cash flow analysis. For purposes of this analysis, we use the net rentable area of 475,091 square feet.

ASSUMPTIONS AND SOURCE OF INFORMATION

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by the appraiser as part of the valuation process. In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the REIT has confirmed that our assumptions are correct so far as they are aware. In the event that any assumptions prove to be to be inaccurate or incorrect then our valuation should be reviewed.

The Assumptions we have made for the purpose of our valuations are referred to as follows:

AREAS

We have not measured the Property and neither have we undertaken the measurements of any land sites. As instructed we have relied upon the floor areas provided by the REIT. We have assumed these to be correct, and have been assessed and calculated in accordance with local market practice.

CITY PLANNING AND ZONING

We have made enquiries of the relevant planning authority in whose area each property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

We have made an Assumption that the buildings have been constructed in full compliance with valid city planning, zoning code, and building regulations approvals, that where necessary they have benefit of current Fire Certificates. Similarly, we have also made Assumption that the Property is not subject to any outstanding statutory notices as to construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Property is duly authorized or established and that no adverse planning conditions or restrictions apply.

ENVIRONMENTAL MATTERS

The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Cushman & Wakefield of Georgia, LLC and its principals, agents, employees, shall not be liable for any cost, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous

waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids, or gasses, waste materials or other irritants, contaminants or pollutants.

An on-site inspection of the property was conducted. No evidence of asbestos material on-site was noted. A Phase 1 Environmental Assessment was not provided for use in the valuation. Our valuation assumes that no asbestos or other hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increase perceived risk, a revision of the concluded values may be necessary.

A detailed soils study was not provided for this analysis. The subject soil and sub-soil conditions are assumed to be suitable upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of sub-soil conditions.

TAXATION AND COST

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposals.

Leases and Lease Terms

For the purpose of our valuation we have relied upon the information provided by the REIT as to lease terms, pending leases, and floor areas. We have verified the accuracy of this information and have assumed that this is up to date and correct. This analysis also assumes that the financial information, including rent rolls and historical income and expense statements; accurately reflect that the current and historical operations of the Property. Should this Assumption prove invalid then our opinion of value may be amended.

We have not inspected the title deeds and apart from those disclosed to us, we have assumed that all the Property is free from encumbrances and that there are no unusual, onerous or restrictive covenants in the titles or leases which would affect the values.

Unless we have been informed to the contrary, we have assumed that there are no material arrears of rent and/or service charges.

Covenant and Status of Tenants

We are not qualified to undertake a detailed investigation into the financial status of the tenants. Unless otherwise advised we have made the Assumption that there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

Information

We have made an Assumption that the information the REIT and its professional advisors have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

VALUATION RATIONALE

The property comprises a high quality modern office building with multi-story parking investment in The United States. As the asset is income generating we have adopted an income approach to valuation using the Income

Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

Sales Comparison Approach

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

Income Capitalization Approach

The Income Capitalization Approach is based on the premise that property is purchased for its income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents current in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Direct Capitalization

This method analysis the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Discounted Cash Flow (DCF)

The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

Based on the overall quality of the data and analyses, and considering the decision-making process of most investors for the Property, we have adopted an income approach to valuation using the Income Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

SUMMARY OF VALUES

On the basis, assumptions and qualifications detailed within this Valuation Summary Letter, we are of the opinion that the aggregate Market Value, as at March 31, 2018, of the Property, subject to the existing lettings, is \$208,200,000 (Two Hundred Eight Million Two Hundred Thousand Dollars).

Disclaimer

We have prepared this Valuation Summary Letter and the enclosed Valuation Certificates for inclusion in the unitholder circular and/or offer information statement and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included within the unitholder circular and/or offer information statement, other than in respect of the information provided within the Report and this Valuation Summary Letter. We do not make any warranty or representation as to the accuracy of the information in any other part of the

unitholder circular and/or offer information statements other than as expressly made of given by Cushman & Wakefield of Georgia, LLC in this Valuation Summary Letter.

LIABILITY AND PUBLICATION

We agree to the inclusion of all or any part of the Reports to which this Valuation Summary Letter refers, or any data or other information contained in such Reports, and the Cushman & Wakefield of Georgia, LLC name can be quoted, reproduced and relied upon in the unitholder circular and/or offer information statement prepared in connection with the proposed acquisition of the Property by the REIT or any other offer materials prepared by or on behalf of the REIT, including any supplementary documents (if any) and any materials produced by or on behalf of the REIT in connection with presentations or other materials prepared in connection with the proposed acquisition of the Property by the REIT.


Save as set out above, if it is intended to make a reference to this Valuation Summary Letter in any published document, our prior approval to the publication is required so that we can approve the reference in context. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this Valuation Summary Letter. Disclosure of the Report by the addressees of the Report is not prohibited if required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings (for avoidance of doubt, this shall include disclosure of any addressee in connection with any form of due diligence deference) or for the purpose of resolving any actual or threatened dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the unitholders circular and/or offer information statement.

Cushman & Wakefield of Georgia, LLC has relied upon property data supplied by the REIT which we assume to be true and accurate. Cushman & Wakefield of Georgia, LLC takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

For the avoidance of doubt, the Independent Property Valuation Summary Report is prepared by Cushman & Wakefield of Georgia, LLC and no partner, member or employee shall assume any personal responsibility for it nor shall owe a duty of care in respect of it.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF GEORGIA, LLC



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APPENDIX I: ASSUMPTIONS AND LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.

- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.

- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

OTHER GENERAL ASSUMPTIONS

Rental Assessment

Unless stated otherwise with the report, our valuations have been based upon the assumptions that the rent is to be assessed upon the premises as existing at the date of our inspection.

Insurance

In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

Measurements

We have not undertaken a measurement survey of the property and have relied upon the floor areas provided. We are unable to provide any warranty as to the accuracy of these figures.

Floor areas are provided for the purpose described in this report and area not to be relied upon by any third party for any other purpose.

Site Plan and Area

Where a site area and/or site plan has been provided, this is for indicative purposes only and should not be relied upon. We recommend that a solicitors Title Report be obtained and that the site boundaries we have assumed are verified and if any questions of doubt arise the matter to be raised with us so that we may review our valuation.

Condition

Unless otherwise stated within the report, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle or other defects.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuations, unless otherwise stated.

These include, inter alia, the following:

- High alumina cement concrete;
- Asbestos;
- Calcium chloride as a drying agent;
- Wood wool slabs on permanent shuttering
- Polystyrene and polyurethane used as insulation in cladding.

None of the services, drainage or service installations was tested and we are, therefore, unable to report upon their condition.

Fixtures and Fittings

In arriving at our opinions of value, we have disregarded the value of all process related to plant, machinery, fixtures and equipment. We have had regard to the landlords' fixtures such as elevators, escalators, central heating and air conditioning forming an integral part of the building.

Where the property is valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributed to plant and machinery.

Mortgages

We have disregarded the existence of any mortgages, debentures or other charges to which the property may be subject.

Operational Entities

Where the property is valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Our valuations do not make any allowance for goodwill.

Standard Terms of Business

We confirm that this valuation report has been provided in accordance with our Standard Terms of Business.

DEFINITIONS

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Source: Office of the Comptroller (OCC), Title 12 of the Code of Federal Regulations, Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Source: The Appraisal of Real Estate, 14th Edition, Appraisal Institute, Chicago, Illinois, 2013.

APPENDIX II: VALUATION CERTIFICATION

VALUATION CERTIFICATION

AERIAL PHOTOGRAPH



EXTERIOR PHOTOGRAPH



Property:	Phipps Tower Office Building 3438 Peachtree Road NE Atlanta, GA 30324
Client:	Manulife US Real Estate Management Pte. Ltd. (in its capacity as manager of Manulife US Real Estate Investment Trust)
Intended User:	This report was prepared for the exclusive use of the client and DBS Trustee Limited (in its capacity as trustee of Manulife US Real Estate Investment Trust). Use of this report by others is not intended by the appraiser.
Intended Use:	This report is intended to summarize our opinion of the Market Value As Is of the leased fee interest in the subject property in connection with a circular to be issued in connection with a general meeting of unitholders of Manulife US Real Estate Investment Trust, including any supplementary documents (if any), related filings, presentations and any materials and disclosures in connection thereto.
Date of Inspection:	March 21, 2018
Property Interest:	Leased Fee

Summary of Salient Facts

The subject property consists of a 19-story multi-tenant office high-rise that contains 475,091 square feet of rentable area situated on a 2.97-acre site. The subject property is located on the northeast corner of Phipps Boulevard NE and Lenox Road NE in the Buckhead submarket within the Atlanta MSA. The improvements were completed in 2010 and are in excellent condition. Onsite parking is available via garage with 1150 spaces, resulting in a parking ratio of 2.42 per 1,000 square feet of net rentable area. The property is currently 97.44 percent occupied by nine tenants at an average contract rent of \$22.20 per square foot.

The property is located in Fulton County, within the City of Atlanta and specifically the Buckhead submarket. The subject has been recently developed amongst two other Class A office buildings, located on the southern side of Lenox Road, east of Georgia 400, within the Buckhead Loop. This is a highly desirable and visible location within the prestigious Buckhead submarket. Generally, the boundaries of the immediate area are Brookhaven to the north, Roxboro Road to the east, Collier Road to the South, and Roswell Road to the west. Other local landmarks include Lenox Mall, the Buckhead Loop, the Ritz Carlton, and several retail centers and office hi-rise buildings. The Atlanta Central Business District is seven miles south of the subject.

The following is an executive summary of the information that is presented in more detail in the previously noted appraisal report.

SITE INFORMATION		
Land Area:	129,155 Square Feet	2.97 Acres
Site Shape:	Irregularly shaped	
Site Topography:	Level at street grade	
Frontage:	Good	
Site Utility:	Good	
Flood Zone Status:		
Flood Zone:	X	
Flood Map Number:	13121C0251F	
Flood Map Date:	September 18, 2013	
BUILDING INFORMATION		
Type of Property:	Office	
Sub Type:	Office Building - High Rise	
Building Area:		
Gross Building Area:	506,190 SF	
Net Rentable Area:	475,091 SF	
Land-to-Building Ratio:	0.26:1	
Number of Buildings:	Two	
Number of Stories:	19	
Quality:	Excellent	
Year Built:	2010	
Condition:	Excellent	
Actual Age:	8 Years	
Effective Age:	8 Years	
Remaining Economic Life:	52 Years	
Parking:		
Number of Parking Spaces:	1,150	
Parking Ratio (per 1,000 SF):	2.42:1	
Parking Type:	Garage	

It is noted that the subject was re-measured to BOMA standards and contains a total of 481,246 square feet of net rentable area. The tenants, however, have legacy leases with variances from the BOMA measured spaces. Thus, we have utilized the current rent roll net rentable area for the occupied spaces and the BOMA measured area for the vacant area. As the tenant leases expire, we reset the space to the BOMA re-measured square footage in our cash flow analysis. For purposes of this analysis, we use the net rentable area of 475,091 square feet.

Basis of Valuation:	Market Value – Leased Fee (Subject to the existing tenancies)
Valuation Approaches:	Sales Comparison Approach and Income Capitalization Approach including the Direct Capitalization method and Discounted Cash Flow (DCF) analysis
Date of Value:	March 31, 2018

Market Value As Is:	\$208,200,000 (Two Hundred Eight Million Two Hundred Thousand Dollars) Our market value is equivalent to \$438 per square foot of net rentable area.
Assumptions, Disclaimers, Limitations & Qualifications:	This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations and Disclaimers section located within this report. Reliance on the valuation and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The appraisers have no pecuniary interest that would conflict with the proper valuation of the subject property.
Prepared by:	James O'Neil, MAI C. Clayton Davie, MAI, MRICS Cushman & Wakefield of Georgia, LLC
Prepared for:	Manulife US Real Estate Management Pte. Ltd. (In Its Capacity as Manager of Manulife US Real Estate Investment Trust) DBS Trustee Limited (In Its Capacity as Trustee of Manulife US Real Estate Investment Trust)

CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- C. Clayton Davie, MAI, MRICS made a personal inspection of the subject property. James O'Neil, MAI did not inspect the subject property.
- No one provided significant real property appraisal assistance to the person signing this report.
- We have not provided any services regarding the subject property within the prior three years, as an appraiser or in any other capacity.
- As of the date of this report, C. Clayton Davie, MAI, MRICS and James O'Neil, MAI have completed the continuing education program of the Appraisal Institute.



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INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

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April 5, 2018

Manulife US Real Estate Management Pte. Ltd.

(in its capacity as manager of Manulife US Real Estate Investment Trust)
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Level 11 Manulife Centre
Singapore 189554

DBS Trustee Limited

(in its capacity as trustee of Manulife US Real Estate Investment Trust)
12 Marina Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

MANULIFE US REAL INVESTMENT TRUST ("THE REIT")

1750 Pennsylvania Ave NW, Washington, DC 20006

INSTRUCTIONS

In accordance with the terms of engagement dated March 9, 2018, Colliers International Valuation & Advisory Services, LLC, (hereafter referred to as either "Appraiser" or "we") have considered the subject to be acquired by the REIT in order to provide you with our opinion of their Market Value, as of March 31, 2018. This Valuation Summary Letter is a condensed version of our more expansive valuation report dated April 5, 2018 ("the Report"), and we recommend that this shortened report should be read in conjunction with the aforementioned fuller version.

The valuation is required for the inclusion in connection with the proposed acquisition of 1750 Pennsylvania Ave NW, Washington, DC 20006 by the REIT and may be included in a unitholder circular and/or offer information statement in connection with the foregoing.

We confirm that the valuations have been made in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 63 countries worldwide.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

Our Assumptions and Limiting Conditions, and Definitions form Appendix I to this report.

The valuation of the Property that is on the basis of Market Value, subject to the following assumptions:

For investment property: that the property would be sold subject to any existing leases.

The appraisers' option of the Market Value was derived using the Income Capitalization (Direct Capitalization and DCF) as the primary valuation method and Sales Comparison method as a cross check.

In order to comply with these Valuation Standards our files may be subject to monitoring by Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.

The property was most recently inspected internally and externally by a suitably qualified real estate appraiser on March 22, 2018. We assume that there have been no changes to the Property or its immediate surroundings since the date of our inspection.

No allowance has been made in our valuation for any changes, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in affecting a sale. It is assumed that the Property is free from major or material encumbrances, restrictions or outgoings of an onerous nature which could affect the value.

RELIANCE ON THIS LETTER

We have prepared this letter and the enclosed valuation certificates which summarize our Report and outline key factors which we have considered in arriving at our opinion of values. This letter and the valuation certificates do not contain all the data and information found in our Report. For further information, reference should be made to the Report.

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

The estimated value is based upon factual information provided by the REIT / REIT Manager. All property data and information is assumed to be full and correct. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date and correct. While Colliers International has endeavored to ensure the accuracy of the information, it has not independently verified all information provided by the REIT Manager. Colliers International also accepts no responsibility for subsequent changes in information as to floor areas, income, expenses or market conditions.

PROPERTY

The property represents a high quality office property, described in detail in the Report.

Property	Land Area sq. ft.	NRA sq. ft.
1 1750 Pennsylvania Ave NW	26,861	277,243

ASSUMPTIONS AND SOURCES OF INFORMATION

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by an Appraiser as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the REIT has confirmed that our Assumptions are correct so far as they are aware. In

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

the event that any these Assumptions prove to be inaccurate or incorrect then our valuation should be reviewed.

The Assumptions we have made for the purposes of our valuations are referred to as follows:

Areas

We have not measured the Property and neither have we undertaken the measurement of any land sites. As instructed we have relied upon the floor areas provide by the REIT. We have assumed these to be correct, and have been assessed and calculated in accordance with local market practice.

City Planning and Zoning

We have made enquiries of the relevant planning authority in whose area each property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

We have made an Assumption that the buildings have been constructed in full compliance with valid city planning, zoning codes, and building regulations approvals, that where necessary they have the benefit of current Fire Certificates. Similarly, we have also made an Assumption that the Property is not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Property is duly authorized or established and that no adverse planning conditions or restrictions apply.

Environmental Matters

The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment dated June 10, 2015 was provided for this analysis and did not reveal any recognized environmental conditions at the time of the report. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.

A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposals.

Leases And Lease Terms

For the purposes of our valuation we have relied upon the information provided by the REIT as to lease terms, pending leases, and floor areas. We have verified the accuracy of this information and have

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

assumed that this is up to date and correct. This analysis also assumes that the financial information, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the Property. Should this Assumption prove invalid then our opinion of value may be amended.

We have not inspected the title deeds and apart from those disclosed to us, we have assumed that all the Property is free from encumbrances and that there are no unusual, onerous or restrictive covenants in the titles or leases which would affect the values.

Unless we have been informed to the contrary, we have assumed that there are no material arrears of rent and/or service charges.

Covenant Status of Tenants

We are not qualified to undertake a detailed investigation into the financial status of the tenants. Unless otherwise advised we have made the Assumption that there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

Information

We have made an Assumption that the information the REIT and its professional advisers have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

VALUATION RATIONALE

The property comprises a high quality modern office building with multi-story parking investment in the United States. As the asset is income generating we have adopted an income approach to valuation using the Income Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

Income Capitalization

The Income Approach is based on the premise that property is purchased for its income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Direct Capitalization

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Discounted Cash Flow (DCF)

The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations and through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

Sales Comparison Approach

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

Based on the overall quality of the data and analyses, and considering the decision-making process of most investors for the Property, we have adopted an income approach to valuation using the Income Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

SUMMARY OF VALUES

On the basis, assumptions and qualifications detailed within this Valuation Summary Letter, we are of the opinion that the aggregate Market Value, as at March 31, 2018, of the Property, subject to the existing lettings, is \$186,000,000 (One Hundred and Eighty-Six Million Dollars).

Disclaimer

We have prepared this Valuation Summary Letter and the enclosed Valuation Certificates for inclusion in the unitholder circular and/or offer information statement and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included within the unitholder circular and/or offer information statement, other than in respect of the information provided within the Report and this Valuation Summary Letter. We do not make any warranty or representation as to the accuracy of the information in any other part of the unitholder circular and/or offer information statement s other than as expressly made or given by Colliers International in this Valuation Summary Letter.

LIABILITY CAP

Subject to applicable laws with the exception of the investors, the liability of the Appraisers (Colliers International) as defined herein is limited to \$2,000,000 (Two Million Dollars) per property valued for any single case of damages caused by simple negligence, irrespective of the legal reason. A single case of damages is defined as the total sum of all the damage claims of all persons entitled to claim, which arise from one and the same professional error (offense). In the case of damages suffered from several offenses brought about by the same technical error within the scope of several coherent services of a similar nature, the Appraiser can similarly only be held liable for an amount of \$2,000,000.

LIABILITY AND PUBLICATION

We agree to the inclusion of all or any part of the Reports to which this Valuation Summary Letter refers, or any data or other information contained in such Reports, and the Colliers name can be quoted, reproduced and relied upon in the unitholder circular and/or offer information statement prepared in connection with the proposed acquisition of the Property by the REIT or any other offer materials prepared by or on behalf of the REIT, including any supplementary documents (if any) and any materials produced by or on behalf of the REIT in connection with presentations or other materials prepared in connection with the proposed acquisition of the Property by the REIT.

Save as set out above, if it is intended to make a reference to this Valuation Summary Letter in any published document, our prior approval to the publication is required so that we can approve the reference in context. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this Valuation Summary Letter. Disclosure of the Report by the addressees of the Report is not prohibited if required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings (for avoidance of doubt, this shall include disclosure of any addressee in connection with any form of due diligence deference) or

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

for the purpose of resolving any actual or threatened dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the unitholders circular and/or offer information statement.

Colliers International has relied upon property data supplied by the REIT which we assume to be true and accurate. Colliers International takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

For the avoidance of doubt, this Report is provided by Colliers International Valuation and Advisory Services, LLC and no partner, member or employee shall assume any personal responsibility for it nor shall owe a duty of care in respect of it.

Sincerely,



Tony Essa, MAI, MRICS
Valuation Services Director
Certified General Real Estate Appraiser
State of District of Columbia License #GA12292
+1 202 728 3523
tony.essa@colliers.com



David Wilk, CRE, MAI
Managing Director
Certified General Real Estate Appraiser
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+1 202 534 3603
david.wilk@colliers.com



APPENDIX I: ASSUMPTIONS AND LIMITING CONDITIONS AND DEFINITIONS

APPENDIX I

CONTINUED

ASSUMPTIONS AND LIMITING CONDITIONS

The valuations have been prepared in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.

APPENDIX I

CONTINUED

- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

OTHER GENERAL ASSUMPTIONS

Rental Assessment

Unless stated otherwise within the report, our valuations have been based upon the assumption that the rent is to be assessed upon the premises as existing at the date of our inspection.

Insurance

In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

Measurements

We have not undertaken a measured survey of the property and have relied upon the floor areas provided. We are unable to provide any warranty as to the accuracy of these figures.

Floor areas are provided for the purpose described in this report and are not to be relied upon by any third party for any other purpose.

APPENDIX I

CONTINUED

Site Plan and Area

Where a site area and or site plan has been provided this is for indicative purposes only and should not be relied upon. We recommend that a solicitors Title Report be obtained and that the site boundaries we have assumed are verified and if any questions of doubt arise the matter to be raised with us so that we may review our valuation.

Condition

Unless otherwise stated within the report, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle or other defects.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuations, unless otherwise stated.

These include, inter alia, the following:

- High alumina cement concrete
- Asbestos
- Calcium chloride as a drying agent
- Wood wool slabs on permanent shuttering
- Polystyrene and polyurethane used as insulation in cladding

None of the services, drainage or service installations was tested and we are, therefore, unable to report upon their condition.

Fixtures and Fittings

In arriving at our opinions of value we have disregarded the value of all process related to plant, machinery, fixtures and equipment. We have had regard to the landlords' fixtures such as elevators, escalators, central heating and air conditioning forming an integral part of the building.

Where the property is valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

Mortgages

We have disregarded the existence of any mortgages, debentures or other charges to which the property may be subject.

Operational Entities

Where the property is valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Our valuations do not make any allowance for goodwill.

Standard Terms of Business

We confirm that this valuation report has been provided in accordance with our Standard Terms of Business.

APPENDIX I

CONTINUED

DEFINITIONS

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value.)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the typical lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

(Source: The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013, 14th Edition)



APPENDIX II: VALUATION CERTIFICATE

APPENDIX II

CONTINUED

VALUATION CERTIFICATE

Colliers International
Valuation and Advisory Services
666 Fifth Avenue
New York, NY 10103 USA

www.colliers.com/valuationadvisory

PHONE +1 212 716 3500
FAX +1 212 486 2530



Property	1750 Pennsylvania Ave NW, Washington, DC 20006, United States (“1750 Penn”)
Client	DBS Trustee Limited (in its capacity as trustee of Manulife US Real Estate Investment Trust)
Purpose of Valuation	of In connection with the proposed acquisition of the Property by Manulife US Real Estate Investment Trust
Date of Inspection	of March 22, 2018
Type of Property	A 13-story, Class A office building with three-levels of parking below grade, all situated in the CBD of Washington DC.
Property Description	The subject property has a multi-tenant design that is currently occupied by third-party tenants, and has a current occupancy level of 97.2%, which is above the stabilized occupancy level estimate of 95.0% that was developed in this appraisal. The property is approximately 95% leased by high credit tenants with a weighted average lease term remaining of 6.6 years. The building is just one block from the White House, the Old Executive Office Building and just two blocks from Metro.

APPENDIX II

CONTINUED

Building Assessment	During the course of inspection, the property was found to be fitted out to a very high specification. The floor plates have regular configurations with well-placed service cores offering good flexibility for subdivision and are appropriate for their intended use. The steel-framed tower is wrapped in a glass curtainwall from the 2 nd floor up. The property also has good prominence given its situation on the river and is sufficiently accessible by public transit and roadways.
Surrounding Infrastructure	<p>The subject property is located in Washington, D.C., which had an estimated population of 672,228 as of July 2015. Commuters from the surrounding Maryland and Virginia suburbs raise the city's population to more than one million during the workweek. The Washington metropolitan area, of which the District of Columbia is a part, has a population of over six million, the sixth largest metropolitan statistical area in the country.</p> <p>The subject property is located in central Washington, D.C. The neighborhood is bordered by West End to the north, Penn Quarter to the east, West Potomac Park to the south and the Potomac River to the west. The neighborhood is served by Interstate 66 and U.S. Route 29.</p>
Assessor Parcel Number	0168 0823
Property Interest	Leased Fee
Site	26,861 sq. ft.
Gross Building Area	281,560 sq. ft.
Net Rentable Area	277,243 sq. ft.
Year of Completion	1964 Renovated: 2014
Condition	Good
City Planning/Zoning	The property is situated in the Downtown District (D-6), which allows for Firearms sales, massage administration establishment, motorcycle sales and repair, motor vehicle-related, production, distribution, & repair uses; and financial services in all zones except for the D-1-R & D-2 zones, provided not more than twenty-five percent (25%) of the ground floor area permitted for non-residential use shall be devoted to banks, loan offices, or other financial institutions, travel agencies, or ticket offices. Parking is required onsite at a minimum ratio of 0.5 spaces per 1,000 sq. ft.
Net Operating Income	\$8,628,692.
Tenancies	Top tenants at the subject include the GSA 43.4%, UN Foundation 28.7%, and AOL 5.50%.
Basis of Valuation	Market Value – subject to existing tenancies
Valuation Approaches	Direct Capitalization Method, Discounted Cash Flow Analysis Method, & Sales Comparison Method

APPENDIX II

CONTINUED

Date of Valuation	March 31, 2018
Market Value	\$186,000,000 (One Hundred Eighty-Six Million Dollars) Our Market Value is equivalent to \$671 per sq. ft. of net rentable area
Assumptions, Disclaimers, Limitations & Qualifications	<i>This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the Report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations and Disclaimers section located within this report. Reliance on the valuation and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The Appraisers have no pecuniary interest that would conflict with the proper valuation of the property.</i>
Prepared by	Tony Essa, MAI, MRICS, Valuation Services Director, and David Wilk, CRE, MAI, Managing Director Colliers International Valuation and Advisory Services, LLC
Prepared for	DBS Trustee Limited (in its capacity as trustee of the Manulife US Real Estate Investment Trust)

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

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FAX +1 770 557 0064
WEB www.colliers.com/valuationadvisory



April 5, 2018

Manulife US Real Estate Management Pt. Ltd.

(in its capacity as manager of Manulife US Real Estate Investment Trust)
51 Bras Basah Road
Level 11 Manulife Centre
Singapore 189554

DBS Trustee Limited

(in its capacity as trustee of Manulife US Real Estate Investment Trust)
12 Marina Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

MANULIFE US REAL INVESTMENT TRUST ("THE REIT")

Phipps Tower, 3438 Peachtree Road NE, GA 30326

INSTRUCTIONS

In accordance with the terms of engagement dated March 9, 2018, Colliers International Valuation & Advisory Services, LLC, (hereafter referred to as either "Appraiser" or "we") have considered the subject to be acquired by the REIT in order to provide you with our opinion of their Market Value, as of March 31, 2018. This Valuation Summary Letter is a condensed version of our more expansive valuation report dated April 5, 2018 ("the Report"), and we recommend that this shortened report should be read in conjunction with the aforementioned fuller version.

The valuation is required for the inclusion in connection with the proposed acquisition of Phipps Tower, 3438 Peachtree Road NE, Atlanta, GA 30326 by the REIT and may be included in a unitholder circular and/or offer information statement in connection with the foregoing.

We confirm that the valuations have been made in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 63 countries worldwide.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

Our Assumptions and Limiting Conditions, and Definitions form Appendix I to this report.

The valuation of the Property that is on the basis of Market Value, subject to the following assumptions:

For investment property: that the property would be sold subject to any existing leases.

The appraisers' option of the Market Value was derived using the Income Capitalization (Direct Capitalization and DCF) as the primary valuation method and Sales Comparison method as a cross check.

In order to comply with these Valuation Standards our files may be subject to monitoring by Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.

The property was most recently inspected internally and externally by a suitably qualified real estate appraiser on March 16, 2018. We assume that there have been no changes to the Property or its immediate surroundings since the date of our inspection.

No allowance has been made in our valuation for any changes, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in affecting a sale. It is assumed that the Property is free from major or material encumbrances, restrictions or outgoings of an onerous nature which could affect the value.

RELIANCE ON THIS LETTER

We have prepared this letter and the enclosed valuation certificates which summarize our Report and outline key factors which we have considered in arriving at our opinion of values. This letter and the valuation certificates do not contain all the data and information found in our Report. For further information, reference should be made to the Report.

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

The estimated value is based upon factual information provided by the REIT / REIT Manager. All property data and information is assumed to be full and correct. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date and correct. While Colliers International has endeavored to ensure the accuracy of the information, it has not independently verified all information provided by the REIT Manager. Colliers International also accepts no responsibility for subsequent changes in information as to floor areas, income, expenses or market conditions.

PROPERTY

The property represents a high quality office property, described in detail in the Report.

Property	Land Area sq. ft.	NRA sq. ft.
1 Phipps Tower	129,176	475,091

ASSUMPTIONS AND SOURCES OF INFORMATION

Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by an Appraiser as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the REIT has confirmed that our Assumptions are correct so far as they are aware. In

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

the event that any these Assumptions prove to be inaccurate or incorrect then our valuation should be reviewed.

The Assumptions we have made for the purposes of our valuations are referred to as follows:

Areas

We have not measured the Property and neither have we undertaken the measurement of any land sites. As instructed we have relied upon the floor areas provide by the REIT. We have assumed these to be correct, and have been assessed and calculated in accordance with local market practice.

City Planning and Zoning

We have made enquiries of the relevant planning authority in whose area each property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

We have made an Assumption that the buildings have been constructed in full compliance with valid city planning, zoning codes, and building regulations approvals, that where necessary they have the benefit of current Fire Certificates. Similarly, we have also made an Assumption that the Property is not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Property is duly authorized or established and that no adverse planning conditions or restrictions apply.

Environmental Matters

The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.

A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposals.

Leases And Lease Terms

For the purposes of our valuation we have relied upon the information provided by the REIT as to lease terms, pending leases, and floor areas. We have verified the accuracy of this information and have assumed that this is up to date and correct. This analysis also assumes that the financial information, including

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the Property. Should this Assumption prove invalid then our opinion of value may be amended.

We have not inspected the title deeds and apart from those disclosed to us, we have assumed that all the Property is free from encumbrances and that there are no unusual, onerous or restrictive covenants in the titles or leases which would affect the values.

Unless we have been informed to the contrary, we have assumed that there are no material arrears of rent and/or service charges.

Covenant Status of Tenants

We are not qualified to undertake a detailed investigation into the financial status of the tenants. Unless otherwise advised we have made the Assumption that there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

Information

We have made an Assumption that the information the REIT and its professional advisers have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

VALUATION RATIONALE

The property comprises a high quality modern office building with multi-story parking investment in the United States. As the asset is income generating we have adopted an income approach to valuation using the Income Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

Income Capitalization

The Income Approach is based on the premise that property is purchased for its income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Direct Capitalization

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Discounted Cash Flow (DCF)

The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations and through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

Sales Comparison Approach

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

Based on the overall quality of the data and analyses, and considering the decision-making process of most investors for the Property, we have adopted an income approach to valuation using the Income Capitalization Method (Direct Capitalization and DCF) as the primary valuation method and a Sales Comparison Approach Method as a cross check.

SUMMARY OF VALUES

On the basis, assumptions and qualifications detailed within this Valuation Summary Letter, we are of the opinion that the aggregate Market Value, as of March 31, 2018, of the Property, subject to the existing lettings, is \$210,200,000 (Two Hundred Ten Million and Two Hundred Thousand Dollars).

Disclaimer

We have prepared this Valuation Summary Letter and the enclosed Valuation Certificates for inclusion in the unitholder circular and/or offer information statement and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included within the unitholder circular and/or offer information statement, other than in respect of the information provided within the Report and this Valuation Summary Letter. We do not make any warranty or representation as to the accuracy of the information in any other part of the unitholder circular and/or offer information statement s other than as expressly made or given by Colliers International in this Valuation Summary Letter.

LIABILITY CAP

Subject to applicable laws with the exception of the investors, the liability of the Appraisers (Colliers International) as defined herein is limited to \$2,000,000 (Two Million Dollars) per property valued for any single case of damages caused by simple negligence, irrespective of the legal reason. A single case of damages is defined as the total sum of all the damage claims of all persons entitled to claim, which arise from one and the same professional error (offense). In the case of damages suffered from several offenses brought about by the same technical error within the scope of several coherent services of a similar nature, the Appraiser can similarly only be held liable for an amount of \$2,000,000.

LIABILITY AND PUBLICATION

We agree to the inclusion of all or any part of the Reports to which this Valuation Summary Letter refers, or any data or other information contained in such Reports, and the Colliers name can be quoted, reproduced and relied upon in the unitholder circular and/or offer information statement prepared in connection with the proposed acquisition of the Property by the REIT or any other offer materials prepared by or on behalf of the REIT, including any supplementary documents (if any) and any materials produced by or on behalf of the REIT in connection with presentations or other materials prepared in connection with the proposed acquisition of the Property by the REIT.

Save as set out above, if it is intended to make a reference to this Valuation Summary Letter in any published document, our prior approval to the publication is required so that we can approve the reference in context. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this Valuation Summary Letter. Disclosure of the Report by the addressees of the Report is not prohibited if required (i) in connection with any actual or threatened legal, judicial or regulatory proceedings (for avoidance of doubt, this shall include disclosure of any addressee in connection with any form of due diligence deference) or

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

CONTINUED

for the purpose of resolving any actual or threatened dispute or (ii) in communications to insurers in connection with an actual or threatened dispute or claim, or (iii) in connection with the addressees' due diligence enquiries of the contents of the unitholders circular and/or offer information statement.

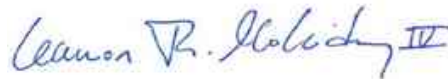
Colliers International has relied upon property data supplied by the REIT which we assume to be true and accurate. Colliers International takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

For the avoidance of doubt, this Report is provided by Colliers International Valuation and Advisory Services, LLC and no partner, member or employee shall assume any personal responsibility for it nor shall owe a duty of care in respect of it.

Sincerely,



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APPENDIX I: ASSUMPTIONS AND LIMITING CONDITIONS AND DEFINITIONS

APPENDIX I

CONTINUED

ASSUMPTIONS AND LIMITING CONDITIONS

The valuations have been prepared in accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"), FIRREA, and the Code of Ethics and Certification Standards of the Appraisal Institute and State Licensing Laws.

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.

APPENDIX I

CONTINUED

- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

OTHER GENERAL ASSUMPTIONS

Rental Assessment

Unless stated otherwise within the report, our valuations have been based upon the assumption that the rent is to be assessed upon the premises as existing at the date of our inspection.

Insurance

In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

Measurements

We have not undertaken a measured survey of the property and have relied upon the floor areas provided. We are unable to provide any warranty as to the accuracy of these figures.

Floor areas are provided for the purpose described in this report and are not to be relied upon by any third party for any other purpose.

APPENDIX I

CONTINUED

Site Plan and Area

Where a site area and or site plan has been provided this is for indicative purposes only and should not be relied upon. We recommend that a solicitors Title Report be obtained and that the site boundaries we have assumed are verified and if any questions of doubt arise the matter to be raised with us so that we may review our valuation.

Condition

Unless otherwise stated within the report, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle or other defects.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuations, unless otherwise stated.

These include, inter alia, the following:

- High alumina cement concrete
- Asbestos
- Calcium chloride as a drying agent
- Wood wool slabs on permanent shuttering
- Polystyrene and polyurethane used as insulation in cladding

None of the services, drainage or service installations was tested and we are, therefore, unable to report upon their condition.

Fixtures and Fittings

In arriving at our opinions of value we have disregarded the value of all process related to plant, machinery, fixtures and equipment. We have had regard to the landlords' fixtures such as elevators, escalators, central heating and air conditioning forming an integral part of the building.

Where the property is valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

Mortgages

We have disregarded the existence of any mortgages, debentures or other charges to which the property may be subject.

Operational Entities

Where the property is valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Our valuations do not make any allowance for goodwill.

Standard Terms of Business

We confirm that this valuation report has been provided in accordance with our Standard Terms of Business.

APPENDIX I

CONTINUED

DEFINITIONS

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value.)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the typical lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

(Source: The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013, 14th Edition)



APPENDIX II: VALUATION CERTIFICATE

APPENDIX II

CONTINUED

VALUATION CERTIFICATE

Colliers International
Valuation and Advisory Services
1230 Peachtree Street NE, Suite 800
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Property	3438 Peachtree Road NE, Atlanta, GA 30326, United States (“Phipps Tower”)
Client	DBS Trustee Limited (in its capacity as trustee of Manulife US Real Estate Investment Trust)
Purpose of Valuation	of In connection with the proposed acquisition of the Property by Manulife US Real Estate Investment Trust
Date of Inspection	of March 16, 2018
Type of Property	A 19-story, Class A office building with four-levels of parking below grade within the Buckhead submarket, an area that is heavily improved with Class A high-rise office buildings anchored by large financial institutions and Fortune 500 corporations. The subject is considered one of the premier office buildings in Atlanta for its location and quality and features direct access to the adjacent Phipps Plaza mall.
Property Description	<p>Constructed in 2010, Phipps Tower comprises a high-rise office building with 19 floors and excellent exposure within the Buckhead Loop, with a net rentable area of 475,091 sq. ft. The property offers a high standard of office accommodation and building specification. It has a five-level car parking garage, with four levels below the building, offering a total of 1,150 parking spaces, or 2.4 spaces per 1,000 sq. ft. of rentable area.</p> <p>The subject property has a multi-tenant design that is currently 97.4% occupied by third party tenants. The subject space includes office suites as small as approximately 4,302 sq. ft., as well as larger suites that comprise entire floor plates of over 26,000 sq. ft. Carter’s leases 304,013 sq. ft., or 64% of the net rentable area, through April 30, 2030. Amenities within the building include a farm-to-table café, sundry shop, conference center (can accommodate 105 attendees), and full-service fitness center. There is a retail branch bank at the lobby level.</p>

APPENDIX II

CONTINUED

Building Assessment	During the course of inspection, the property was found to be fitted out to a very high specification. The floor plates have regular configurations with well-placed service cores offering good flexibility for subdivision and are appropriate for their intended use. The steel-framed tower is wrapped in a glass curtainwall, exhibiting a contemporary design.
Surrounding Infrastructure	The subject is located within the Buckhead submarket, on the northern side of Lenox Road, just west of Peachtree Road, and has direct connectivity to the adjacent upscale Phipps Plaza Mall. The local area is urban in nature and is conveniently located within a fifteen-minute drive of other urban areas including Midtown, Downtown, and Central Perimeter. Buckhead includes various uses, such as single-family, multi-family, office, retail, and hospitality uses in a densely developed urban setting. The Georgia Governor's mansion is located three miles west of the subject amongst some of the highest priced residential properties within the market. Furthermore, in addition to being directly connected to Phipps Plaza Mall, its sister mall, Lenox Square, is situated across Peachtree Road. The recently developed upscale mixed-use development, Buckhead Atlanta, is situated 1.7 miles to the southwest of the subject. Public transportation is available near the subject, with two MARTA public rail service stations within less than half a mile (Buckhead Station and Lenox Station). Additionally, the "Buc" shuttle provides service throughout the Buckhead neighborhood. The local area has remained a desirable destination for both office and residential uses.
Assessor Parcel Number	Fulton County: 17 0045 LL0598
Property Interest	Leasehold
Site	129,176 sq. ft.
Net Rentable Area	475,091 sq. ft.
Year of Completion	2010
Condition	Excellent
City Planning/Zoning	The property is situated in the Buckhead/Lenox Station Special Public Interest District, which allows for a variety of uses, including office, multi-family, restaurant, retail, hotel, academic, recreational facilities, and various other uses. Building height is limited to 600 feet in the zoning regulations. Parking is required onsite at a maximum ratio of 2.5 spaces per 1,000 sq. ft.
Net Operating Income	\$12,002,574.
Tenancies	Top tenants at the subject include Carter's (304,013 sq. ft), Northwestern Mutual (52,541 sq. ft.), and CoStar Group (43,841 sq. ft.). In all, the three largest tenants occupy nearly 84% of the building. Peak turnover is anticipated in Year 5 with a total of 56,843 sq. ft. (12.0% of the net rentable area) expiring. It is noted that Carter's lease does not expire for 12 years and their in-place rent is 26% to 29% below market depending on the suite.
Basis of Valuation	of Market Value – subject to existing tenancies

APPENDIX II

CONTINUED

Valuation Approaches		Direct Capitalization Method, Discounted Cash Flow Analysis Method, & Sales Comparison Method
Date of Valuation	of	March 31, 2018
Market Value		\$210,200,000 (Two Hundred Ten Million and Two Hundred Thousand Dollars). Our Market Value is equivalent to \$442 per sq. ft. of net rentable area
Assumptions, Disclaimers, Limitations & Qualifications	&	<i>This valuation certificate is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout the Report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations and Disclaimers section located within this report. Reliance on the valuation and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. The Appraisers have no pecuniary interest that would conflict with the proper valuation of the property.</i>
Prepared by		Bradley Kramer, MAI, Valuation Services Director, and Leamon Holliday, MAI, Managing Director Colliers International Valuation and Advisory Services, LLC
Prepared for		DBS Trustee Limited (in its capacity as trustee of the Manulife US Real Estate Investment Trust)

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INDEPENDENT MARKET RESEARCH REPORT



Independent Market Research Report

An independent review of the
Atlanta-Buckhead and Washington, DC-CBD office markets

Prepared for:
Manulife U.S. Real Estate Management

Prepared by:
JLL
Market Research & Advisory
2020 K Street NW, Suite 1100
Washington, DC 20006

March 2018

Table of Contents

National economic and employment overview..... 3

 Population trends 3

 Economic trends 3

 Labor market overview 4

 Business trends 8

 Economic forecast..... 9

 Office market implications..... 10

National office market overview 11

 National office demand analysis..... 12

 Office supply analysis..... 15

 Office rent analysis..... 18

 Office statistics and forecast..... 20

 Capital markets overview 21

 Capital markets outlook..... 28

Atlanta..... 29

 Introduction 29

 Accessibility..... 30

 Population and workforce demographics..... 31

 Economic trends 33

 Office market conditions 37

 Office statistics by submarket and asset class 38

 Development pipeline..... 41

 Investment sales 43

 Outlook 47

Buckhead..... 48

 Location description and accessibility 48

 Submarket trends 48

 Office market conditions 49

 Outlook 52

 Statistics and forecast 53

Phipps Tower	54
Strengths	57
Weaknesses	58
Opportunities	58
Threats	58
Outlook and conclusion commentary on the subject property’s positioning	59
Comparable buildings	60
Micromarket outlook and conclusions	63
Washington, DC	64
Introduction	64
Accessibility	66
Population and workforce demographics	66
Economic trends	70
Office market conditions	73
Office statistics by submarket and asset class	75
Development pipeline	77
Investment sales	86
Outlook	96
CBD	98
Location description and accessibility	98
Submarket trends	99
Office market conditions	99
Outlook	103
Statistics and forecast	104
1750 Pennsylvania Avenue, NW	105
Strengths	109
Weaknesses	109
Opportunities	109
Threats	110
Comparable buildings	111
Outlook and conclusion commentary on the subject property’s positioning	114
Micromarket outlook and conclusions	114

National economic and employment overview

Population trends

According to the U.S. Census Bureau, the population of the United States as of March 2018 totaled approximately 327.4 million, making it the third most populous country in the world after China and India. Although the U.S. population almost quadrupled during the 20th century, growing at an average annual rate of 1.3 percent, annual population growth over the past three years has been just 0.7 percent. This deceleration in growth has been driven in large part by falling birthrates since the late 1950s. Net international migration has totaled approximately 1 million annually in 2017, according to the U.S. Census Bureau, and based on the agency's projections, net international migration is expected to outpace natural births by 2030.

The median age of the U.S. population was 37.8 years as of 2015, ranking the U.S. fifth youngest relative to the world's 17 most developed countries. The median U.S. household income was \$55,775, according to the U.S. Census Bureau's 2015 American Community Survey.

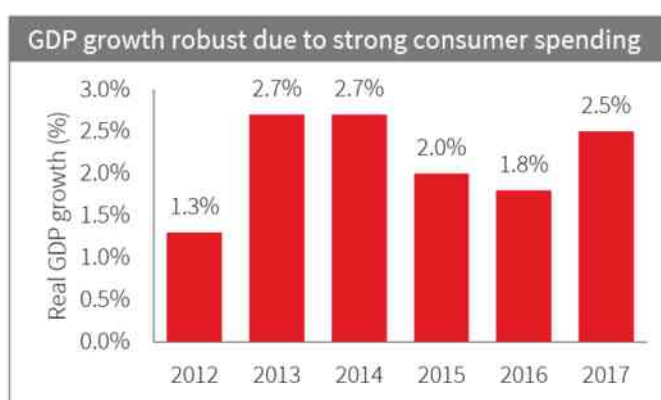
Economic trends

The U.S. economy remains in expansion mode, with sustained job creation, output growth and consumer and business confidence all showing strong momentum. Even with a number of political and geopolitical concerns, sentiment is buoyant as corporates adjust their strategies in line with tax reform.

Revisions to fourth-quarter GDP show 2017 ended the year at a very strong 2.5 percent, the highest level since 2014. Since 2012, quarterly growth in real terms has been relatively steady at 0.5 percent, with the two-year quarterly average being the same.

Personal consumption, driven by steady rises in spending, high employment levels and low inflation until recent months, continued to be the primary driver of GDP growth. Of the \$420.3 billion added over the course of 2017 to the national economy in real terms, 77.5 percent came from personal consumption.

Spending has been relatively even between goods and services, with the former growing faster (+7.4 percent) as a result of strong spending in areas such as motor vehicles, furniture and recreational products. Within the services sector, finance (+3.7 percent) has posted the fastest growth over the year.



Compared to the broader economy, business investment rose by an even faster 3.3-percent rate in real terms over the year. Reflecting the dominance of technology and digital goods and services, business investment was strongest in areas such as IP equipment (+9.6 percent) and software (+5.8 percent).

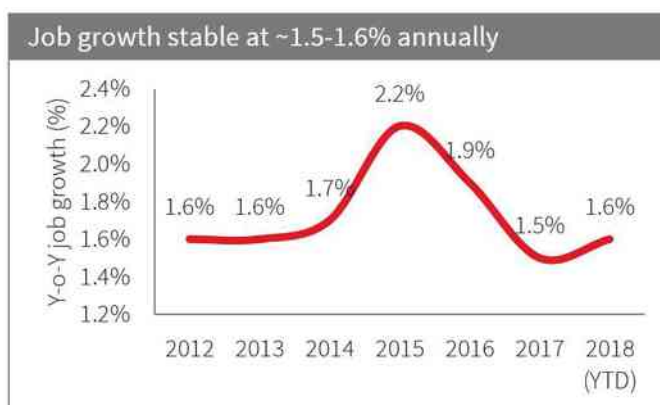
Compared to the healthy performance of consumption and investment, net exports decreased to a trade deficit of \$652.2 billion, the highest level since 2007. Despite this, the value of exports is rising faster than that of imports, up 5.0 vs 4.6 percent over the year, with exports of goods in particular driving gains.

Boosted by fiscal stimulus, JLL expects that real GDP will rise by 2.7 percent through year-end 2018, dropping to 1.8 and 1.2 percent in 2019 and 2020, respectively.

Labor market overview

Over the past 24 months, the U.S. labor market has averaged monthly job creation of 197,000 net new jobs, showing only minor decrease even in the face of nearing full employment. Top-line unemployment has remained stable at 4.1 percent for five consecutive months, while unemployment for bachelor’s degree holders has been constrained at roughly 2.5 percent for multiple quarters.

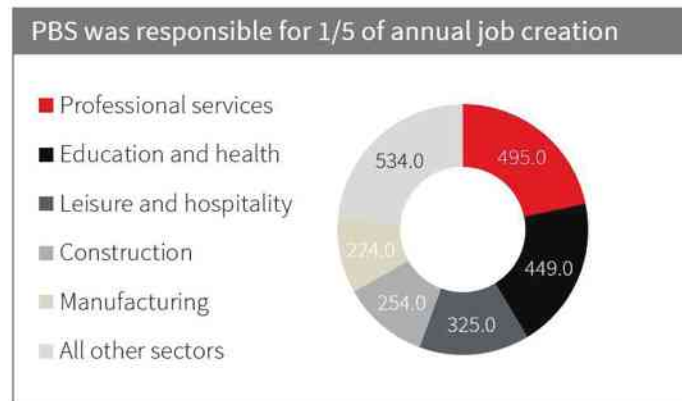
In turn, job creation is increasingly being determined by how the net number of new entrants to the labor market; labor force growth is still slower than job growth, leading to sustained tightening. Over the past 12 months, the labor force has grown by only 1.2 percent in comparison to the 1.6-percent rate of job creation.



Many primary and secondary geographies are posting exceedingly low unemployment, including Denver (3.2 percent), Austin (3.0 percent), Salt Lake City (3.0 percent), San Francisco (3.0 percent), Minneapolis (2.9 percent), Boston (2.8 percent) and Silicon Valley (2.7 percent). In these geographies, employers will be dependent on organic labor-force expansion and inbound migration in order to increase headcount.

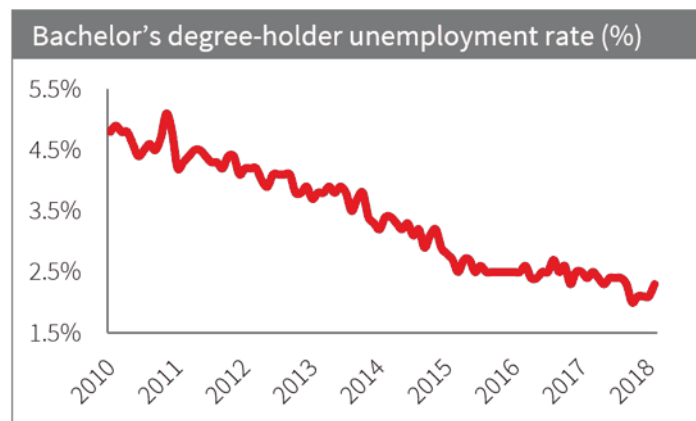
The result of these talent shortages has been a downward adjustment to local job creation in both primary and secondary geographies. Markets such as San Francisco, which were posting total non-farm job growth in excess of 4.0 percent at times in 2014 and 2015 are now barely staying above the 2.0-percent mark given increasing labor shortages. Even in less constrained geographies such as Atlanta, the rate of increase on an annual basis has declined by roughly 100 basis points, again driven by a lack of qualified talent.

A combination of sectors – notably professional services, health care, leisure, trade and transportation – has been responsible for much of this growth, but even hard-hit segments such as manufacturing and construction have begun rebounding. Education and health, professional services and leisure and hospitality have been the most consistent drivers of growth in recent years, averaging 1-month changes of 47,000, 37,000, and 35,000 jobs, respectively.



Retail trade, on the other hand, is in a state of volatility, but in the past two months is showing signs of improvement. Information, which includes components of technology, is also trending in a negative direction, although the “other information services” component, largely comprised of Internet-related activity and in particular digital publishing, has grown by 107.9 percent since 2010. However, it still comprises a relatively small share of information employment.

Other labor-market indicators are broadly positive. Official headline unemployment masks the even more acute shortage of educated talent: bachelor’s degree unemployment rests at 2.3 percent, budging little since early 2017. At the same time, total unemployment is also posting continued declines and now sits at 8.2 percent, its lowest reading since 2007.

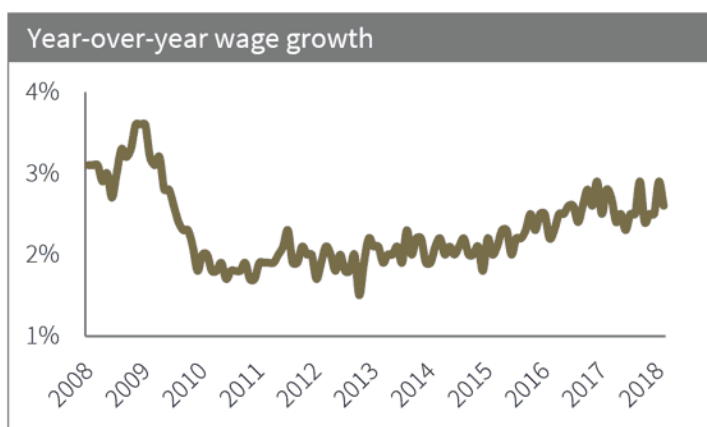
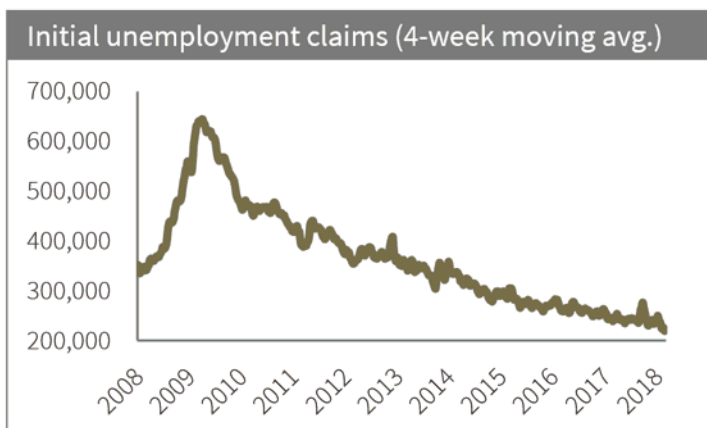


Similarly, initial unemployment claims on a weekly basis continue to reach new lows. The 4-week moving average for initial claims has dropped to nearly 222,000, well below pre-recession levels. Additionally, multiple weeks have seen posted claims levels below 220,000, indicating an exceedingly strong labor market.

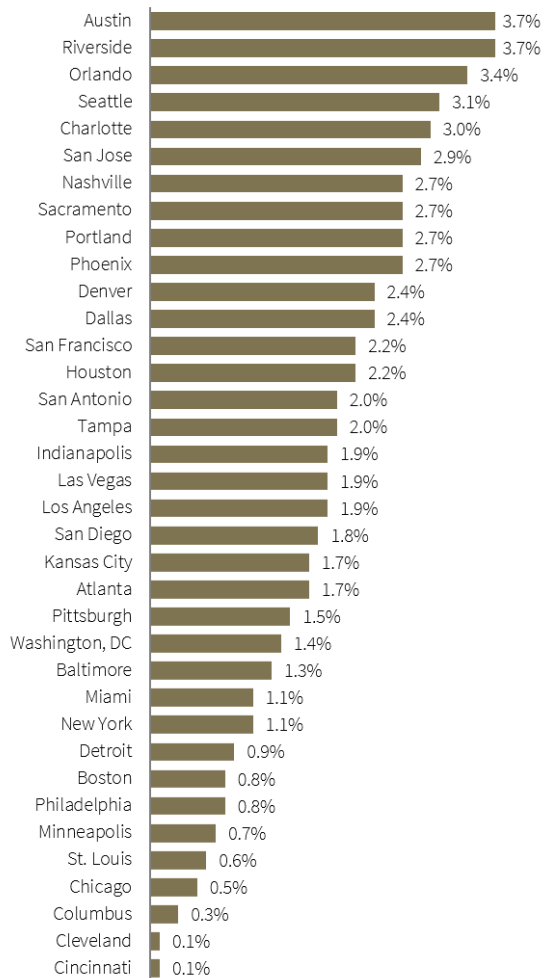
Despite this tightness, wage growth has been somewhat anemic and below expectations given near-full employment, buoyant economic activity and continued growth across sectors. Wage growth in recent months has only barely hovered above 2.5 percent, dropping slightly to 2.6 percent in February.

By sector, wage growth has varied markedly. Office-using industries, most notably information and finance, are driving gains: along with professional services, wage growth in these three industries averages 3.9 percent compared to the 2.3 percent seen elsewhere. Despite this, wage growth continues to surpass inflation – even with its recent gains – a trend that will keep consumer spending elevated and drive further GDP growth.

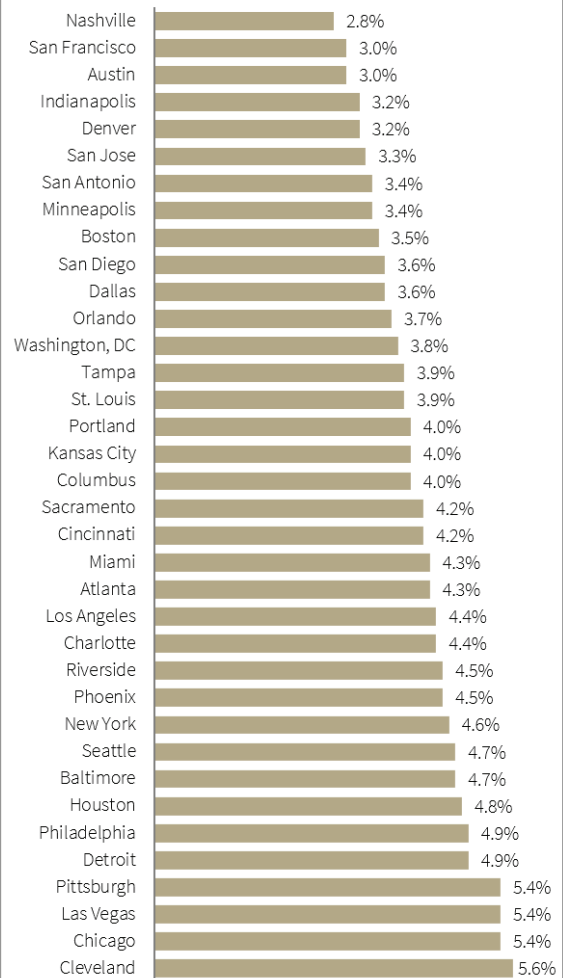
Throughout the remainder of 2018, the labor market is likely to maintain its momentum, but face obstacles related to talent shortages across markets and sectors. Incremental wage growth is likely to accelerate, although increasing inflation will somewhat dampen real gains in income. As has been the case throughout this cycle, professional services, education, health and leisure are expected to remain the drivers of continued growth, but volatility due to a slow expansion of the labor force will make monthly gains more uneven over the short-term.



12-month employment growth by metro area



Unemployment rate by metro area



Business trends

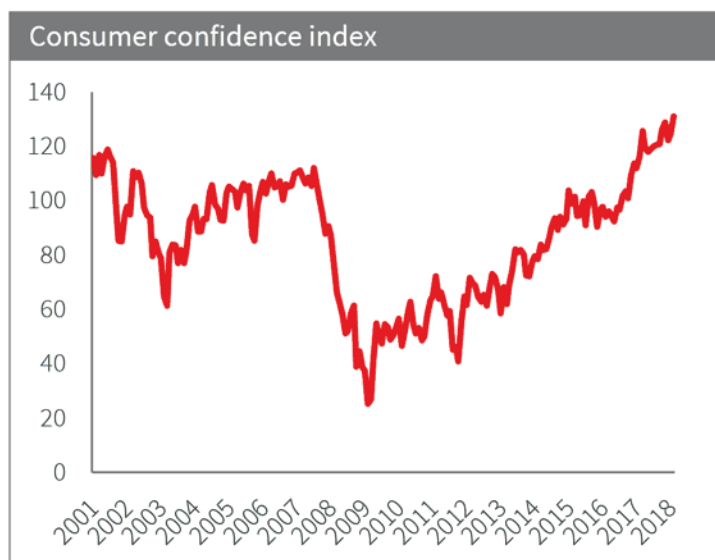
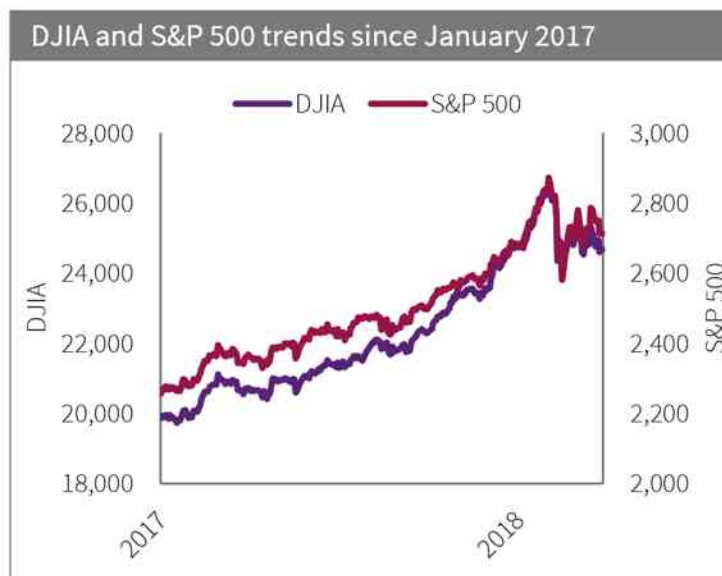
Sentiment indices continue to display sustained and positive momentum even as geopolitical tensions regarding tariffs and the future of agreements such as NAFTA mount. Although the stock market has shown some corrective activity of late, it remains near record highs, while consumer and business sentiment alike is strong.

Boosting confidence in the face of growing political uncertainty has been a combination of consistent economic data both domestically and globally as well as the fiscal stimulus at the federal level passed at the end of 2017. Although the actual effects of tax reform have yet to be realized,

various estimates pin it to having between a 30-to-100-basis-point boost to real GDP growth in 2018, with diminishing but still positive effects in 2019 and the remainder of the near-term.

Since 2018, stocks have moved into a more bearish mode, taking into account the increasing likelihood of trade wars and tariff imposition, but have remained resilient and above the drop seen earlier in the year. Since peaking in late January, the DJIA has dropped 7.3 percent as of March 26, 2018, while the S&P 500 is down 5.6 percent from its peak. Even so, this correction masks divergence in industry segments, with particular growth in advanced industrial and exporting sectors such as agriculture, transportation and logistics.

Consumer confidence has also been markedly ebullient over the past year. Currently at 130.8 points, the Consumer Confidence Index is at its highest reading since 2000 and still on an upward trend. Other sentiment indices are pointing upwards as well: the ISM index has also remained in broadly expansionary mode and is now above to 60-percent



mark. Similarly, the Conference Board's CEO Confidence Index now rests at 63 percent, rising from its previous monthly reading of 59 percent.

The business environment is expected to stay bullish as macroeconomic fundamentals paint a broadly optimistic picture of current and near-term conditions. However, geopolitical maneuvering will keep sentiment more subdued than in 2016 and 2017.

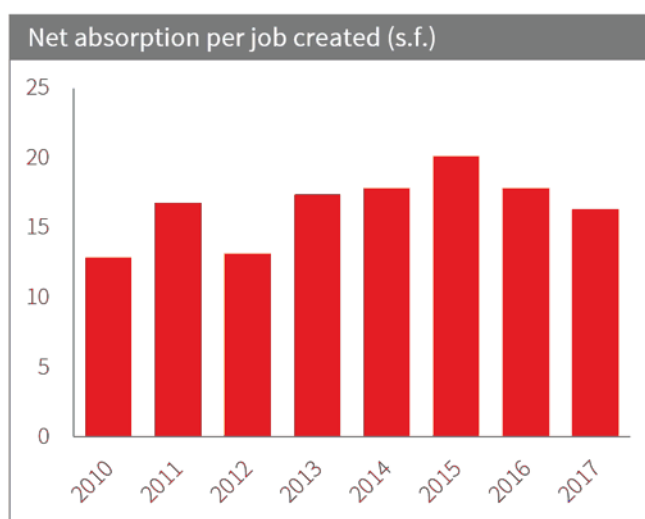
Economic forecast

Quarter/year	Job growth	Unemployment rate (%)	Real GDP growth	Consumer confidence index	Year-over-year CPI growth (%)
Q1 2015	556,000	5.5%	0.8%	101.4	0.0%
Q2 2015	799,000	5.3%	0.7%	99.8	0.2%
Q3 2015	508,000	5.0%	0.4%	103.0	0.0%
Q4 2015	849,000	5.0%	0.1%	96.5	0.7%
Q1 2016	595,000	5.0%	0.1%	96.1	0.9%
Q2 2016	493,000	4.9%	0.6%	97.4	1.0%
Q3 2016	764,000	5.0%	0.7%	103.5	1.5%
Q4 2016	492,000	4.7%	0.4%	113.7	2.1%
Q1 2017	532,000	4.5%	0.3%	125.6	2.4%
Q2 2017	569,000	4.3%	0.8%	118.9	1.6%
Q3 2017	425,000	4.2%	0.8%	120.6	2.2%
Q4 2017	662,000	4.1%	0.6%	122.1	2.1%
2018 (F)	1,796,300	3.9%	2.7%	120.0	2.2%
2019 (F)	1,050,000	4.2%	1.8%	110.0	1.9%
2020 (F)	1,814,300	4.4%	1.2%	105.0	1.8%
2021 (F)	1,819,800	4.8%	1.2%	100.0	1.6%

Office market implications

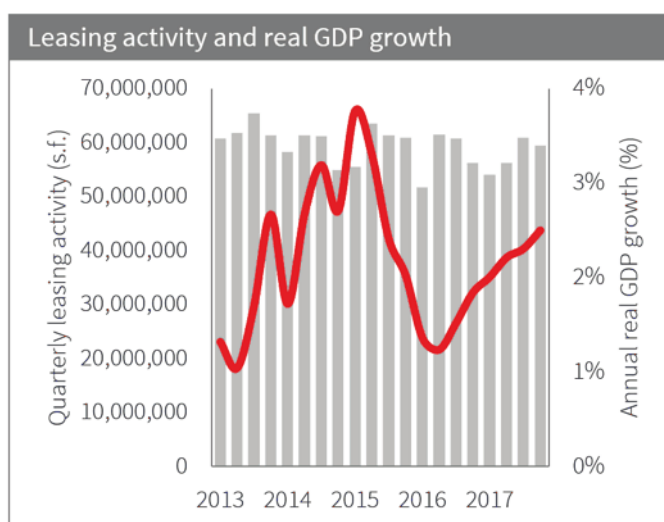
The office market is largely mirroring the growth of the overall economy, although the earlier recovery of rapidly expanding tech-heavy geographies has skewed alignment between the real estate market and macroeconomic fundamentals. Highly positive sentiment from consumers and executives alike bodes well for continued demand for office space, but a change in the business and labor environment to slower but higher-value growth – most importantly in terms of wages – is already having knock-on effects for the broader market.

Among macroeconomic indicators, job creation and unemployment continue to be the most in-sync with real estate trends. In 2017, total non-farm employment growth totaled 2.2 million net new jobs, a 6.7-percent drop from the 2016 levels. For the office market, this corresponded to a 14.6-percent reduction in occupancy growth.



Unemployment of 4.1 percent nationally and below 3.5 percent in many markets is also acting as an impediment to increased net absorption.

Sharper drops in net absorption than expected from these figures are the result of intra-market activity, most importantly changing supply-and-demand paradigms. Given the relative consistency of the correlation between absorption and total job growth (typically 16-20 s.f. per job), however, the 9.9-percent slowdown year-to-date in job creation should have a similar downward pull on office-market absorption.



On the other hand, robust GDP growth is keeping leasing activity solid, boosted by a growing number of renewals as leases signed during the recession in order to take advantage of lower rents are nearing expiration. With fiscal stimulus expected to boost GDP growth in 2018 to 2.7 percent, similar to output growth registered in 2017, leasing activity is not likely to deviate from its 55-60 million-square-foot range in recent quarters.

The greatest risks to the office market over the near-term are largely geopolitical. Of these risks, protectionist policy is leading to the greatest caution from equity markets, not only due to policy but also rapid changes in implementation and a lack of government clarity.

National office market overview

The U.S. office market entered a new phase of the cycle in 2017, characterized by shifting supply-and-demand fundamentals, consistent asking rent growth and new opportunities opening up for tenants in what has in recent years been a constrained environment. Fundamentals remain positive and organic growth continues as the economy powers on, keeping prospects for 2018 optimistic.

Most notable in recent quarters has been the slowing of net absorption. In 2017, the office market recorded 36.4 million square feet of occupancy growth, 12.9 percent less than the 41.8 million square feet that took place in 2016. This marks the third consecutive year of slowing absorption, driven by a combination of reduced expansionary activity among large users, movement into new space and give-backs of commodity blocks faster than the market can absorb.

As a result, vacancy has increased to 15.0 percent and is set to rise even more in 2018 and 2019 as deliveries intensify. Flight-to-quality is accelerating the rise in vacancy in Class A space, although it remains tighter than that of Class B vacancy.

Developers are taking note of this upward trend in vacancy and scaled back on construction starts. In 2016, developers broke ground on 60.8 million square feet of new office product, leading to construction volumes peaking at 110.5 million square feet at the end of the year.

Developers have in turn pulled back on new construction starts, and with another 57 million square feet is expected to hit the market in 2018 in addition to the 57.8 million square feet delivered in 2017, this level of restraint will continue over the near-term outside of select pockets.

This injection of new supply is also providing landlords with a short-term bump in asking rents. New supply averages \$56.16 per square foot, a 43-percent premium compared to existing Class A space; this has contributed to a 3.8-percent increase in asking rents over the year, 60 basis points greater than the market as a whole.

In contrast to the earlier phases of the rent cycle, suburban Class A is now the leading asset class of rent appreciation. Coupled with pricing discounts compared to core product, suburban assets in targeted locations have become some of the most attractive office investment opportunities nationally, particularly as investors seek to diversify holdings and barriers to entry remain high for top-tier assets.

2018 will see continued net growth for the U.S. office market, even though occupancy growth will stay at its newer and slower pace. Leasing activity has yet to show a sign of slowing and GDP growth will be close to 2017 levels, keeping demand for space buoyant, while more balanced conditions will ease the cost and space burdens on tenants.



Scarce talent will hinder further occupancy growth as corporate find it difficult to expand



The delivery of top-tier space will boost asking rents over the short term before stabilizing



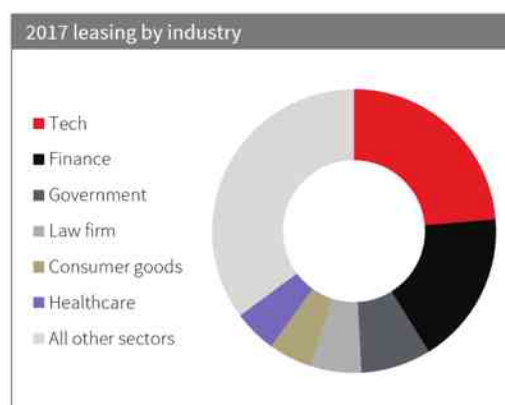
Construction volumes will be kept in check as developers pull back on groundbreakings

National office demand analysis

Even in the face of headwinds regarding latent talent availability and rising employment costs, demand for office space remains healthy. Gross leasing volumes continue to hover between 55 and 60 m.s.f., while leasing larger than 20,000 s.f. approached 126.5 million square feet over the course of 2017.

Driving leasing activity in nominal terms continues to be technology and finance, which were responsible for 41.2 percent of transaction volumes in 2017.

Government, law firms, consumer goods and healthcare tenants also posted more than 6.0 million square feet of activity over the same time period. Broken down by footprint trends, organic growth continues to come mostly from coworking (nearly entirely expansionary), tech, life sciences, health, real estate and media, all of which posted at least half of 2017 transaction volumes representing expansion.

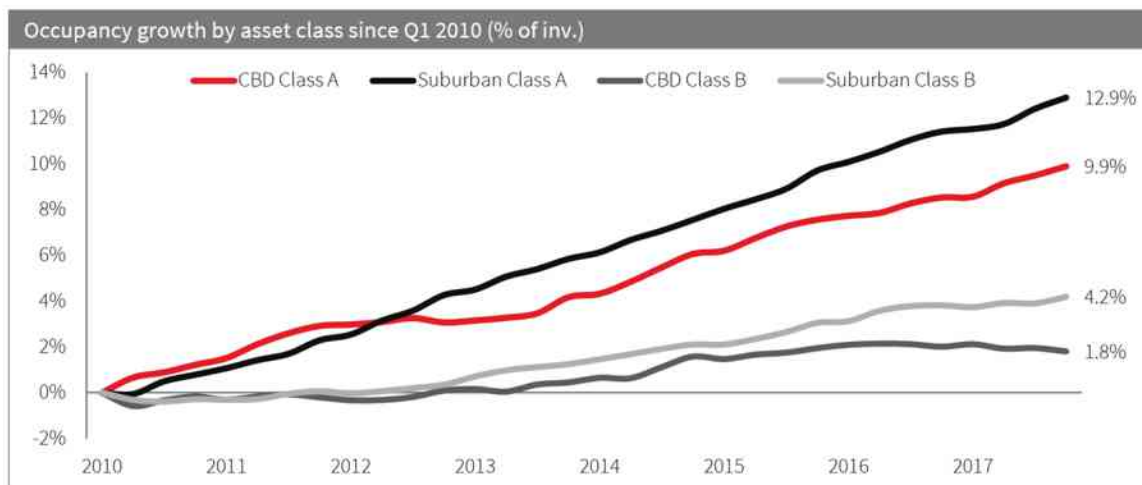
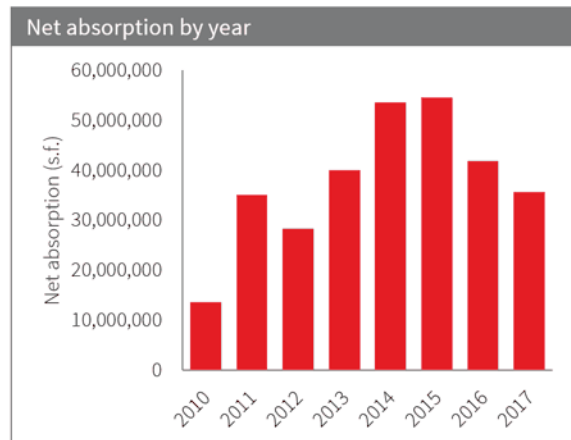


Although still translating to positive net absorption, occupancy growth is slowing as talent shortages make expansion and increasing headcount more difficult, while give-backs from relocating tenants are also subduing absorption figures. In markets such as Washington, DC; New York; and Chicago, where a robust speculative pipeline is beginning to deliver new blocks onto the market and activity is dominated by rightsizing industries such as law, finance and segments of professional services, this drop and associated increases in vacancy will be more acute than elsewhere.

On the other hand, Dallas and Seattle continue to outperform the broader office market. In 2017, these two markets alone posted 9.9 million square feet of occupancy growth, or 27.2 percent of all net absorption nationally. Movement into the recently delivered 10 Hudson Yards boosted New York

absorption, while organic growth into new supply aided gains in Silicon Valley, Austin and Raleigh. Technology and life sciences played a large role in the 4.7 million square feet of absorption in these markets.

Leasing activity will likely remain stable throughout 2018, while a slew of new developments and subsequent relocations by tenants from existing space will cool net occupancy growth somewhat through 2019.



Market	YTD leasing activity > 20,000 s.f.
New York	20,599,635
Washington, DC	14,989,415
Boston	6,093,413
San Francisco	5,761,045
Seattle-Bellevue	5,314,049
Dallas	5,181,494
Silicon Valley	4,664,801
Houston	4,190,015
Denver	3,435,197
Phoenix	3,375,669
All other markets	52,857,713
United States	126,462,446

Major U.S. office leasing activity – 2017

Market	Address	Tenant	Size (s.f.)	Lease type	Trend
New York	1211 Avenue of the Americas	News Corporation	1,224,000	Renewal	Growing
Dallas	6501 Legacy Drive	JC Penney	1,138,940	Renewal	Shrinking
New York	50 Hudson Yards	BlackRock	850,000	Relocation	Stable
Suburban MD	7750 Wisconsin Avenue	Marriott	720,000	New	Stable
Orange County	15101/15191 Alton Pkwy	Broadcom	660,890	Relocation	Shrinking
Northern Virginia	Springfield Center Drive	U.S. TSA	625,000	Relocation	Growing
New York	23-02 49th Ave	NYC Housing Authority	595,000	Expansion	Growing
Chicago	333 S Wabash Avenue	Northern Trust	580,000	New	Growing
New York	498 Seventh Avenue	1199SEIU	580,000	Relocation	Stable
Suburban MD	1 Capital Gateway Drive	U.S. CIS	574,767	New	Shrinking
New York	28-01 Jackson Avenue	Bloomingdale's	550,000	Relocation	Stable
New York	452 Fifth Avenue	HSBC	548,000	Renewal	Stable
Houston	1990-2000 Post Oak Blvd	Apache	524,000	Extension	Stable
Seattle-Bellevue	811 5th Avenue	F5	515,518	Relocation	Growing
Chicago	110 N Wacker Drive	Bank of America	500,000	Relocation	Growing
Chicago	333 S Wabash Avenue	Northern Trust	462,000	Relocation	Growing
New York	90 Church Street	NYC Housing Authority	461,000	Renewal	Stable
Houston	910 Louisiana Street	NRG	431,307	Relocation	Stable
Washington, DC	445 12th Street SW	U.S. PBGC	431,000	Relocation	Shrinking
New York	200 Vesey Street	Royal Bank of Canada	402,000	Renewal	Stable
Chicago	515 N State Street	Outcome Health	385,050	Relocation	Growing
Houston	City Place Drive	HP	378,000	Relocation	Shrinking
New York	4 World Trade Center	Spotify	378,000	Relocation	Growing

Office supply analysis

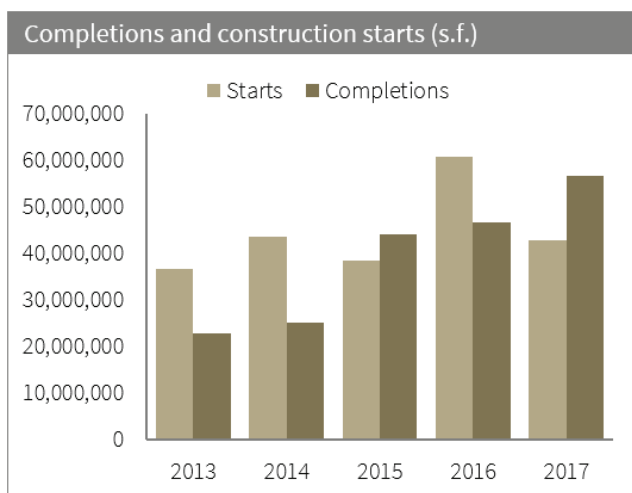
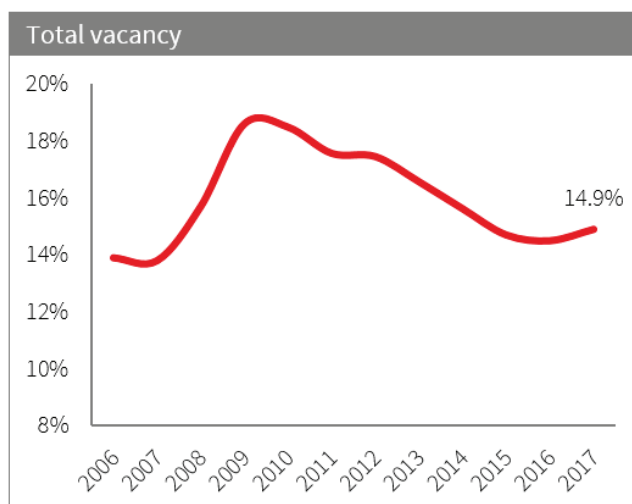
Until early 2017, the U.S. office market underwent a number of years of rapid tightening on the back of minimal completions and rising demand. From Q1 2010 to Q3 2016, total vacancy dropped from 18.5 percent to a recovery low of 14.5 percent, placing pressure on costs and limiting options for expansion. Among asset classes, this drop was sharpest for CBD Class A space, which bottomed out in Q3 2015 at 12.0 percent, aided by rightsizing and flight to quality.

At the market level, a number of geographies have seen vacancy tighten to near or below pre-recession lows, notably in CBDs as well as Class A space in amenitized suburbs. As of Q4 2017, vacancy is in the single digits in five markets: San Francisco (8.1 percent), Nashville (8.4 percent), Salt Lake City (9.3 percent), Seattle (9.6 percent) and Portland (9.9 percent). In many others, such as Austin, Charlotte and Raleigh, core product vacancy is below 10 percent as well.

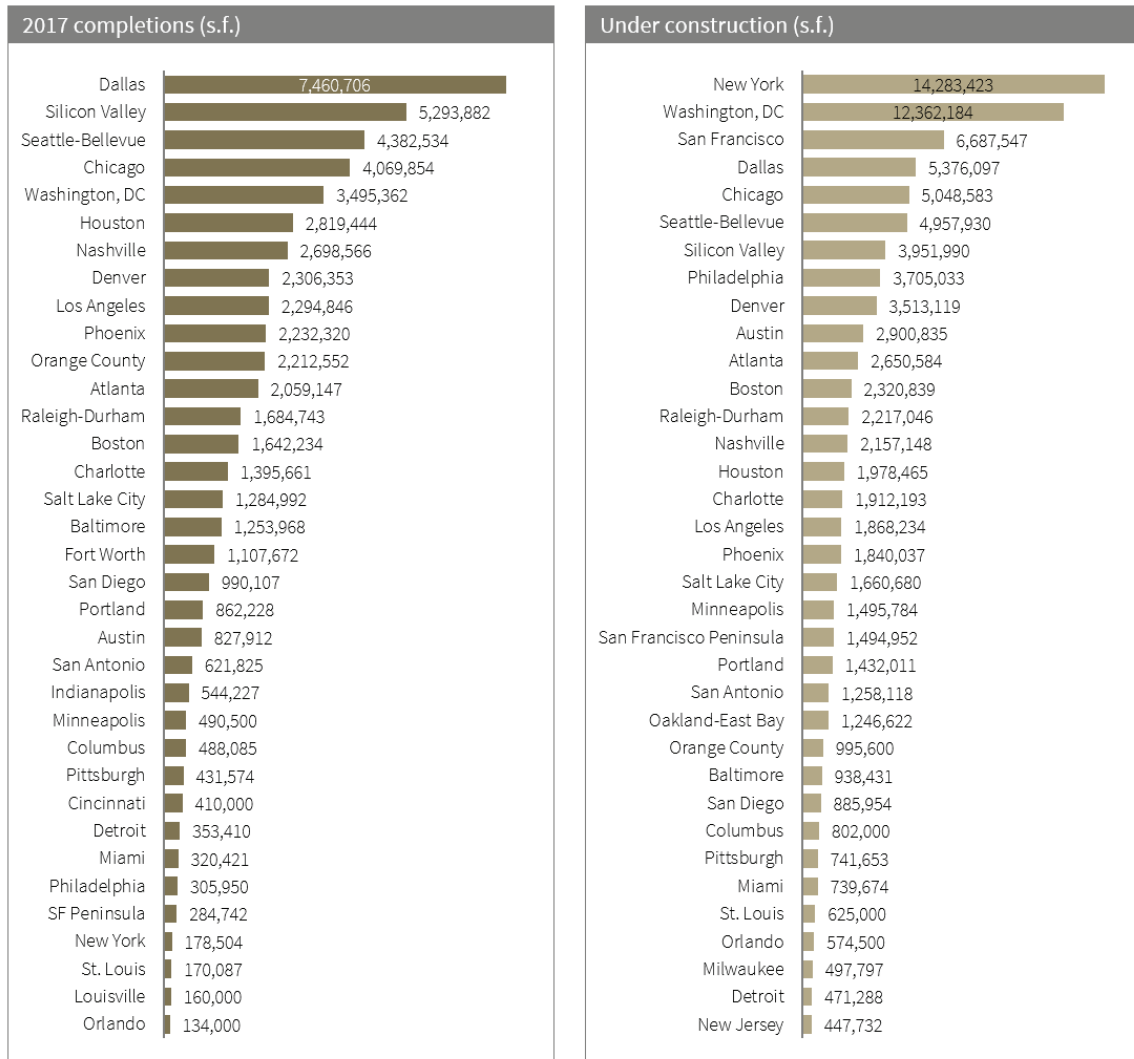
These increasingly landlord-favorable conditions spurred a wave of new development that is now beginning to deliver. Construction volumes surged from 55.9 million square feet at the beginning of 2014 to a peak of 110.5 million square feet at the end of 2016 as developers capitalized on viable fundamentals for development.

Since then, concerns about overbuilding have led to a pullback in starts to a four-quarter moving average of 10.7 million square feet from 15.2 million square feet at the end of 2016. As a result, total construction activity has since dropped to 98.9 million square feet, and this figure is expected to fall further in 2018 as completions intensify.

With roughly half of under-construction and newly delivered space leased, overall vacancy is now beginning to rise. Total vacancy is up over the year to 14.9 percent, with increases seen across asset classes, notably in the supply-constrained CBD Class A segment.



Vacancy is still below historic norms, however, and many in-demand submarkets will remain tight. An additional 57.0 million square feet of new supply will hit the market in 2018, incrementally increasing vacancy over the near-term.



Top 35 markets shown for completions and under construction

Largest developments underway

Market	Building	Owner/developer	RBA (s.f.)	Pre-leased	Anchor tenants
New York	3 World Trade Center	Silverstein	2,861,402	37.0%	GroupM
New York	30 Hudson Yards	Related	2,600,000	100.0%	Time Warner, Wells Fargo
Chicago	Old Main Post Office	601W	2,450,000	0.0%	-
New York	1 Manhattan West	Brookfield	2,100,000	76.8%	Skadden, NHL
New York	One Vanderbilt	SL Green	1,732,955	13.6%	TD
New York	55 Hudson Yards	Related	1,420,643	66.0%	Boies Schiller, Milbank
San Francisco	Salesforce Tower	Boston Properties	1,420,081	88.0%	Salesforce, Bain, VYCapital
Philadelphia	Comcast Tech Center	Liberty	1,334,000	100.0%	Comcast
Dallas	Liberty Mutual Campus	KDC	1,100,000	100.0%	Liberty Mutual
San Francisco	Oceanwide Center	Oceanwide	1,050,000	0.0%	
Northern Virginia	Capital One HQ	Capital One	975,000	100.0%	Capital One
Washington, DC	Midtown Center	Carr/Alony Hetz/JPMC	868,721	91.9%	Fannie Mae
New York	390 Madison Avenue	Clarion	862,154	54.0%	Hogan Lovells, Shiseido
Chicago	CNA Center	John Buck	807,355	54.4%	CNA, Hinshaw Culbertson
Minneapolis	Dayton's Building	601W	800,000	0.0%	-
Houston	Capitol Tower	Skanska	778,344	31.0%	Bank of America, Quantum
Silicon Valley	Central @ Wolfe	Landbank	777,170	100.0%	Apple
Washington, DC	655 New York Ave NW	Brookfield/Douglas	761,024	73.3%	Advisory Board
San Francisco	Park Tower	John Buck/Golub/MetLife	751,500	0.0%	-
San Francisco	Exchange on 16th	Kilroy	750,000	100.0%	-
New York	Farley Post Office	Vornado/Related	730,000	0.0%	-
SF Peninsula	Burlingame Point	Genzon/Killy	730,000	0.0%	-
Seattle-Bellevue	Rainier Square	Wright Runstad	722,416	100.0%	Amazon

Office rent analysis

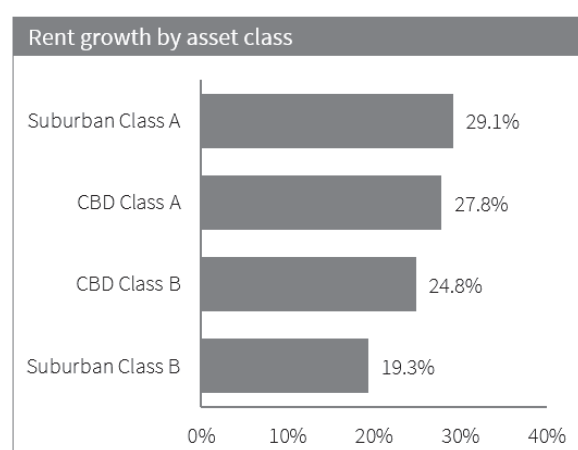
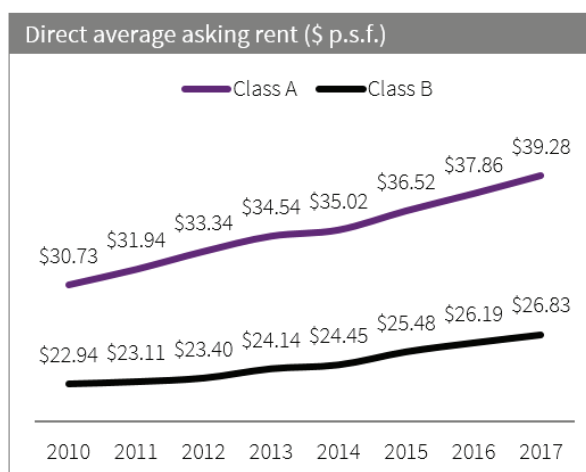
Multiple years of organic demand and declining vacancy have placed upward pressure on rents, although rent growth this cycle has been highly variable based on asset class, amenitization and micromarket – and building-level characteristics. Since Q4 2010, average asking rents nationally are up 23.6 percent, currently standing at \$33.49 per square foot

This growth masks increasing bifurcation, however: Class A rents have risen by 27.8 percent, 63.5-percent faster than their Class B counterparts. A combination of factors ranging from consolidation into top-tier space, functional obsolescence of a larger share of office stock, demand for newer and more efficient space and a shift in tenant preferences in terms of geography. In the suburbs, where these trends are more acute, Class A rent growth has been 50.0-percent faster than gains in Class B properties, many of which are struggling with attracting tenants. For CBDs, this variance is lower at 12.1 percent, with creative properties driving Class B gains.

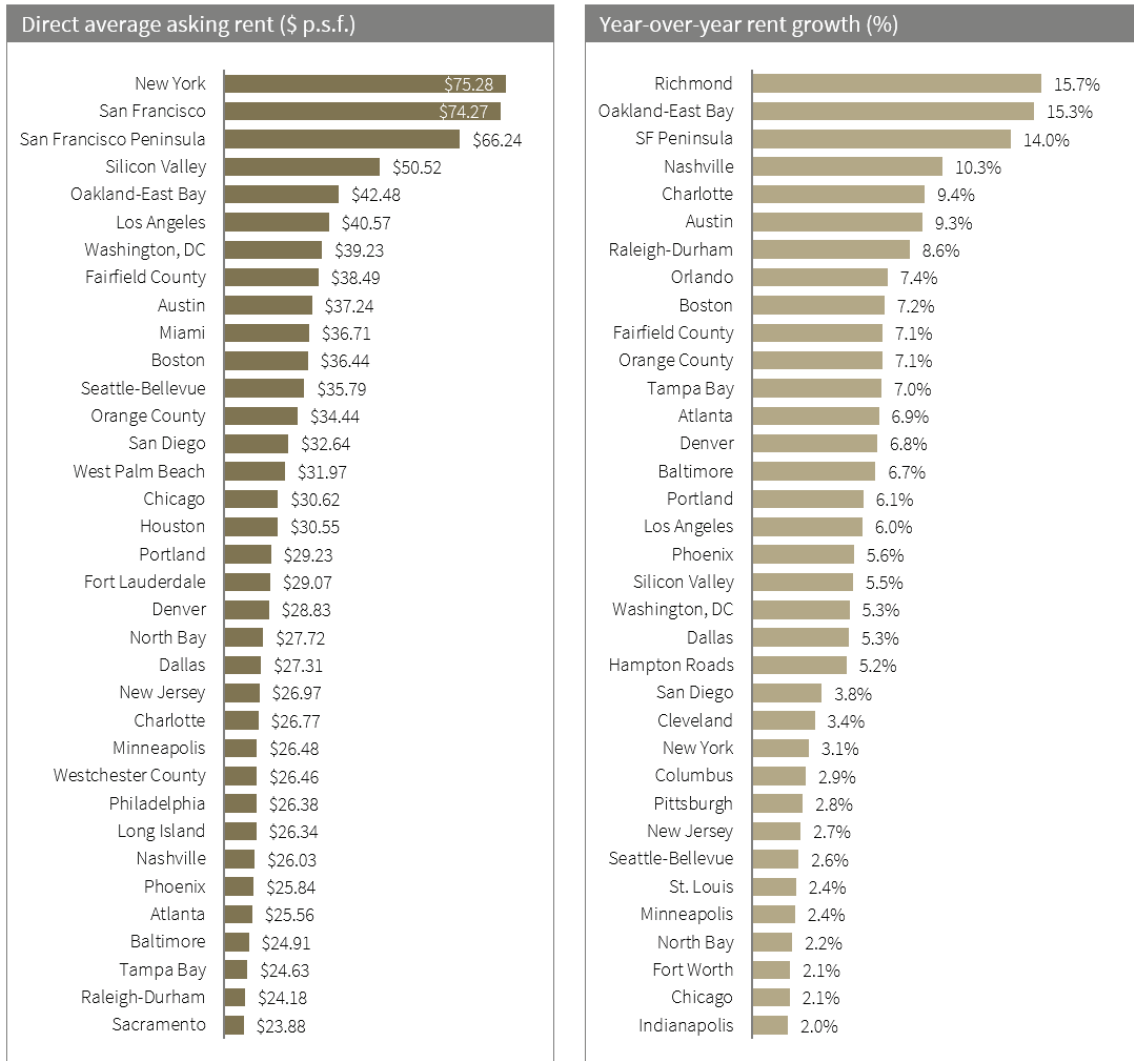
At the market level, rent growth has been strongest in innovation-based geographies, particularly those with strengths in tech, life sciences and digital media. In the Bay Area, three-year rent growth has totaled 46.7 and 18.0 percent, respectively. Similarly, rent growth has been incredibly strong many mid-size, knowledge-intensive markets such as Portland (+29.9 percent), Austin (+18.3 percent), Charlotte (+17.6 percent), Denver (+17.1 percent) and Raleigh (+12.5 percent), among others.

Rent growth is subject to greater volatility over the near term for a number of reasons, which will ultimately lead to an artificial bump followed by stabilization and divergence in effective rent declines:

- *Rents for new supply are 43-percent more expensive than existing space; new blocks will increase average asking rents, particularly for Class A space.*
- *Give-backs of existing blocks in greater quantities will depress average asking rents and result in divergent trends as Class A space is occupied.*



- *Concessions are rising faster than asking rents, leading to flat and eventually declining effective rents.*

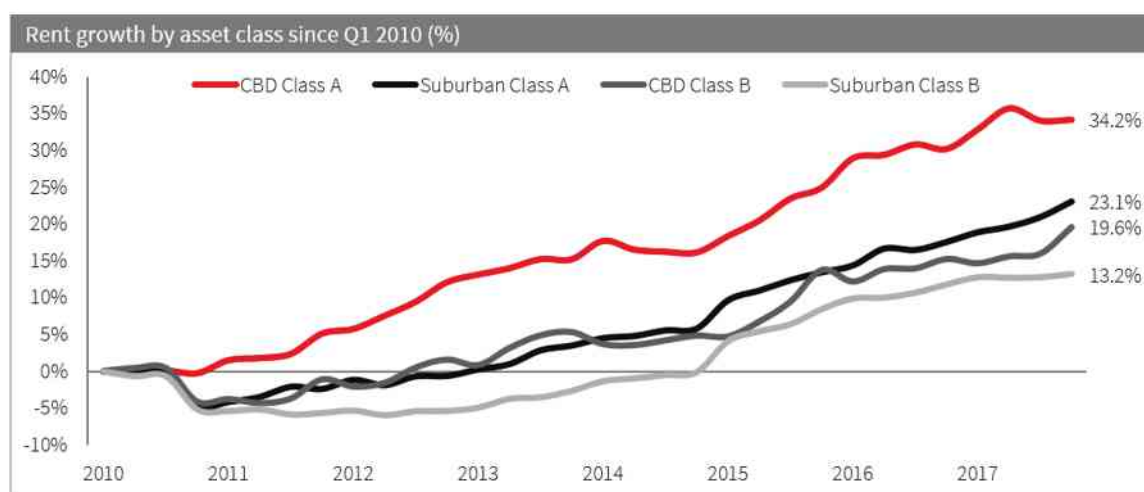


Top 35 markets shown for asking rents and rent growth

Office statistics and forecast

	2015	2016	2017	2018 (F)	2019 (F)	2020 (F)
Economy						
Office-using employment	34,403,800	35,049,400	35,655,500	36,281,400	36,811,900	36,888,900
12-month net change	695,900	645,600	606,100	625,900	530,500	77,000
12-month % change	2.1%	1.9%	1.7%	1.8%	1.5%	0.2%
Market						
Inventory (s.f.)	3,942,315,004	4,086,983,221	4,131,526,992	4,188,549,406	4,214,524,072	4,219,323,790
Completions (s.f.)	43,998,760	46,642,830	56,744,549	57,022,414	25,974,666	4,799,718
Occupancy (s.f.)	3,361,974,246	3,491,582,646	3,516,487,888	3,547,701,347	3,557,058,317	3,556,889,955
Occupancy rate (%)	85.3%	85.4%	85.1%	84.7%	84.4%	84.3%
Total vacancy (s.f.)	580,340,758	595,400,575	615,039,104	640,848,059	657,465,755	662,433,835
Total vacancy (%)	14.7%	14.6%	14.9%	15.3%	15.6%	15.7%
Net absorption (s.f.)	54,557,713	41,774,843	35,669,186	31,213,459	9,356,970	-168,362
Asking rent (\$ p.s.f.)	\$31.26	\$32.39	\$33.49	\$34.66	\$35.46	\$35.81
Rent growth (%)	3.5%	3.6%	3.4%	3.5%	2.3%	1.0%
CBD						
Inventory (s.f.)	1,486,393,288	1,534,784,860	1,551,448,035	1,583,672,502	1,603,582,412	1,607,712,130
Completions (s.f.)	11,315,940	16,103,471	17,415,185	32,224,467	19,909,910	4,129,718
Occupancy (s.f.)	1,306,755,137	1,347,580,688	1,358,880,902	1,376,211,404	1,387,098,786	1,389,063,280
Occupancy rate (%)	87.9%	87.8%	87.6%	86.9%	86.5%	86.4%
Total vacancy (s.f.)	179,638,151	187,204,172	192,567,133	207,461,098	216,483,626	218,648,850
Total vacancy (%)	12.1%	12.2%	12.4%	13.1%	13.5%	13.6%
Net absorption (s.f.)	15,759,215	9,810,560	10,764,922	14,893,965	10,887,382	1,964,494
Asking rent (\$ p.s.f.)	\$42.88	\$44.07	\$45.30	\$46.93	\$47.92	\$48.50
Rent growth (%)	8.5%	2.7%	2.8%	3.6%	2.1%	1.2%

United States (overall)					United States (CBD)				
Year	Class A	Class B/C	Overall	Growth	Year	Class A	Class B/C	Overall	Growth
2012	\$33.34	\$23.40	\$28.75	3.0%	2012	\$43.12	\$31.00	\$38.12	5.4%
2013	\$34.54	\$24.45	\$29.78	3.6%	2013	\$44.32	\$32.14	\$39.38	3.3%
2014	\$35.02	\$24.45	\$30.21	1.4%	2014	\$44.68	\$32.00	\$39.53	0.4%
2015	\$36.52	\$25.48	\$31.26	3.5%	2015	\$48.06	\$34.72	\$42.88	8.5%
2016	\$37.86	\$26.19	\$32.36	3.6%	2016	\$50.08	\$35.18	\$44.07	2.7%
2017	\$39.29	\$26.83	\$33.49	3.4%	2017	\$51.60	\$36.50	\$45.30	2.8%
2018 (F)	-	-	\$34.66	3.5%	2018 (F)	-	-	\$46.93	3.6%
2019 (F)	-	-	\$35.46	2.3%	2019 (F)	-	-	\$47.92	2.1%
2020 (F)	-	-	\$35.81	1.0%	2020 (F)	-	-	\$48.50	1.2%
CAGR	-	-	-	3.1%	CAGR	-	-	-	3.5%



Capital markets overview

Selectivity and rational underwriting are dampening overall transactions volume

The U.S. economy finished 2017 on firm footing and is poised for continued buoyant growth in 2018, despite recently increased financial market volatility. The world's major economies are now moving in sync, with many seeing a recent boost to growth projections. Strong employment levels are underpinning property demand fundamentals.

Yet national commercial real estate transaction volumes softened by 9.0 percent in 2017 as investors pulled back from big-ticket single-asset transactions in gateway markets. The slowdown in volumes has largely been expected; the redeployment of capital and exit pricing assumptions remain key areas of concern for investors underwriting acquisitions at current pricing. Liquidity in the real estate debt markets is simultaneously resulting in more refinancing activity.

At the same time, appetite for real estate debt and equity remains high, and investors—both domestic and international—are seeking to double down on their exposure to real estate. And investors have ever more pressure to deploy capital to achieve returns. This, in an environment of low yields, and amid rational and disciplined underwriting, is driving investor creativity:

- *Investors are moving into new geographies, with a greater focus on secondary markets, and are rebalancing their overall allocations by property sector, which will create opportunities for buyers and sellers alike. The robust level of active value add capital is a key factor in this activity.*

- *Investors are now formulating more thematic strategies for capital allocations and investments—focusing on micro-markets, alternative property sectors and non-conventional deal structures. These present opportunities for investors to adopt more granular, targeted approaches to understanding markets and capital dynamics.*
- *Offshore investors’ diversification into secondary markets is expected to increase and represent a sustained trend, as offshore capital sources pursue higher-yielding investments and gain deeper understanding of and familiarity with markets outside of the key gateways.*
- *Based on current in-progress transactions, we expect to see a higher level of portfolios, joint ventures, recaps and entity- or GP-level investments as a means of increasing real estate exposure. It is expected that these transactions will drive a greater share of investor activity in 2018 as pure-play transactions see further softening.*

Underpinning activity in 2018 will be a healthy lending environment, with traditional lending sources joined by debt funds. Equity and debt investors will continue to look to unique opportunities, deal structures and asset types in search of yield—in line with their risk appetite—with a focus on income fundamentals given the softening of capital appreciation. This shift in approach will favor those with longer-term capital strategies and reward those who embrace creativity. However, the deployment of capital will remain a challenge for those focused on more traditional, macro-based strategies.

Transaction activity

Continued uncertainty and selectivity are impacting transaction volumes. U.S. commercial real estate transaction volumes softened by approximately 9.0 percent in 2017, with nearly \$400.0 billion in transactions in the year. Generally speaking, it is large transactions which have decreased the most, and this parallels declines seen in gateway markets such as New York. Transaction volumes marked a decrease across all sectors in 2017, with exception of the industrial sector:

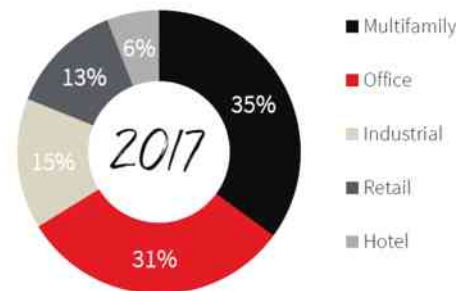
- *The industrial sector saw growth in transaction volumes of 23.2 percent in 2017. At nearly \$60.0 billion, the sector saw the second-highest annual liquidity on record. Total portfolio volume capped the second-highest tally behind 2015 in sector history with 43.1 percent of activity.*
- *Multifamily real estate represented the most liquid real estate asset class overall in 2017, with a total of \$139.3 billion in transactions. That said, volumes decreased 8.3 percent, mimicking the overall softening in volumes across commercial real estate. As an elevated number of new multifamily units delivered, the multifamily sector saw fundamentals soften over the course of 2017. However, confidence in the long-term outlook for multifamily fundamentals is supporting strong liquidity and the emergence of new sources of capital, notably from offshore investors.*

- *Office dynamics are in line with the broader market: A 12.0 percent decline in transactions in 2017 paralleled a pullback in large, single-asset transactions across primary markets driven by a continued low yield environment and conservative underwriting. But investors' need to deploy capital and requirement to achieve yield is not lessening. As such, investors remain focused on value add, urban transactions across primary and secondary markets. This has spurred a concentration of value add liquidity in the capital markets, at a time when core liquidity has weakened.*
- *While large-scale retail transactions are pending, to include Unibail-Rodamco's bid for Westfield, and Brookfield's potential acquisition of GGP, the sector saw the most protracted declines of the real estate asset types. Volumes decreased 22.5 percent in 2017 to reach \$51.5 billion. Given heightened risk with regard to retail sales and tenant performance, investors are cautiously tailoring retail strategies and avoiding transactions where they lack certainty. However, the sector's pending large portfolio acquisitions exhibit confidence in a sector undergoing heightened scrutiny and are expected to bring clarity and new benchmarks to U.S. mall pricing.*
- *Hotel transaction volume in 2017 totaled \$24.0 billion. This represents an 18.0 percent decrease relative to 2016, resulting from a decrease in purchases by offshore investors and fewer portfolio transactions. The past several months have seen an acceleration in operating fundamentals which is pushing investor confidence notably more positive. But a factor that will hamper meaningful growth in transactions in 2018 is the active lending environment which will lead some owners to embrace refinancing activities as an alternative to selling.*

While domestic and off-shore capital remains active, U.S. transactions activity declined 9.0 percent in 2017



Multifamily represents most liquid sector in the U.S. for third year in a row



Source: JLL Research, Real Capital Analytics
(Transactions larger than \$5.0m; Includes portfolio, entity-level transactions)

The U.S. remained a top target for global capital in 2017, and foreign acquisition volumes totaled \$44.7 billion in 2017. Foreign investors accounted for 11.2 percent in 2017, down from 14.4 percent in 2016. This slowdown, however small, does reflect foreign buyers becoming more disciplined and selective with their investments as they gain experience and exposure in the U.S. market.

We expect foreign capital in 2018 to remain selective as pricing remains elevated in primary markets across the country. This has the opportunity to drive foreign investors to seek purchases in secondary markets, and to continue to push offshore investors to increase their exposure to the various real estate asset classes in the U.S. We have already seen this shift, benefitting liquidity in high-growth secondary markets and the alternative and multifamily sectors, most recently.

Commercial real estate transaction volumes are expected to soften globally by 5.0 to 10.0 percent in 2018, with the U.S. seeing a decline of 15.0 percent. The market is also recording a higher concentration of less conventional single-asset sales, reflected in more joint ventures, recaps and entity-level investments. Given the prolonged timeline for these transactions, these profiles of transactions are expected to become increasingly apparent into 2018.

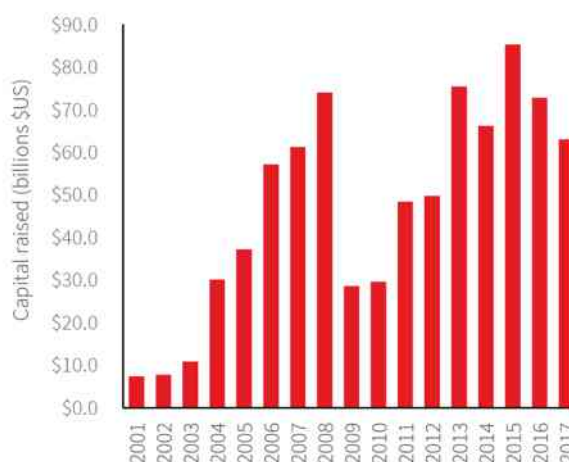
Commercial real estate fundraising: moderate slowdown but investors staying in the game

Fundraising activities targeting commercial real estate in 2017 reached \$63.1 billion, compared to the \$72.9 billion in 2016, a 13.4 percent decline. The decline was noticeably driven by a 57.8 percent decline in opportunistic fundraising, which saw the lowest capital raised since 2009. As opportunistic fundraising declined, value-add strategies have taken a large percentage of its market share. In 2016, value-add funds accounted for 27.1 percent of overall fundraising; in 2017, value-add funds increased their market share to 42.2 percent. Of note, debt funds raised \$17.9 billion in 2017, their highest annual level on record.

The shifting composition of fundraising is further reflective of the pressure between active dry powder and deployment pressures. While value-add funds raised a record \$26.7 billion of capital in 2017, they were able to deploy similar levels of capital—the most productive yet for this profile of capital in the cycle thus far.

However, opportunistic funds, which are sitting on \$49.0 billion of dry powder—more than 11.0 percent greater than value-add funds, deployed less than half the capital of value-add funds. With the low yield environment holding stable, deployment pressures will continue to be felt, and funds thus will continue to be more targeted and thematic in their strategies.

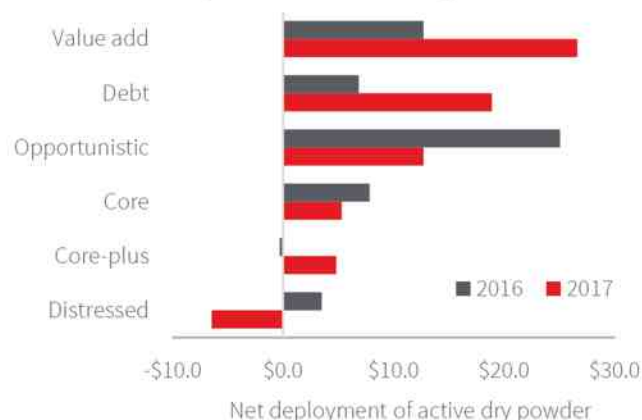
Commercial real estate remains preferred asset class, despite 13.4 percent decline in fundraising in 2017



Source: JLL Research, Preqin

These shifts echo the notion that deals have been harder to come by, but more importantly, this represents a timely shift towards more moderate risk/reward strategies which is how investors can keep their skin in the game without putting too much at stake. As commercial real estate transaction volumes mark some further softening, and interest rates gradually increase, we expect to see fundraising trends in 2018 corroborate what the market recorded in 2017.

Value-add funds deployed nearly \$27.0 billion in 2017, in excess of 50.0 percent more than opportunistic funds

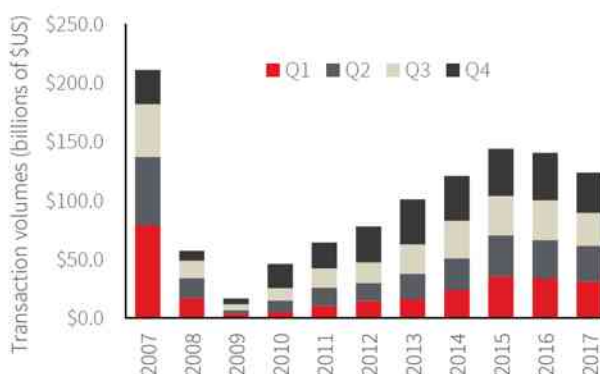


Despite fundraising marking a decline in 2017, dry powder globally for commercial real estate acquisitions remains at an all-time high, with capital disproportionately targeting assets in North America. That said, the amount of funds appears to be plateauing.

Rational and disciplined underwriting remains the norm for office product

The office sector is posting declines in transaction volumes, driven by disciplined underwriting for transactions across markets—notably in those seeing a slowing of demand and elevated construction activity. Full-year 2017 office transaction volumes decreased by 12.0 percent, paralleling the broader slowdown seen across commercial real estate in the U.S.

Office investment volumes soften to \$123.7 billion



Source: JLL Research, Real Capital Analytics (Transactions larger than \$5.0 million, includes entity-level transactions)

National office investment volumes have fallen for two consecutive years since the most recent peak in 2015. The slowdown in volumes has largely been expected; the redeployment of capital and exit pricing assumptions remain key areas of concern for investors underwriting acquisitions at current pricing.

Liquidity in the real estate debt markets is simultaneously resulting in more refinancing activity. As a percentage of overall transaction volume, volumes remain relatively consistent across different transaction profiles. Portfolios and recapitalizations are largely in line with recent averages at 23.7 and 14.1 percent of overall activity, respectively. However, we expect recapitalizations and entity-level investment to increase in the coming quarters.

Shifts have been most notable with regard to big-ticket sales. The volume of transactions over \$200 million in value declined by 25.2 percent in 2017. Investors are exhibiting rational and disciplined underwriting behavior and pulling back from select investment opportunities given current pricing and returns.

Secondary markets accounted for an increased 50.0 percent of transactions in 2017, up from 45.9 percent in 2016. Secondary and tertiary markets represented a larger share of overall activity due to investors' need to deploy capital and requirement to achieve yield. This dynamic is further supported by the concentration of value add liquidity in the capital markets, at a time when core liquidity has weakened.

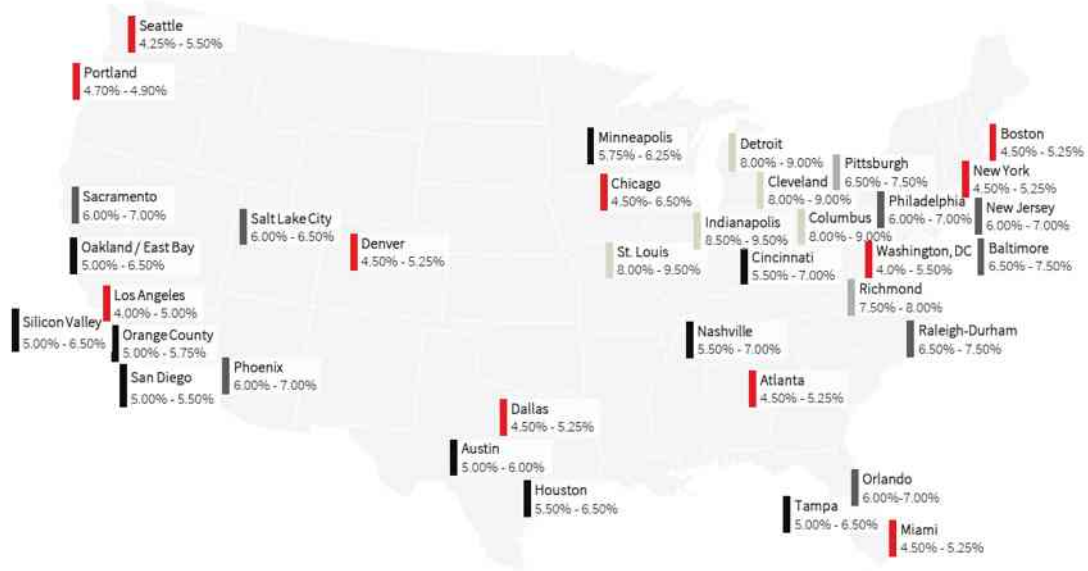
A notable growth story for 2017 was Houston, which saw significantly increased liquidity. With some green shoots in the energy market, volumes increased to \$4.9 billion in 2017. Activity in the market was driven by portfolio acquisitions made by Canadian Pension Plan Investment Board (CPPIB) and Brookfield. Brookfield acquired 1221 and 1301 McKinney for roughly \$900.0 million, underpinning market liquidity.

Behind much of the slowdown in primary markets is New York, which saw volumes drop 45.7 percent. Bucking the trend were Washington, DC and Silicon Valley, which saw increases in transactions of 11.0 and 22.8 percent, respectively.

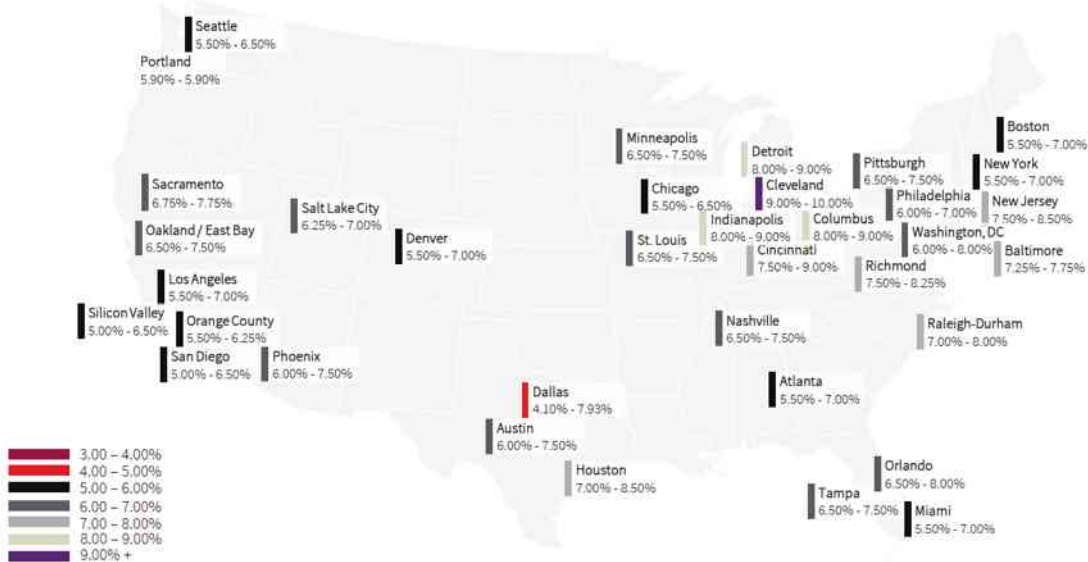
Secondary and tertiary market investment as percentage of overall transaction volume increases to 50.0 percent in 2017, marking eight-year high



National Office – CBD Class A cap rate map



National Office – Suburbs Class A cap rate map



Share of offshore investment holds steady, foreign investors increasingly targeting secondary markets

Foreign investors continue to be drawn to the relative stability of U.S. real estate. Offshore purchases of office assets totaled some \$21.0 billion in 2017, comprising 17.0 percent of all activity. This compares to \$25.3 billion and 18.2 percent in 2016.

The six most active inbound capital sources in 2017 were Canada, China, Germany, Japan, Singapore and Japan. Together, these six countries accounted for 81.5 percent of overall foreign investment into the sector. Canadian investors' purchases in the sector increased by 98.5 percent in 2017, reaching \$5.5 billion. One of the main drivers was Canadian Pension Plan Investment Board's purchase of Houston-based REIT Parkway, Inc. and its underlying assets for approximately \$1.2 billion.

For the second year in a row, the proportion of offshore capital targeting secondary and tertiary markets has risen, reaching 28.9 percent in 2017. While remaining selective, diversification into secondary markets is expected to increase and represent a sustained trend, as offshore capital sources pursue higher-yielding investments and gain deeper understanding of and familiarity with markets outside of the key gateways. Canadian investors are making bold plays in secondary markets, and we expect this to be mirrored by an increasing number of Asian investors in 2018. One example of this foray into new markets is Singapore-based Mapletree's acquisition of Fifty South Sixth in Minneapolis for approximately \$260 million, representing the largest office transaction in Minneapolis in 2017.

Driven by a strong first quarter in 2017, Chinese investors were among the top foreign groups, but as expected, their activity trailed off as the year progressed. The increased scrutiny of outbound capital by the Chinese government is expected to further temper activity in 2018. This will likely have some impact on the range of bids for prime assets, as Chinese investors have in recent past represented some of the top bids.

Capital markets outlook

With the economic expansion soon entering its ninth year, the office sector having posted its seventh consecutive year of growth in rents, and pricing elevated across most markets, investment opportunities have become more varied geographically. Investors have shifted from strategies anchored in market diversification to investment approaches which are thematic and increasingly focused at the submarket- or asset-level.

Investors' need to deploy capital and requirement to achieve yield is not lessening. However, despite the appetite for yield, we are seeing a tightening in appetites for real estate risk. As value add liquidity has remained elevated and the most productive in deployment efforts, this has been evident in the pullback in opportunistic fundraising and the growth of debt strategies in the capital markets from institutional and private equity investors.

In transactions, investors remain focused on value add, urban transactions across primary and secondary markets, and even emerging fringe submarkets given demand-side shifts evident in markets. Investors will continue to look to unique opportunities, deal structures and asset types in search of yield, in line with their risk appetite.

Atlanta

Introduction

Atlanta is the economic center of the Southeast United States, with a gross domestic product of \$320.2 billion ranking it the 10th largest economy in the country and the 40th largest in the world, according to the U.S. Bureau of Economic Analysis and the Brookings Global MetroMonitor. It is the state capital and most populous city in Georgia, boasting a diversified employment base and unparalleled transportation accessibility. Atlanta is home to 15 Fortune 500 companies, which ranks it third behind New York City and Houston among U.S. cities.

According to the U.S. Census Bureau, the city of Atlanta has an estimated population of 472,522, and the broader Atlanta Metropolitan Statistical Area (MSA), inclusive of Sandy Springs, Roswell and other infill suburbs, is home to 5.8 million people, ranking it the 9th largest MSA in the United States. With nearly 100,000 people being added every year, the Metro is growing on a consistent basis as a skilled and diverse population brings new ideas and perspectives to the ever-changing landscape.

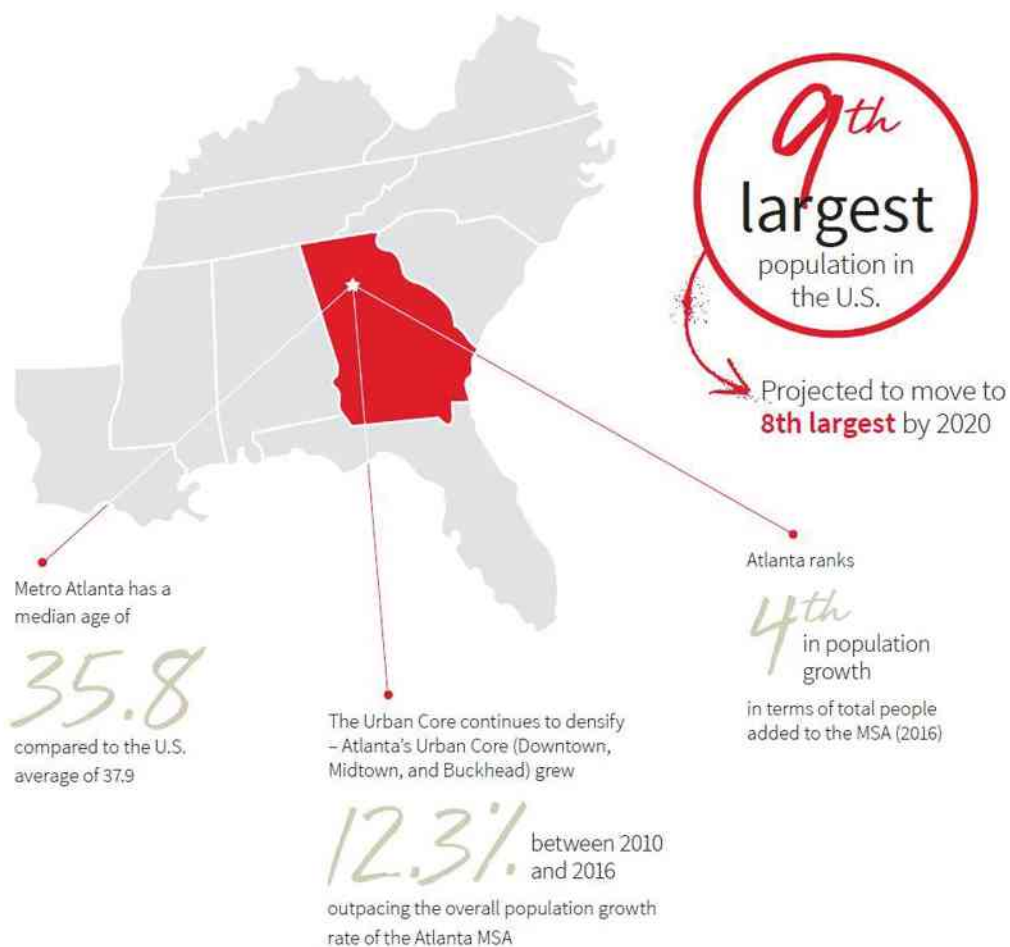
People and companies are drawn to Atlanta by a variety of factors. The ability to combine the lowest cost of doing business of the 50 largest MSAs, low cost of living, access to world-class talent and the institutions that train them, high quality of life, and ease of local, regional and global transportation options has enabled Atlanta to thrive economically and demographically. A key to Atlanta's success has been a balanced and highly diverse economic sector. With major employers in transportation, health care, technology and consumer goods – including the headquarters of Coca-Cola, Home Depot, United Parcel Service (UPS), Delta Airlines, the Southern Company and SunTrust, among others – the Metro is well-positioned to flourish into the future.

Over the past four years, an average of over 85,000 jobs have been created annually in Atlanta, and an impressive 40 percent of these jobs have been in the knowledge worker segment. As a result, Atlanta has been a leader in corporate investment and has attracted four new Fortune 500 headquarters over the past six years, bringing its total to 15 – the most in the southeast U.S. and third most in the country.

The importance of these skilled, office-using jobs has translated well for the local economy and directly corresponds to the sustained success Atlanta has enjoyed.

- *Atlanta MSA GDP has grown at an average annual rate of 4.3 percent since 2010, compared to a 3.8 percent annual rate for the U.S. overall.*
- *Atlanta has added 290,000 jobs since the beginning of 2010.*

- Atlanta has witnessed four inbound Fortune 500 headquarters relocations in the past six years and is host to 15 Fortune 500 headquarters overall, including Coca-Cola, Home Depot, United Parcel Service (UPS), Delta Airlines, the Southern Company and SunTrust, among others.
- The Atlanta economy outperformed the nation on multiple fronts in 2017, including job and wage growth and unemployment.



Accessibility

Atlanta boasts world-class transportation infrastructure, which enables efficient regional, national and global accessibility. Atlanta's Hartsfield-Jackson International Airport has consistently ranked as the world's busiest by passenger traffic, serving over 100 million air travelers per year. Hartsfield-Jackson is the primary hub of Delta, and is a focus city for several low-cost carriers, including Southwest, Spirit and

Frontier. The airport has international service within North America and to countries throughout Europe, South America, Central America, Africa and Asia.

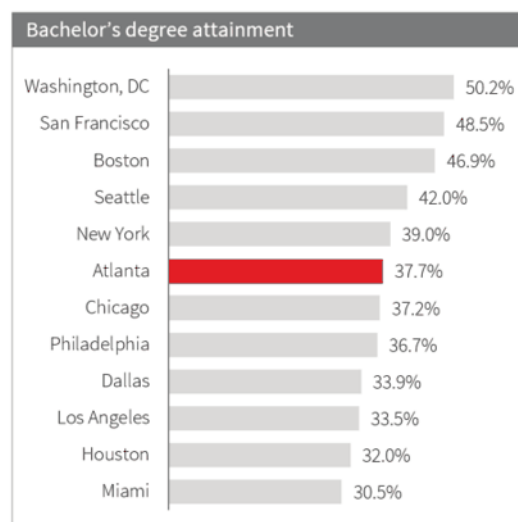
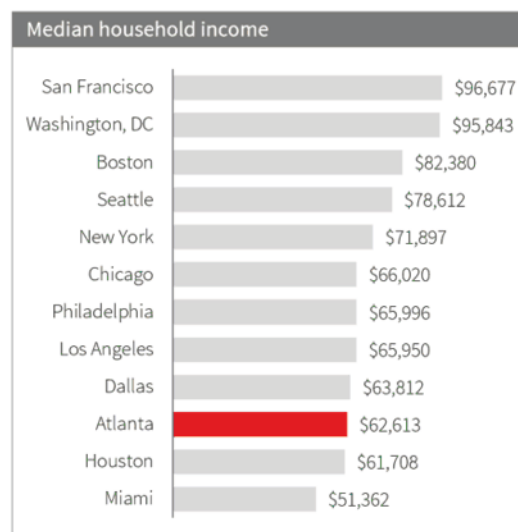
Atlanta’s public transit system, called MARTA, serves Hartsfield-Jackson via its Red and Gold lines, as well as the broader region via rapid-transit bus and rail. MARTA is the eighth-largest rapid transit system in the United States, serving an average daily ridership of 432,900 passengers, according to the American Public Transit Association. MARTA’s rail system includes 48 miles of track and 38 train stations, which primarily serve Fulton, Clayton and DeKalb counties.

Population and workforce demographics

Like much of the Sun Belt, Atlanta continues to witness rapid population growth, aided by a low cost of living and generally business-friendly conditions. Corporations have also set up not only back offices but increasingly front-line operations in the market and are attracted to its lower cost of labor and doing business.

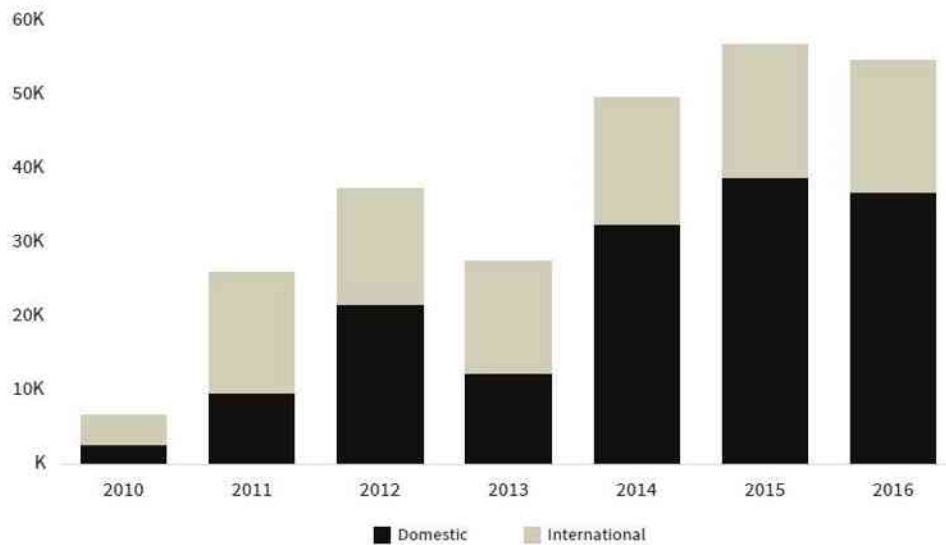
Among major metropolitan areas, Atlanta has emerged as one of the fastest-growing geographies outside of Texas, posting population growth of 11.3 percent (598,008 people) since 2010. Much of this increase has been attributed to inflows from higher-cost markets such as New York, Los Angeles, San Francisco, Boston and Chicago, leading to a more diversified talent base that is in turn fueling growth across sectors. Additionally, Atlanta continues to act as a regional hub, absorbing new residents from smaller surrounding cities.

Atlanta performs particularly favorably in terms of employment costs. Despite its continually growing appeal, the median household income of \$62,613 is 12.9-percent below that of New York and more than 33-percent below San Francisco or Washington, DC. For employers, expanding operations in Atlanta represents in many ways better value for money, particularly coupled with much lower office occupancy costs, with core Class A rents still below \$45 per square foot in most cases.

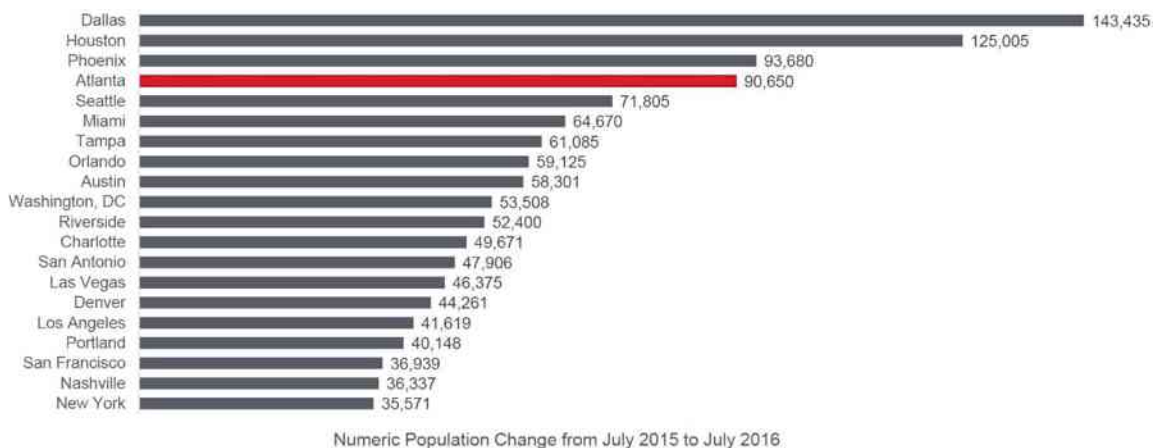


At the same time, Atlanta’s educational attainment, although below the 40-percent mark, is better than many of its peers, most notably Los Angeles, Chicago, Dallas and Houston. Given the region’s strength in financial technology, law, professional services and increasingly film and media production, this figure should rise accordingly.

Atlanta population growth by year

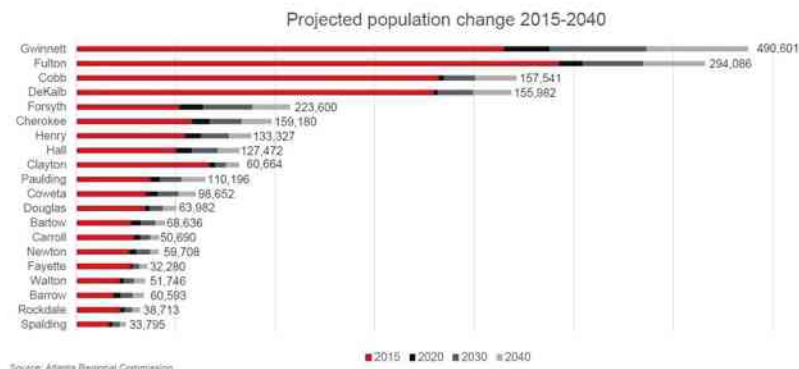


Atlanta ranks 4th nationally in population growth



Fulton County expects to see robust population growth

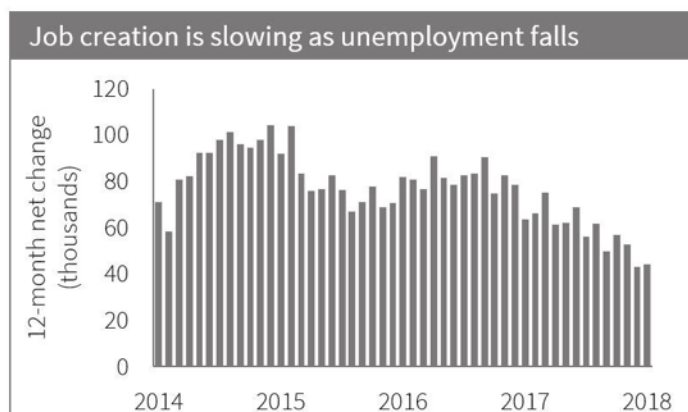
Fulton County, which is home to the Buckhead submarket and Phipps Tower, is currently the most populous in the Atlanta metropolitan region and is expected to grow at the second fastest rate of all jurisdictions through 2040, according to the Atlanta Regional Commission. This population growth and higher residential density are expected to boost demand for all property types and foster a greater sense of walkability within the submarket, particularly along the main access points of Peachtree and Lenox Roads, which Phipps Tower resides.



Economic trends

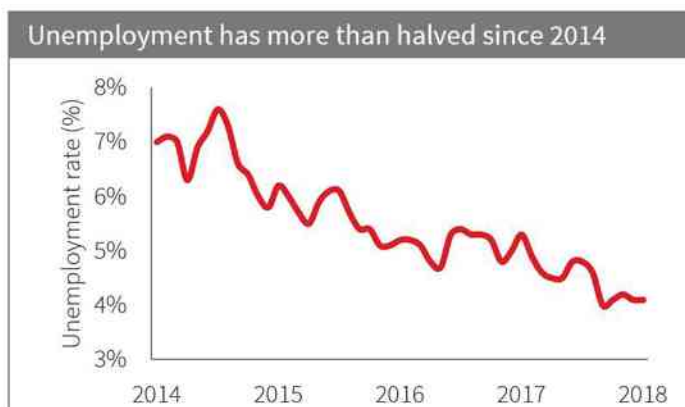
An unstoppable wave of inbound migration of residents and businesses combined with a highly diversified economic base and a low cost of living and business have all helped Atlanta become one of the fastest-growing major markets in the country. Over the past five years, Atlanta has added 241,300 net new jobs and employment is 10.1-percent higher than its pre-recession peak.

This level of continued growth, albeit slowing due to talent shortages in key knowledge-intensive industries, is propelling consistent office occupancy growth and multifamily development in urban locations that until this cycle were largely passed over for the suburbs. At the same time, it has brought unemployment down from upwards of 8 percent to the national average of 4.1 percent. With unemployment at its lowest point in more than a decade, local employers will see further reliance on offering competitive and rising wages as well as further in-migration from large corporate users to attract and retain talent.

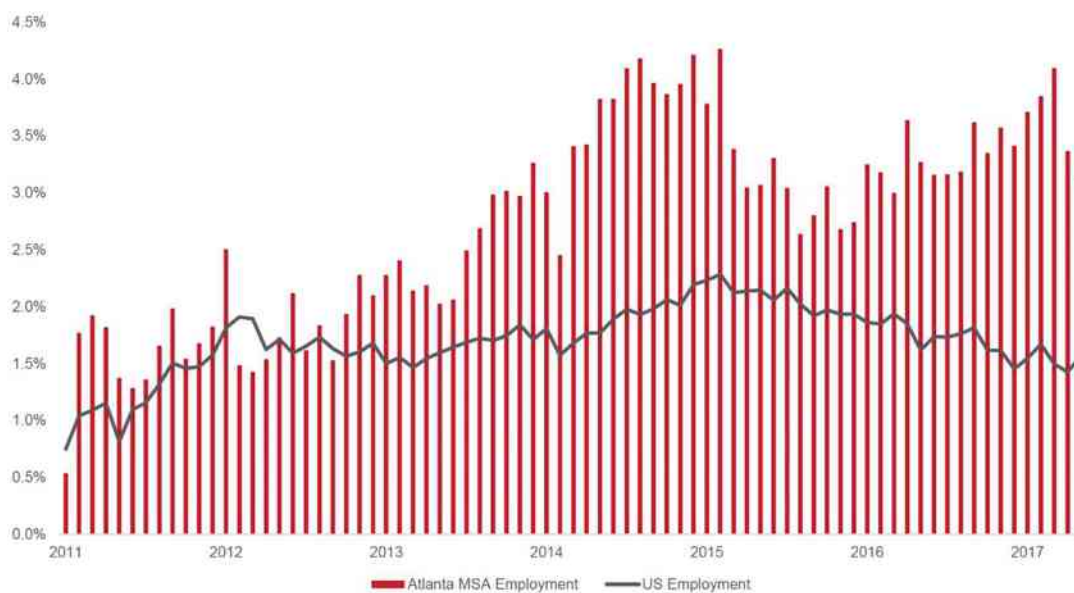


This tightening in the labor market is evidenced by the sharp slowdown in office-using job creation. Professional services, which represents slightly less than one-fifth of regional employment, was responsible for only 10.5 percent of growth in 2017, down from 20.1 percent in 2016. Similarly, financial services has gone from average annual increases of 2.8 percent in 2016 to 1.6 percent in the second half of 2017.

Despite these challenges for employers, Atlanta is well equipped to encourage further growth, with accommodating state-level policies for relocating or expanding companies and low barriers to entry for tenants and investors alike. Buckhead and Midtown will be some of the major recipients of this growth, particularly in emerging sectors such as technology and film and media production.

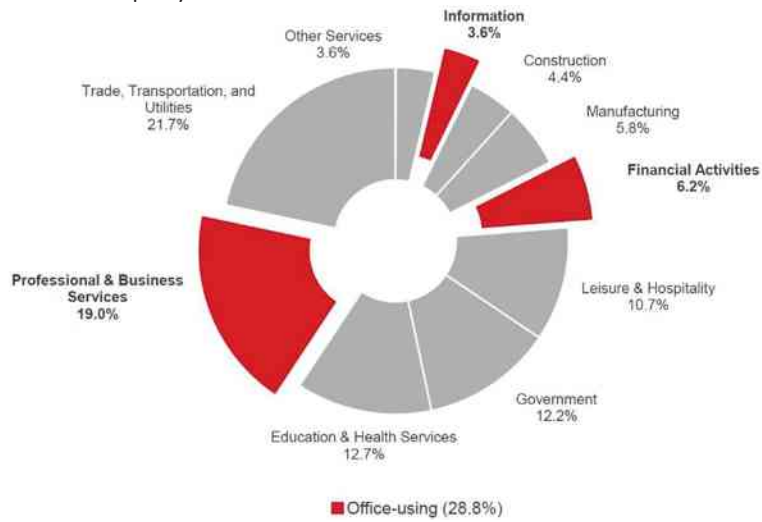


Atlanta MSA job growth by year

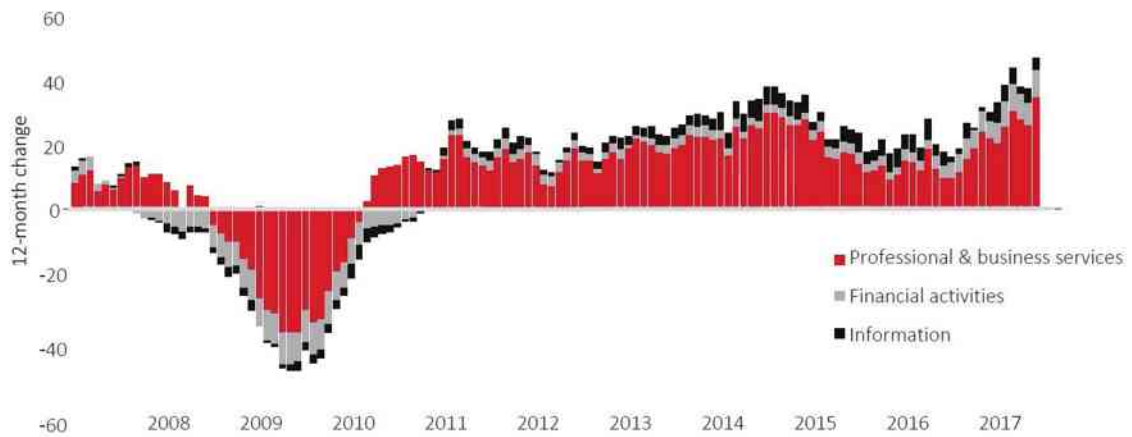


Since 2010, Atlanta has created more than 457,000 new jobs. Perhaps more impressive, is that 36.6 percent of these jobs are considered office-occupying jobs, compared to just 29.7 percent for the United States. As a result, Atlanta is not only producing jobs, it is producing skilled, higher paying jobs. The Atlanta metro unemployment rate is the lowest in nearly a decade.

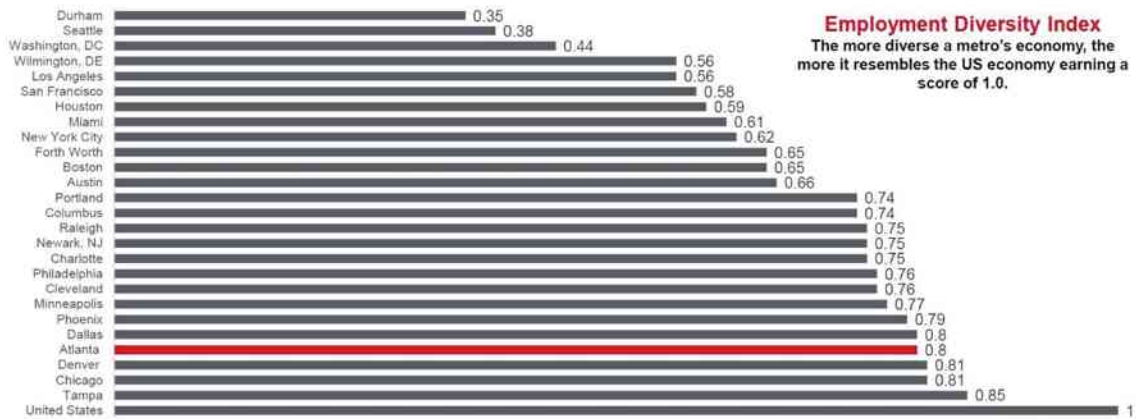
Atlanta employment base



Atlanta MSA historical job growth by office-occupying sector



Economic diversity



Atlanta accolades and distinctions



Business

#1 Metro Area for Lowest Cost of Doing Business (among the 10 largest U.S. metro areas)

Source: KPMG, "2016 KPMG Competitive Alternatives," March 2016

#3 city for Inc. 5000 headquarters (fast-growing companies)

Source: A.T. Kearney 2016, "Global Cities 2016," May 2016

#6 Metro area for exceeding projected job growth

Source: Career Builder, "Top 10 U.S. Metro Areas Exceeding Projected Job Growth," February 2016

#3 National ranking for cities with the most FORTUNE 500 Headquarters (Atlanta is home to 15 FORTUNE 500 headquarters)

Source: JLL Research and Fortune magazine



Technology

#1 U.S. city for web developers

Source: SpareFoot.com, "The 10 Best Cities for Web Developers," January 13, 2016

#3 Metro area for STEM professionals by highest quality of engineering universities

Source: WalletHub, "2016's Best & Worst Metro Areas for STEM Professionals," March 2016

#5 U.S. city for Tech start-ups

Source: Sungard Availability Services, "10 of the Best U.S. Cities for Tech Start-Ups," July 2016

#7 Metro area for STEM job growth

Source: RCLCO/CapRidge, "2016 STEM Job Growth Index

#7 Metro area with the most IT graduates

Source: Site Selection Group, "Top 20 Metros with the Most IT Graduates," April 25, 2016



People

#1 World's busiest airport for passenger traffic

Source: Airports Council International, 2016

#3 Metro area for population change (2014-2015)

Source: U.S. Census Bureau, 2015 Population Estimates, March 2016

#5 Most creative city in the U.S.

Source: Movoto, "These are the 10 Most Creative Cities in America," February, 2015

One of the **least expensive cities to live in the U.S.**

Source: The Economist Intelligence Unit, "2016 Worldwide Cost of Living Survey," March 2016

Atlanta's low cost of living offers employees more for their money

Compared to Atlanta, these cities demand a premium

Top 10 Metros	Cost of Living Premium	Salary needed to sustain a similar level of living to Atlanta (based on \$50,000 salary)
1 New York	137.7%	\$ 118,852
2 Los Angeles	47.1%	\$ 73,566
3 Chicago	20.5%	\$ 60,246
4 Dallas-Ft Worth	5.7%	\$ 52,869
5 Houston	1.8%	\$ 50,922
6 Washington, DC	55.3%	\$ 77,664
7 Philadelphia	18.8%	\$ 59,375
8 Miami	11.4%	\$ 55,656
9 Atlanta	-	\$ 50,000
10 Boston	50.0%	\$ 75,000

Source: CBER - Council for Community and Economic Research

Atlanta demands the lowest housing costs of 10 largest metros

10 Largest US Metros	Apartment Rent	Home Prices
1 New York	\$2,729	\$1,085,963
2 Los Angeles	\$2,535	\$713,242
3 Chicago	\$1,531	\$457,175
4 Dallas-Ft Worth	\$1,173	\$295,872
5 Houston	\$1,362	\$310,250
6 Washington, DC	\$2,182	\$824,280
7 Philadelphia	\$1,380	\$423,700
8 Miami	\$1,752	\$367,286
9 Atlanta	\$1,059	\$259,294
10 Boston	\$2,675	\$579,500

In 2017, the average household income for millennials living in the Atlanta metro was \$73,570. With lower-than-average cost of living, millennials living in Atlanta have higher spending power than their counterparts in more expensive markets, such as San Francisco or New York City. Adjusted for cost of living, millennials in the Atlanta metro have the seventh-highest average salary in the nation.

Office market conditions

The Atlanta Metro has only experienced negative absorption one quarter out of the last 26 quarters.

Metro Class A direct asking rates have increased 17 out of the last 18 quarters, reaching \$26.65 per square foot at the end of 2017. Over this time, rates have increased 16.1 percent.

Urban Class A space has outpaced the suburban submarkets, increasing 27.2 percent over this same timeframe.

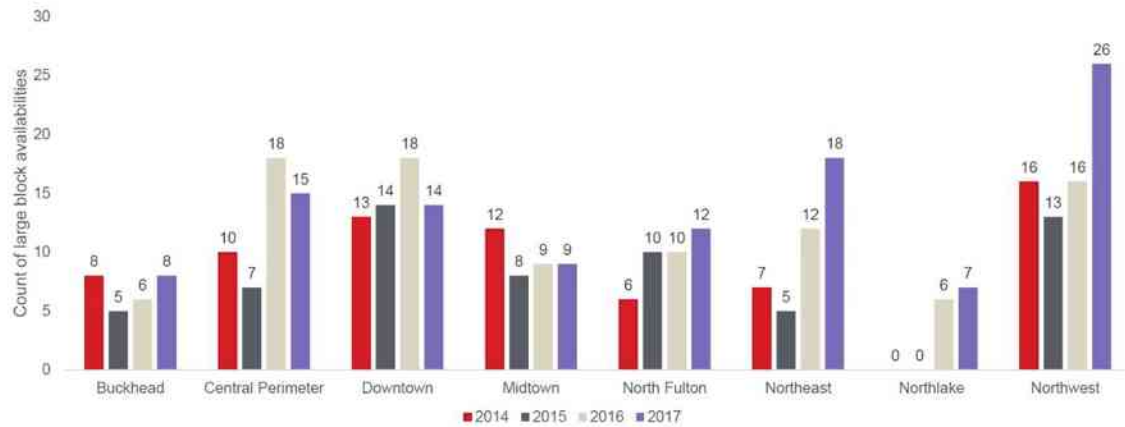
After passing \$30 per square foot for the first time in early 2017, urban Class A direct asking rates ended the year at \$31.55 per square foot, an 11.1 percent increase from a year earlier.

Over the past 3 years, nearly 50 percent (46 million square feet) of the Class A inventory has traded.

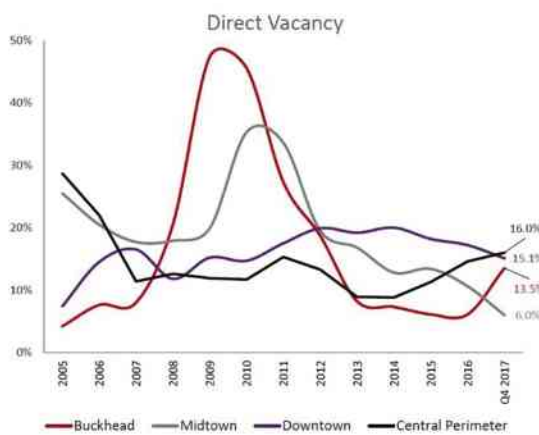
Office statistics by submarket and asset class

	Class	Inventory (s.f.)	2017 net absorption (s.f.)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD completions (s.f.)	Under construction (s.f.)
Buckhead	Overall	19,217,903	85,354	13.9%	14.8%	\$34.30	737,087	0
Downtown	Overall	14,963,590	142,061	18.7%	19.7%	\$25.43	0	61,000
Midtown	Overall	17,775,404	688,807	9.9%	11.0%	\$33.44	117,906	1,828,000
CBD	Overall	51,926,673	911,036	13.9%	14.9%	\$30.57	854,993	1,889,000
Central Perimeter	Overall	21,951,106	-600,384	16.5%	18.2%	\$26.63	0	355,000
North Fulton	Overall	18,995,026	216,367	14.0%	15.0%	\$23.85	228,182	151,584
Northeast	Overall	14,589,126	-20,597	25.3%	26.1%	\$18.62	0	0
Northlake	Overall	9,615,622	369,820	13.0%	13.2%	\$21.52	151,066	33,000
Northwest	Overall	23,018,439	208,126	18.2%	19.4%	\$24.43	824,906	222,000
South Atlanta	Overall	4,421,320	140,988	19.7%	20.3%	\$18.94	0	0
West Atlanta	Overall	723,846	0	55.0%	55.0%	\$15.87	0	0
Suburbs	Overall	93,344,709	319,506	17.9%	18.9%	\$23.26	1,204,154	761,584
Total	Overall	145,271,382	1,230,542	16.5%	17.5%	\$25.56	2,059,147	2,650,584
Buckhead	A	16,972,583	176,226	13.8%	14.5%	\$35.66	737,087	0
Downtown	A	13,363,225	181,180	18.4%	19.4%	\$26.18	0	0
Midtown	A	15,680,210	569,579	10.4%	11.5%	\$34.36	0	1,828,000
CBD	A	46,016,018	926,985	13.9%	14.9%	\$31.55	737,087	1,828,000
Central Perimeter	A	17,286,463	-534,215	14.1%	16.2%	\$28.39	0	355,000
North Fulton	A	13,342,883	83,920	13.0%	14.3%	\$25.85	228,182	151,584
Northeast	A	6,190,138	-81,856	20.9%	21.6%	\$20.92	0	0
Northlake	A	3,225,464	227,760	9.2%	9.8%	\$23.87	151,066	33,000
Northwest	A	14,940,883	295,454	16.2%	17.6%	\$27.07	824,906	222,000
South Atlanta	A	902,872	50,714	8.1%	8.1%	\$20.75	0	0
West Atlanta	A	83,062	0	0.0%	0.0%	\$28.51	0	0
Suburbs	A	55,971,765	41,777	14.8%	16.2%	\$26.17	1,204,154	761,584
Atlanta	A	101,987,783	968,762	14.4%	15.6%	\$28.40	1,941,241	2,589,584
Buckhead	B	2,245,320	-90,872	15.1%	17.0%	\$25.49	0	0
Downtown	B	1,600,365	-39,119	21.5%	21.5%	\$19.30	0	61,000
Midtown	B	2,095,194	119,228	6.3%	6.8%	\$24.93	117,906	0
CBD	B	5,910,655	-15,949	13.8%	14.7%	\$23.05	117,906	61,000
Central Perimeter	B	4,664,643	-66,169	25.3%	25.5%	\$21.63	0	0
North Fulton	B	5,652,143	132,447	16.3%	16.7%	\$20.02	0	0
Northeast	B	8,398,988	61,259	28.6%	29.4%	\$16.69	0	0
Northlake	B	6,390,158	142,060	14.9%	15.0%	\$20.65	0	0
Northwest	B	8,077,556	-87,328	21.9%	22.7%	\$19.60	0	0
South Atlanta	B	3,518,448	90,274	22.7%	23.4%	\$18.74	0	0
West Atlanta	B	640,784	0	62.1%	62.1%	\$15.00	0	0
Suburbs	B	37,372,944	277,729	22.5%	23.0%	\$19.26	0	0
Atlanta	B	43,283,599	261,780	21.3%	21.9%	\$19.68	117,906	61,000

Atlanta large-block availabilities



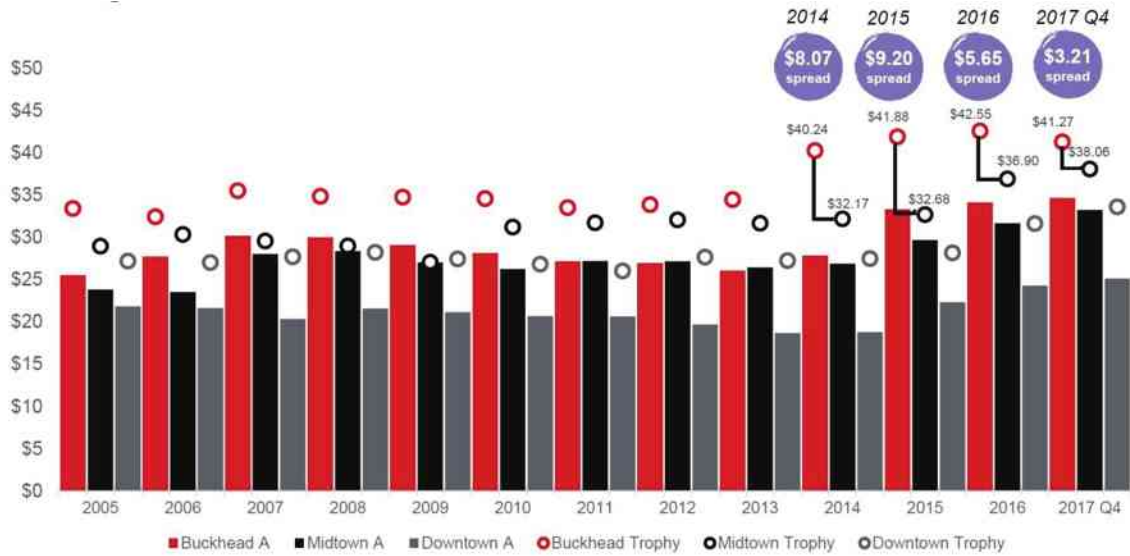
Atlanta's Trophy segment leads market in demand, rental rates



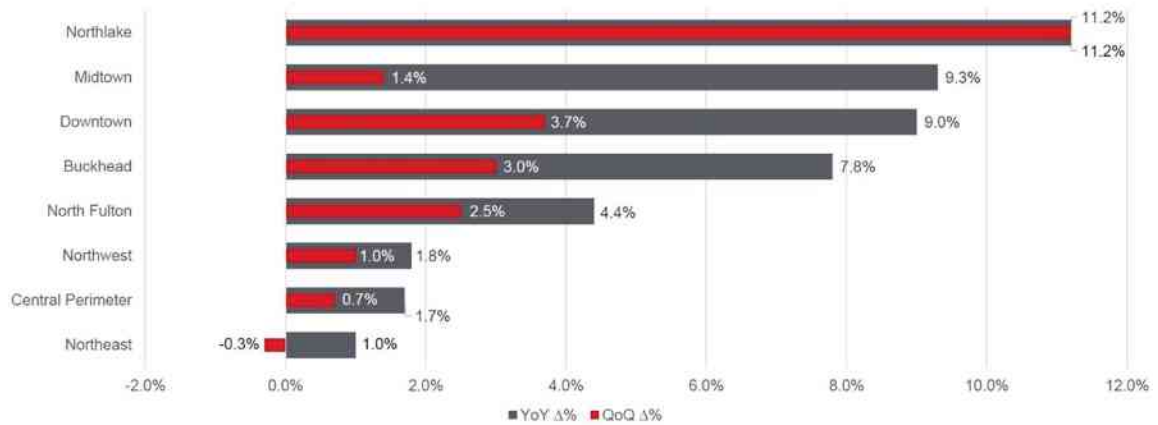
Buckhead: Terminus 100 & 200, 3344 Peachtree, Two & Three Alliance, Phipps Tower, The Pinnacle, 3630 Peachtree
Midtown: 1075 Peachtree, 1180 Peachtree, One Atlantic Center, Promenade II

Downtown: 191 Peachtree, Suntrust Plaza, Bank of America, Georgia-Pacific Center
Central Perimeter: Concourse V & VI, Northpark 400, 500 & 600, Perimeter Summit

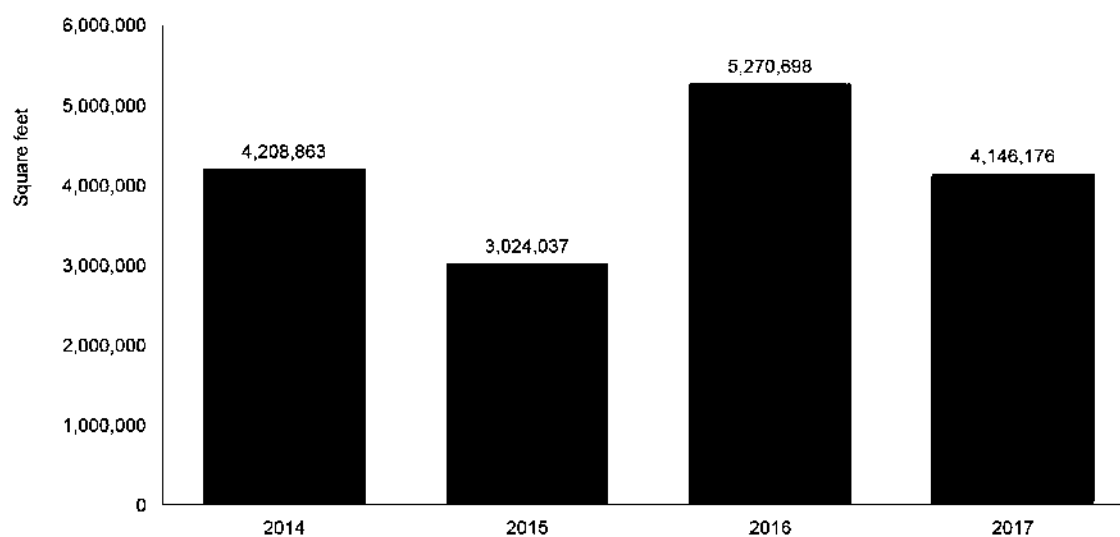
Buckhead Trophy rental rates remain on top, while Midtown gains ground



Class A rental rate growth continues across the Atlanta market



Leasing activity (transactions 20,000 s.f. and greater)



Development pipeline











The development pipeline now includes over 6 million square feet under construction or substantial renovation, mostly consisting of spec projects such as Coda and The Edison. Build-to-suit activity comprises 1.2 million square feet of the construction inventory.

Only two buildings delivered in the fourth quarter: the 88-percent preleased Stockyards Atlanta in Midtown, and the build-to-suit, One Ballpark Center in the Northwest, where Comcast will occupy 260,000 square feet overlooking the Braves' new stadium.

Select development projects under construction

 <p>The Edison North Fulton TPA Group 107,643sf (0% preleased) Q1 2018 delivery</p>	 <p>Coda Midtown Portman Holdings 645,000sf (62% preleased) Q1 2019 delivery</p>	 <p>NCR World HQ Midtown Cousins Properties 762,000sf (100% preleased) Q1 2018 delivery</p>	 <p>725 Ponce Midtown New City Development 421,000 (20% preleased) Q1 2019 delivery</p>	 <p>4004 Perimeter Summit Central Perimeter Seven Oaks 355,000sf (0% preleased) Q1 2018 delivery</p>
 <p>Encore Center Northwest Greenstone Properties 222,000sf (100% preleased) Q1 2018 delivery</p>				

Select development projects planned or proposed

 <p>High Street Central Perimeter GID Planned</p>	 <p>Star Metals Midtown The Allen Morris Company 185,000sf Planned</p>	 <p>The Office Buckhead Buckhead Oliver McMillan 315,000sf Q1 2020</p>	 <p>T3 Midtown Hines 210,000sf Planned</p>	 <p>Atlantic Yards Midtown Hines Planned</p>	 <p>Midtown Heights Midtown MetLife Planned</p>
 <p>1105 W Peachtree Midtown Selig Planned</p>	 <p>Tower Place Mixed-use Buckhead Regent Partners Planned</p>	 <p>Athena IT Center Midtown Portman Holdings 352,000sf Planned</p>	 <p>Halcyon North Fulton RocaPoint Partners 88,536sf Planned</p>		

Investment sales

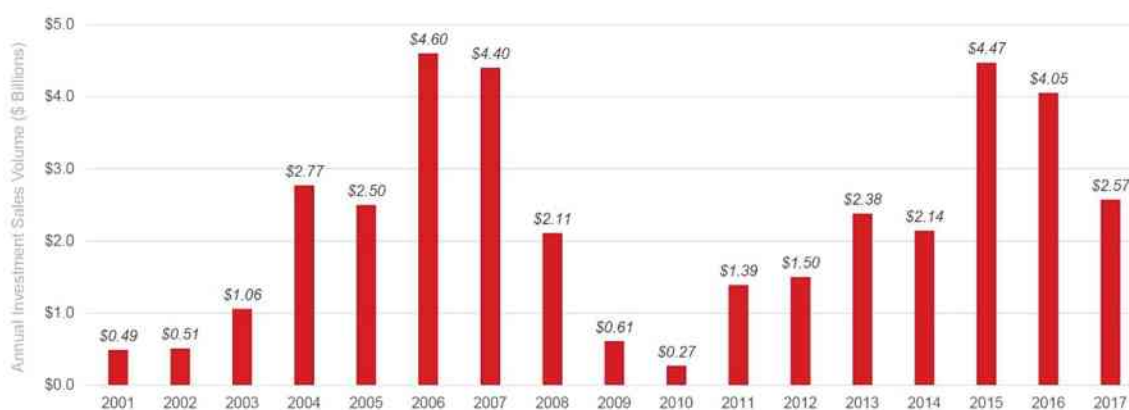
Investment sales in 2017 were lower than previous years, but still showed a solid amount of activity, with volume totaling \$2.57 billion for the year.

The highest price for a single-asset in the fourth quarter belonged to Buckhead's Resurgens Plaza, which Lone Star Funds sold to Zeller Realty Group and Partners Group. Selling for \$92.7 million, this equated to \$230 per square foot.

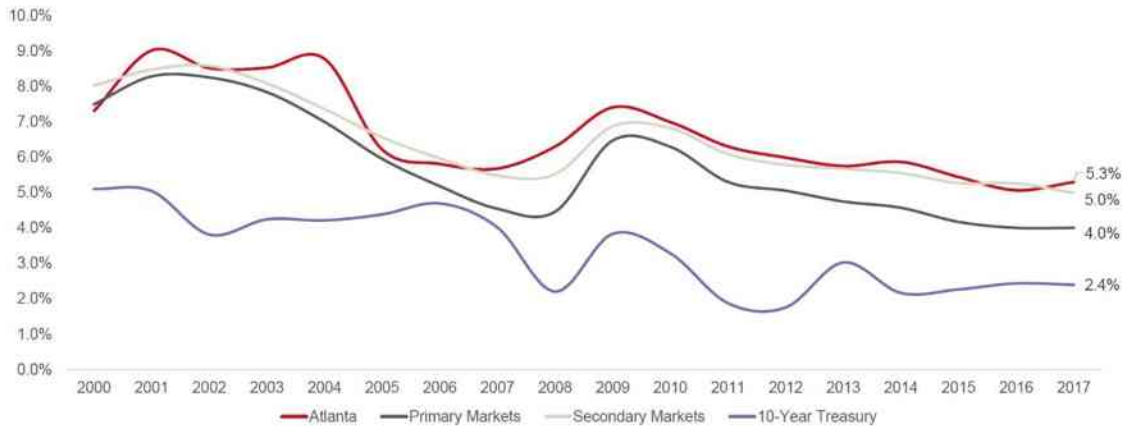
Both 2015 and 2016 exceeded \$4.0 billion in transaction volumes, which is the highest since before the market downturn in 2008.

With investors likely to hold on to recent acquisitions and ample capital in pursuit of Atlanta office assets, look for quality properties that have not recently sold to push guidance higher as investors look to find the few remaining assets that may come to market in the next few quarters.

Historical office sales volume



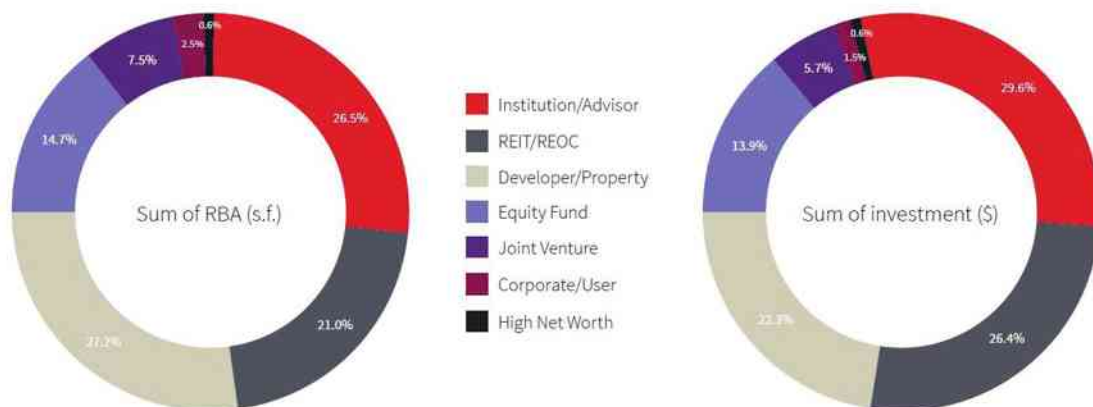
Historical core cap rate trends



Diverse ownership base

Since 2013, investors have purchased 59 million square feet of Class A office space in Atlanta, equating to more than 60 percent of the total inventory. There has been a healthy balance of ownership type during this time, with developer/property companies purchasing the most square footage, and institutional/advisors investing the most capital.

Class A properties traded in Atlanta metro since 2013



Notable sales

Urban



American Cancer Society Center / Downtown
\$166M (\$166 psf)
Carter Validus Mission Critical REIT



Equitable (100 Peachtree) / Downtown
\$90M (\$145 psf)
Zeller Realty



271 17th St NW / Midtown
\$182M (\$341 psf)
Lionstone Investments

Suburban



Sanctuary Park / North Fulton
\$265M (\$172 psf)
Rubenstein Partners



Three Ravinia / Central Perimeter
\$210M (\$258 psf)
Preferred Apartment Communities



Northwinds / North Fulton
\$186.9M (\$180 psf)
The Brookdale Group

Notable leases



King & Spalding
1180 Peachtree / Midtown
340,000 sf renewal



WestRock
Northpark 400 / Central Perimeter
180,000 sf renewal



CBRE
Three Alliance / Buckhead
105,000 sf new



Crown Castle
8000 Avalon / North Fulton
55,600 sf new



Computer Generated Systems
Lakeside @ Spalding Triangle / Northeast
55,000 sf sublease



Haverty Furniture Co.
Centrum at Glenridge / Central Perimeter
49,000 sf renewal



SunTrust
Perimeter Center / Central Perimeter
84,300 sf renewal



AON Risk Services
Three Alliance / Buckhead
70,000 sf new



Cotiviti USA
One Glenlake / Central Perimeter
66,100 sf new



Boston Consulting Group
Equitable / Downtown
40,000 sf new



Regus
One Glenlake / Central Perimeter
39,600 sf new



GSA - Census Bureau
Marquis II / Downtown
35,900 sf new

Outlook

Atlanta is at a crossroads, both metaphorically and literally. Geography has always played a large role in the development of Atlanta. Atlanta was founded at the intersection of two railroad lines in 1837, becoming the center of commerce in the southwestern United States. Almost a century later, Hartfield-Jackson airport had its beginnings when the City signed a lease to develop an abandoned auto racetrack into an airfield. The airport has been the world's busiest airport for nearly two decades, accommodating 100 million annual passengers. The convergence of three major interstate highways, I-20 (east-west), I-75 (northwest-southeast), and I-85 (northeast-southwest) collide in the center of downtown Atlanta. The Downtown Connector, merging I-75 and I-85, sends more than 340,000 people on their way each day. The importance of these systems to the commerce of Atlanta can hardly be overstated. It's not only planes, trains, and automobiles: the rise of the Port of Savannah, the largest single-terminal container facility of its kind in North American, has had a tremendous impact on Atlanta due to its proximity and connection to other modes of transportation.

But it's not all about moving people and cargo, Atlanta is at the crossroads of moving information and ideas. Atlanta's FinTech industry, known as "Transaction Alley" due to the large number of card-processing firms that call the Metro home, has emerged as a global leader with 30,000-plus employees and producing \$72 billion in revenue. More than half of the \$5.3 trillion in annual U.S. card spending passes through firms based in Georgia, with three of the top five of these processors headquartered in the region. Not to be outdone, the healthcare IT industry is a national leader with more than 200 companies in metro Atlanta. The combination of world-class institutions like Georgia Tech and Emory University, and the HQ for organizations such as the American Cancer Society and Center for Disease Control, has positioned Atlanta to take the lead in this emerging industry.

Already home to CNN and Turner Broadcasting, Atlanta has gained additional clout as a leading hub of entertainment, with film and television show production growing rapidly throughout the city. As of 2015, the film industry in Georgia only trailed California and New York. Much of this success can be tied to tax incentives introduced in 2002 and bolstered in 2008. In the past year, 320 film and television productions have been shot in the state, generating \$2.7 billion in FY 2017 revenue, up from \$67.7 million in direct spending from a decade prior. The development of studios like Pinewood Atlanta and EUE/Screen Gem Studios have set the stage for more productions to come.

The depth and diversity of the economic and business base in Atlanta has been a differentiator. A pro-business stance and highly educated and skilled workforce have provided a fertile base for new and established industries to grow and thrive. Atlanta is at a crossroads and the global reach of the Metro will continue to expand as it takes advantage of its strengths and position in the marketplace.

Within the context of the broader U.S. economy, Atlanta is well-situated to benefit from the current expansion. Office job growth is expected to remain sturdy, presenting continued growth opportunities for the market. The Atlanta office market saw 383,000 square feet of new construction deliver in 2017. This inventory was 96.1 percent preleased upon completion. Although 2.7 million square feet remains in the active pipeline, the 10 projects actively underway were 56 percent preleased as of year-end 2017. The

expected construction deliveries should be well received by the region’s growing occupier base, especially given the geographic make-up of the development pipeline, which is focused in submarkets that are seeing the highest levels of tenant demand.

Buckhead

Location description and accessibility

Buckhead lies at the intersection of a number of key regional arteries for both private and public transport users. Along with Midtown and Downtown, it is among the most connected submarkets in the Atlanta metropolitan area and the broader Southeast.

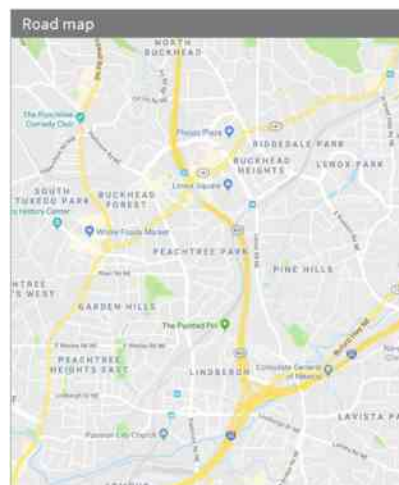
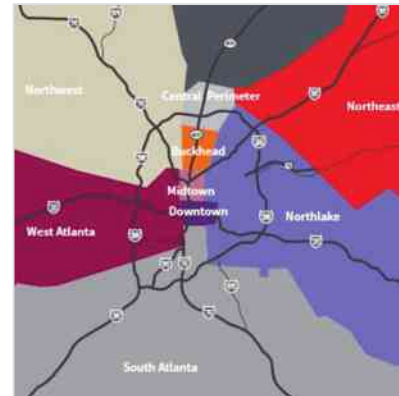
Located at the strategic roadway node of Interstate 85 and Georgia 400, vehicular travelers from the large commuter base to the north, particularly northern Fulton County as well as Cobb and Gwinnett Counties, are provided with a more convenient commute than going farther south to the traditional core. Access from the northwest and northeast is slightly more difficult and subject to congestion on the Perimeter and local roads.

Buckhead is also rare for Atlanta in that it is largely accessible by public transportation. MARTA trains run directly to Midtown and Downtown Atlanta as well as Hartsfield-Jackson Airport. For corporate users, this connectivity has been critical for remaining competitive for business travelers and has also been of increasing importance in attracting and retaining talent in more urban and less car-dependent areas.

Buckhead’s position between the northern suburbs and urban core of the market has and will continue to play a critical role in its success, keeping demand buoyant and being well positioned to maximize viable commutes in a region still developing its infrastructure.

Submarket trends

In recent years, Buckhead has undergone a noticeable shift, with certain nodes along main access points such as Peachtree and Lenox Roads transforming into more walkable, urban boulevards interwoven with high-end office, retail and residential destinations. Luxury apartment and condominium communities have revitalized Buckhead and solidified the neighborhood’s position as Atlanta’s most desirable location both to live and



work. Young professionals and senior executives alike are returning to Atlanta's central submarkets, particularly Buckhead, in search of urban environments previously only experienced in high-density gateway markets such as New York and San Francisco.

Office market conditions

Buckhead remains Atlanta's premier submarket, commanding the highest rents and one of the lowest vacancy rates in the entire metro area. Although the emergence of newer, fringe markets as well as Midtown's surge in activity has created competition within the region's urban core, Buckhead is still maintaining top-tier rents and a high-profile tenant base.

Over the past six years, Buckhead has witnessed 2.2 million square feet of occupancy growth, roughly 21 percent of Atlanta's entire occupancy growth over the same time period, the second-highest total of any submarket after Midtown. The more than 5.2 m.s.f. of absorption in these two submarkets is indicative of the inward shift and tenant preferences for better-located, quality product.

At the same time, a relative dearth of new construction until recently has kept vacancy in check, producing supply constraints in the process. Until the delivery of Three Alliance Center in 2017, Buckhead vacancy dropped by 810 basis points to 12.0 percent as a slew of large- and mid-sized users such as Global Payments, Aon, WeWork and GE expanded their footprints.

As a result of this sharp drop in vacancy, surging landlord confidence has led to accelerated rent growth that has yet to show signs of abating. Up 35.5 percent since 2012, Buckhead rents are growing 58.4-percent faster than the broader market. The gap has also nearly doubled from \$4.42 per square foot to \$8.74 per square foot, indicative of Buckhead's resilience and attraction to tenants across industries.

Along with Midtown, Buckhead will remain a driver of growth in the Atlanta office market, responsible for a disproportionate share of future leasing, construction and sales activity. Rents will likely continue to rise, albeit at a slower rate as the broader economy adjusts to more muted job growth and resultant slowdowns in expansion.

Buckhead office market fundamentals ended the year strong, as submarket quickly absorbed new deliveries.

Absorption closed the year positive, supported by move-ins to new deliveries – Three Alliance and Armour Yards

Lease rates continued to push historic highs, particularly Trophy and Top-Tier Class A buildings

Three Alliance expected to close during the first quarter at a record per square foot price.

Coworking has been spreading northward from Midtown –WeWork will be renovating two full floors at Terminus 100 in order to create an amenity-rich environment.

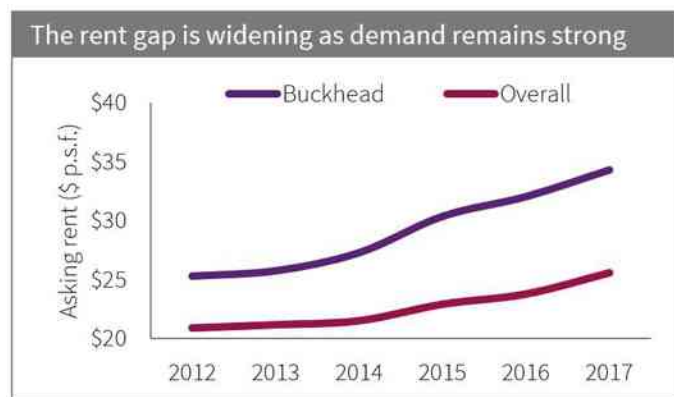
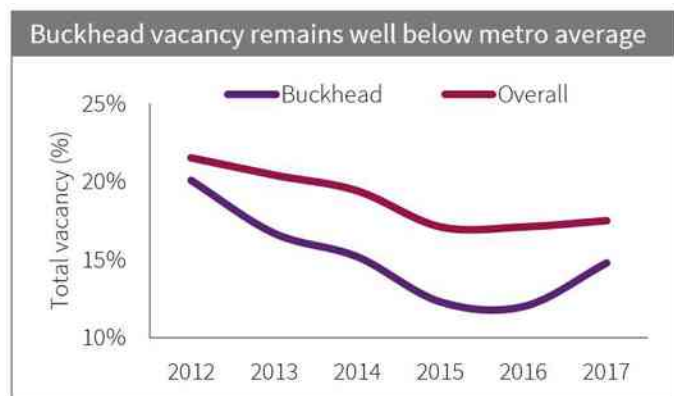
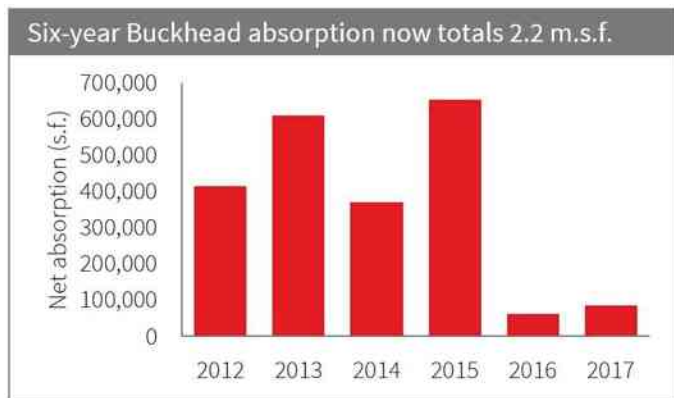
Another large signing in the fourth quarter includes Atlanta Capital Bank, taking just over 30,000 square feet in the recently-sold Resurgens Plaza.

After two negative quarters in a row, Buckhead's total net absorption is back in the positive for the year at 85,354 square feet. This is in part thanks to a couple of large tenants occupying a combined 33,092 square feet at Three Alliance, helping reach 112,793 square feet of positive net absorption in the fourth quarter.

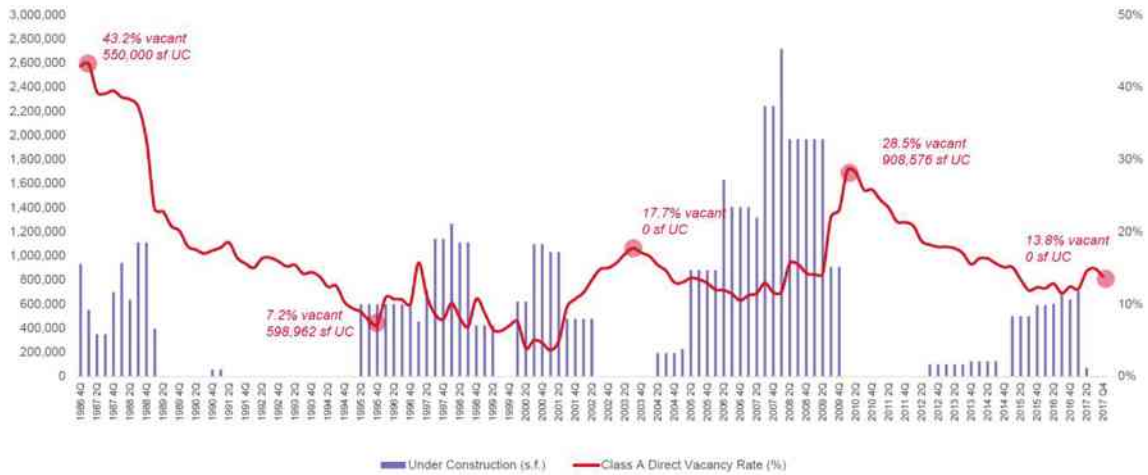
Coworking has been spreading northward from Midtown – WeWork will be renovating two full floors at Terminus 100 to create an amenity-rich environment. Likewise, Three Alliance will experience the coworking momentum with the help of Serendipity Labs signing for 25,552, one full floor. What once typically occurred in repurposed industrial warehouses can now be witnessed in full-fledged trophy towers, and Buckhead is keen to see it happen. Another large signing in the fourth quarter includes Atlanta Capital Bank, taking just over 30,000 square feet in the recently-sold Resurgens Plaza.

After a strong few quarters of deliveries, Buckhead currently has no major sites under construction. Three Alliance, The 309, AVB, and Armour Yards all brought superb opportunities to the Buckhead market, and while there is still space to be leased up, that new space is diminishing quickly.

Buckhead continues its march as a strong market leader in terms of rents, but with the Trophy assets being 93 percent leased, high-priced space is becoming more limited, and this may suppress statistical rent growth. Nevertheless, Buckhead Class A rents have been firmly above \$30 per square foot since 2015, and average annual rent growth over the past 5 years has been exceptionally strong among both the Class A (7.4%) and Class B (7.8%) segments. This solid rent growth is expected to continue into the future as Buckhead remains the most coveted office location in Metro Atlanta.



Buckhead's post-recession rebound



Buckhead notable leasing activity

 Terminus 100 50,000 sf new	 Armour Yards 47,984 sf new	 Piedmont Center 10 40,707 sf new
 Resurgens Plaza 30,782 sf new	 Three Alliance 26,126 sf new	 Three Alliance 25,552 sf new

Buckhead notable sales



Q4
Resurgens Plaza
\$92.7m (\$230 psf)
Zeller Realty Group



Atlanta Financial Center
\$221.7m (\$244 psf)
Sumitomo Corp.



Piedmont 9-12
\$76.5m (\$139 psf)
The Ardent Cos.



Q4
Live Oak Square
\$50.1m (\$249 psf)
Anchor Capital



Q3
Piedmont Center 1-4 & 15
\$144.0m (\$170 psf)
The Ardent Cos.



Q3
550 Pharr Rd
\$20.0m (\$185 psf)
Stone Street Capital / Atlanta Video Production

Outlook

Fundamentals in Buckhead finished strong in 2017, setting the stage for an impressive 2018. With no new office construction taking place, and limited sites for development, landlord-favorable conditions are expected to continue. The result will be steadily increasing rents and lower vacancy rates. With much of the Class A inventory trading in the past five years, investors looking to capitalize on the strong Buckhead market will likely be paying a premium on the assets that do go on the market. Analysts will be watching the expected sale of Three Alliance early in 2018 to better understand how much of a premium.

Statistics and forecast

	2012	2013	2014	2015	2016	2017	2018 (F)	2019 (F)	2020 (F)
Atlanta regional economy									
Office-using employment	712,300	737,600	767,000	789,100	812,600	848,200	864,200	875,800	879,600
12-month net change	18,200	25,300	29,400	22,100	23,500	35,600	16,000	11,600	3,800
12-month % change	2.6%	3.6%	4.0%	2.9%	3.0%	4.4%	1.9%	1.3%	0.4%
Metro Atlanta									
Inventory (s.f.)	141,230,170	141,630,646	142,549,437	142,746,361	143,186,025	146,098,811	148,734,597	149,011,597	149,681,597
Completions (s.f.)	0	400,476	918,791	487,581	439,664	2,912,786	2,635,786	277,000	670,000
Occupancy (s.f.)	110,902,766	112,665,788	114,928,612	118,620,270	118,687,739	120,636,262	122,706,043	122,785,556	123,038,273
Occupancy rate (%)	78.5%	79.5%	80.6%	83.1%	82.9%	82.6%	82.5%	82.4%	82.2%
Total vacancy (s.f.)	30,327,404	28,964,858	27,620,825	24,126,091	24,498,286	25,462,549	26,028,554	26,226,041	26,643,324
Total vacancy (%)	21.5%	20.5%	19.4%	16.9%	17.1%	17.4%	17.5%	17.6%	17.8%
Net absorption (s.f.)	1,601,163	1,763,022	2,262,824	3,671,872	105,659	1,948,523	2,069,781	79,513	252,717
Asking rent (\$ p.s.f.)	\$20.09	\$21.18	\$21.54	\$22.83	\$23.71	\$25.57	\$27.23	\$27.91	\$28.27
Rent growth (%)	-0.7%	5.4%	1.7%	6.0%	3.9%	7.8%	6.5%	2.5%	1.3%
Buckhead									
Inventory (s.f.)	18,544,559	18,544,559	18,544,559	18,544,559	18,544,559	19,253,163	19,253,163	19,253,163	19,253,163
Completions (s.f.)	0	0	0	0	0	708,604	0	0	0
Occupancy (s.f.)	14,638,512	15,246,715	15,617,230	16,245,034	16,330,127	16,412,934	16,557,720	16,634,733	16,653,986
Occupancy rate (%)	78.9%	82.2%	84.2%	87.6%	88.1%	85.2%	86.0%	86.4%	86.5%
Total vacancy (s.f.)	3,906,047	3,297,844	2,927,329	2,299,525	2,214,432	2,840,229	2,695,443	2,618,430	2,599,177
Total vacancy (%)	21.1%	17.8%	15.8%	12.4%	11.9%	14.8%	14.0%	13.6%	13.5%
Net absorption (s.f.)	413,237	608,203	370,515	591,786	85,093	82,807	144,786	77,013	19,253
Asking rent (\$ p.s.f.)	\$25.51	\$25.99	\$27.49	\$30.37	\$32.04	\$34.30	\$36.39	\$37.37	\$38.04
Rent growth (%)	-1.2%	1.9%	5.6%	11.3%	5.5%	7.1%	6.1%	2.7%	1.8%

Atlanta (overall)				
Year	Class A	Class B/C	Overall	Growth
2012	\$22.98	\$17.05	\$20.09	-0.7%
2013	\$23.47	\$17.30	\$21.18	5.4%
2014	\$24.26	\$17.54	\$21.54	1.7%
2015	\$25.68	\$18.61	\$22.83	6.0%
2016	\$26.53	\$19.80	\$23.71	3.9%
2017	\$28.41	\$19.69	\$25.57	7.8%
2018 (F)	\$30.26	\$20.97	\$27.23	6.5%
2019 (F)	\$31.01	\$21.49	\$27.91	2.5%
2020 (F)	\$31.42	\$21.77	\$28.27	1.3%
CAGR	4.0%	3.1%	4.4%	

Atlanta (Buckhead)				
Year	Class A	Class B/C	Overall	Growth
2012	\$26.85	\$18.29	\$25.51	-1.2%
2013	\$27.35	\$18.65	\$25.99	1.9%
2014	\$28.60	\$20.55	\$27.49	5.6%
2015	\$31.93	\$21.58	\$30.37	11.3%
2016	\$33.50	\$24.67	\$32.04	5.5%
2017	\$35.66	\$25.49	\$34.30	7.1%
2018 (F)	\$37.84	\$27.04	\$36.39	6.1%
2019 (F)	\$38.86	\$27.78	\$37.37	2.7%
2020 (F)	\$39.56	\$28.28	\$38.04	1.8%
CAGR	5.0%	5.6%	5.1%	

Phipps Tower

3438 Peachtree Road, Atlanta, GA



Phipps Tower

3438 Peachtree Road, Atlanta, GA

Buckhead

Trophy office building

Year Built: 2010

Typical floor: 25,000 square feet

Walk Score: 82 (Very Walkable)

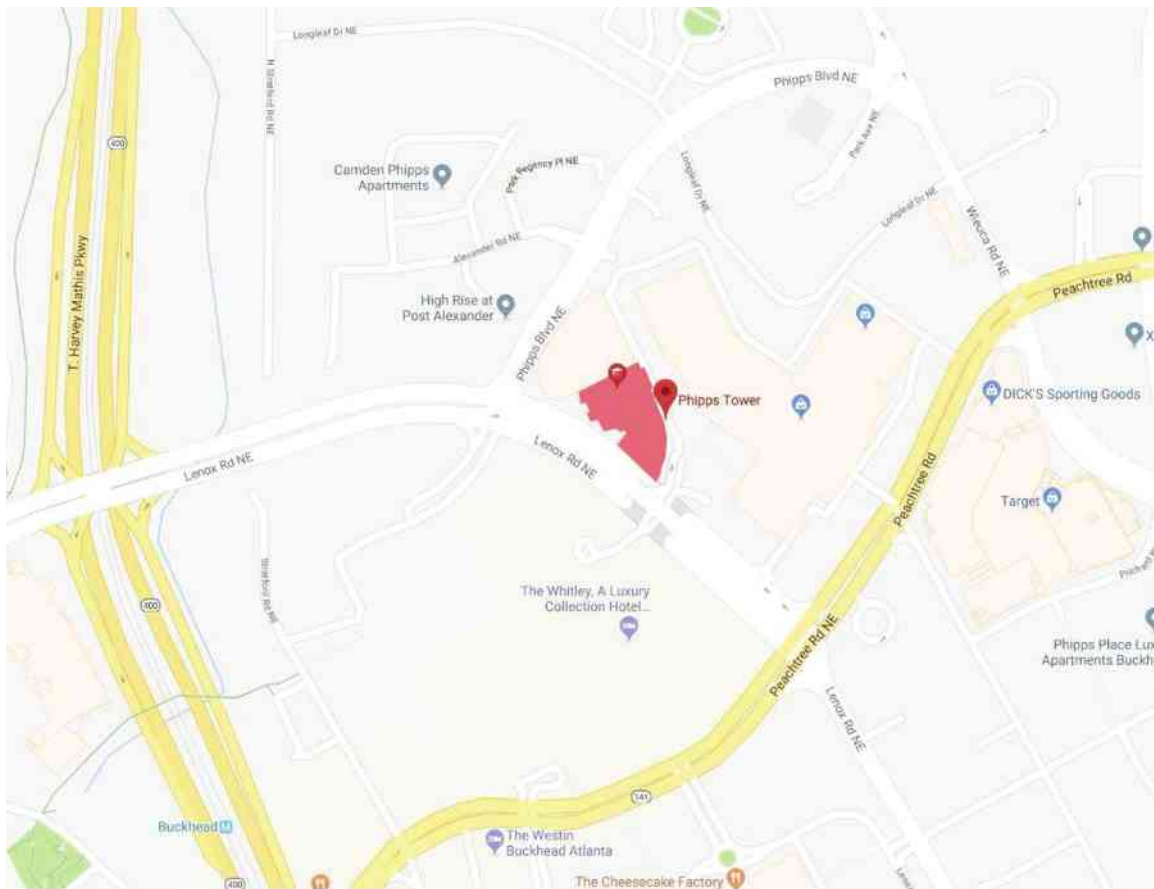
Transit Score: 55 (Good Transit)

Core factor: 11%-16.9%

Expected market rate: \$30.00 NNN / \$42.00 full service







Strengths

- Located within the premier office submarket in Atlanta
- Outstanding amenity base, driven by the redevelopment of Simon Properties' Phipps Plaza mall, which will offer a mixed-use development and entertainment destination including Life Time Athletic and luxurious Nobu Hotel and restaurant
- Buckhead remains the center of gravity for financial and professional and business service industries and has seen very strong leasing activity in recent years
- Easy access to Georgia 400, which connects with I-75/I-85 and I-285
- Good parking ingress/egress
- MARTA rail service is an option
- Proximity to northern suburbs, which provide more convenient access to talent base than other urban submarkets – particularly for mid-to senior-level professionals

Weaknesses

- Intermittent traffic congestion along Peachtree Road NE, which is considered the spine of Buckhead
- Perception that the other urban submarkets (Downtown and Midtown) provide more of an “urban experience”
- MARTA rail service is an option, but other Trophy buildings provide more direct access

Opportunities

- Limited sites for new development of office buildings in submarket
- Technology sector is growing due to need for more startups and early-stage companies to be closer to the seat of capital in the Metro, which is Buckhead
- Development of pedestrian Path 400 provides opportunities for increased connectivity
- Quickly expanding upscale multi-family base has made Buckhead a more desirable place to work and live
- Conversion of Class B and development of new Creative Office spaces have increased the diversity of the industry-mix in Buckhead
- Phipps Plaza mall redevelopment, façade modernization and addition of mixed-use amenities will provide additional appeal as the project moves toward completion in 2020

Threats

- AT&T recently announced it was consolidating and exiting approximately 1.2 million square feet of space in the submarket by 2020
- Tenant turnover is expected to be abnormally high in the next 24 to 36 months due to many tenants signing during the Great Recession at below market rates, many of whom may be priced out of the submarket when their term ends
- As the urban core (i.e. Downtown and Midtown) densifies with lower cost housing options, some companies have chosen to be located closer to where the talent lives
- Location of Georgia Tech and Georgia State in Downtown and Midtown have attracted companies that want to be closer to innovation and talent



Outlook and conclusion commentary on the subject property's positioning

Phipps Tower is considered one of the top office buildings within the premier office submarket in Metro Atlanta. The redevelopment of Phipps Plaza, combined with limited supply coming online due to a scarcity of building sites, constrained lending and increasing construction costs, makes Phipps Tower particularly well positioned to remain competitive in the Trophy building set. Other Trophy buildings, such as Terminus 100 and 200, suffer from ingress-egress challenges that Phipps does not due to the parking design and location off of choke points on Peachtree Road NW. The dynamic amenity base being created by the redevelopment of Simon Properties' Phipps Plaza mall will confer another point of differentiation for Phipps Tower, which will offer a best-in-class entertainment destination including Life Time Athletic and Nobu Hotel and restaurant.



The Buckhead Class A office market has enjoyed positive absorption for 8 straight years, resulting in compressed vacancy and increasing direct asking rents. Because of strong employment and population growth since the end of the Great Recession, tenant demand has managed to outpace additions to supply.

As demand strengthens, landlords have also held onto a strong position for the past several years. Since 2013, over 60 percent of Class A properties in Buckhead have changed hands. With investors looking to keep up with aggressive underwriting, landlords will continue to push rates. Further, with REITs owning 4 of the 8 buildings in the Buckhead Trophy set, there has been the ability to push rents even further. Top Tier Class A buildings have drafted on the gains by the Trophy set, which have seen rates grow more than 20 percent since 2013. However, rates have leveled off in the past year as the market caught its breath and waited to see how a new administration in the White House might impact the overall health of the economy. Early indications appear to show limited negative impact, with job growth remaining solid.

Comparable buildings

	
Terminus 200	Three Alliance Center
3333 Piedmont Road NE, Atlanta, GA	3550 Lenox Road NE, Atlanta, GA
Buckhead	Buckhead
Trophy office building	Trophy office building
Owner: Cousins Properties/JPMorgan	Owner: State of Florida Retirement Fund
Year Built: 2009	Year Built: 2017
Rentable building area: 566,196 square feet	Rentable building area: 506,647 square feet
Occupancy: 94.2 percent	Occupancy: 93.5 percent
Total available space: 48,839 square feet	Total available space: 38,127 square feet
Max contiguous: 18,157 square feet	Max contiguous: 11,080 square feet
Direct asking rent: \$28.25 NNN / \$40.50 FSG	Direct asking rent: \$34.25 NNN / \$46.75 FSG
Typical floor: 19,420 square feet	Typical floor: 25,500 square feet
Walk Score: 82 (Very Walkable)	Walk Score: 72 (Very Walkable)
Transit Score: 56 (Good Transit)	Transit Score: 57 (Good Transit)
Parking Ratio: 2.0 per 1,000 square feet	Parking Ratio: 2.5 per 1,000 square feet

Comparable buildings (continued)

	
Two Alliance Center	Terminus 100
3560 Lenox Road NE, Atlanta, GA	3280 Peachtree Road NE, Atlanta, GA
Buckhead	Buckhead
Trophy office building	Trophy office building
Owner: Highwoods Properties	Owner: JPMorgan
Year Built: 2009	Year Built: 2007
Rentable building area: 491,888 square feet	Rentable building area: 655,000 square feet
Occupancy: 94.2 percent	Occupancy: 86.2 percent
Total available space: 73,384 square feet	Total available space: 326,983 square feet
Max contiguous: 25,731 square feet	Max contiguous: 166,694 square feet
Direct asking rent: \$28.50 NNN / \$40.50 FSG	Direct asking rent: \$40.00 FSG
Typical floor: 25,000 square feet	Typical floor: 24,259 square feet
Walk Score: 73 (Very Walkable)	Walk Score: 88 (Very Walkable)
Transit Score: 59 (Good Transit)	Transit Score: 56 (Good Transit)
Parking Ratio: 2.5 per 1,000 square feet	Parking Ratio: 2.0 per 1,000 square feet

Comparable buildings (continued)

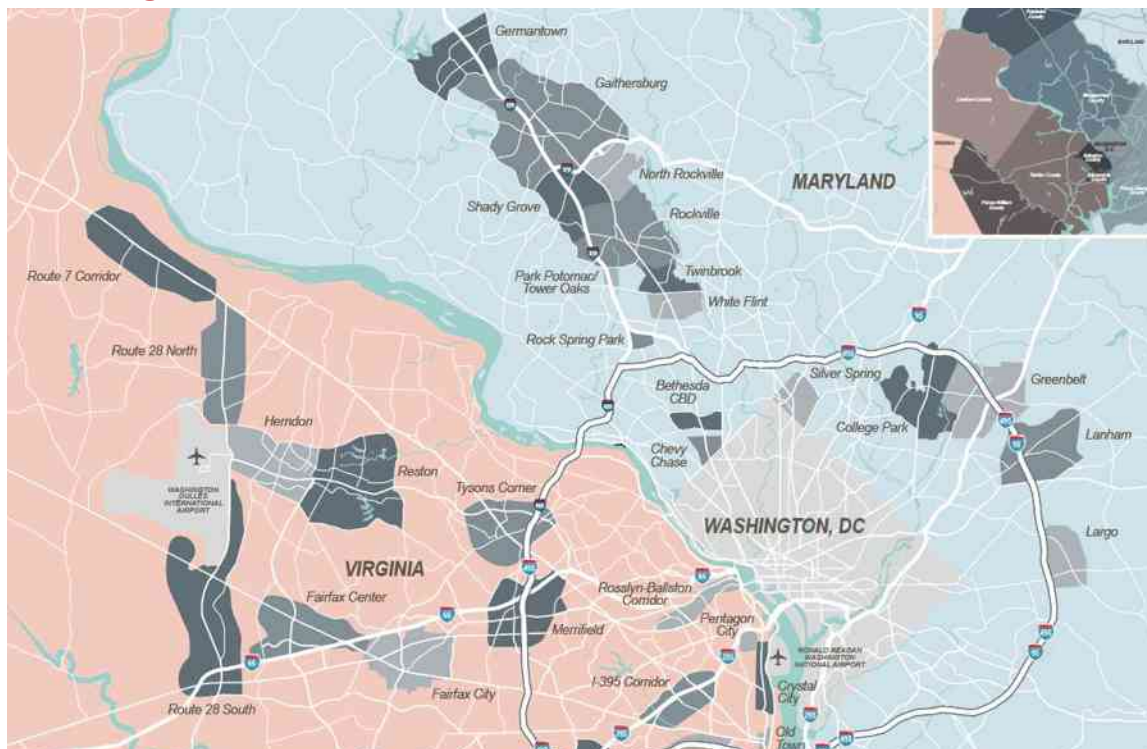
	
3344 Peachtree	3630 Peachtree
3344 Peachtree Road NE, Atlanta, GA	3630 Peachtree Road NE, Atlanta, GA
Buckhead	Buckhead
Trophy office building	Trophy office building
Owner: Cousins Properties	Owner: Heitman
Year Built: 2008	Year Built: 2010
Rentable building area: 484,527 square feet	Rentable building area: 436,309 square feet
Occupancy: 92.1 percent	Occupancy: 94.3 percent
Total available space: 38,494 square feet	Total available space: 46,059 square feet
Max contiguous: 17,711 square feet	Max contiguous: 18,512 square feet
Direct asking rent: \$43.25 FSG	Direct asking rent: \$27.00 NNN / \$39.00 FSG
Typical floor: 18,625 square feet	Typical floor: 28,259 square feet
Walk Score: 78 (Very Walkable)	Walk Score: 84 (Very Walkable)
Transit Score: 59 (Good Transit)	Transit Score: 36 (Some Transit)
Parking Ratio: 2.25 per 1,000 square feet	Parking Ratio: 2.6 per 1,000 square feet

Micromarket outlook and conclusions

Phipps Tower is located within the 8-building Trophy set of the Upper Buckhead micro-market (consisting of Terminus 200, Three Alliance Center, Two Alliance Center, Terminus 100, 3344 Peachtree, 3630 Peachtree and 3455 Peachtree), comprising 4.1 million square feet. Six of the 8 buildings delivered between 2007 and 2010, during the height of the last downturn. These buildings now stand at 13.5 percent direct vacancy. However, these numbers are skewed because they include the recently delivered Tishman Speyer project, Three Alliance. Direct vacancy had been 6.1 percent before the delivery of Three Alliance, which is now 93.5-percent leased. Once tenants begin to occupy the building, rates should dip below 10 percent again.

However, increased competition from Midtown could draw some tenants away from Buckhead in the next 18 to 24 months as leases begin to expire. Terminus 100 and 200 are increasingly vulnerable as tenants begin to roll. Several tenants, such as CBRE, are moving from Terminus 100 to Three Alliance. While demand continues to be strong, analysts will be watching to see how absorption impacts the market as tenants play musical chairs amongst competing buildings. Recent trends have also seen consolidation of companies to smaller spaces and effective utilization has been an important part of cutting occupancy costs for tenants. This trend has even been noted with companies that are continuing to add employees, but are shrinking their footprint in the market.

Washington, DC



Introduction

As the nation's capital, Washington, DC is the epicenter of power and influence, holding the President, Congress, the Supreme Court and every major federal regulatory body. The city is home to world-class monuments, museums, sports teams and educational institutions. It hosts 176 foreign embassies as well as the headquarters of many international corporations, trade unions, non-profit organizations and professional associations.

Metro DC's gross domestic product of \$449.3 billion ranks it the 5th largest economy in the country and the 14th largest in the world, according to the U.S. Bureau of Economic Analysis and the Brookings Global MetroMonitor. Its highly educated workforce, affluent consumer base and dynamic economy are widely regarded as being among the strongest in the world:

With the highest concentration of residents with bachelor's and graduate/professional degrees, CNN has labelled Metro Washington, DC America's "Brainiest Place to Live"

Ranked by United Van Lines' migration study as the "Number One Relocation Destination" in the United States for five consecutive years.

Voted the "Best Overall City" in the United States according to the Economist Intelligence Unit (EIU), which evaluated cities on a variety of factors, including crime, healthcare, culture,

environment, education, infrastructure, green space, natural assets, cultural assets and connectivity.

Named the “Greenest City” in the United States by the U.S. Green Building Council, holding the highest concentration of eco-friendly buildings in the country – a ratio of nearly 37 square feet of LEED-certified space per capita.

The Metro DC workforce is one of the most highly educated in the nation. In analyzing concentrations of U.S. residents with bachelor’s and master’s degrees, clusters emerge around major cities, with areas such as Washington, DC, San Francisco, Atlanta, Boston and Seattle far outpacing outlying parts of the country. The share of adults age 25 and older with graduate degrees in many parts of the Washington, DC metropolitan area – such as Arlington and Montgomery counties – ranks nearly four-times above the national average.

Washington, DC is home to some of the world’s preeminent cultural attractions, including museums, galleries and performing arts centers. The Smithsonian, Kennedy Center, National Gallery of Art, National Zoo, Warner Theater, and countless other destinations place DC among the leading global cities for arts, entertainment and culture. Local sports teams span all major professional athletic leagues, including the NFL, MLB, NBA, NHL and MLS, and Capital One arena and various other venues host leading concerts and events. The Washington Convention Center and Gaylord National Resort & Convention Center offer nearly 3 million square feet of conference and event space.

Washington, DC’s retail and dining options are nationally acclaimed, with leading destinations including Georgetown, Union Market, CityCenter, the 14th Street Corridor, Tysons Galleria, Chevy Chase, Bethesda Row and Reston Town Center. Retailers are drawn to the region’s affluent residential consumer base and vibrant tourism industry.

The Metro DC region boasts the nation’s second highest median household income (\$95,843, relative to a national average of \$55,775), highest education attainment (approximately 50% of residents age 25 and older possess bachelor’s degrees) and the nation’s strongest levels of consumer expenditures (\$75,344 per household per year). The population base supports one of the nation’s strongest residential real estate markets, with luxury housing in northwest DC, Montgomery County, Maryland, and Northern Virginia serving this highly skilled and well-paid workforce.

Leading institutions of higher education – including Georgetown University, George Washington University, American University, Howard, George Mason and the University of Maryland College Park, provide a steady pipeline of young talent for employers. Additionally, the region offers graduate programs from a variety of non-regional universities, including Virginia Tech, the University of Virginia’s Darden School of Business, Pepperdine and Drexel, among others. The region’s K-12 public education system is well regarded as the best in the country, with Montgomery County, Loudoun County, Fairfax County and Arlington County routinely ranked within the nation’s Top 10 school districts.

Accessibility

The Metro DC region is served by three major airports: Reagan National Airport, Dulles International Airport and Thurgood Marshall Baltimore-Washington International Airport. The region is well served by public transit, with the WMATA MetroRail serving over 700,000 riders per day. Regional commuter rail is provided by Virginia Railway Express (VRE) and Maryland Area Regional Commuter (MARC) trains. Regional rail connectivity provides a direct link from the Central Business District (CBD) of Washington, DC to high-density suburbs throughout Northern Virginia; Columbia, Maryland; and the Greater Baltimore area.

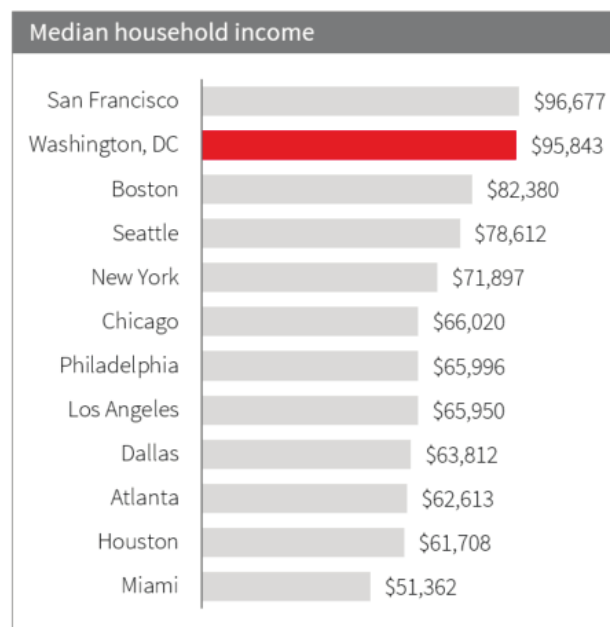
Amtrak serves Washington’s Union Station, which creates linkages to the Acela Corridor (DC-Baltimore-Wilmington-Philadelphia-Northern New Jersey-New York City-Boston) and other national cities. Amtrak’s Acela Express is the nation’s most heavily travelled high-speed rail system, carrying more than 3.4 million passengers per year. Amtrak’s Northeast Regional train serves an additional 8 million passengers per year.

An efficient road network features the regional Beltway (Interstate 495) and main highways including Interstate 95, Interstate 270, Interstate 66 and the Dulles Toll Road. Substantial infrastructure improvements have been completed in recent years, including the widening of I-95, Springfield Interchange, Intercounty Connector and high-occupancy toll lanes (HOT lanes) along the Beltway, I-95 South and I-66.

Population and workforce demographics

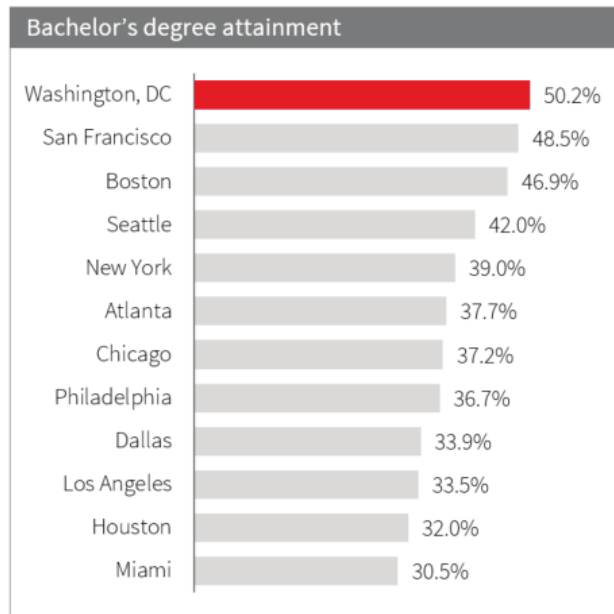
According to the U.S. Census Bureau’s American Community Survey, the Washington, DC Metro area had a population of 6,133,552 as of 2016. Since 2010, Metro DC has added 580,357 people (up 10.3 percent), pushing its placement to the sixth-largest metro area in the country and surpassing Philadelphia in 2016. Growth has been most acute in Loudoun (+26.8 percent) and the District of Columbia (+15.3 percent), emblematic of both the urban renaissance in the region as well as the push for more affordable housing near job centers in the suburbs. In contrast, more established jurisdictions such as Fairfax and Montgomery Counties are posting slower rates of growth.

Metro DC consistently ranks as one of the highest-income and most-educated markets in the country, while also boasting fast population growth and positive net migration in comparison to many major peer geographies. Given these characteristics, corporates have pursued expansion opportunities in Metro DC to take advantage of a talented, skilled workforce.

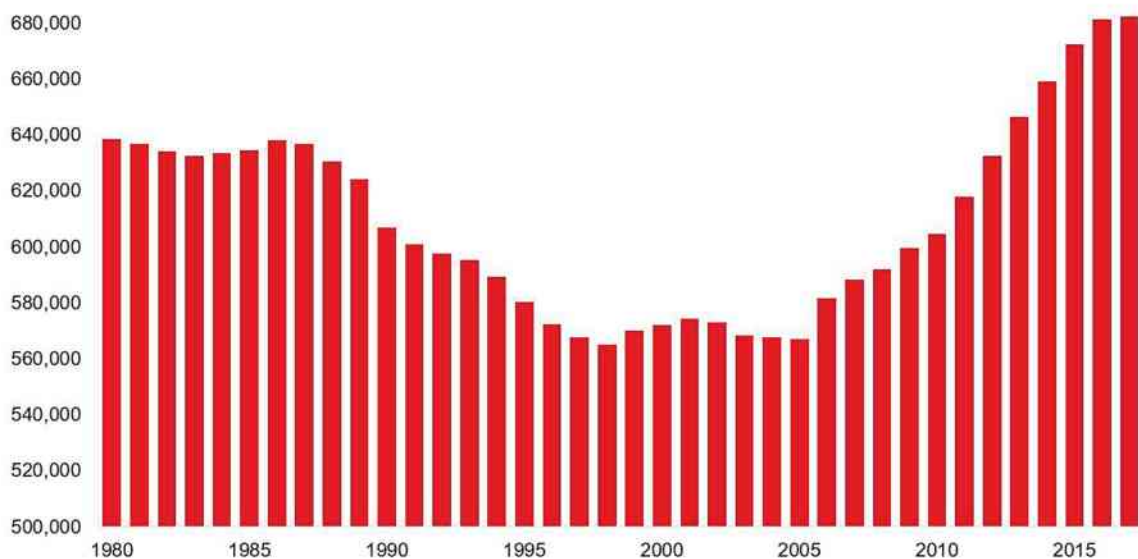


In terms of income, Metro DC is virtually tied with San Francisco as the leader nationally, with median household incomes surpassing \$95,000. In common with other strong performers in this segment (the Bay Area, Boston and Seattle), Metro DC has a highly skilled workforce: more than half of the region's 25+ population has a bachelor's degree. This is higher than any other primary or secondary metro area in the United States and even above education hubs such as Boston.

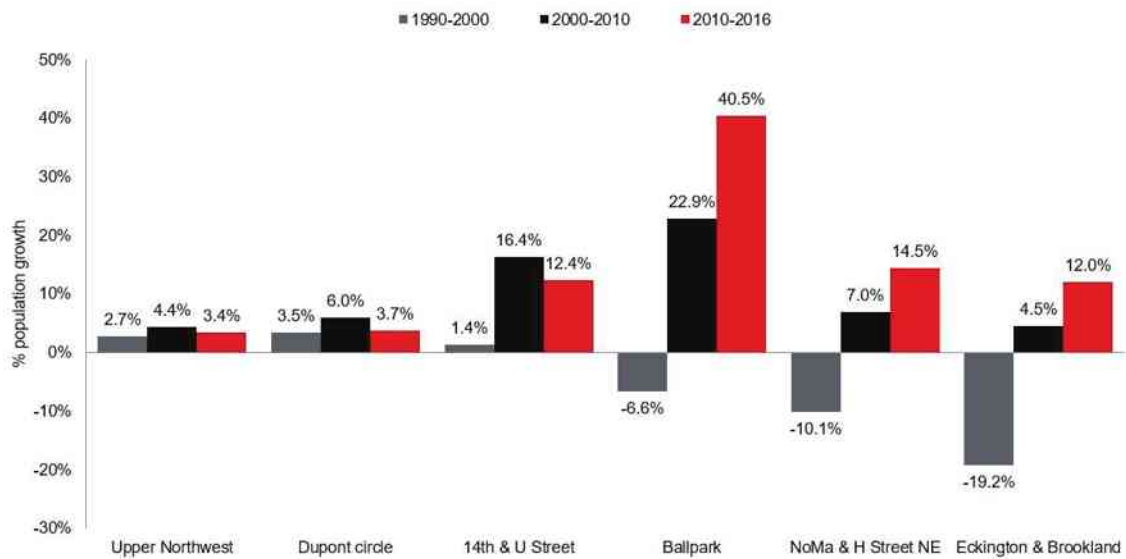
Washington, DC's deep and broad talent pool will continue to be one of its most crucial assets over the long-term. As the region further diversifies into growth areas such as tech, digital media and life sciences, attracting skilled employees will be essential.



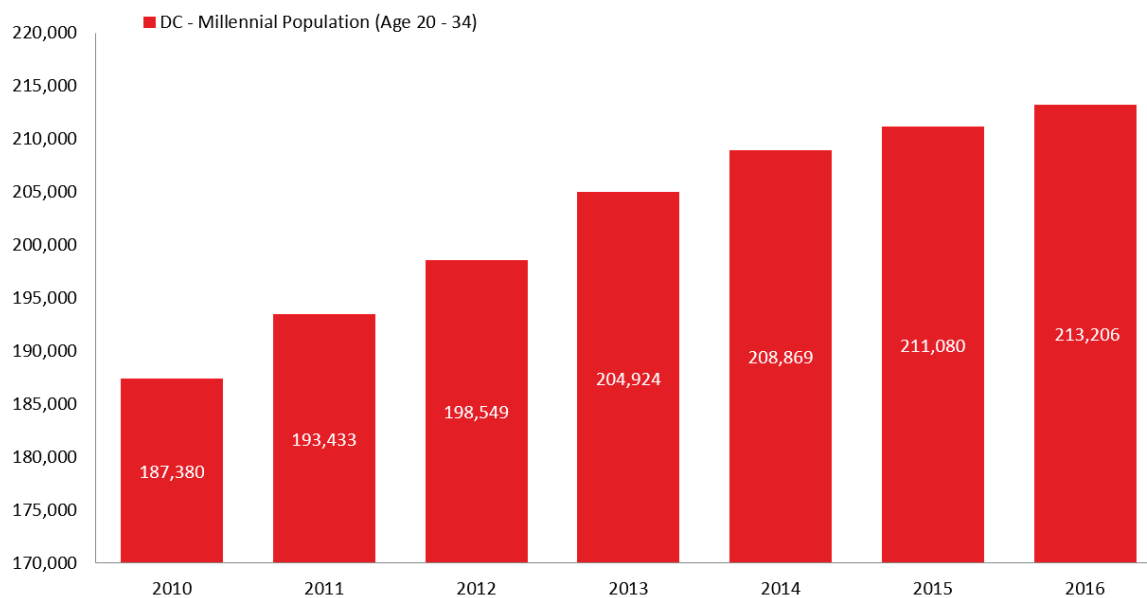
Over the last 10 years, the District of Columbia has seen consistent population growth. Between 2007 and 2017, the city grew by 18 percent.



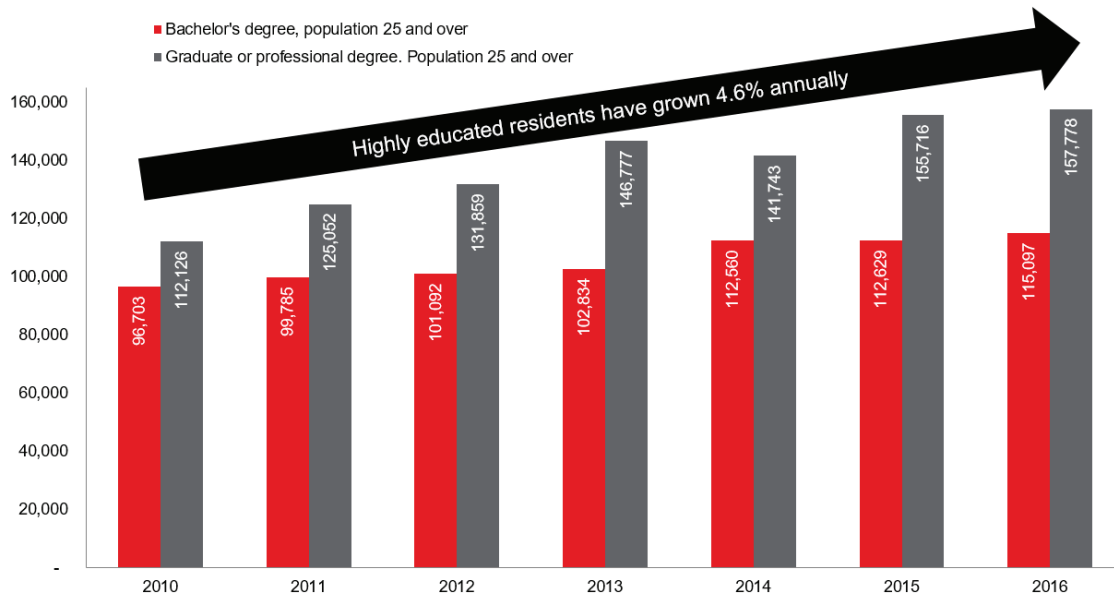
DC neighborhoods east of 14th Street are seeing the fastest population growth as new residential developments continue to deliver



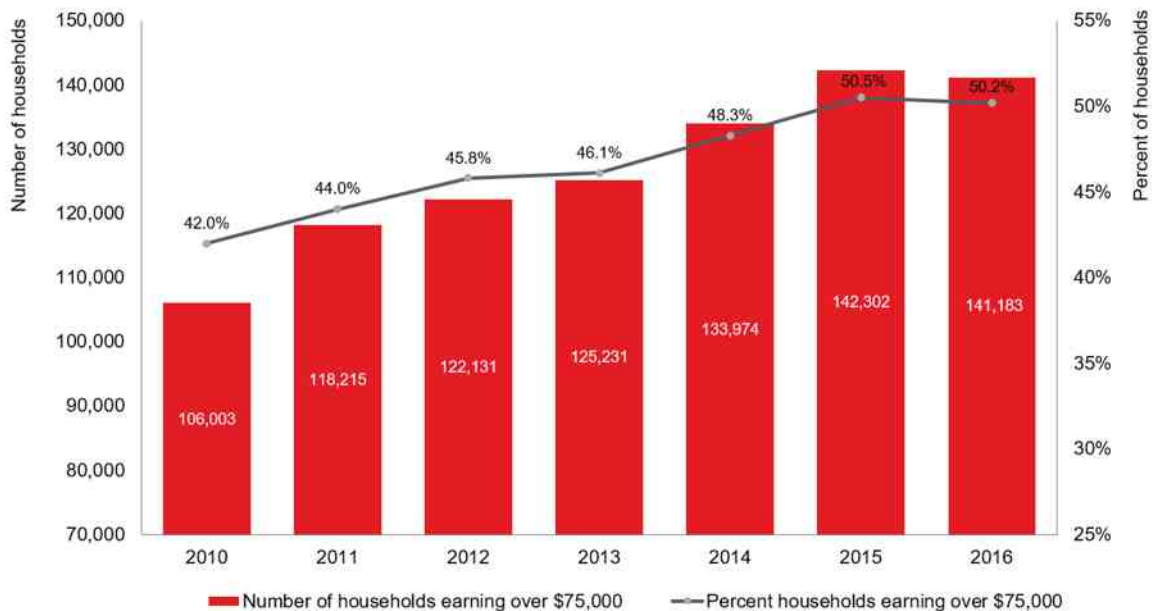
DC's millennial population (20 to 34 years old) has grown by 2.2 percent annually since 2010



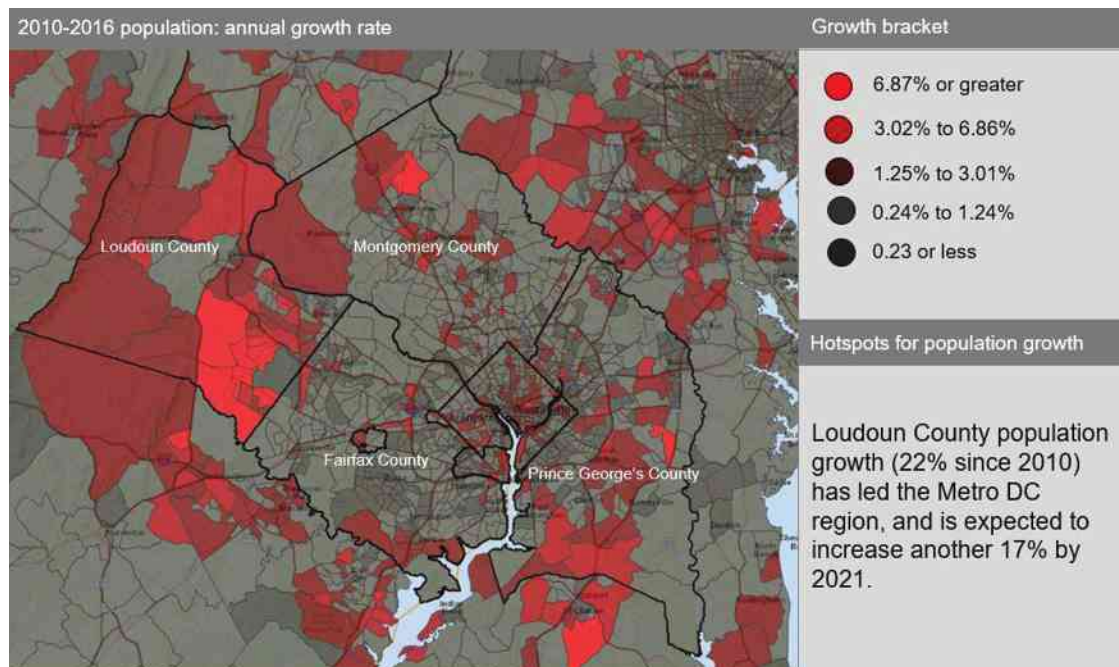
The number of college-educated residents continues to rise in DC



The number of DC households earning over \$75,000 grew 5.0% annually from 2010 to 2016



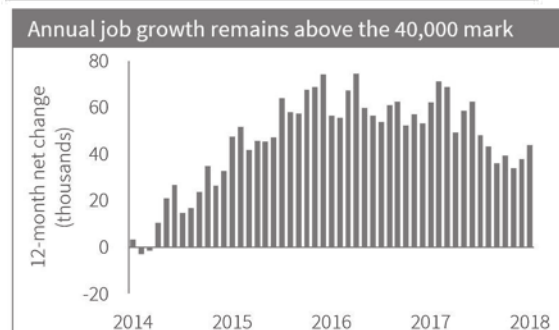
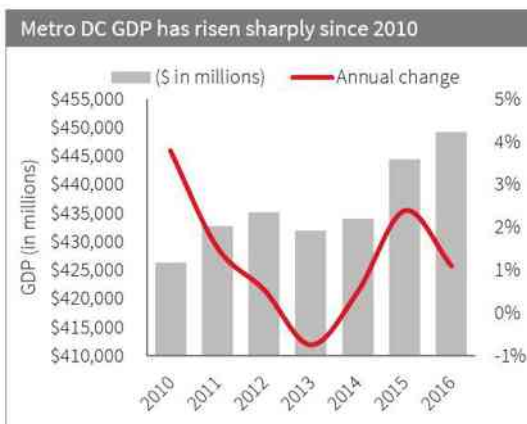
Regional population growth focusing on highly urbanized and outlying markets



Economic trends

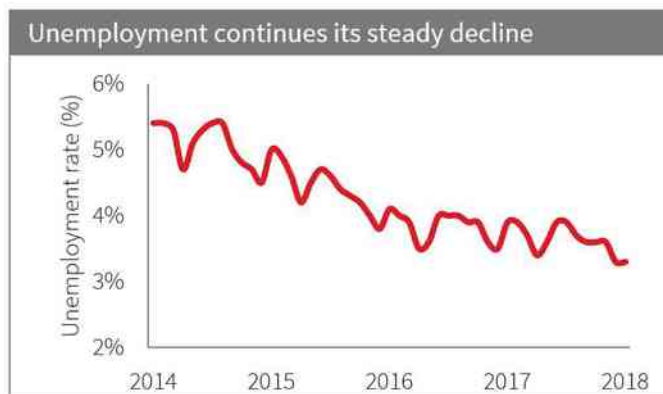
The Washington, DC metropolitan area remains in expansion mode, adding 43,800 jobs over the year to keep unemployment at pre-recession levels of 3.3 percent. Of this growth, roughly 16.2 percent took place within the District itself as the region adjusts to a diversifying tenant and employment base.

GDP growth has remained solid throughout the Metro DC area, expanding at an average annual rate of 2.1 percent since 2001 – a testament to the region’s highly durable economy. Given recent political division and federal spending restraints, Metro DC GDP growth has averaged 0.9 percent since 2010 – below long-term averages, but both 2015 (2.4 percent) and 2016 (1.1 percent) represented a solid rebound from those levels.



According to the Bureau of Economic Analysis, the Metro DC region’s GDP totaled \$449.3 billion in 2016.

With year-over-year growth at a rate of 1.4 percent, Metro DC is 20 basis points below the national level of growth, with talent shortages that have hit nearly all primary and secondary markets. Current unemployment of 3.3 percent is comparable with peer markets, particularly San Francisco (2.0 percent), Boston (2.8 percent), Seattle (3.1 percent) and New York (4.0 percent), resulting in further growth being dependent on additional inbound migration in the absence of latent or under-utilized talent.



Regional industry growth in both the labor and office markets has in recent years been driven by non-traditional sectors, particularly technology and digital media. Professional services, which includes not only core market catalysts such as law and consulting but also computer systems design, with education and health, leisure and hospitality and financial activities all contributing to economic growth. Government, on the other hand, has posted a sharp decline in the rate of annual job growth from 2.1 percent in February 2017 to -0.4 percent as of January 2018. Policies aimed at attrition and hiring freezes in many departments will keep government employment growth volatile.



Heading into the rest of 2018, the Metro DC region will continue to witness shifting labor market characteristics as the metro area further diversifies and begins to reduce its dependency on the federal government. Even with sustained job creation, however, the market will see minimal organic occupancy growth outside of select pockets as rightsizing and consolidation continue.

Tenant base composition

Washington, DC is a leading destination for the legal, finance, non-profit, technology and hospitality sectors. Drawn by the presence of the federal government and key regulatory bodies, 97 of the AmLaw 100 largest law firms have a DC presence in Washington, DC. Financial regulatory agencies including the U.S. Securities & Exchange Commission (SEC), Federal Deposit Insurance Company (FDIC), Treasury Department and quasi-government organizations such as Fannie Mae, Freddie Mac, the International Monetary Fund and World Bank bolster a sector that also includes one of the world’s largest private

financial services companies, such as the Carlyle Group and Capital One. Most Fortune 500 companies maintain a DC office for lobbying/government affairs, or are represented by one of the region's many trade organizations.

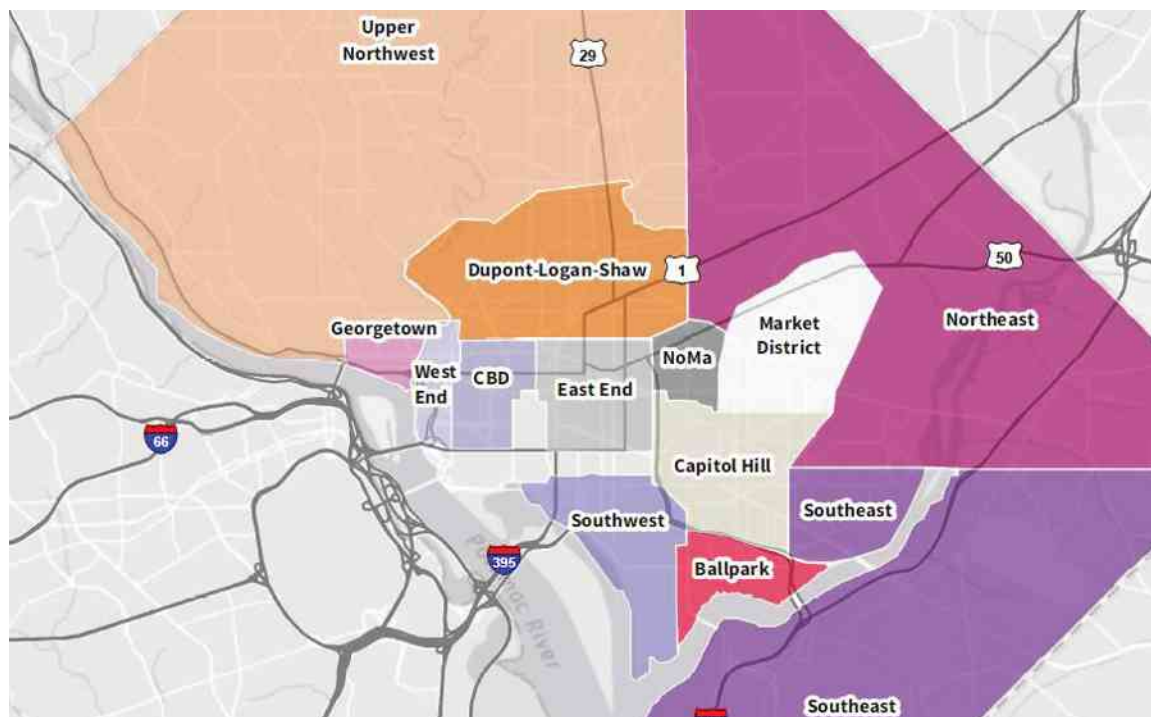
The government contracting segment fuels over 20 percent of the Metro DC region's Gross Domestic Product, and several of the world's leading aerospace and defense companies are headquartered throughout the Metro DC region, including Lockheed Martin, Northrop Grumman and General Dynamics.

The hospitality sector is another driver of regional economic activity and employment. Hilton, Marriott, Choice Hotels and Host Hotels are all based in the Metro DC region, as are several major hospitality REITs. Consumer brands including Volkswagen and Mars also maintain headquarters operations in the region.

Major Metro DC-area employers



Washington, DC office submarkets



Washington, DC

Office market conditions

Robust new construction placing upward pressure on vacancy rates

More than half of the 7.5 million square feet of office product under construction in DC will deliver in 2018 with only 50% preleasing commitments; overall Class A vacancy is expected to rise above 17 percent.

The largest tenants considering relocating to new product continue to search for top-floor spaces, which are more limited, and will fuel additional development that could stem from projects such as 1901 L, 2100 Penn, 900 NY, 1201 NY and 1333 New Hampshire, which could combined add another 3 million square feet by 2022.

Class A vacancy among second-generation assets (existing buildings requiring backfills) is highest in older, less efficient buildings. Some buildings in this category have experienced vacancy that has sat on the market for more than 36 months.

Technology sector fueling leasing demand

More than 85 percent of DC office occupancy growth has stemmed from tech-centric companies such as Rally Health, FiscalNote, Facebook, Amazon and Yelp, which will drive occupancy in the first half 2018 as the majority move into their new spaces in the first six months.

Despite that growth, more than 1 million square feet of Class A space will return to the market as a result of large law firm rightsizing, which should limit occupancy gains in the second half of 2018 and beyond.

Concessions will rise; rents will fall within Trophy/Class A segment

While the DC market will see occupancy grow over the next 12 months, supply will outpace demand.

As Class A options in the core submarkets remain plentiful, leverage will remain strongly in tenants' favor and as a result, landlords will continue to offer more concessions and asking rents will flatten and decrease slightly.

Class B/C market is becoming supply constrained

More than 7 million square feet of Class B/C supply priced under \$50 per square foot, full service, has been removed from the core CBD and East End submarkets.

4 million square feet of that supply was removed since 2014 as 25 buildings were repositioned to Trophy/Class A priced at \$70+ per square foot, full service.

The next wave of buildings likely to be repositioned over the next 24 months include 1901 L Street NW, 1050 17th Street NW, 1200 New Hampshire Avenue NW, 1400 L Street NW, 1900 M Street NW and 1700 Pennsylvania Avenue NW.

Price conscious tenants are fueling healthy demand for Class B/C space

The Class B/C market captured 40 percent of leasing activity in 2018 as demand from tech, media, non-profits, associations and creatives remains strong.

As a result, CBD/East End Class B/C vacancy has dropped from 9.6 percent in 2014 to 7.9 percent in 2017 and is slated to drop below 7 percent over 2018.

As of Q4 2017, only 14 blocks greater than 20,000 square feet in the core priced under \$50 per square foot full service were available.

Rents will continue to rise as concessions pull back

Class B/C asking rents in the core have grown by 3.2 percent over the past 24 months to above \$50 per square foot, full service.

With a \$21 gap between Class B/C and Trophy/Class A rents, as options in the Class B/C market continue to decline and tenant activity continues to increase, Class B/C rents are well positioned to rise to the mid-\$50s FS and higher.

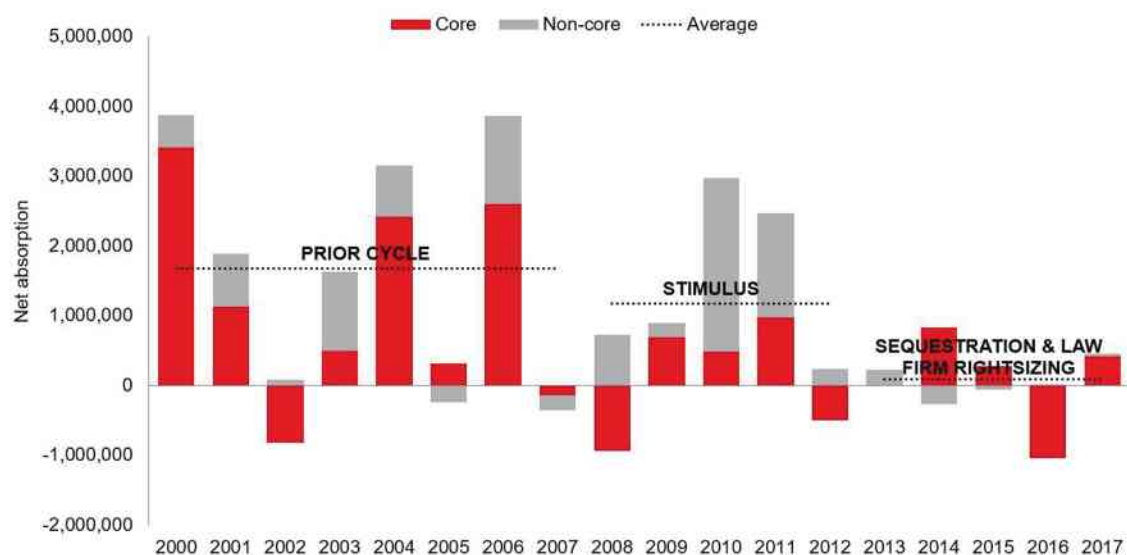
In addition, as leverage continues to shift towards landlords' favor, concession packages have declined with leases often including 5-6 months of free rent 12 months ago and now today only including only 4 months in many cases.

Office statistics by submarket and asset class

	Class	Inventory (s.f.)	2017 net absorption (s.f.)	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD completions (s.f.)	Under construction (s.f.)
Ballpark	Overall	4,262,743	164,293	6.1%	6.6%	\$51.74	0	364,000
Capitol Hill	Overall	5,237,680	200,235	10.4%	11.2%	\$70.83	234,920	955,220
CBD	Overall	31,157,208	-171,660	9.3%	10.3%	\$62.58	453,279	1,969,624
Dupont-Logan-Shaw	Overall	4,239,916	62,602	2.6%	3.3%	\$49.42	0	0
East End	Overall	43,344,738	390,625	11.8%	13.1%	\$61.73	764,596	2,621,815
Georgetown	Overall	2,656,573	-3,506	4.2%	5.8%	\$48.60	0	0
Market District	Overall	370,030	54,440	40.2%	40.2%	\$63.99	285,307	0
NoMa	Overall	9,367,576	50,514	11.4%	11.8%	\$53.10	0	1,068,373
Southwest	Overall	12,234,768	-404,139	15.9%	16.1%	\$49.26	241,450	487,560
Upper Northwest	Overall	3,378,076	-15,318	25.0%	25.3%	\$43.02	0	0
West End	Overall	3,981,200	122,775	7.8%	8.1%	\$58.21	0	0
Washington, DC	Overall	120,230,508	450,861	11.1%	12.0%	\$59.45	1,979,552	7,466,592
Ballpark	A	1,442,976	103,223	14.6%	15.7%	\$54.30	0	364,000
Capitol Hill	A	2,688,813	116,075	18.5%	19.5%	\$75.07	234,920	955,220
CBD	A	11,530,023	262,915	11.9%	12.8%	\$72.89	338,109	1,969,624
East End	A	24,149,164	443,475	14.1%	16.0%	\$70.50	764,596	2,584,915
Georgetown	A	730,904	748	3.4%	5.0%	\$56.90	0	0
Market District	A	276,000	136,580	50.5%	50.5%	\$64.50	276,000	0
NoMa	A	4,985,495	-497	16.1%	16.7%	\$56.11	0	1,068,373
Southwest	A	7,205,907	6,625	19.9%	20.2%	\$53.56	241,450	487,560
West End	A	543,472	98,172	38.6%	40.1%	\$54.33	0	0
Washington, DC	A	53,552,754	1,167,316	15.1%	16.4%	\$68.23	1,855,075	7,429,692
Ballpark	B	2,545,371	64,020	1.5%	1.8%	\$47.13	0	0
Capitol Hill	B	2,364,668	76,713	2.0%	2.6%	\$49.99	0	0
CBD	B	17,455,936	-249,266	8.2%	9.1%	\$51.46	115,170	0
Dupont-Logan-Shaw	B	3,748,190	68,040	2.7%	3.5%	\$49.85	0	0
East End	B	17,261,942	-48,651	8.7%	9.4%	\$51.94	0	36,900

Georgetown	B	1,846,063	-340	4.0%	5.6%	\$46.97	0	0
Market District	B	94,030	0	9.9%	9.9%	\$57.00	9,307	0
NoMa	B	3,951,296	51,011	6.7%	6.8%	\$49.97	0	0
Southwest	B	3,978,883	15,830	5.2%	5.5%	\$45.05	0	0
Upper Northwest	B	3,075,831	-12,914	26.3%	26.5%	\$43.22	0	0
West End	B	2,824,188	24,603	3.6%	3.7%	\$59.62	0	0
Washington, DC	B	59,146,398	-10,954	7.8%	8.4%	\$50.74	124,477	36,900
Ballpark	C	274,396	-2,950	3.4%	3.4%	\$38.63	0	0
Capitol Hill	C	184,199	7,447	0.0%	1.1%	\$0.00	0	0
CBD	C	2,171,249	-185,309	4.2%	7.7%	\$43.86	0	0
Dupont-Logan-Shaw	C	491,726	-5,438	1.8%	1.9%	\$39.78	0	0
East End	C	1,933,632	-4,199	9.8%	10.5%	\$42.77	0	0
Georgetown	C	79,606	-3,914	16.2%	16.2%	\$40.00	0	0
Market District	C	0	-82,140	0.0%	0.0%	\$0.00	0	0
NoMa	C	430,785	0	0.0%	0.0%	\$0.00	0	0
Southwest	C	1,049,978	-426,594	28.4%	28.4%	\$39.50	0	0
Upper Northwest	C	302,245	-2,404	12.7%	12.7%	\$37.72	0	0
West End	C	613,540	0	0.0%	0.0%	\$0.00	0	0
Washington, DC	C	7,531,356	-705,501	8.6%	9.8%	\$41.52	0	0

Washington, DC is no longer recording the typical 1+ million square feet of occupancy gains it had in the previous cycle largely due to sequestration and law firm rightsizing



Development pipeline

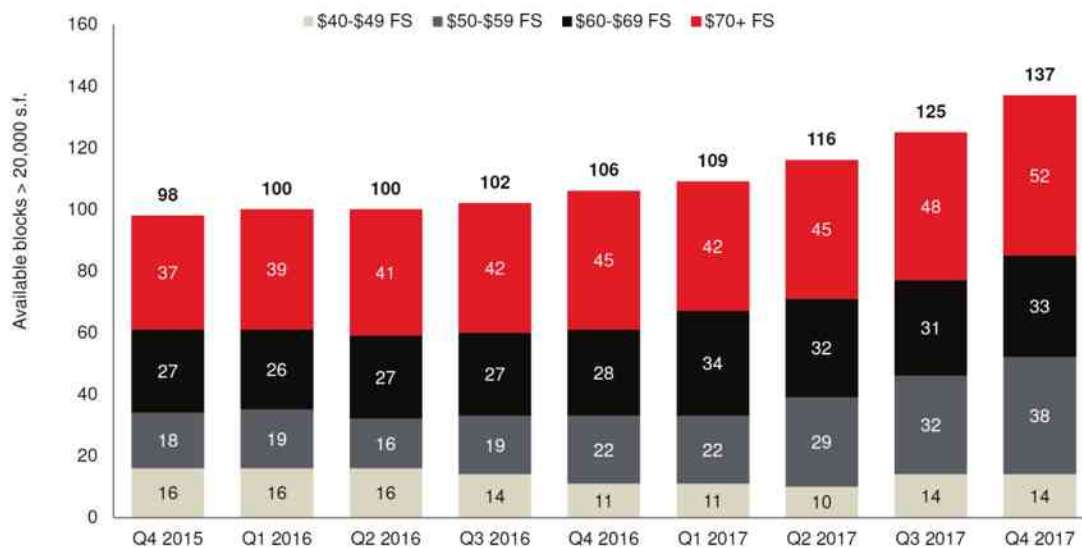
Address	Submarket	Type of project	Projected delivery	Owner	RBA (s.f.)	Typical floor plate (s.f.)	% pre-leased
99 M Street SE	Ballpark	Speculative	2018	Skanska	234,000	21,364	33.6%
1 M Street SE	Ballpark	Speculative	2018	Monument Realty	130,000	13,000	84.6%
250 Massachusetts Ave NW	Capitol Hill	Speculative	2019	Property Group Partners / WR Berkeley	529,800	47,156	0.0%
200 Massachusetts Ave NW	Capitol Hill	Speculative	2018	Property Group Partners / WR Berkeley	425,420	37,091	18.2%
2000 L Street NW	CBD	Speculative	2018	Rockrose / Spitzer	552,477	42,500	60.0%
2050 M Street NW	CBD	Speculative	2020	Tishman Speyer	364,000	34,400	48.1%
1900 N Street NW	CBD	Speculative	2019	JBG Companies	271,067	23,000	29.6%
2112 Pennsylvania Ave NW	CBD	Speculative	2018	Skanska	240,000	23,072	53.6%
2100 L St NW	CBD	Speculative	2019	COPT/ Argos / Akridge	188,580	20,100	43.8%
888 16th St NW	CBD	Speculative	2018	Meadow Partners / Trammell Crow	150,000	120,000	20.0%
1701 Rhode Island Ave NW	CBD	Speculative	2019	Akridge / Alcion Ventures	101,850	15,000	0.0%
1101 16th Street NW	CBD	Speculative	2018	Akridge / Stars Investments	101,650	15,000	0.0%
1100 15th Street NW	East End	BTS	2018	Carr Properties / Alony Hetz / JP Morgan	868,721	36,197	91.9%
655 New York Ave NW	East End	BTS	2018	Douglas Development / Brookfield	761,024	65,347	73.3%
700 K Street NW	East End	Speculative	2018	Meridian	338,320	28,000	18.2%
1301 Pennsylvania Ave NW	East End	Speculative	2019	Quadrangle	286,850	21,811	69.1%
901 4th Street NW	East End	BTS	2018	DC Bar / Quadrangle / Wilkes	105,000	13,300	69.5%
1441 L Street NW	East End	Speculative	2018	SC Herman & Associates	225,000	15,371	0.0%
905-909 E St NW	East End	Speculative	2018	Douglas Development	36,900	5,700	0.0%
45 L Street NE	NoMa	BTS	2019	MetLife / Utah Retirement Systems	545,823	37,382	86.7%
150 M Street NE	NoMa	BTS	2019	MetLife / Norges	522,550	46,450	100.0%
1000 Maine Ave SW	Southwest	Speculative	2018	PN Hoffman / Madison Marquette	267,560	24,323	60.3%
500 L'Enfant Plaza SW	Southwest	Speculative	2019	JBG Smith	220,000	20,000	65.9%

New developments are widespread, but top floor options are limited

2016-2017	2018	2019
<p>2.0 million s.f. 40% avail. (796,240 s.f.) \$75 FS avg.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>2001 M Brookfield 63% leased \$77 FS avg.</p> <p>660 N Cap Republic 60% leased \$70 FS avg.</p> <p>600 Mass Gould/Oxford 92% leased \$81 FS avg.</p> <p>1000 F Douglas 38% leased \$78 FS avg.</p> <p>900 19th Tishman 18% leased \$75 FS avg.</p> </div> <div style="width: 48%;"> <p>1800 K Deutsche Bank 60% leased \$73 FS avg.</p> <p>1401 NY AXA Investment 52% leased \$67 FS avg.</p> <p>1333 H TA Realty 75% leased \$77 FS avg.</p> <p>2000 K Tishman 22% leased \$84 / \$76 FS</p> </div> </div>	<p>3.5 million s.f. 32% avail. (1.1 million s.f.) \$80 FS avg.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>BTS 1100 15th Carr Properties 100% leased \$82 FS avg.</p> <p>BTS 901 4th DC Bar 76% leased \$69 FS avg.</p> <p>2000 L Rockrose/Spitzer 66% leased \$84 / \$76 FS</p> <p>888 16th Trammell Crow 22% leased \$85 FS avg.</p> </div> <div style="width: 48%;"> <p>655 NY Douglas/Brookfield 84% leased \$84 FS avg.</p> <p>1000 Maine PN Hoffman 60% leased \$83 FS avg.</p> <p>2112 Penn Skanska 54% leased \$84 / \$78 FS</p> <p>200 Mass PGP 20% leased \$75 FS avg.</p> <p>1101 16th Akridge 0% leased \$85 FS avg.</p> </div> </div>	<p>2.0 million s.f. 77% avail. (1.6 million s.f.) \$84 FS avg.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>1301 Penn Quadrangle 74% leased \$89 FS avg.</p> <p>700 K Meridian 54% leased \$81 FS avg.</p> <p>1701 RI Akridge 0% leased \$86 FS avg.</p> <p>699 14th Lincoln 0% leased \$90 FS avg.</p> </div> <div style="width: 48%;"> <p>1900 N JBG Smith 30% leased \$86 FS avg.</p> <p>250 Mass PGP 0% leased \$78 FS avg.</p> <p>1050 17th Lenkin 0% leased \$85 FS avg.</p> <p>1901 L Meridian 0% leased \$80 FS avg.</p> </div> </div>
<p>2020</p> <p>1.6 million s.f. 68% avail. (1.1 million s.f.) \$84 FS avg.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>2050 M Tishman 48% leased \$85 FS avg.</p> <p>1201 NY Pembroke 47% leased \$74 FS avg.</p> </div> <div style="width: 48%;"> <p>2100 L Akridge 44% leased \$88 FS avg.</p> <p>900 NY Gould/Oxford 0% leased \$90 FS avg.</p> </div> </div>	<p>2021+</p> <p>736,038 s.f. 61% avail. (448,038 s.f.) \$88 FS avg.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>2100 Penn Boston Properties 68% leased \$95 FS avg.</p> <p>1333 NH Boston Properties 0% leased \$90 FS avg.</p> </div> </div>	<div style="background-color: #f0f0f0; padding: 10px; border: 1px solid #ccc;"> <p style="text-align: center;">Total</p> <p style="text-align: center;">9.9 million s.f.</p> <p style="text-align: center;">51% avail. (5.0 million s.f.)</p> <p style="text-align: center;">\$84 FS avg.</p> </div> <p><u>Other developments to watch:</u></p> <ul style="list-style-type: none"> • 1700 M Street • Wharf Parcels 6&7 • 1200 New Hampshire • 1200 K Street

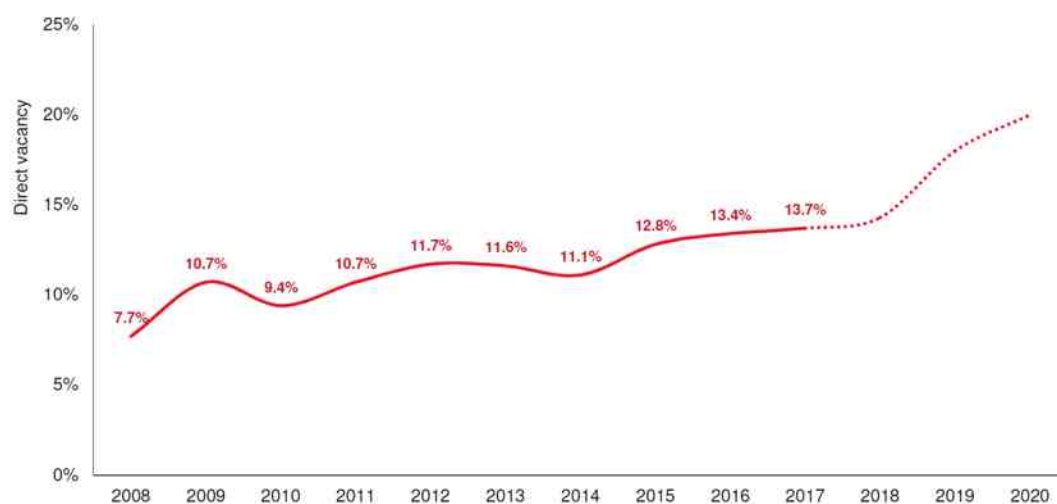
DC Core office availabilities >20,000 s.f.

Large-block availabilities have increased by 40% over the past two year



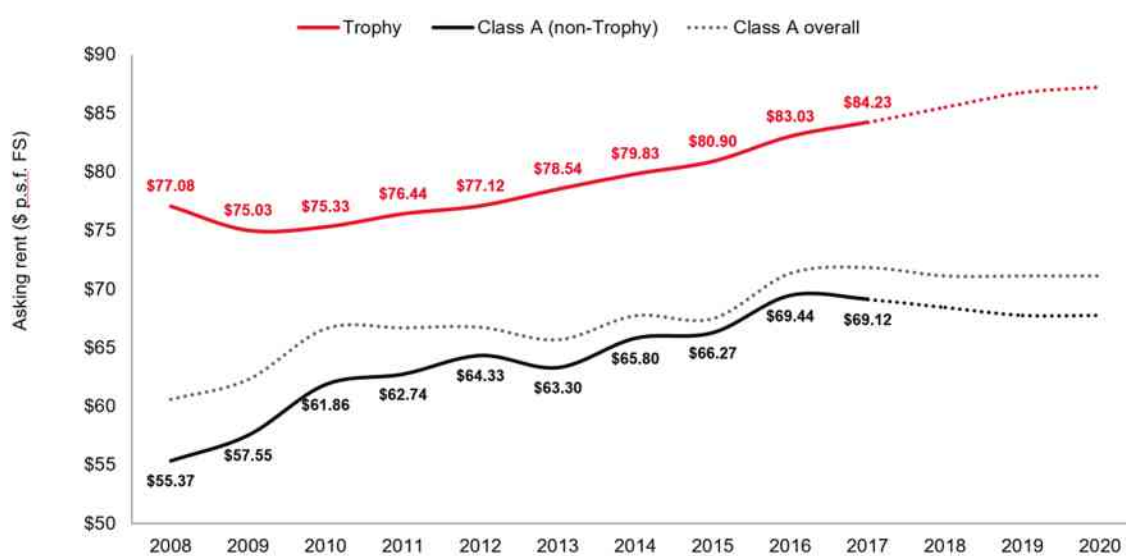
DC Core Trophy/Class A historical and projected vacancy

New deliveries and law firm rightsizing will cause Trophy & Class A vacancy to rise towards 20% over the next 36 months



DC Core Trophy/Class A historical and projected asking rents

Trophy rents continuing to rise but will soon plateau while Class A (non-Trophy) rents have started to decline in many cases



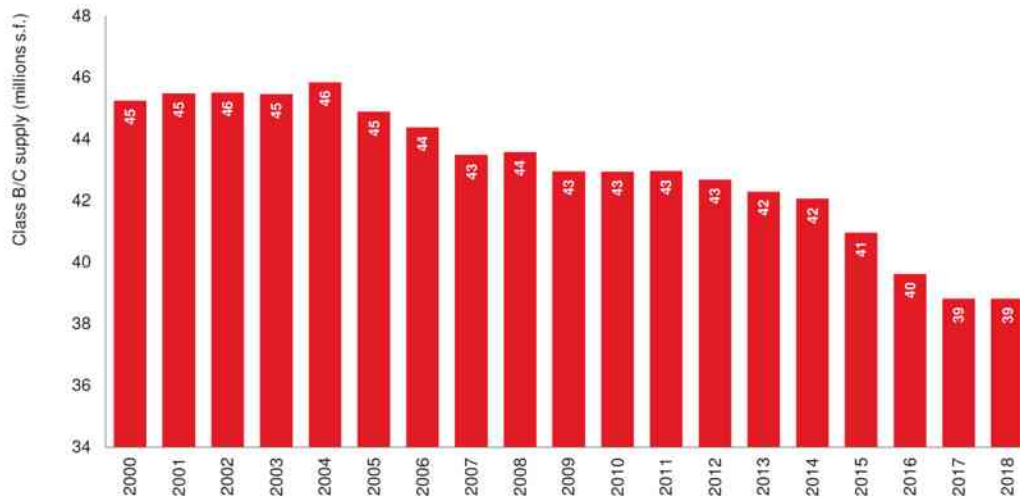
Core DC Class A Outlook

Supply: Class A market is growing and vacancy is rising toward 20%; Class B/C supply is being repositioned

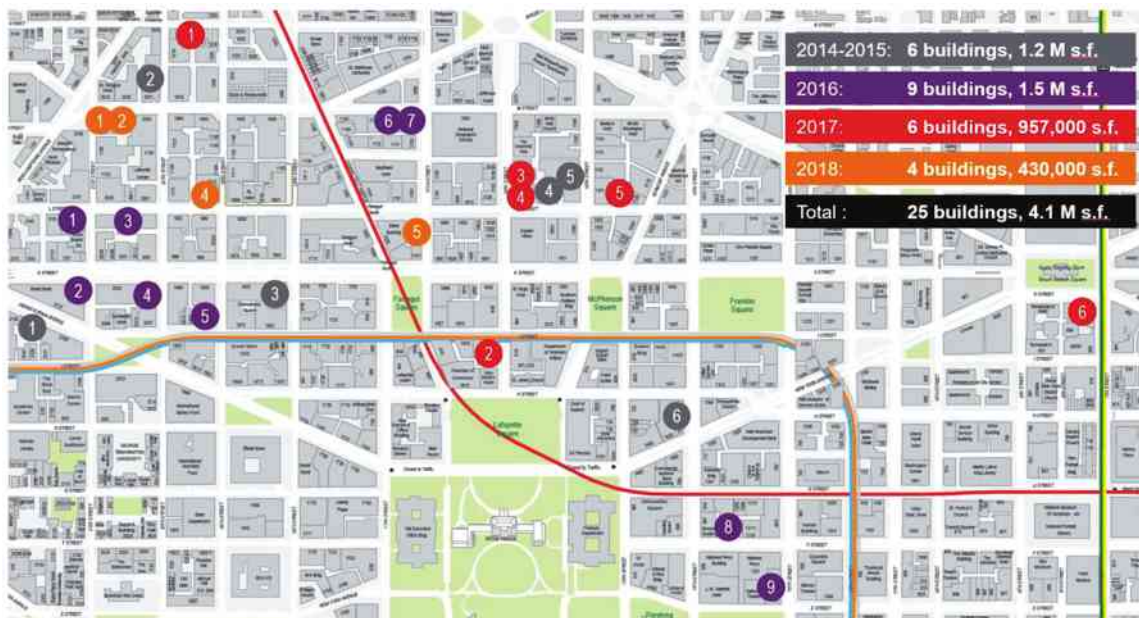
Demand: Largely confined to mid-size tenants looking for space priced < \$70 per square foot FS

Pricing: Class A segment is seeing 15% decline in net effective rents; Class B/C rents are continuing to rise

The Class B/C market is shrinking – more than 7 m.s.f. of supply has been removed over the past 15 years



25 buildings have recently been repositioned from Class B/C (\$45 FS) to Trophy/Class A (\$75 FS)

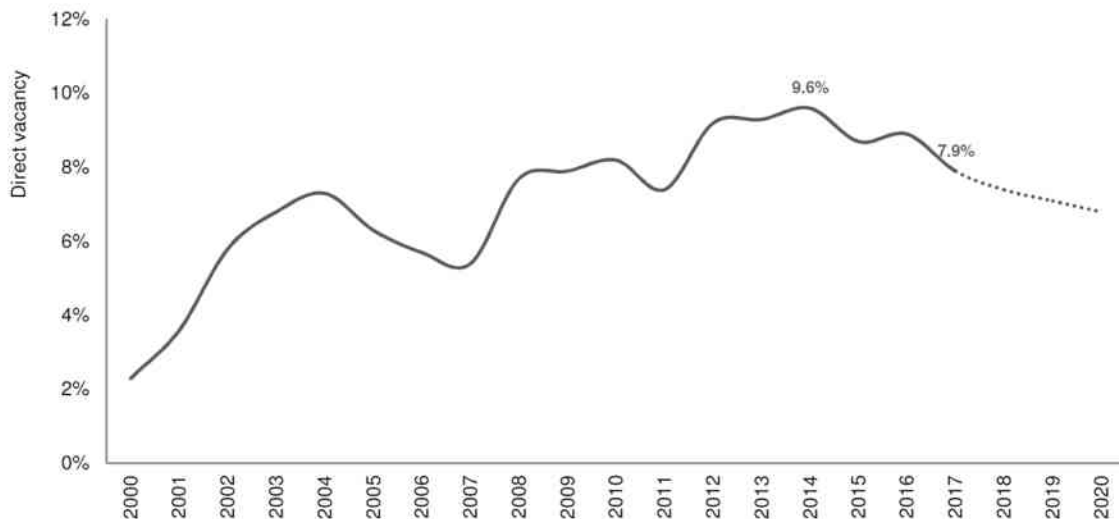


The Core DC Class B & C market captured almost an equal share of leasing activity as the Trophy & Class A market as non-profits, media, technology and other creative-sector tenants continue to drive demand

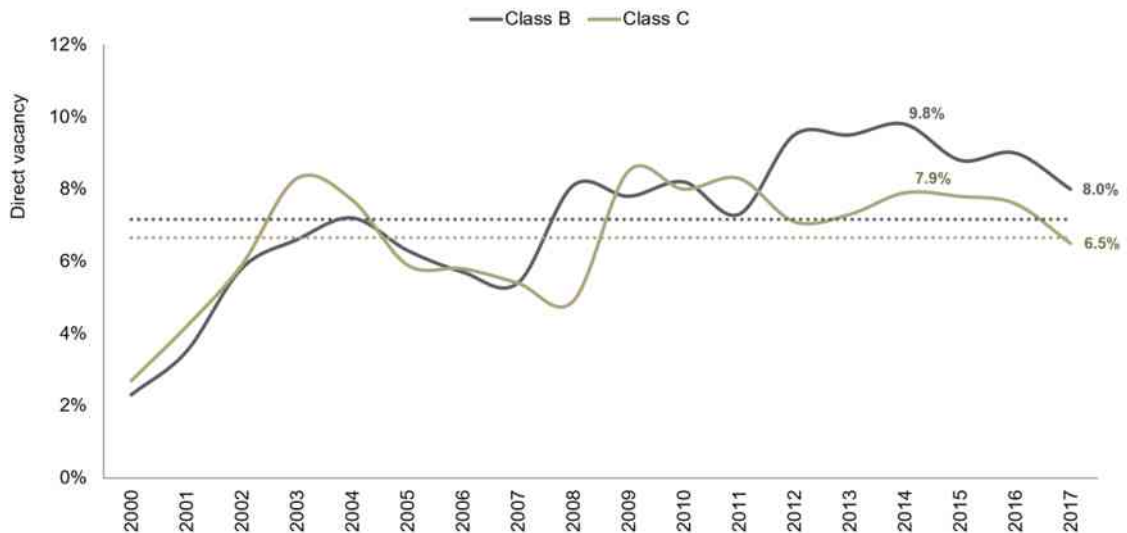
2017 leasing activity (s.f.)



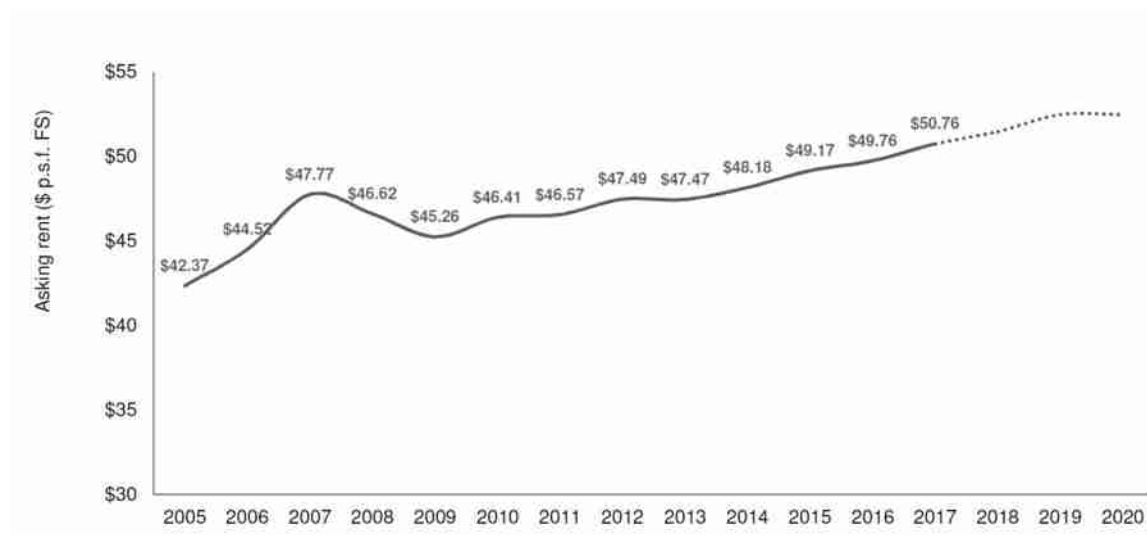
Core DC Class B and C vacancy is quickly declining from cyclical high and will continue to drop as demand remain healthy and redevelopment creates growing supply constraints



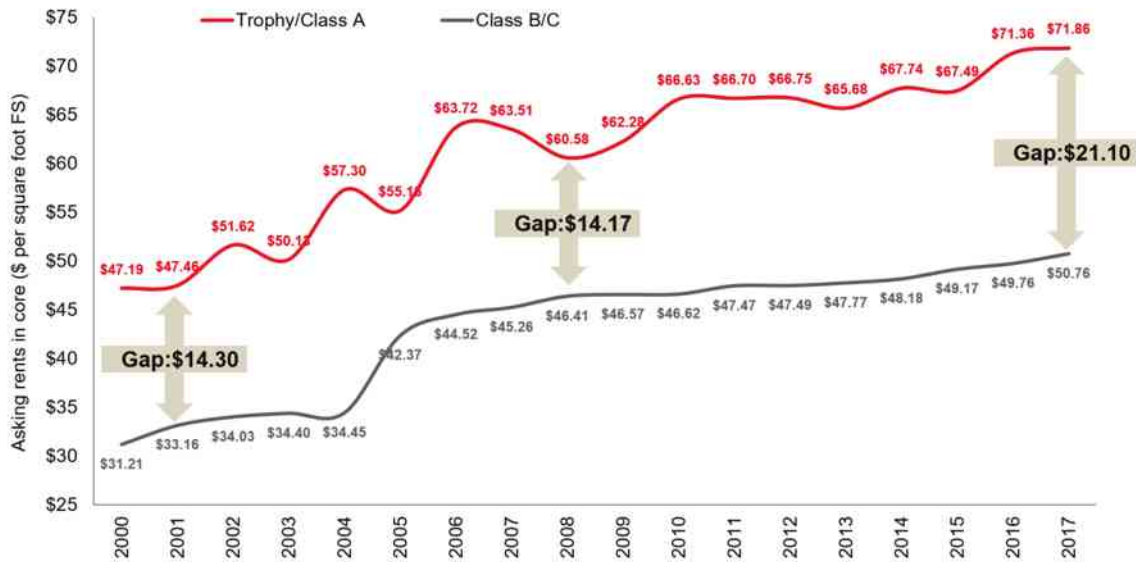
Core DC Class B and C vacancy has historically remained in single digits but has significantly declined from recent cyclical highs creating growing supply constraints



Core DC Class B & C asking rents in the core have increase by 3.2% over the past 24 months and are positioned to continue to increase as options dwindle



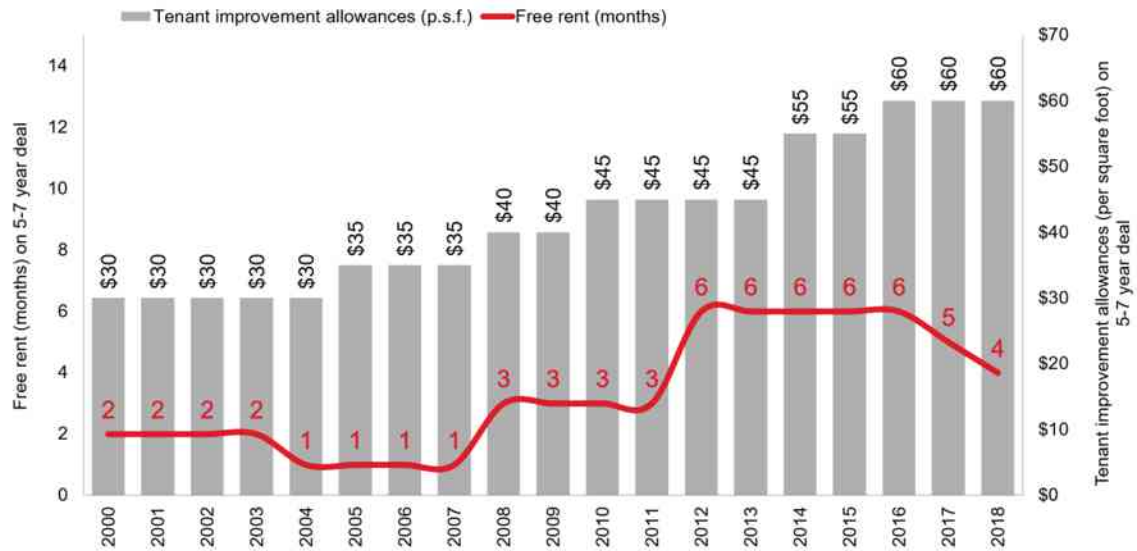
Rent gap between Core Class A and Class B/C is at one of its highest points since 2000, hinting that Class B rents will likely continue to grow



Core Class B & C asking rents in the core have increase by 3.5% and 4.5% over the past 24 months, respectively



As the Class B segment of the market has started to significantly tighten, concessions have started to pull back with rent abatement declining by 15%



Investment sales

Address	Submarket	Class	RBA (s.f.)	Price (\$)	Price (p.s.f.)	Cap rate	Occupancy at sale
900 G St NW (under contract)	East End	Trophy	112,635	\$144,000,000	\$1,278		95.0%
900 16th St NW	CBD	Trophy	120,609	\$151,000,000	\$1,252	4.0%	72.6%
1101 New York Ave NW	East End	Trophy	375,392	\$389,300,000	\$1,037	4.4%	86.9%
1875 K St NW	CBD	A	190,000	\$151,430,000	\$797	5.1%	90.2%
1401 New York Ave NW	East End	A	211,446	\$165,000,000	\$780		52.0%
1111 19th St NW	CBD	A	271,369	\$200,000,000	\$737		84.2%
1800 M St NW	CBD	A	580,930	\$421,000,000	\$725		94.8%
601 New Jersey Ave NW	Capitol Hill	A	260,650	\$175,000,000	\$671		72.2%
1155 Connecticut Ave NW	CBD	B	96,927	\$64,250,000	\$663		97.4%
300 E St SW	Southwest	A	587,050	\$385,600,000	\$657	5.3%	100.0%
575 7th St NW	East End	Trophy	424,808	\$275,000,000	\$647		32.1%
1325 G St NW	East End	B	307,705	\$193,500,000	\$629		83.2%
425 3rd St SW	Southwest	A	249,334	\$148,000,000	\$594	5.6%	100.0%
1050 1st St NE	NoMa	A	289,524	\$170,000,000	\$587	5.3%	93.7%
1620 L St NW	CBD	B	172,351	\$98,500,000	\$572	5.3%	95.9%
1120 20th St NW	CBD	B	320,285	\$172,579,488	\$539	6.1%	90.7%
1133 21st St NW	CBD	B	137,957	\$74,335,365	\$539	6.1%	73.5%
1155 21st St NW	CBD	B	291,530	\$157,085,000	\$539	6.1%	96.0%
64 New York Ave NE	NoMa	B	355,034	\$187,000,000	\$527	6.3%	98.0%
1101 14th St NW	East End	B	122,510	\$61,750,000	\$504		92.0%
1341 G St NW	East End	B	132,714	\$65,500,000	\$494		81.5%
1133 15th St NW	East End	B	205,319	\$100,500,000	\$489		97.0%
1901 L St NW	CBD	B	153,758	\$75,000,000	\$488		63.6%
600 New Hampshire Ave NW	West End	B	309,000	\$135,000,000	\$437	6.8%	65.6%
800 N Capitol St NW	NoMa	B	314,664	\$119,750,000	\$381	5.7%	86.4%
810 1st St NE	NoMa	B	191,500	\$64,250,000	\$336		0.0%
370 L'Enfant Plz SW	Southwest	A	407,248	\$126,680,000	\$311		64.1%
400 6th St SW	Southwest	A	348,173	\$93,000,000	\$267		0.0%
501 School St SW	Southwest	C	66,140	\$16,557,000	\$250		61.2%
1250 Maryland Ave SW	Southwest	A	449,933	\$84,000,000	\$187		63.1%

Investment volume ends the year above 2016, but below 2015

2017 investment sales reached the 3rd highest level this decade, split fairly evenly between the suburbs and downtown.

Washington, DC set a pricing record in the 2nd quarter when 900 16th Street, NW traded at \$1,252 per square foot (will be broken in 2018 with 900 G sale at \$1,278 per square foot).

Foreign investment at record levels

Downtown, foreign investment volume reached an all-time high in 2017, totaling \$2.8 billion, or 61% of total volume.

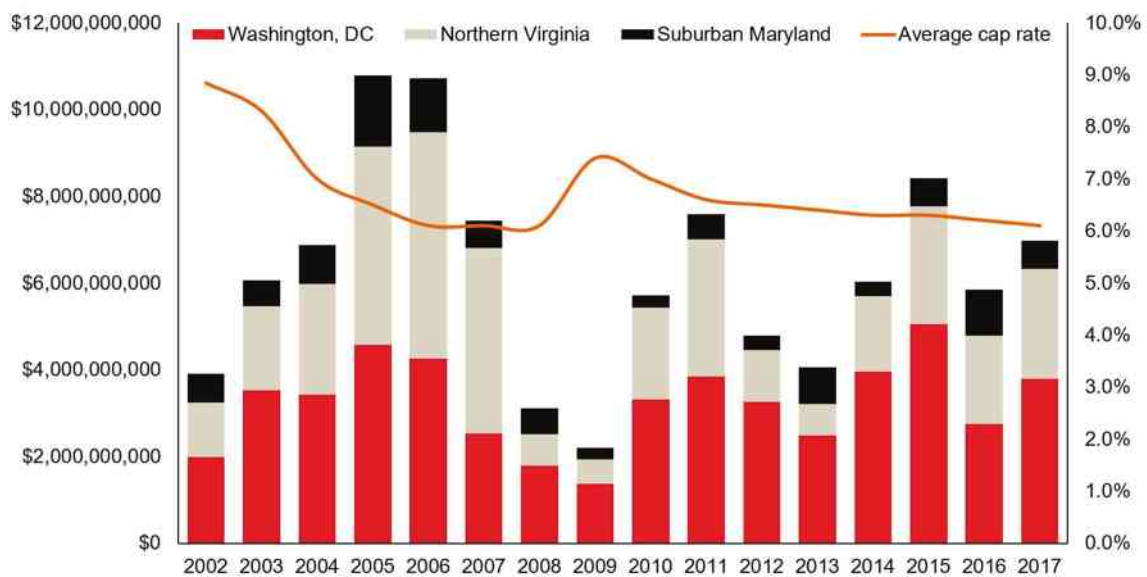
The vast majority (86%) of foreign investment volume was concentrated downtown, and 71% stemmed from Asian investors.

Local investors fuel activity in the Class B market

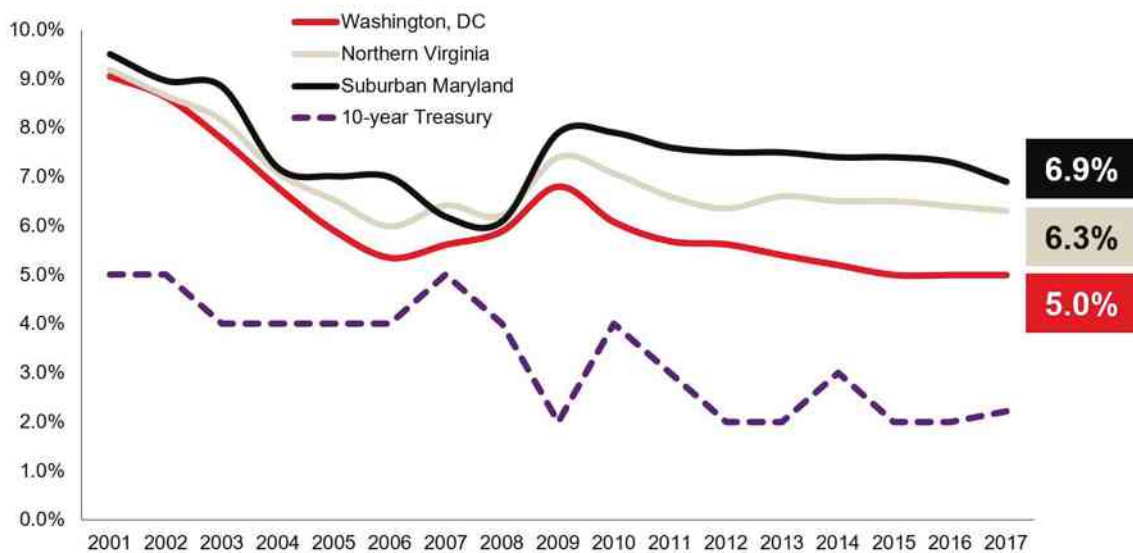
While foreign capital flows into the highest-quality assets, local investors and developers focus on lesser quality and/or underleased buildings where they can add significant value and thus optimize short-term returns.

Locally based investors focused outside of the core, transacting 30 of 34 sales in the suburbs in 2017.

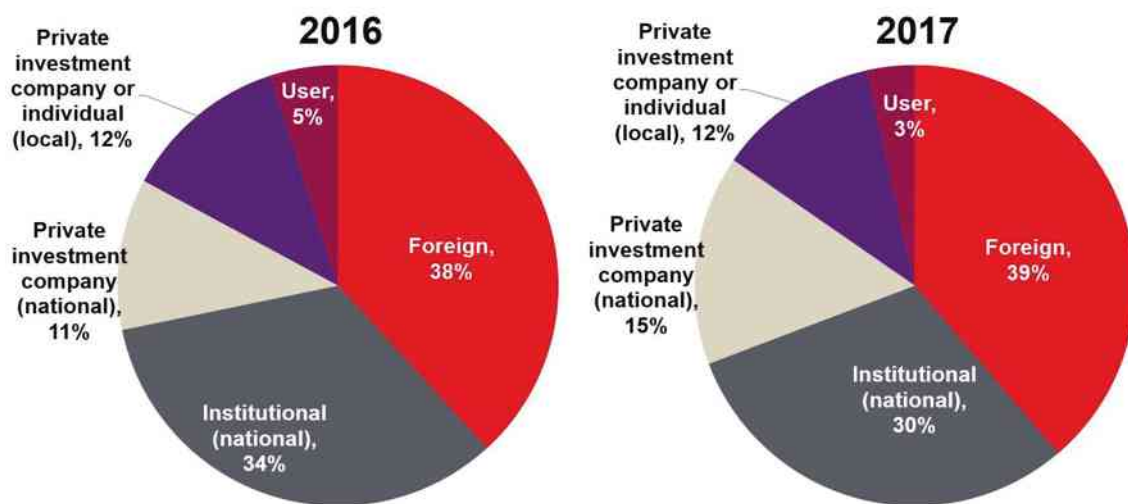
Metro DC office investment sales activity ended 2017 as the 3rd highest since 2006



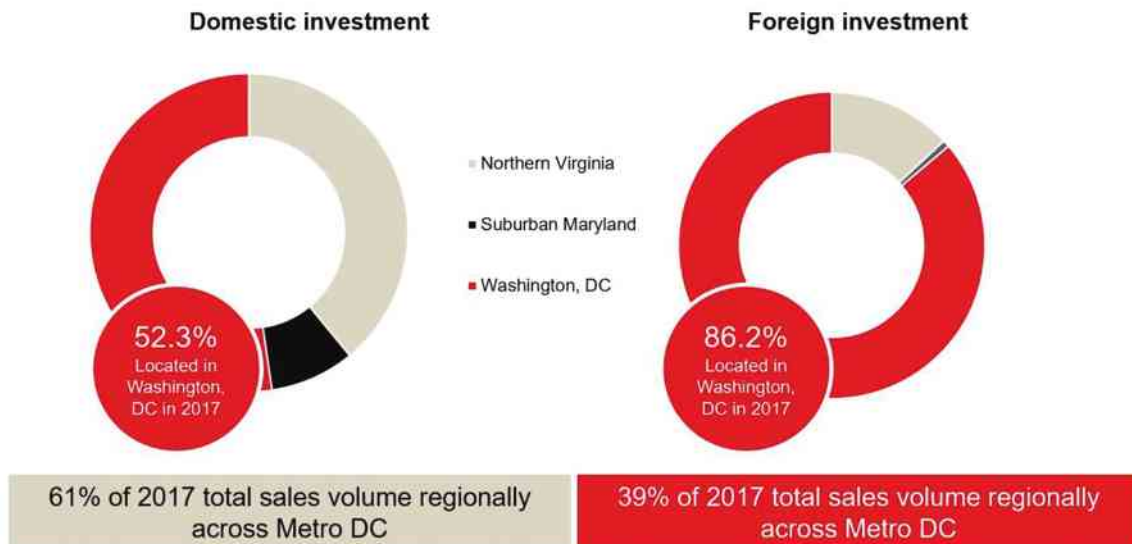
Average Metro DC region cap rates have remained relatively flat in recent quarters, but have begun to tick down in Bethesda due to heightened demand due to new tenants and developments



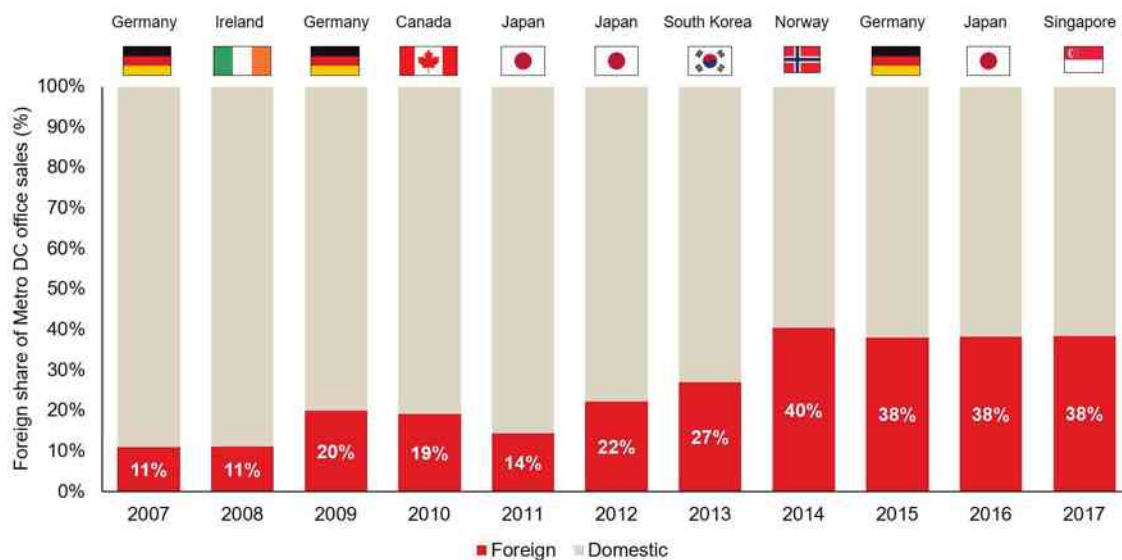
Share of Metro DC buyer pool by investor type



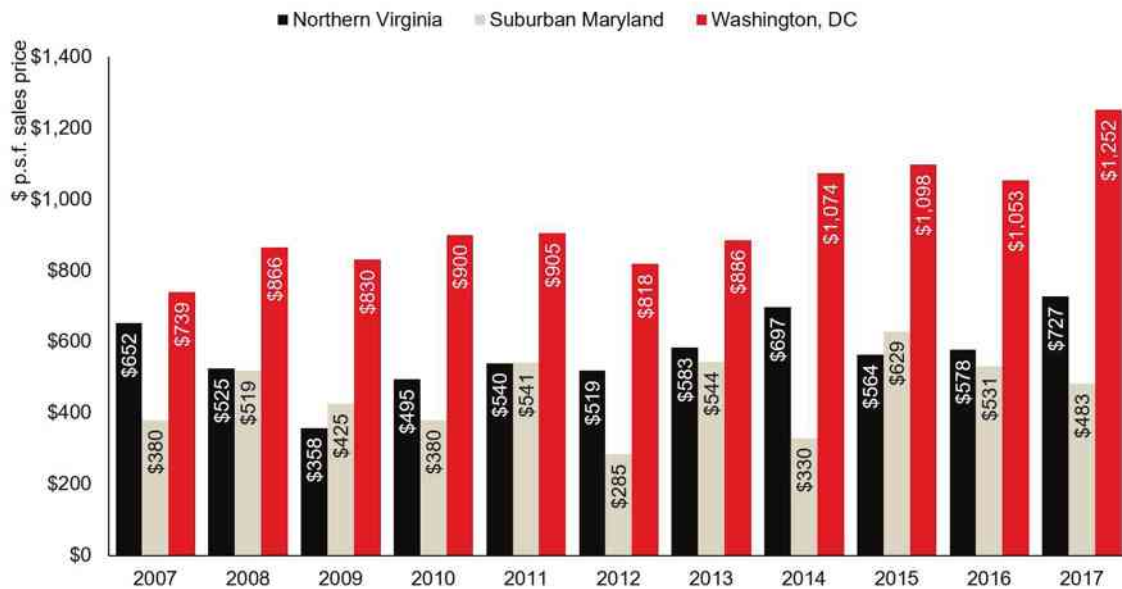
Foreign investment volume: The safe haven of Washington, DC attracts foreign capital, most seeking long-term holds



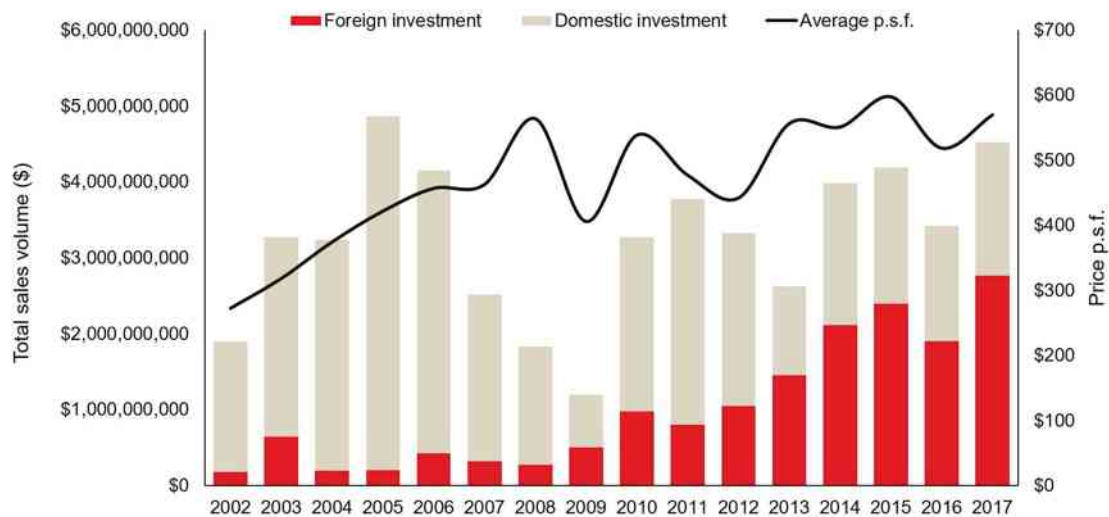
Foreign share of Metro DC office sales remains elevated



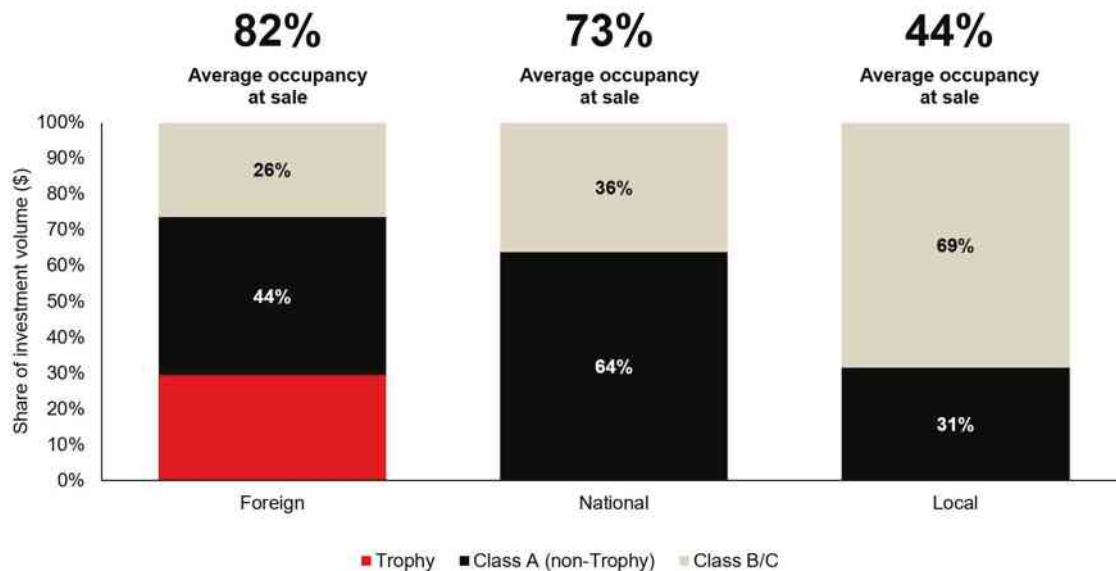
Highest-price sales: Northern Virginia and Washington, DC establish new all-time highs in 2017



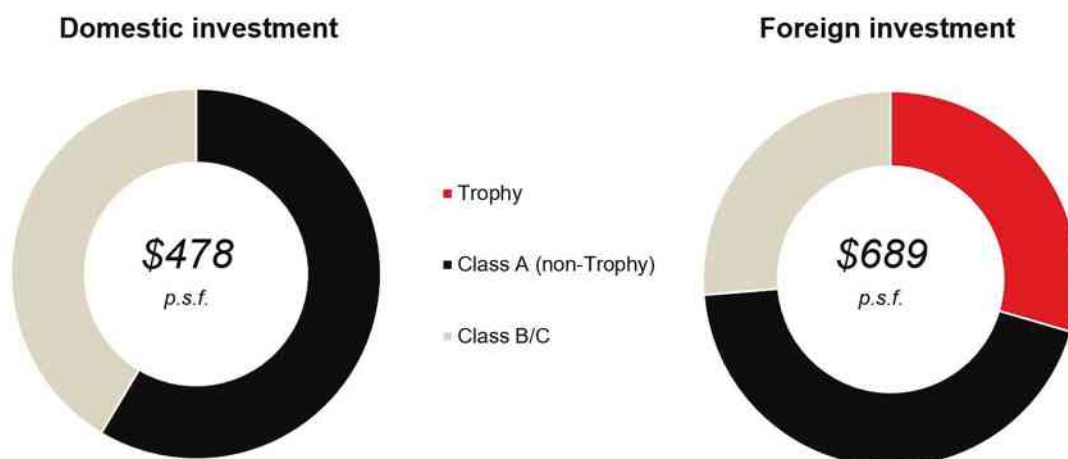
Significant foreign investment helped Washington, DC sales volume reach a 12-year high



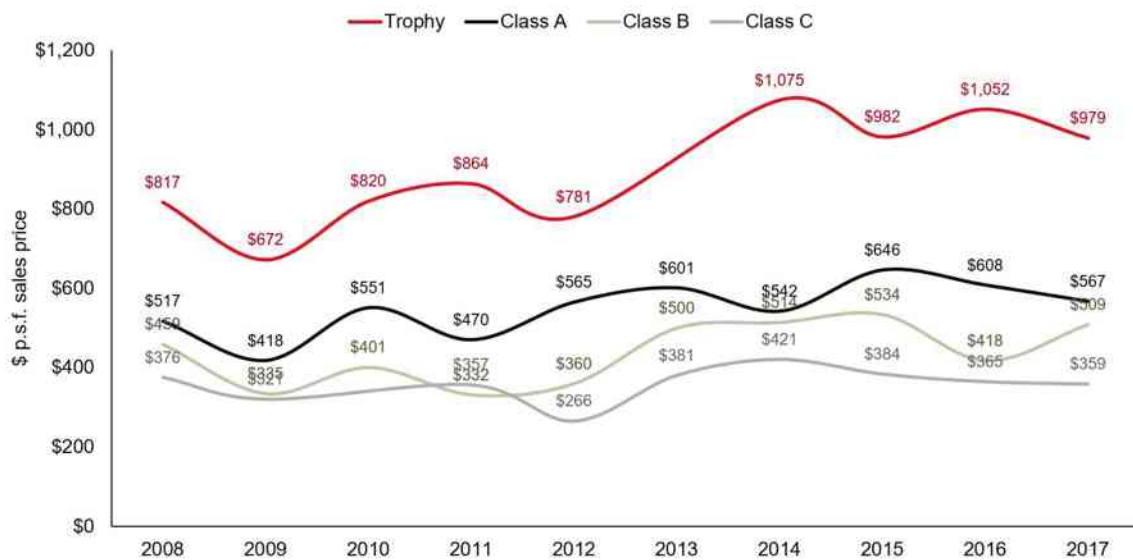
Foreign buyers have largely acquired top-tier well leased product, while local entities have targeted value-add opportunities



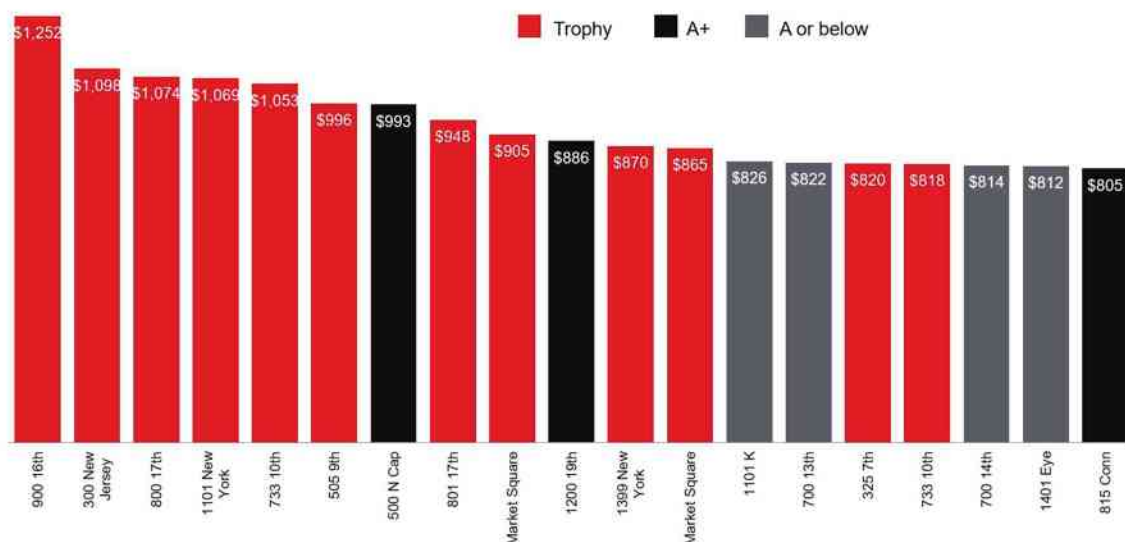
Foreign buyers opt for higher-quality, long-term holds and pay a higher price per square foot



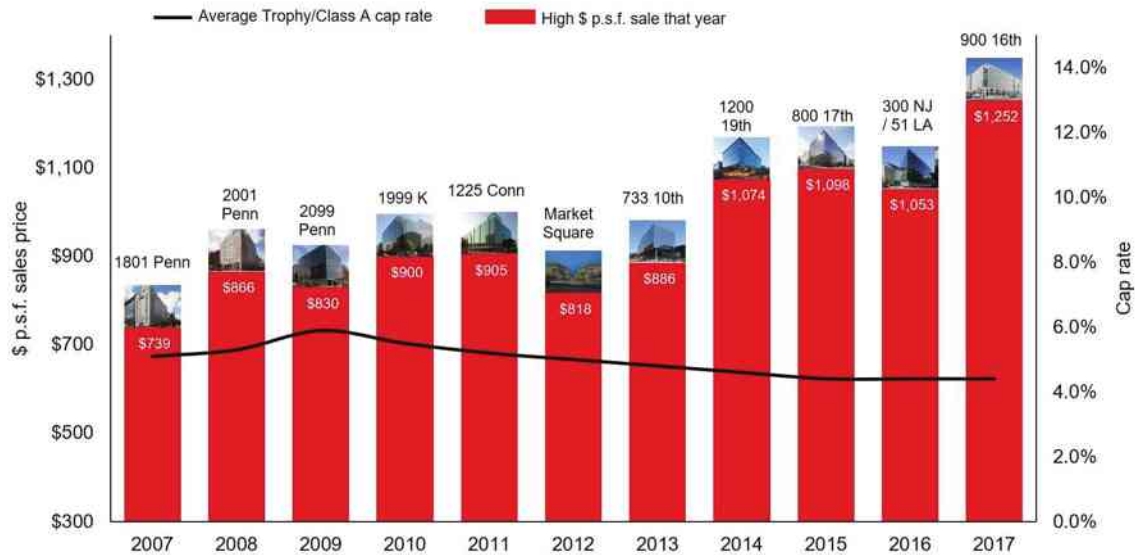
Trophy quality product is trading at a significant premium to commodity Class A assets



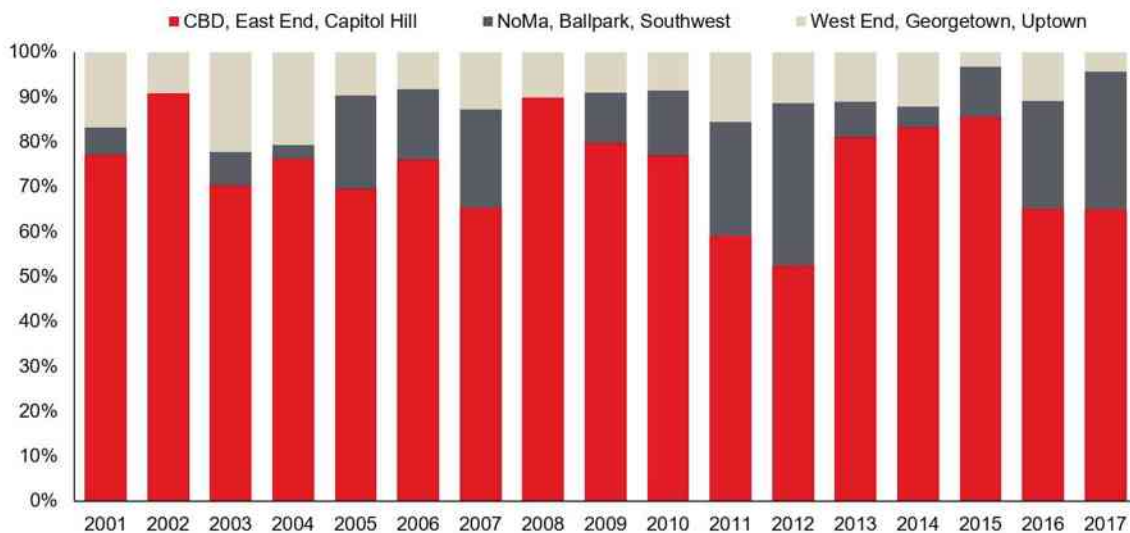
17 buildings have traded above \$800 per square foot, with about 1/2 of those trades occurring in the past 24 months. Even buildings below Trophy/A+ have breached the \$800 per square foot threshold



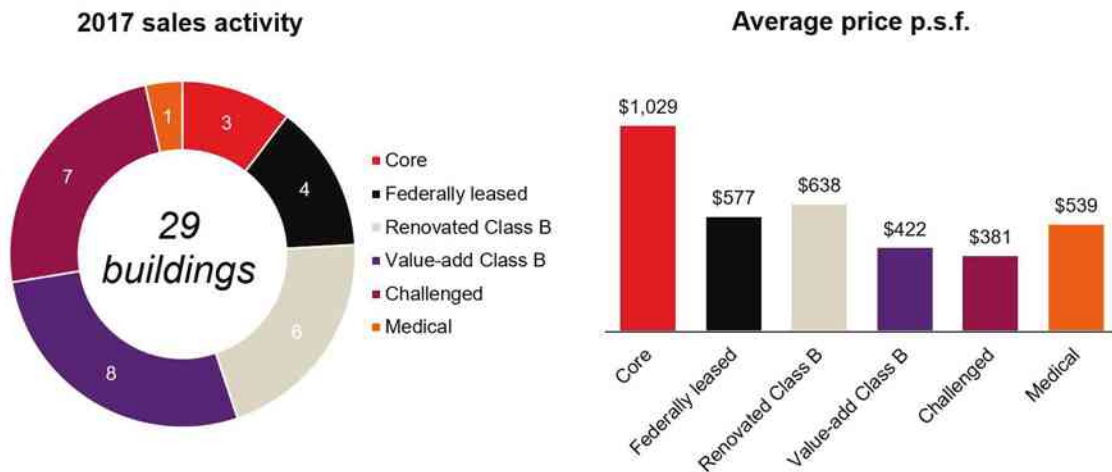
Top-of-market pricing continues to escalate



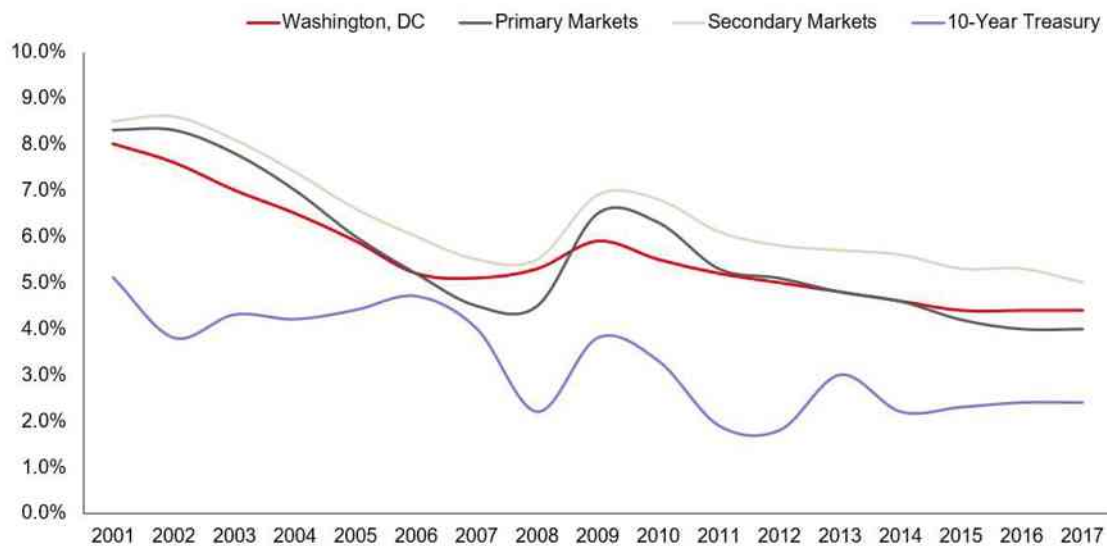
The core CBD, East End and Capitol Hill submarkets have captured a majority of activity as investors flock to core and value-add opportunities



Recently renovated Class B buildings and value-add Class B acquisitions accounted for almost half of all 2017 trades



Core DC cap rates remain sub-5%, but are currently lagging other primary markets



Buildings currently on the market for sale are largely recently renovated Class B or value-add Class B, as well as buildings with significant challenges such as prolonged existing vacancy

Actively on the market at YE 2017

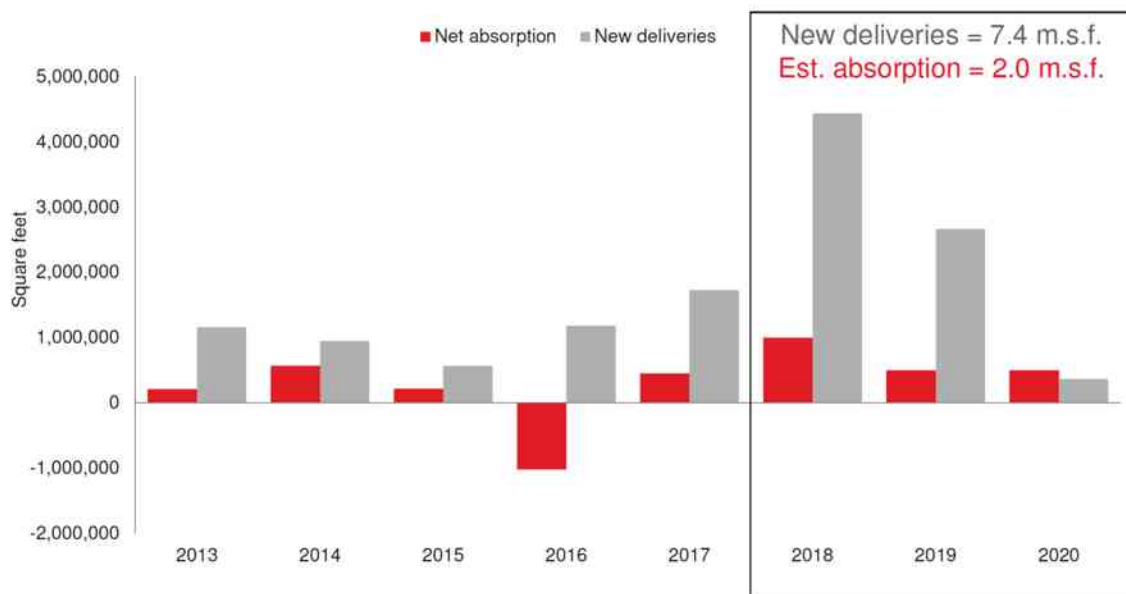


Capital markets trends to watch

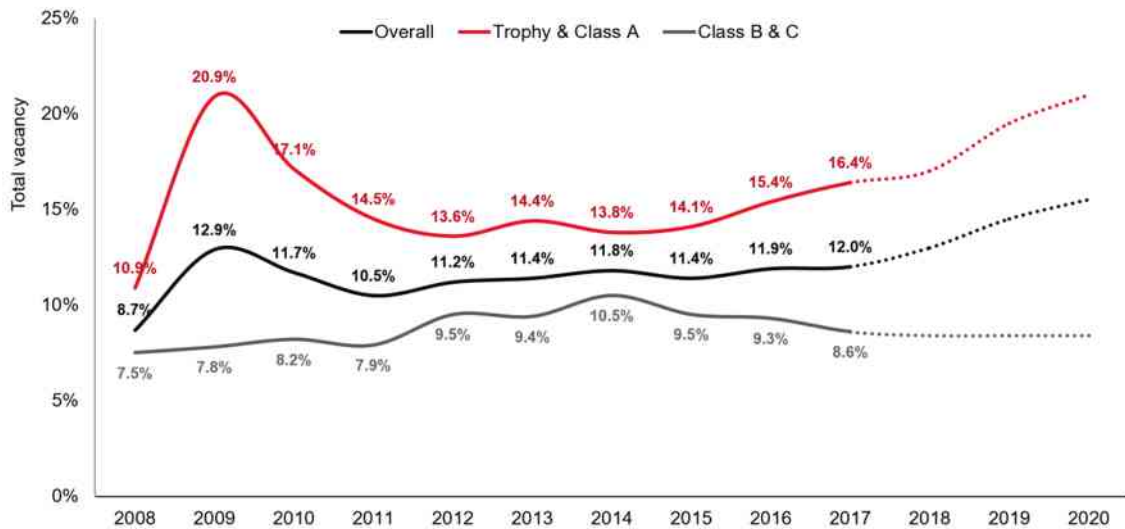
- Stabilized new developments anchored by law firms in the core will become ideal acquisition plays for foreign capital when rent abatement burns off in 2018-2020
- Despite Congress's continued failure to pass a budget, Northern Virginia's lack of new supply and slight uptick in demand will drive investors across the risk spectrum
- Significantly tightening fundamentals and diversity of leasing demand in the emerging markets is expected to drive core buyers to Ballpark, NoMa and Southwest in the near term.

Outlook

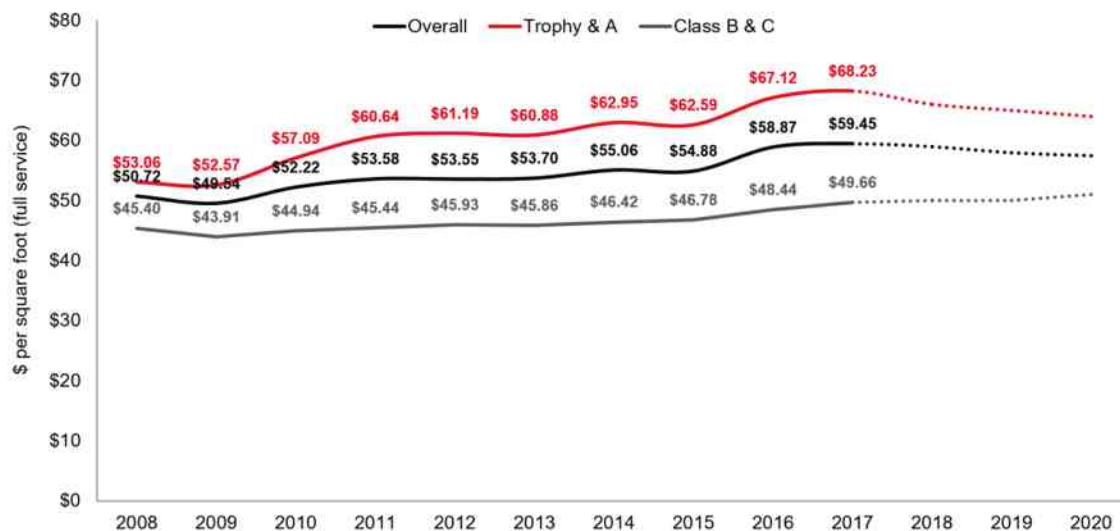
Supply has and will continue to outpace gains by three-to-four fold through 2020



New deliveries and law firm rightsizing will cause Trophy & Class A vacancy to rise over 2018 and lift overall market vacancy higher even as the Class B & C markets remain tight



Trophy & Class A rents have plateaued and started to fall in most cases; Class B & C rents have slowly climbed



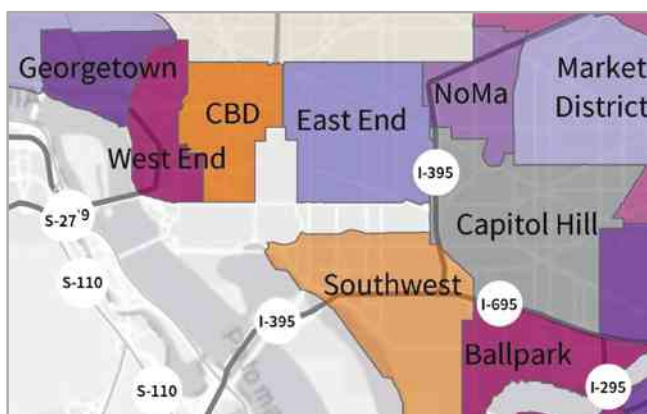
CBD

Location description and accessibility

The CBD is one of Metro DC's premier submarkets expressly because of its central location and extensive accessibility by road, rail and air. The area is bound by 22nd Street to the west, 15th Street to the east and P Street to the north. Particular advantages of the CBD compared to neighboring submarkets include quicker road access to Reagan National and Dulles Airports via three bridges and the George Washington Parkway and a shorter distance from western commuter-sheds in Northern Virginia and Montgomery County, Maryland relative to the East End given direct access to Interstate 66, the Whitehurst Freeway and Rock Creek Parkway.

As the heart of the District's office core at the time of the Metro's construction, nearly all of the CBD submarket is within short walking distance of a Metro station, primarily Farragut North (Red line) and Farragut West (Orange, Blue, Silver lines), two of the busiest stations in the Metro system, while the fringes of the submarket are close to Dupont Circle, Foggy Bottom and McPherson Square stations.

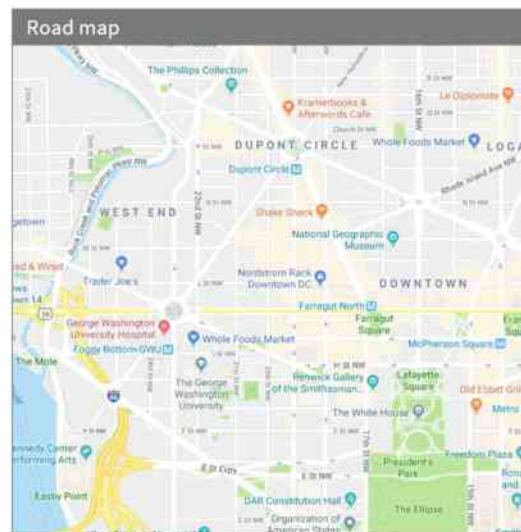
The CBD is also within a 15-minute walk of many of Washington, DC's most high-profile and in-demand residential neighborhoods, particularly Dupont Circle to the north, the West End to the west and Logan Circle to the northeast. In addition, the relatively built-out nature of the CBD has led to office construction and redevelopment at its boundaries in properties such as 1900 N Street NW and 1200 17th Street NW, which are even more favorably located for those within walking commute distance.



Although the urban core of Washington, DC is broadly well connected across modes of transportation, the CBD's emergence as the region's premier business center in the mid-20th century has enabled it to retain a slightly better and more convenient access for many commuters compared to the East End, Capitol Hill and NoMa.

Submarket trends

Proximity to the U.S. Federal Government's Executive Branch is a key factor driving the strength and durability of the CBD. With the White House anchoring the eastern side of the submarket, Old Executive Office Building, Treasury Department and several global financial organizations such as the World Bank and International Monetary Fund, proximity to power drives economic activity throughout the submarket. Pennsylvania Avenue is well-regarded as the preferred address for high-profile law firms, international agencies, powerful associations, political think tanks and cultural organizations.



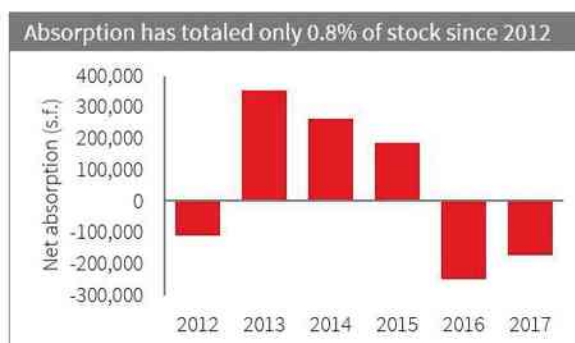
The CBD and adjacent West End neighborhood boast a wide variety of restaurants, world-class shops, grocers, hotels and fitness clubs. Located at the western fringe of the CBD, and abutting the George Washington University campus, a highly successful mixed-use development called The Avenue includes upscale restaurants, fast casual dining and a Whole Foods market. Other acclaimed white-tablecloth restaurants, bars, social clubs and luxury retailers line Connecticut Avenue, K Street, M Street and 19th Street throughout the core of the CBD. Varied housing stock on the western fringe of the CBD consists of luxury condominiums, apartments, student housing and townhomes, all within walking distance to the core of the CBD submarket.

The CBD's irreplaceable location and durable characteristics are underpinned by its transportation infrastructure, proximity to U.S. and International governing bodies, educational institutions and critical mass of professional services tenants. As such, the submarket is expected to remain Washington's preeminent commercial district.

Office market conditions

The CBD office market totals 31.2 million square feet, spanning 169 investment-grade buildings. The area is historically Washington, DC's strongest fundamentally, carrying a 10-year average vacancy rate of 10.7 percent, the lowest of all 11 submarkets in the District of Columbia.

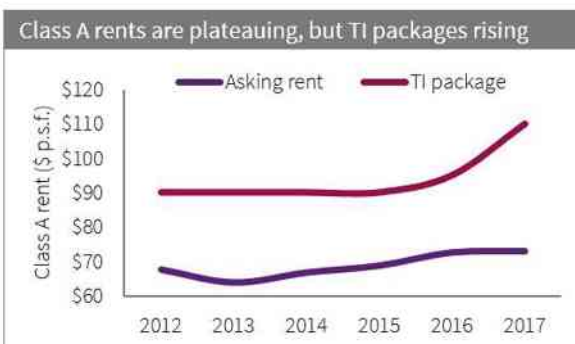
As with the broader Washington, DC market, CBD office dynamics are continuing their shift from neutral to increasingly tenant-favorable conditions. A large development pipeline, combined with continued give-backs and consolidation from key users is exacerbating flight to quality and divergence in vacancy trends between asset sub-classes, while rents are stabilizing and declining once factoring in concessions.



The Metro DC market, both urban and suburban, has been characterized by a disconnect between demographic, economic and real-estate fundamentals in recent years. Despite rapid population growth, there has been little to no meaningful occupancy growth since sequestration. Due to its diversity and geographic advantages, the CBD has been more resilient than other submarkets, and the shift back westwards across the urban core has led to Class A vacancy falling to 12.8 percent, lower than any other submarket apart from Georgetown. Class A rents are also now 3.4-percent higher than in the East End.



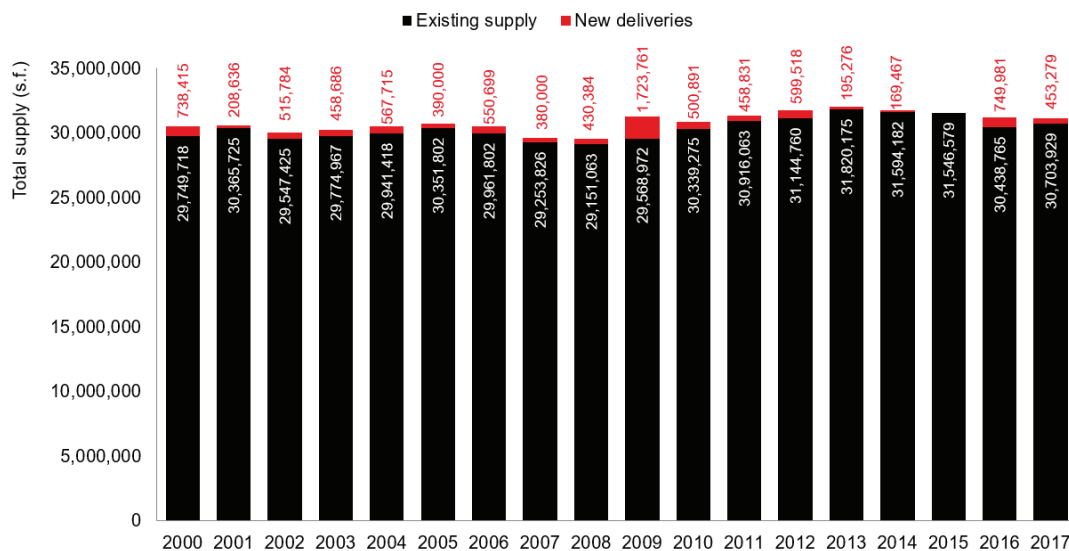
A large volume of functionally obsolete stock has catalyzed 7.4 m.s.f. of development throughout DC, of which 25.7 percent is taking place in the CBD. Flight-to-quality from rightsizing tenants and heated competition between owners of both new-build and second-generation assets has resulted in a sharp uptick in concessions: tenant improvement packages are up 22.2 percent since 2010, even as asking rent growth has been slow at 7.8 percent. At the same time, this has plunged Trophy vacancy to 4.4 percent, while Class A non-Trophy vacancy is rising quickly and now stands at 15.2 percent.



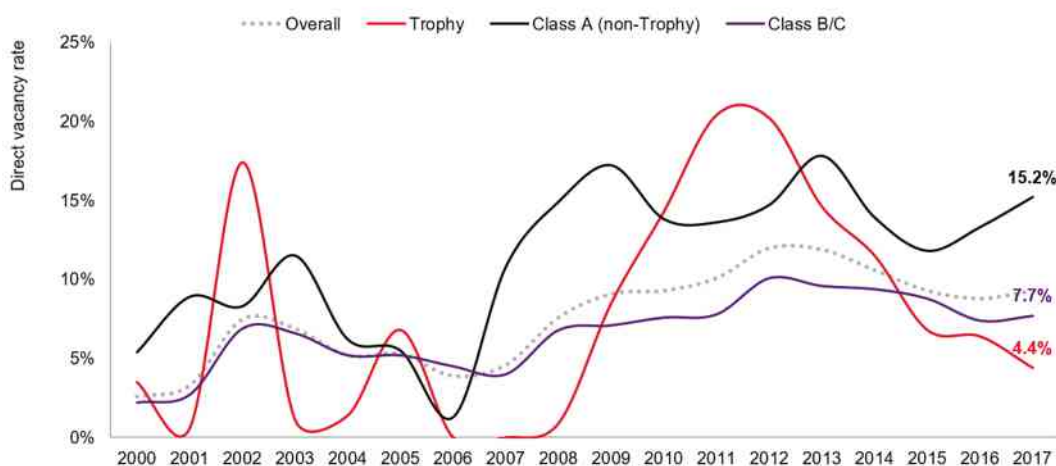
This bifurcation between premium and commodity assets will firm, while cost-conscious tenants will be confined to a tightening Class B and C market, and will face increasingly limited options in that segment due to robust leasing demand and diminishing stock due to redevelopment activity. Repositioned Class A assets are likely to see some uplift, although low-floor Trophy blocks will also be available.

This bifurcation between premium and commodity assets will firm, while cost-conscious tenants will be confined to a tightening Class B and C market, and will face increasingly limited options in that segment due to robust leasing demand and diminishing stock due to redevelopment activity. Repositioned Class A assets are likely to see some uplift, although low-floor Trophy blocks will also be available.

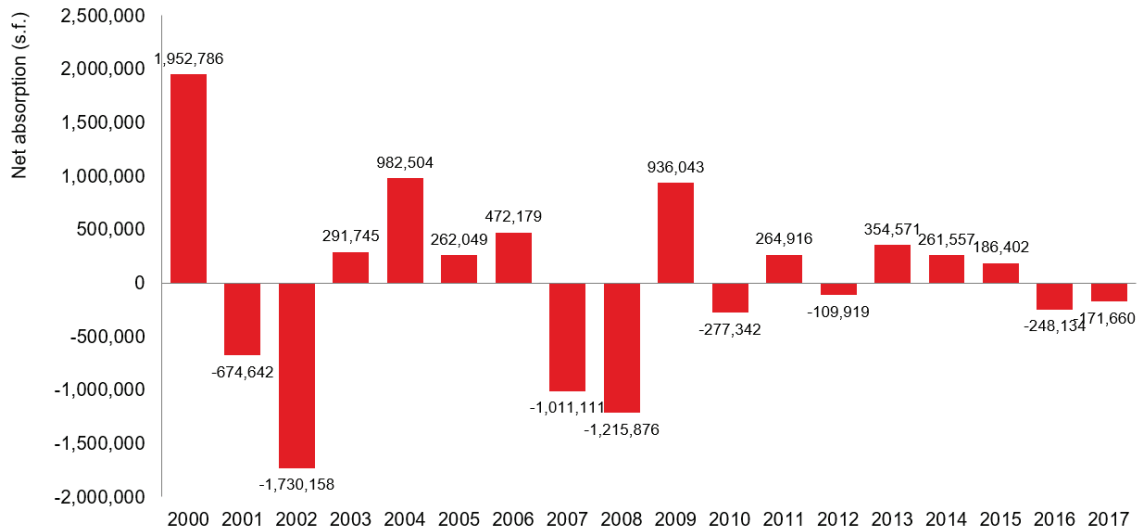
Comprised of about 30 m.s.f. of office product, the CBD is fully built out with development almost entirely in the form of repositioning Class B/C buildings to Trophy/Class A



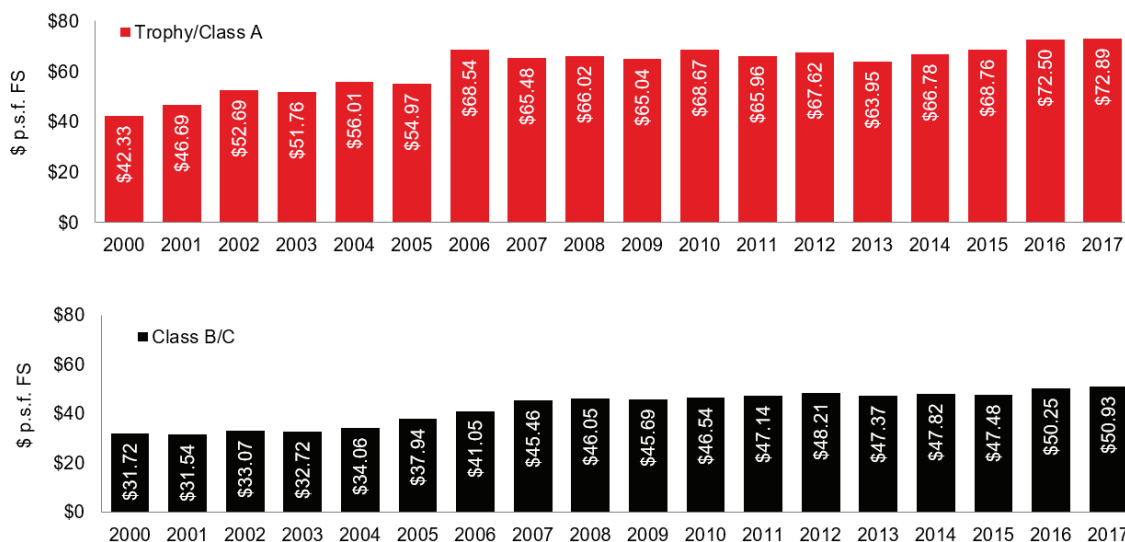
CBD Class A (non-Trophy) vacancy is rising as redeveloped product continues to deliver with minimal preleasing commitments; Trophy vacancy is declining, but new product is under construction; the Class B/C market continues to tighten as supply is removed



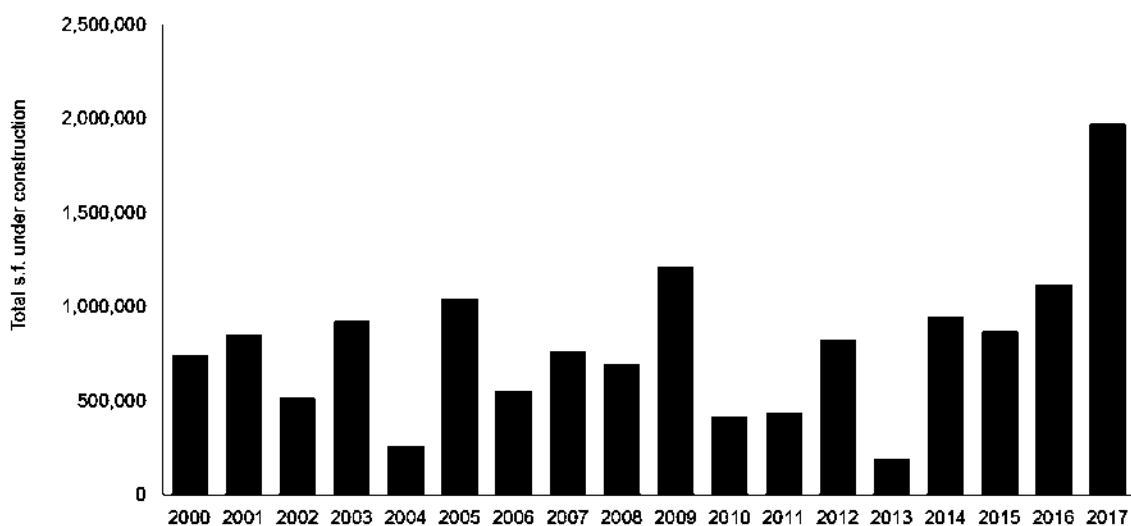
CBD occupancy gains are remaining limited as majority of large block availabilities remain under construction or have just recently delivered



CBD direct average asking rents: Trophy/Class A are plateauing with wave of new deliveries, while the tightening of the Class B/C market has pushed average asking rents to \$50 per square foot full service



CBD construction activity: eight projects totaling 2 million square feet are actively under construction and three additional projects are slated to break ground over the next 18 months



Outlook

Risk of oversupply continues to build given new construction, which will lead to rising concession packages and declining net effective rents within the Trophy and Class A segment.

Although new supply is delivering with significant vacancy, the Class B/C market is tightening as supply is removed from the market and value-conscious tenants look to more affordable space options.

There are limited large-block lease expirations scheduled to occur prior to 2020, which may constrict tenant demand, but organic growth and new market entrants – particularly from the region’s rapidly expanding technology sector – will help to fuel leasing activity.

Although new supply is offering record concession packages, Class B/C net effective rents continue to rise as both face rates increase and concessions scale back.

Statistics and forecast

	2012	2013	2014	2015	2016	2017	2018 (F)	2019 (F)	2020 (F)
Metro DC regional economy									
Office-using employment	1,285,100	1,287,900	1,289,400	1,292,200	1,312,700	1,324,200	1,336,900	1,348,300	1,350,200
12-month net change	600	2,800	1,500	15,400	20,500	11,500	12,700	11,400	1,900
12-month % change	0.0%	0.2%	0.1%	1.2%	1.6%	0.9%	1.0%	0.9%	-0.1%
Metro DC									
Inventory (s.f.)	325,919,058	329,456,991	331,486,523	331,968,151	332,679,822	332,652,305	339,446,158	343,963,489	344,964,489
Completions (s.f.)	523,889	3,536,933	2,030,532	282,128	721,671	3,495,362	6,793,853	4,517,331	1,001,000
Occupancy (s.f.)	276,295,808	276,390,201	274,257,923	275,636,933	276,329,862	277,343,700	278,993,700	279,368,700	279,258,700
Occupancy rate (%)	84.8%	83.9%	82.7%	83.0%	83.1%	83.4%	82.2%	81.2%	81.0%
Total vacancy (s.f.)	49,623,250	53,066,790	57,228,600	56,321,218	56,349,960	55,308,605	60,452,458	64,594,789	65,705,789
Total vacancy (%)	15.2%	16.1%	17.3%	17.0%	16.9%	16.6%	17.8%	18.8%	19.0%
Net absorption (s.f.)	-1,378,252	94,393	-2,132,278	1,301,358	692,529	1,013,838	1,650,000	375,000	-110,000
Asking rent (\$ p.s.f.)	\$38.25	\$37.97	\$38.73	\$38.40	\$40.58	\$41.32	\$42.39	\$42.86	\$43.03
Rent growth (%)	0.3%	-0.7%	2.0%	-0.9%	5.7%	1.8%	2.6%	1.1%	0.4%
CBD									
Inventory (s.f.)	31,744,278	32,015,151	31,763,349	31,546,279	31,188,446	31,156,908	32,201,035	32,762,532	33,126,532
Completions (s.f.)	369,684	270,873	0	0	633,416	453,279	1,044,127	561,497	364,000
Occupancy (s.f.)	27,557,366	27,911,637	28,174,271	28,356,248	28,108,114	28,037,447	28,401,313	28,765,503	29,051,969
Occupancy rate (%)	86.8%	87.2%	88.7%	89.9%	90.1%	90.0%	88.2%	87.8%	87.7%
Total vacancy (s.f.)	4,186,912	4,103,514	3,589,078	3,190,031	3,080,332	3,119,461	3,799,722	3,997,029	4,074,563
Total vacancy (%)	13.2%	12.8%	11.3%	10.1%	9.9%	10.0%	11.8%	12.2%	12.3%
Net absorption (s.f.)	-109,619	354,271	262,634	186,402	-248,134	-70,667	-680,261	197,307	77,534
Asking rent (\$ p.s.f.)	\$56.40	\$54.99	\$56.70	\$56.53	\$62.71	\$63.42	\$64.69	\$65.53	\$65.92
Rent growth (%)	1.8%	-3.2%	3.9%	-0.3%	10.9%	1.1%	2.0%	1.3%	0.6%

Metro Washington, DC (overall)				
Year	Class A	Class B/C	Overall	Growth
2012	\$43.00	\$33.41	\$38.25	0.3%
2013	\$42.44	\$33.03	\$37.97	-0.7%
2014	\$43.70	\$32.95	\$38.73	2.0%
2015	\$42.88	\$33.32	\$38.40	-0.9%
2016	\$46.62	\$33.92	\$40.58	5.7%
2017	\$46.84	\$35.02	\$41.32	1.8%
2018 (F)	\$46.84	\$36.97	\$42.39	2.6%
2019 (F)	\$46.84	\$37.84	\$42.86	1.1%
2020 (F)	\$46.84	\$38.16	\$43.03	0.4%
CAGR	1.1%	1.8%	1.6%	

Washington, DC (CBD)				
Year	Class A	Class B/C	Overall	Growth
2012	\$64.24	\$47.49	\$56.40	1.8%
2013	\$62.57	\$47.47	\$54.59	-3.2%
2014	\$64.43	\$48.18	\$56.70	3.9%
2015	\$67.86	\$49.17	\$56.53	-0.3%
2016	\$72.62	\$49.76	\$62.71	10.9%
2017	\$74.02	\$50.76	\$63.42	1.1%
2018 (F)	\$74.02	\$53.50	\$64.69	2.0%
2019 (F)	\$74.02	\$55.38	\$65.53	1.3%
2020 (F)	\$74.02	\$56.28	\$65.92	0.6%
CAGR	1.8%	2.1%	2.0%	

1750 Pennsylvania Avenue, NW



1750 Pennsylvania Avenue, NW

CBD

Class A office building

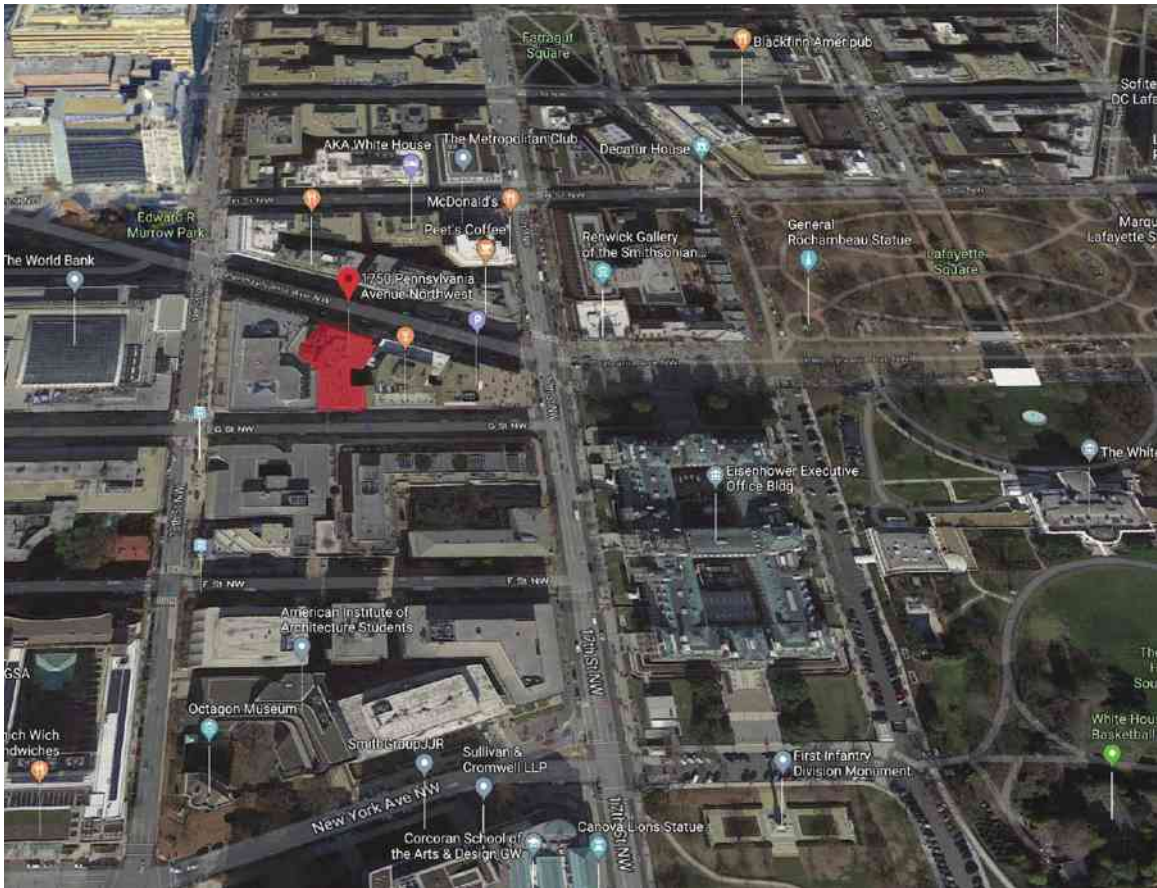
Year Built: 1964

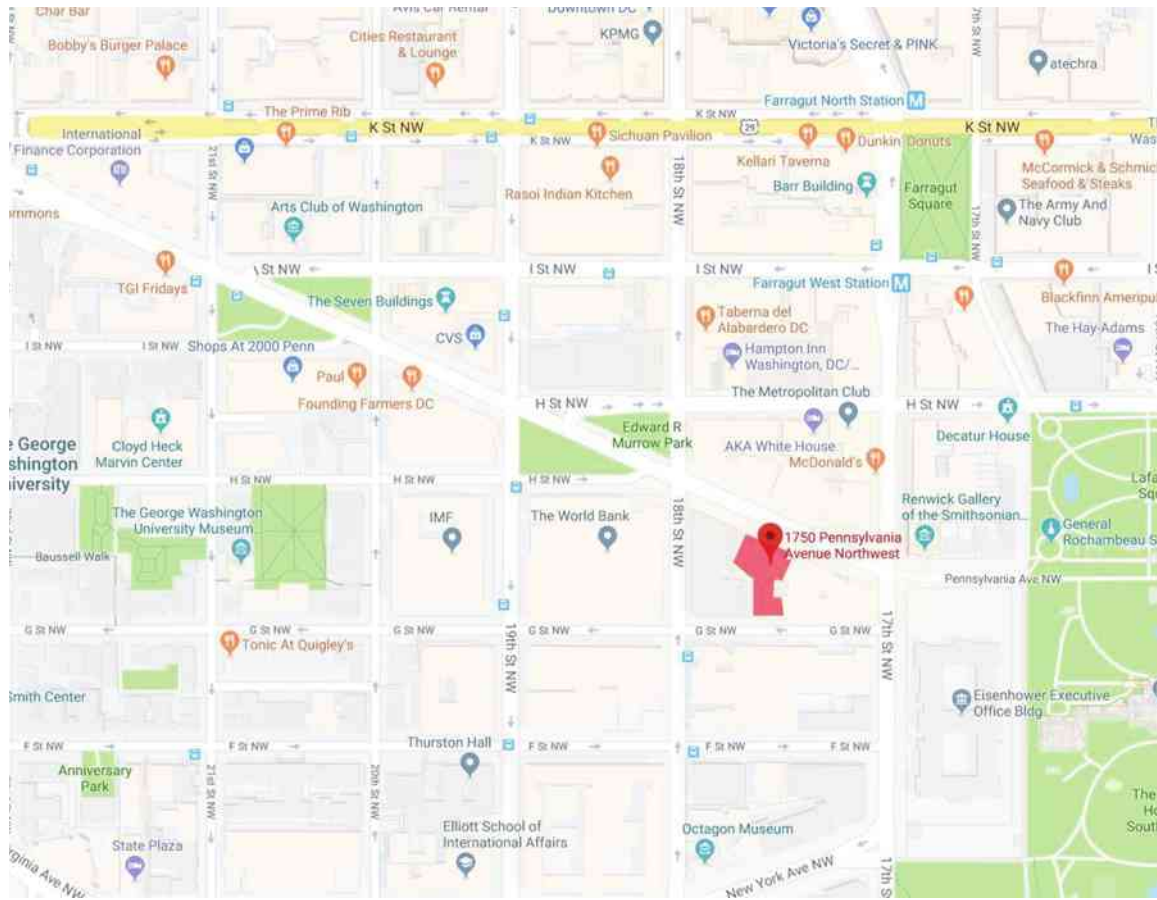
Typical floor: 23,032 square feet

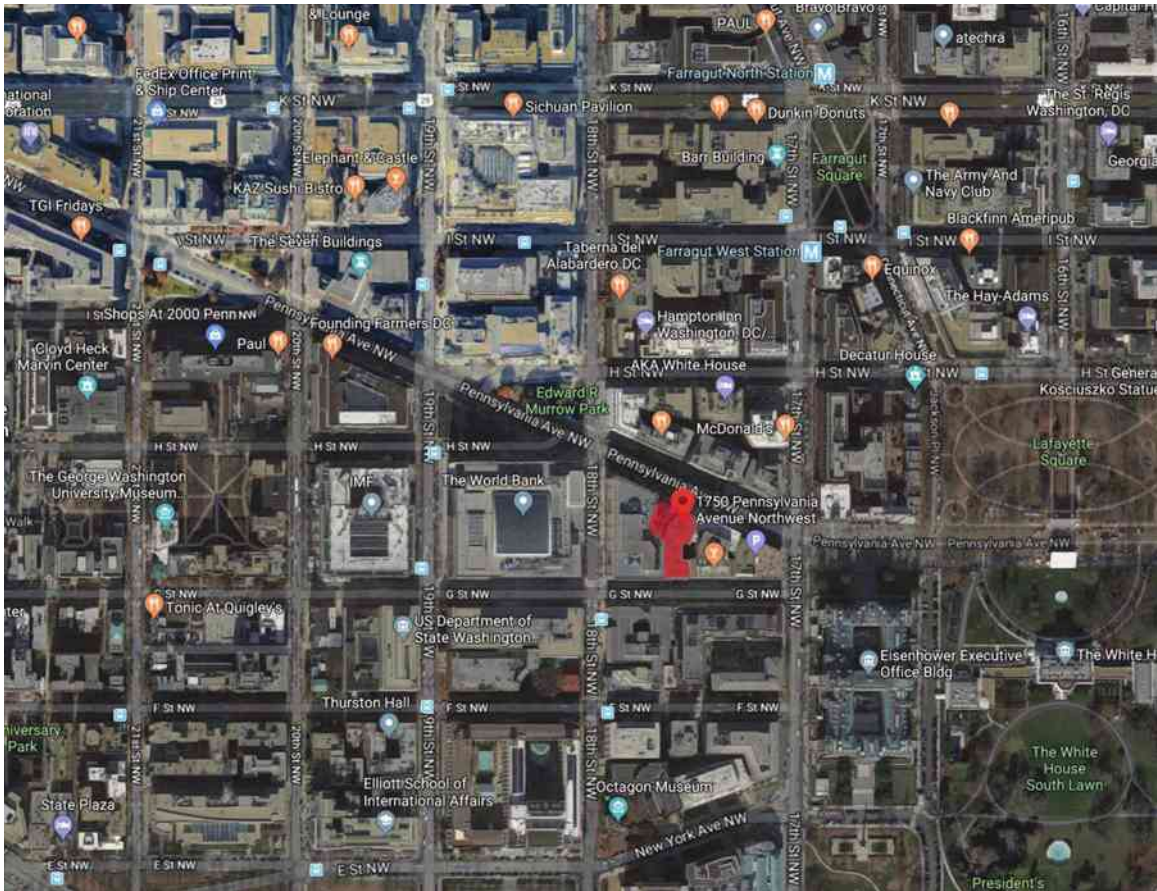
Walk Score: 99 (Walker's Paradise)

Transit Score: 98 (Rider's Paradise)

Expected market rate: \$55.00 per square foot full service







Strengths

- Irreplaceable Class A location within one block of the White House
- Situated within the CBD, which is one of Metro DC's preeminent office submarkets
- Easy mass transit access given proximity to multiple MetroRail lines and bus
- Easy vehicular access to interstate
- Prominent address along Pennsylvania Avenue – DC's most renewed and highest-priced street
- Surrounded by great retail amenity base on 1700 block on Pennsylvania Avenue
- Proximity to executive workforce in Upper Northwest DC and the suburban neighborhoods in Arlington County, Montgomery County and Fairfax County
- 23,000-s.f. floor plates that fall within the desirable size range for a majority of tenants
- Recently upgraded lobby and fitness center

Weaknesses

- Mid-block building
- Limited street-facing window line
- 20' by 20' column spacing
- Sub 9' finished ceiling heights

Opportunities

- Tightening market within the Class B/C segment, which is anticipated to gradually shift tenant demand to lower-tier Class A assets
- Rising Class B/C net effective rents, which should support more leverage for landlords within the lower-tier Class A segment
- Healthy demand among value-oriented tenants seeking prime CBD locations, including non-profits and associations and growing demand among emerging demand drivers of tech, startups, media, healthcare and other creatives
- Long-term ability to substantially renovate and target high-end private sector tenants when market conditions support additional Trophy-caliber development activity

Threats

- Consolidation among federal agencies in lower-cost emerging markets such as NoMa, Southwest and Southeast may draw GSA tenants away from the CBD
- Political tensions and a general lack of clarity within the General Services Administration is creating more uncertainty around renewal probability
- Widespread federal rightsizing activity may result in the give-back of some space within the building
- Backfilling space left behind by federal agencies may be challenging given generally low residual value of federal build-outs and space improvements
- Presence of the federal government as a co-tenant could be a deterrent for other private-sector tenants seeking to avoid heightened security measures
- Lack of occupancy growth for the Washington, DC tenant base as a whole

Comparable buildings

	
1730 Pennsylvania Avenue, NW	1717 Pennsylvania Avenue, NW
CBD	CBD
Class B office building	Class A office building
Owner: Tishman Speyer	Owner: Tishman Speyer
Year Built: 1972	Year Built: 1962/1996
Rentable building area: 258,315 square feet	Rentable building area: 200,451 square feet
Occupancy: 97.7 percent	Occupancy: 95.8 percent
Total available space: 9,241 square feet	Total available space: 19,492 square feet
Max contiguous: 6,003 square feet	Max contiguous: 5,796 square feet
Direct asking rent: \$54.00 FSG	Direct asking rent: \$59.00 FSG
Typical floor: 21,720 square feet	Typical floor: 16,400 square feet
Walk Score: 90 (Walker's Paradise)	Walk Score: 99 (Walker's Paradise)
Transit Score: 98 (Rider's Paradise)	Transit Score: 99 (Rider's Paradise)
Parking Ratio: 0.67 per 1,000 square feet	Parking Ratio: 0.74 per 1,000 square feet

Comparable buildings (continued)



1747 Pennsylvania Avenue, NW	1801 K Street, NW
CBD	CBD
Class B office building	Class A office building
Owner: Tishman Speyer	Owner: Mirae
Year Built: 1970	Year Built: 1972 (fully renovated in 2010)
Rentable building area: 170,000 square feet	Rentable building area: 563,795 square feet
Occupancy: 96.5 percent	Occupancy: 81.6 percent
Total available space: 11,844 square feet	Total available space: 101,849 square feet
Max contiguous: 5,878 square feet	Max contiguous: 84,644 square feet
Direct asking rent: \$49.00 FSG	Direct asking rent: \$61.00 FSG
Typical floor: 13,966 square feet	Typical floor: 42,000 square feet
Walk Score: 99 (Walker's Paradise)	Walk Score: 100 (Walker's Paradise)
Transit Score: 98 (Rider's Paradise)	Transit Score: 100 (Rider's Paradise)
Parking Ratio: 1.0 per 1,000 square feet	Parking Ratio: 1.0 per 1,000 square feet

Comparable buildings (continued)

	
1627 Eye Street, NW	1717 H Street, NW
CBD	CBD
Class A office building	Class B office building
Owner: Washington REIT	Owner: Washington REIT
Year Built: 1913 (fully renovated in 2016)	Year Built: 1979
Rentable building area: 110,533 square feet	Rentable building area: 266,000 square feet
Occupancy: 87.5 percent	Occupancy: 100 percent
Total available space: 14,107 square feet	Total available space: 0 square feet
Max contiguous: 4,817 square feet	Max contiguous: 0 square feet
Direct asking rent: \$64.00	Direct asking rent: N/A
Typical floor: 13,000 square feet	Typical floor: 32,875 square feet
Walk Score: 99 (Walker's Paradise)	Walk Score: 98 (Walker's Paradise)
Transit Score: 100 (Rider's Paradise)	Transit Score: 98 (Rider's Paradise)
Parking Ratio: 0.70 per 1,000 square feet	Parking Ratio: 0.67 per 1,000 square feet

Outlook and conclusion commentary on the subject property's positioning

1750 Pennsylvania Avenue is well positioned for long-term success given its prime location within Washington, DC's CBD submarket, immediate proximity to the White House and broader market trends and projections. The competition for 1750 Pennsylvania Avenue is dwindling as value-oriented supply is being demolished, renovated and repositioned. More than 7 million square feet of supply priced under \$50 per square foot full service has been removed from the core (CBD and East End) of the market and 4 million square feet of that supply was removed since 2014, as 25 buildings were repositioned and priced at \$70 per square foot full service. Meanwhile, demand for product priced under \$60 per square foot has been strong, conferring an advantage for well-located, value-oriented Class A produce such as 1750 Pennsylvania Avenue.

Over the next 18 months, additional buildings competitive with 1750 Penn will be removed from supply, including 1901 L Street, 1050 17th Street, 1200 New Hampshire Avenue, 1400 L Street, 1900 M Street and 1700 Pennsylvania Avenue, creating an opportunity for value-oriented Class A properties such as 1750 Pennsylvania Avenue.

Demand for buildings priced similarly and of comparable quality to 1750 Pennsylvania is strong. The competitive set of similar-quality assets captured 40 percent of leasing activity in 2018, as demand from technology, media, non-profits, associations and creative-sector tenants remains healthy.

As supply declines and demand grows, leverage continues to shift in landlords' favor within this segment of the market. Class B/C asking rents in the core have grown by 3.2 percent over the past 24 months to above \$50 per square foot full service. With a \$21 gap between Class B/C and Trophy/Class A rents, as options in the Class B/C market continue to decline and tenant activity continues to increase, Class B/C rents are well positioned to rise to the mid-\$50s per square foot full service and higher, which should ultimately benefit 1750 Pennsylvania Avenue given its standing within the lower end of the Class A spectrum. In addition, as leverage continues to shift towards landlords' favor for centrally located buildings priced under \$60 per square foot, concession packages have declined, with leases often including 5-6 months of free rent 12 months ago and now today only including only 4 months in many cases.

Micromarket outlook and conclusions

1750 Pennsylvania Avenue is a Class A asset located in the CBD submarket's White House West micromarket. The White House West micromarket is comprised of 3.4 million square feet of office product. Although construction activity remains brisk and contractions among law firms and migrations of federal tenants to lower-priced submarkets are expected to constrain rent both rent growth and occupancy growth within the Class A segment, 1750 Pennsylvania competes most directly with 2.5 million

square feet of Class B product within the micromarket that's priced under \$59.00 per square foot, which constitutes 74.9 percent of overall inventory. This competitive advantage for 1750 Pennsylvania Avenue is expected to mitigate the impact of the pending delivery of 7.5 million square feet of new Class A product throughout the District of Columbia, including 2.0 million square feet in the CBD.

Vacancy in the White House West micromarket is 3.6 percent – well below the overall vacancy rate in the CBD of 10.0 percent. Historically, this trend has held steady, with vacancy in the White House West micromarket averaging 6.6 percent since 2000 and the CBD averaging 9.3 percent in the same timeframe.

Vacancy within the Class A segment of the micromarket is 4.5 percent, slightly above the 3.8 percent level of Class B properties. The market has tightened from 4.9 percent vacancy in 2016. As vacancy has fallen, properties currently priced below \$59.00 per square foot within the micromarket have seen rents grow by 3.5 percent since 2016, compared to flat rent growth across the CBD as a whole. Well positioned within the lower tier of the Class A segment, 1750 Pennsylvania Avenue is poised to benefit from these trends and maintain a durable and resilient market position given its irreplaceable location, proximity to the White House and prominent street address.

About JLL and legal disclaimer

JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. A Fortune 500 company, JLL helps real estate owners, occupiers and investors achieve their business ambitions. In 2017, JLL had revenue of \$7.9 billion and fee revenue of \$6.7 billion; managed 4.6 billion square feet, or 423 million square meters; and completed investment sales, acquisitions and finance transactions of approximately \$170 billion. At the end of 2017, JLL had nearly 300 corporate offices, operations in over 80 countries and a global workforce of 82,000. As of December 31, 2017, LaSalle had \$58.1 billion of real estate assets under management. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated. For further information, visit www.jll.com.

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In line with this, Building a Better Tomorrow seeks to embed sustainability thinking into all of the advice and services we offer our clients, including facility and property management, advisory, project and development services, investments and leasing, among others. Building a Better Tomorrow aims to drive new ways of thinking across our services and into activities where we procure goods and services on behalf of our clients, increasing the value proposition that we are already known for delivering.



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INDEPENDENT FINANCIAL ADVISER'S LETTER

27 April 2018

The Independent Directors and Audit and Risk Committee
Manulife US Real Estate Management Pte. Ltd.
(as Manager of Manulife US Real Estate Investment Trust)
51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554

DBS Trustee Limited
(as Trustee of Manulife US Real Estate Investment Trust)
12 Marina Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs

THE PROPOSED ACQUISITION OF OFFICE PROPERTIES IN UNITED STATES AT AGGREGATE PURCHASE CONSIDERATION OF US\$387.0 MILLION FROM AN INTERESTED PERSON

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 27 April 2018 to the unitholders of Manulife US Real Estate Investment Trust (the "**Circular**").*

1. INTRODUCTION

This letter ("**Letter**") has been prepared for inclusion in the Circular to be issued by Manulife US Real Estate Management Pte. Ltd. (the "**Manager**"), in its capacity as the manager of Manulife US Real Estate Investment Trust ("**Manulife US REIT**"), in connection with, *inter alia*, with the proposed acquisition for the following office properties:

- i. the office building located at 1750 Pennsylvania Avenue NW, Washington D.C. ("**Penn**") (the "**Penn Acquisition**")
- ii. the office building located at Phipps Tower, 3438 Peachtree Road, Atlanta, Georgia ("**Phipps**", and together with Penn, the "**Properties**") (the "**Phipps Acquisition**", and together with the Penn Acquisition, the "**Acquisitions**"),

from John Hancock Life Insurance Company (U.S.A.) ("**JHUSA**"), an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**") for an estimated aggregate purchase consideration of US\$387.0 million¹.

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

In addition, upon completion of the Phipps Acquisition, Manulife US REIT will assume a lease by JHUSA for a property management office at Phipps (“**JHUSA Lease**”)¹. As at 1 June 2018, the aggregate rent to be derived from this lease is estimated to be approximately US\$0.1 million which is 0.01% of the audited NTA and the NAV of Manulife US REIT as at 31 December 2017.

1.1. Background

Manulife US REIT is the first pure-play U.S. office real estate investment trust to be listed in Asia. Listed on the SGX-ST on 20 May 2016, Manulife US REIT’s investment strategy is principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States, as well as real estate-related assets.

As at the Latest Practicable Date, the Sponsor holds an aggregate interest in 83,249,210 Units, which is equivalent to approximately 8.04% of the total number of Units in issue. However, the Manager is a wholly-owned subsidiary of the Sponsor and the Sponsor is, therefore, regarded as a “Controlling Shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

As JHUSA is an indirect, wholly-owned subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, JHUSA (being a subsidiary of a “controlling shareholder” of the Manager) is (for the purpose of the Listing Manual) an “Interested Person” and (for the purpose of the Property Funds Appendix) an “interested party” of Manulife US REIT.

Therefore, each of the Acquisitions will constitute an “interested person transaction” under Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) as well as “interested party transaction” under Appendix 6 of the Code of Collective Investment Schemes (“**CIS Code**”) and Appendix 6 of the CIS Code, the “**Property Funds Appendix**”), in respect of which the approval of Unitholders is required.

The Total Purchase Consideration of US\$387.0 million² equates to approximately 45.4% of the latest audited net tangible assets (“**NTA**”) and the net asset value (“**NAV**”) of Manulife US REIT as at 31 December 2017. As this value exceeds 5.0% of the NTA and the NAV of Manulife US REIT, the Manager will be seeking the approval of Unitholders by way of an Ordinary Resolution for the Acquisitions, pursuant to Chapter 9 of the Listing Manual.

We, Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”), have been appointed as independent financial adviser (“**IFA**”) as required under Listing Rule 921(4)(a) as well as to the Independent Directors of the Manager (“**Independent Directors**”), the Audit and Risk Committee of the Manager (“**Audit and Risk Committee**”) and DBS Trustee Limited, in its capacity as trustee of Manulife US REIT (the “**Trustee**”) in respect of whether the Acquisitions and the JHUSA Lease are on normal commercial terms and is not prejudicial to the interests of Manulife US REIT and its minority Unitholders.

This letter, which sets out our evaluation for the Independent Directors, the Audit and Risk Committee and the Trustee in respect of this engagement, is an integral part of the Circular.

1 The JHUSA Lease is in respect of lease of office space of 2,124 sq ft at Phipps. It commenced on 1 June 2010 and will expire on 31 December 2019.

2 Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Acquisitions are on normal commercial terms and are not prejudicial to the interests of Manulife US REIT and its minority Unitholders.

We were neither a party to the negotiations entered into in relation to the Acquisitions nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Acquisitions.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Acquisitions. All such evaluations, advice, judgements or comments remain the sole responsibility of the management of the Manager and their advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of Manulife US REIT. We do not express any view as to the price at which the Units may trade upon completion of the Acquisitions nor on the future value, financial performance or condition of Manulife US REIT after the Acquisitions.

It is also not within our terms of reference to compare the merits of the Acquisitions to any alternative arrangements that were or may have been available to Manulife US REIT. Such comparison and consideration remain the responsibility of the Directors and their advisers.

In the course of our evaluation, we have held discussions with the management of the Manager and the Independent Valuers (as defined herein), and have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided to us by the management. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of Manulife US REIT or the Acquisitions. We have been furnished with the valuation reports for the Properties prepared by Cushman & Wakefield of Massachusetts, Inc. (“**C&W**”) and Colliers International Valuation & Advisory Services, LLC (“**Colliers**”, and together with C&W, the “**Independent Valuers**”). With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the Properties concerned and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Acquisitions which may be released by the Manager after the Latest Practicable Date.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

Our opinion in relation to the Acquisitions as set out under paragraph 5 of this Letter should be considered in the context of the entirety of our advice. This letter is prepared for the purpose of compliance with Listing Rule 921(4)(a) and also for the benefit and use by the Trustee, Independent Directors and the Audit and Risk Committee of the Manager and will be incorporated as an Appendix to the Circular. The Manager may not reproduce, disseminate or quote this Letter or any part thereof for any purpose, other than for matters relating to the Acquisitions, without our prior written consent in each instance.

3. INFORMATION ON THE ACQUISITIONS

3.1. Description of the Properties

3.1.1 Penn is a 13-storey Class A freehold office building totalling 277,243 sq ft that is located a block away from the White House in Washington, D.C. It is also in close proximity to the International Monetary Fund, the World Bank and the Federal Reserve. Penn is located within a highly amenitised mixed-use location that is walking distance away from multiple Metrorail stations and provides easy access to highways for suburban car commuters. Penn was constructed in 1964 and major renovations were implemented between 2012 and 2018, including the addition of a state-of-the-art fitness centre, a restroom and common corridor refurbishment, mechanical work and a garage modernisation. Penn is occupied by multiple tenants, including the United Nations Foundation (“**U.N. Foundation**”) and the United States Department of Treasury (“**U.S. Department of Treasury**”).

3.1.2 Phipps is a 19-storey Trophy office tower totalling 475,091 sq ft in the heart of Buckhead, Atlanta. Buckhead is one of the primary business districts of Atlanta, with high-end retail and entertainment venues and is surrounded by an upscale residential area. Phipps was constructed by the Sponsor in 2010, and has achieved LEED-CS Gold Certification. Building amenities include a fitness centre, a conference centre, a farm-to-table café, and covered pedestrian access to over a hundred shops and restaurants at the adjacent Phipps Plaza shopping mall. Phipps provides 1,150 parking stalls that are part of a five-level parking garage adjacent to the office building¹.

¹ Phipps is subject to a so-called “bonds for title” arrangement under which fee simple title to Phipps is owned by the Development Authority, which will lease Phipps to Hancock S-REIT ATL Phipps LLC as a way to reduce the real estate taxes payable on Phipps for a specified period. Under this arrangement, no money changes hands for the lease. After this arrangement expires (in December 2020), Hancock S-REIT ATL Phipps LLC will acquire fee simple title to Phipps from the Development Authority for US\$100.00 and will commence paying the full amount of real estate taxes on Phipps, which means that Phipps will be assessed in a manner and amount consistent with similar commercial office buildings in the taxing area. Given the expense reimbursement structure of the leases at Phipps, the difference in real estate taxes payable following the expiration of this arrangement will largely be borne by the tenants.

3.2 Total Acquisition Cost and Valuation

The total cost of the Acquisitions (the “**Total Acquisition Cost**”) is currently estimated to be approximately US\$398.9 million, comprising:

- i. the estimated Total Purchase Consideration of US\$387.0 million¹ payable to JHUSA in connection with the Acquisitions (the “**Total Purchase Consideration**”);
- ii. an acquisition fee of US\$2.9 million (the “**Acquisition Fee**”) payable in units of Manulife US REIT (“**Units**”) to the Manager (the “**Acquisition Fee Units**”); and
- iii. the estimated professional and other transaction fees and expenses of approximately US\$9.0 million incurred or to be incurred by Manulife US REIT in connection with the Acquisitions.

The Total Purchase Consideration¹ was negotiated on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Properties by the Independent Valuers. The Independent Valuers have valued each of the Properties based on the income capitalisation approach and supported by the sales comparison approach. The income capitalisation approach consisted of a discounted cash flow analysis and a direct capitalisation method.

The following table sets out the appraised values of the Properties, the respective dates of such appraisal and the Total Purchase Consideration¹:

Property	Appraised Value		Purchase Consideration ¹ (US\$ million)
	By C&W as at 31 March 2018 (US\$ million)	By Colliers as at 31 March 2018 (US\$ million)	
Penn	184.0	186.0	182.0
Phipps	208.2	210.2	205.0
Total	392.2	396.2	387.0

3.3 Purchase Agreements

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

- (i) Hancock S-REIT DC 1750 LLC; and
- (ii) Hancock S-REIT ATL Phipps LLC

3.3.1 The key terms of the sale and purchase agreement entered into between Hancock S-REIT DC 1750 LLC and JHUSA in relation to the proposed acquisition of Penn (the “**Penn Purchase Agreement**”) include the following:

3.3.1.1 Under the Penn Purchase Agreement, Hancock S-REIT DC 1750 LLC will acquire JHUSA’s interest in the real estate, buildings, improvements and other related assets constituting Penn.

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

- 3.3.1.2 Hancock S-REIT DC 1750 LLC had until 17 April 2018 5:00 p.m. local time at the property to perform due diligence with respect to Penn, including certain environmental diligence and review of JHUSA provided property-level documentation, such as surveys, title insurance policies, leases, environmental reports and other contracts and property information affecting Penn. Hancock S-REIT DC 1750 LLC also conducted its own review of title for Penn during the same period.
- 3.3.1.3 Hancock S-REIT DC 1750 LLC had the right to terminate the Penn Purchase Agreement for any reason prior to 17 April 2018 at 5:00 p.m. local time at the property. Hancock S-REIT DC 1750 LLC may terminate the Penn Purchase Agreement, upon notice and subject to certain cure rights by JHUSA to elect to attempt to repair the damage, if 5% or more of the net rentable area of Penn is rendered completely untenable due to damage caused by fire, lightning or other casualty or eminent domain.
- 3.3.1.4 The Penn Purchase Agreement conveys Penn “AS IS, WHERE IS” with limited representations and warranties by each of the parties. Hancock S-REIT DC 1750 LLC’s right to make a claim as a result of a breach of a representation or covenant by JHUSA will be subject to certain limitations, including a maximum aggregate cap on damages of up to US\$5,000,000 for most breaches.
- 3.3.1.5 Hancock S-REIT DC 1750 LLC’s obligation to acquire Penn is subject to certain conditions, including: performance of JHUSA’s obligations under the Penn Purchase Agreement in all material respects; delivery of acceptable tenant estoppels from or for specified major tenants and not less than 75% of the total rental square footage of Penn; subject to agreed-to exceptions, the accuracy of JHUSA’s representations in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for Penn insuring that fee simple title to Penn is vested in Hancock S-REIT DC 1750 LLC subject only to agreed-to exceptions; no major tenant bankruptcies; no uncured events of default or failure to pay rent by any major tenant; approval by Unitholders for the Penn Acquisition at an extraordinary general meeting of Unitholders; Hancock S-REIT DC 1750 LLC obtaining debt financing in an amount sufficient to fund the Penn Acquisition and Hancock S-REIT ATL Phipps LLC obtaining debt financing in an amount sufficient to fund the Phipps Acquisition; and no event or fact that materially affects an equity fund raising by Manulife US REIT prior to completion of the Penn Acquisition.
- 3.3.1.6 JHUSA’s obligation to sell Penn is also subject to certain conditions, including: (i) performance of Hancock S-REIT DC 1750 LLC’s obligations under the Penn Purchase Agreement in all material respects; (ii) the accuracy of Hancock S-REIT DC 1750 LLC’s representations in all material respects; and (iii) Hancock S-REIT DC 1750 LLC obtaining debt financing in an amount sufficient to fund the Penn Acquisition.

- 3.3.2 The key terms of the sale and purchase agreement entered into between Hancock S-REIT ATL Phipps LLC and JHUSA in relation to the proposed acquisition of Phipps (the “**Phipps Purchase Agreement**”) include the following:
- 3.3.2.1 Under the Phipps Purchase Agreement, Hancock S-REIT ATL Phipps LLC will acquire JHUSA’s interest in the real estate, buildings, improvements and other related assets constituting Phipps.
- 3.3.2.2 Hancock S-REIT ATL Phipps LLC had until 17 April 2018 at 5:00 p.m. local time at the property to perform due diligence with respect to Phipps including certain environmental diligence and review of JHUSA provided property-level documentation, such as surveys, title insurance policies, leases, environmental reports and other contracts and property information affecting Phipps. Hancock S-REIT ATL Phipps LLC also conducted its own review of title for Phipps during the same period.
- 3.3.2.3 Hancock S-REIT ATL Phipps LLC had the right to terminate the Phipps Purchase Agreement for any reason prior to 17 April 2018 at 5:00 p.m. local time at the property. Hancock S-REIT ATL Phipps LLC may terminate the Phipps Purchase Agreement, upon notice and subject to certain cure rights by JHUSA to elect to attempt to repair the damage, if 5% or more of the net rentable area of Phipps is rendered completely untenable due to damage caused by fire, lightning or other casualty or eminent domain.
- 3.3.2.4 The Phipps Purchase Agreement conveys Phipps “AS IS, WHERE IS” with limited representations and warranties by each of the parties. Hancock S-REIT ATL Phipps LLC’s right to make a claim as a result of a breach of a representation or covenant by JHUSA will be subject to certain limitations, including a maximum aggregate cap on damages of up to US\$5,000,000 for most breaches.
- 3.3.2.5 Hancock S-REIT ATL Phipps LLC’s obligation to acquire Phipps is subject to certain conditions, including: performance of JHUSA’s obligations under the Phipps Purchase Agreement in all material respects; delivery of acceptable tenant estoppels from or for specified major tenants and not less than 75% of the total rental square footage of Phipps; subject to agreed-to exceptions, the accuracy of JHUSA’s representations in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for Phipps insuring that leasehold title to Phipps is vested in Hancock S-REIT ATL Phipps LLC subject only to agreed-to exceptions; no major tenant bankruptcies; no uncured events of default or failure to pay rent by any major tenant; approval by Unitholders for the Phipps Acquisition at an extraordinary general meeting of Unitholders; Hancock S-REIT ATL Phipps LLC obtaining debt financing in an amount sufficient to fund the Phipps Acquisition and Hancock S-REIT DC 1750 LLC obtaining debt financing in an amount sufficient to fund the Penn Acquisition; the approval of the Development Authority to the assignment of the leasehold interest in Phipps, the extension of the corresponding lease, and the Development Authority’s execution of documents to facilitate the debt financing for the Phipps Acquisition; and no event or fact that materially affects an equity fund raising by Manulife US REIT prior to completion of the Phipps Acquisition.

- 3.3.2.6 JHUSA's obligation to sell Phipps is also subject to certain conditions, including: (i) performance of Hancock S-REIT ATL Phipps LLC's obligations under the Phipps Purchase Agreement in all material respects; (ii) the accuracy of Hancock S-REIT ATL Phipps LLC's representations in all material respects; (iii) Hancock S-REIT ATL Phipps LLC obtaining debt financing in an amount sufficient to fund the Phipps Acquisition; and (iv) the approval of the Development Authority to the assignment of the leasehold interest in Phipps to Hancock S-REIT ATL Phipps LLC and the extension of the corresponding lease and the Development Authority's execution of documents to facilitate the debt financing for the Phipps Acquisition.

3.4 Signage Rights

Under the Phipps Purchase Agreement, it is provided that in the event that a permit for the operation of an LED illuminated sign at Phipps is obtained to allow the sign to be used as a changing sign for general advertising and a certain minimum net income is generated from the operation of the sign in any month from the date of the Phipps Purchase Agreement to 31 December 2018, Hancock S-REIT ATL Phipps LLC shall pay a closing or post-closing adjustment to JHUSA which (i) is equal to the incremental market value of the signage income for Phipps (a) as determined by a valuer agreed by both parties and (b) satisfying Manulife US REIT's independent financial adviser in accordance with Singapore regulatory requirements, less all actual, out of pocket costs incurred by Hancock S-REIT ATL Phipps LLC to obtain the permit and (ii) does not exceed US\$1.75 million ("**Signage Rights**"). The costs of the independent financial adviser shall be borne by Manulife US REIT.

For the avoidance of doubt, payment of any amounts in respect of the Signage Rights is not part of the Ordinary Resolution for the Acquisitions and is subject to Rules 905 and 906 of the Listing Manual as the value cannot be determined at this point of time. It should be noted that even assuming that the maximum amount of US\$1.75 million is payable in respect of the Signage Rights and is added to the purchase consideration for Phipps, it will still be lower than each of C&W's and Collier's appraised values.

3.5 Property Management Agreement

Upon completion of the Acquisitions, property management services in respect of each of the Properties will be performed by 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 each of the Properties are as follow:

- 3.5.1 Penn: 3.0% of the gross income (excluding non-cash items) from Penn for each month, payable in arrears; and
- 3.5.2 Phipps: 2.5% of the gross income (excluding non-cash items) from Phipps 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.

3.6 Method of Financing

The Manager may finance the Total Acquisition Cost through a combination of debt, equity funding and/or issuance of capital market instruments such as perpetual securities under Manulife US REIT's US\$1.0 billion Multicurrency Debt Issuance Programme. However, the Acquisition Fee is to be paid in the form of Units.

The final decision regarding the funding mix for the Acquisitions will be made by the Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on Manulife US REIT's capital structure, distributions per Unit ("DPU") and debt expiry profile and the terms and requirements associated with each financing option.

4. EVALUATION OF THE ACQUISITION

In reaching our recommendation in respect of the above, we have given due consideration to, *inter alia*, the following factors:

- i. Rationale for and benefits of the Acquisitions;
- ii. Independent Valuations of the Properties;
- iii. The Occupancy Rate and WALE (by NLA) of the Properties as compared to Manulife US REIT's current portfolio of US properties;
- iv. Valuations of the Properties as compared to comparable transactions;
- v. Pro forma financial effects of the Acquisitions; and
- vi. Other relevant considerations.

4.1 Rationale for and Benefits of the Acquisitions

The Manager's rationale for the Acquisition is set out in paragraph 3 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

We have reproduced below excerpts of this section in respect of the Acquisitions:

3.1 Landmark Assets and Exposure to Prime Office Submarkets¹

3.1.1 Conquering the Capital

Central Business District ("CBD"), Washington, D.C.

Washington, D.C. is the capital of the U.S. and the epicentre of power and influence comprising the President, Congress, the Supreme Court and every major federal regulatory body. Washington, D.C. hosts 176 foreign embassies as well as the headquarters of many international corporations, trade unions, non-profit organisations and professional associations. Washington, D.C.'s highly educated workforce, affluent consumer base and dynamic economy are widely regarded as being among the strongest in the world.

¹ Source: the independent market research report from Jones Lang LaSalle Americas, Inc. ("JLL") commissioned in connection with the Acquisitions (the "**Independent Market Research Report**"). See Appendix C of this Circular for more details.

Washington, D.C. consistently ranks as one of the highest-income and most-educated markets in the country, while also boasting fast population growth with net positive migration. Given these characteristics, corporates have pursued expansion opportunities in the metro area of Washington, D.C. to take advantage of the talented and skilled workforce.

Proximity to the U.S. Federal Government's Executive Branch is a key factor driving the strength and durability of the CBD submarket. The "Pennsylvania Avenue" location is regarded as the preferred address for high-profile law firms, international agencies, associations and political think tanks. Due to the CBD's irreplaceable location and durable characteristics, underpinned by its transportation infrastructure, the CBD submarket is expected to remain as Washington, D.C.'s pre-eminent commercial district.

Desirable Office Submarket with Strong Performance

The CBD submarket is historically Washington, D.C.'s strongest fundamentally, carrying a 10-year average vacancy rate of 10.7%, the lowest in the city. A large development pipeline, combined with continued give-backs and consolidation from key users is exacerbating a flight to quality and divergence in vacancy trends. Due to its diversity and geographic advantages, the CBD has been more resilient than other submarkets, and as a result, annual rent and vacancy trends have been relatively stable.

Currently in the CBD submarket, similar value-oriented Class A buildings such as Penn are being demolished, renovated or repositioned, hence creating an opportunity for Penn in terms of capturing further leasing activity from technology, media, non-profits, associations and creative sector tenants. Vacancy within the White House West micromarket, where Penn is located, is at 3.6%, well below the overall vacancy rate in the CBD submarket. As such, Penn is poised to benefit from these trends and maintain a durable and resilient market position given its irreplaceable location, proximity to the White House and prominent street address.

High Quality Class A Office Property

Penn is a 13-storey Class A property located in Washington, D.C.'s CBD, offering views of the National Mall landscaped park, various monuments and it is strategically located one block from the White House. Penn was constructed in 1964 and underwent significant renovations from 2012 to 2018, which included a refurbished two-storey main lobby welcoming guests and tenants with contemporary millwork and stone floors, as well as overhauls of the restrooms and common corridors.

Penn's on-site amenities include a gourmet sandwich shop, U.S. Post Office, a new fully equipped, tenant-only fitness centre with towel service, and a three-level basement parking garage as well as secured bike storage. Its 23,000 sq ft floor plates fall within the desirable size range for a majority of tenants.

Penn is surrounded by a good retail amenity base and it also offers convenient access to numerous fine dining establishments, private clubs and quality hotels. The property has been awarded the Energy Star Certification by the U.S. Environmental Protection Agency

Strategic Location with Excellent Connectivity

The CBD is one of Washington, D.C.'s premier submarkets due to its central location and extensive accessibility by road, rail and air. As the heart of the office core, nearly all of the CBD's submarket is within short walking distance of a Metrorail station. Penn has the advantage of being on the fringe of downtown's congested streets, avoiding busy street traffic, while enjoying direct access to major public transportation arteries of Pennsylvania Avenue and Connecticut Avenue that provide easy access throughout the CBD.

Penn is within three blocks to Farragut North and Farragut West Metrorail Stations. Penn is strategically located between the White House one block to the east and the World Bank headquarters one block to the west, and is a short distance to the headquarters of the International Monetary Fund, the Federal Reserve and George Washington University. There is also easy access to Lafayette Square, Blair House and many U.S. government agencies.

3.1.2 Exposure to Strongest Office Submarket

Buckhead, Atlanta

Atlanta is the economic centre of the southwest U.S., with a Metropolitan Statistical Area¹ ("MSA") GDP of US\$320 billion ranking it the tenth largest economy in the country. Atlanta MSA's GDP has grown at an average 4.3% per annum since 2010, compared to 3.8% for the U.S. overall. Atlanta is home to 15 Fortune 500 companies, including Coca-Cola, Home Depot, United Parcel Service (UPS), Delta Airlines and SunTrust, among others. A unique combination of the lowest cost of doing business among the 50 largest MSAs in the U.S., low cost of living, access to world-class talent and institutions and ease of local, regional and global transportation options has enabled Atlanta to thrive economically and demographically.

Buckhead lies at the intersection of a number of key regional transport arteries, making it among the most connected submarkets in Atlanta. As such, it is the centre for financial, professional, and business service industries within Atlanta. Its proximity to the northern suburbs provides convenient access to the region's talent base, particularly for mid-to-senior level professionals. Coupled with the quickly expanding upscale multi-family base, these factors have made Buckhead a more desirable place to work and live.

Desirable Office Submarket with Strong Performance

Buckhead remains Atlanta's premier submarket, traditionally commanding the highest rents and one of the lowest vacancy rates in the entire metro area. The Buckhead Class A office market has enjoyed positive absorption for eight straight years, resulting in compressed vacancy and increasing direct asking rents. Office rents in Buckhead have generally commanded a premium of over 30%, above the overall Atlanta office rents in recent times. This solid rent growth is expected to continue into the future as Buckhead remains the most coveted office location in metro Atlanta.

¹ *In the United States, a metropolitan statistical area is a geographic region with a relatively high population density at its core and close economic ties to the surrounding area. MSAs are defined by the U.S. Office of Management and Budget and used by the U.S. Census Bureau, U.S. Bureau of Economic Analysis and other federal government agencies for statistical purposes.*

After a few strong quarters of deliveries, Buckhead currently has no major sites under construction. This limited supply coming online due to a scarcity of building sites, and increased construction costs, will result in landlord-favourable conditions continuing. Buckhead is expected to remain a driver of growth in the Atlanta office market, responsible for a disproportionate share of future leasing, construction and sales activity.

High Quality Trophy Office Property

Phipps is a 19-storey Trophy office tower, constructed in 2010 by the Sponsor. Phipps Tower is part of the 8-building Trophy set of the Upper Buckhead micromarket in Atlanta. It has a distinctive penthouse top noticeable across the Atlanta skyline and offers floor-to-ceiling window walls providing tenants with views at every direction.

Phipps offers various facilities to its tenants, such as a farm-to-table café, a sundry shop, a fitness centre and a conference centre. There are five levels of covered parking with 1,150 parking stalls, as well as designated electric vehicle charging stations. The property is also LEED-CS Gold Certified.

Strategic Location with Excellent Connectivity

Phipps is strategically located in the Buckhead office submarket in Atlanta, one of the primary business districts of Atlanta. Buckhead has high-end retail and entertainment venues and is surrounded by an upscale residential area. The neighbourhood is approximately seven miles northeast of the Atlanta CBD and has nine points of accessibility, providing commuters multiple routes for convenient travel throughout the Atlanta metro area giving immediate access via Peachtree Road, Wieuca Road and Georgia 400 via Buckhead Loop. It is also in close proximity to interstate highways I-85, I-285, and I-75. In addition, Phipps is also within walking distance of the Buckhead MARTA¹ station. Due to its parking design and location on Peachtree NW, Phipps does not suffer from ingress-egress challenges like other buildings in the vicinity.

Phipps also provides good accessibility and convenient area amenities including direct covered access to the super-regional Phipps Plaza shopping centre, one of the most exclusive shopping environments in the neighbourhood. In November 2017, plans were announced for a redevelopment of Phipps Plaza by its owner, which will offer a mixed-use development and entertainment destination around the existing facilities, further enhancing the attractiveness of the area. Furthermore, Phipps is surrounded by amenities such as boutiques, restaurants, shops, hotels, banks and services, providing tenants and visitors a level of convenience in terms of live, work and play.

¹ Public transit in Atlanta is mainly served by the Metropolitan Atlanta Rapid Transit Authority (“**MARTA**”), which consists of over 1,000 miles of bus and rail services and is the ninth largest transit system in the U.S.

3.2 Fortifying Trade Sectors and Quality of Tenants

Penn

The two major tenants in Penn are the U.S. Department of Treasury and the U.N. Foundation, which together occupy nearly 80% of the NLA, have leases expiring in 2022 and 2028 respectively. The U.N. Foundation is a public charity created in 1998 to assist the United Nations and its humanitarian efforts through advocacy, partnerships, community building, and fund-raising. The inclusion of Penn in the portfolio substantially increases tenants from the Public Administration and Grant Giving sectors, offering stability and resilience to the overall tenant base of Manulife US REIT. As at 31 December 2017, the Penn is 97.2% leased.

Tenants	Profile	% of Gross Rental Income¹
<i>U.S. Department Of Treasury</i>	<i>Government agency that manages the finances of the U.S. Federal Government.</i>	<i>41.7%</i>
<i>U.N. Foundation</i>	<i>International organisation established to foster global peace, prosperity and justice.</i>	<i>37.4%</i>
<i>AOL</i>	<i>Leading source of news, opinion entertainment and digital information.</i>	<i>6.3%</i>
<i>U.S. Chemical Safety Board</i>	<i>Independent federal agency charged with investigating chemical accidents.</i>	<i>4.8%</i>
<i>Board of Regents of the University Texas</i>	<i>Governing body for the University of Texas system.</i>	<i>4.4%</i>
<i>United States Postal Service</i>	<i>Provides mail processing and delivery services to individuals and businesses in the U.S.</i>	<i>2.3%</i>
<i>VIPS Catering</i>	<i>Catering company, servicing the surrounding area and special events.</i>	<i>1.0%</i>
<i>Taylor Gourmet</i>	<i>Food service company, servicing various areas in the CBD.</i>	<i>0.9%</i>
<i>General Nutrition Corporation</i>	<i>American company selling health and nutrition related products.</i>	<i>0.7%</i>
<i>Export-Import Bank of India</i>	<i>Export finance institution, providing financial services in India.</i>	<i>0.5%</i>
Total		100.0%

Phipps

Phipps is the global headquarters of Carter's, the major American designer and marketer of children's apparel known for the "OshKosh B'gosh" plus "Skip.Hop" brands, on a 15 year lease expiring in 2030². Other tenants in Phipps comprise a strong mix of finance, consulting and real estate firms. As at 31 December 2017, Phipps is 97.3% leased³.

1 "Gross Rental Income" means rental income and recoveries income without straight line adjustments and amortisation of tenant improvement allowance, leasing commission and free rent incentives.

2 Subject to an early termination option exercisable by Carter's in 2025 on payment of termination fees.

3 Excluding a lease with H.I.G. Atlanta, Inc. which expired on 28 February 2018.

Tenants	Profile	% of Gross Rental Income
<i>Carter's (NYSE:CRI)</i>	<i>Major American designer and marketer of children's apparel – OshKosh B'gosh.</i>	<i>64.6%</i>
<i>Northwestern Mutual</i>	<i>A financial representative, providing a wide range of financial products and services.</i>	<i>12.6%</i>
<i>CoStar (NASDAQ:CSGP)</i>	<i>Commercial real estate information and marketing provider.</i>	<i>9.9%</i>
<i>Daugherty Business Solutions</i>	<i>Provides business technology consulting services to local and state governments, organisations, and Fortune 500 companies.</i>	<i>3.8%</i>
<i>Speakeasy Communication</i>	<i>Provides personal growth, communication development, and consulting services worldwide.</i>	<i>3.6%</i>
<i>Cornerstone Investment</i>	<i>Employee-owned registered investment advisor.</i>	<i>2.3%</i>
<i>Government of Japan</i>	<i>Consulate-General of Japan.</i>	<i>2.3%</i>
<i>Quantum National Bank</i>	<i>Community bank, locally owned and operated.</i>	<i>0.4%</i>
<i>Carole Parks</i>	<i>Catering services company.</i>	<i>0.1%</i>
Total		99.6%¹

As part of the Manager's asset management strategy, it aims to acquire prime properties which offer diversification in terms of trade sector and tenant base, in order to enhance the resilience of Manulife US REIT's portfolio. Overall, the Enlarged Portfolio² will be more diversified in terms of trade sector contribution. The Acquisitions will increase exposure to the key trade sectors of Public Administration and Grant Giving. In addition, the Enlarged Portfolio will have an increased component in Retail Trade sector tenants, increasing from 11.0% by Gross Rental Income (in the Current Portfolio) to 16.2%, primarily due to the addition of the major American designer and marketer of children's apparel, Carter's.

The Top 10 Tenants of the Enlarged Portfolio by Gross Rental Income will also be well diversified across trade sectors and across properties. New large tenants with long term leases in the Enlarged Portfolio also results in a longer WALE³ (by Gross Rental Income) of the Top 10 Tenants of 7.4 years, as compared to 6.5 years for the Current Portfolio's Top 10 Tenants.

¹ *JHUSA operates the property management office in Phipps, and accounts for the remaining 0.4% of the Gross Rental Income, but is not listed as a tenant.*

² *"Enlarged Portfolio" consists of Manulife US REIT's current portfolio (the "Current Portfolio") and the Properties.*

³ *"WALE" means Weighted Average Lease to Expiry.*

Top 10 Tenants by Gross Rental Income (as at 31 December 2017)

Enlarged Portfolio			
Tenant	Property	Trade Sector	% Gross Rental Income
Carter's	Phipps	Retail Trade	7.4%
<i>Kilpatrick Townsend</i>	<i>Peachtree</i>	<i>Legal Services</i>	<i>5.2%</i>
<i>TCW Group</i>	<i>Figueroa</i>	<i>Finance and Insurance</i>	<i>5.0%</i>
<i>Hyundai Motor Finance</i>	<i>Michelson</i>	<i>Finance and Insurance</i>	<i>4.5%</i>
<i>The Children' Place</i>	<i>Plaza</i>	<i>Retail Trade</i>	<i>4.3%</i>
U.S. Department of Treasury	Penn	Public Administration	4.2%
U.N. Foundation	Penn	Grant Giving	3.7%
<i>Quinn Emanuel Trial Lawyers</i>	<i>Figueroa</i>	<i>Legal Services</i>	<i>3.5%</i>
<i>Amazon</i>	<i>Exchange</i>	<i>Retail Trade</i>	<i>3.5%</i>
<i>Quest Diagnostics</i>	<i>Plaza</i>	<i>Healthcare</i>	<i>2.8%</i>
Total Top 10 Tenants			44.1%

3.3 Strengthening Portfolio by Lengthening Lease Expires

The tenant leases in Penn and Phipps are long-tenured, with 93.7% and 97.4% of the leases (by Gross Rental Income) as at 31 December 2017 respectively, structured with original tenures of 10 or more years. As at 31 December 2017, the WALE (by NLA) for Phipps is 10.0 years, providing long-term stable cash flows to the portfolio. This is further strengthened by Penn, with a WALE (by NLA) of 6.8 years.

The Properties have lease expiry profiles that are back-ended, with the majority of leases only expiring in or after 2022. This provides resilience and stability in the rental income generated by the Properties, lengthening the WALE (by NLA) of the Enlarged Portfolio from 5.7 years to 6.3 years as at 31 December 2017.

Many of the leases at the Properties have built-in rental escalations providing organic growth to the rental revenues. In Penn, 47.4% of the leases by NLA have annual escalations in the range of 2.0% to 3.0%. While in Phipps, 99.0% of the leases by NLA have either annual escalations in the range of 2.0% to 3.0% or periodic escalations which are equivalent to approximately 1.3% escalations annually over the course of the lease.

The current passing gross rent for Penn is US\$48.90 per sq ft versus an expected market gross rent of US\$55.00 per sq ft. According to JLL, the average asking full service rental rates for Class A buildings in the Buckhead submarket is US\$35.66 per sq ft as at 2017 and this is projected to increase going forward due to the strong demand for the submarket. However, as Phipps is part of the 8-building Trophy set, expected market net rent for the property is US\$30.00 per sq ft. As such, there is an opportunity for rental reversion in future leases, given that the average passing net rent of Phipps is US\$22.20 per sq ft as at 31 December 2017.

The Acquisitions will improve the lease expiry profile of the Enlarged Portfolio, by increasing the percentage of leases expiring in 2023 (by NLA) and beyond from 53.9% to 58.3%. In addition, there will be no more than 8.2% of leases will expire in any single year up to 2021.

3.4 Delivering Returns through Yield Accretive Acquisitions

The agreed-upon purchase price of the Properties of US\$387.0 million¹ represents a discount of 1.3% to C&W's total appraised value of US\$392.2 million and a discount of 2.3% to Colliers' total appraised value of US\$396.2 million. The acquisition of Penn and Phipps at an attractive discount from the independent appraised value presents good value for Unitholders.

	Penn	Phipps
Valuation by C&W as at 31 March 2018 (US\$ million)	184.0	208.2
Valuation by Colliers as at 31 March 2018 (US\$ million)	186.0	210.2
Purchase Consideration¹ (US\$ million)	182.0	205.0

4.2 Independent Valuations of the Properties

As set out in paragraph 3 of this Letter, C&W and Colliers were commissioned by the Manager and the Trustee respectively to assess the market value of the Properties.

The following table sets out the appraised values of the Properties, the respective dates of such appraisal and the Purchase Consideration:

Property	Appraised Value		Purchase Consideration¹ (US\$ million)
	By C&W as at 31 March 2018 (US\$ million)	By Colliers as at 31 March 2018 (US\$ million)	
Penn	184.0	186.0	182.0
Phipps	208.2	210.2	205.0
Total	392.2	396.2	387.0

The purchase price of Penn at US\$182.0 million represents a discount of 1.1% to C&W's appraised value of US\$184.0 million and a discount of 2.2% to Colliers' appraised value of US\$186.0 million.

The purchase price of Phipps at US\$205.0 million represents a discount of 1.5% to C&W's appraised value of US\$208.2 million and a discount of 2.5% to Colliers' appraised value of US\$210.2 million.

The Total Purchase Consideration at US\$387.0 million¹ represents a discount of 1.3% to C&W's total appraised value of US\$392.2 million and a discount of 2.3% to Colliers' total appraised value of US\$396.2 million.

¹ Subject to Closing and Post-Closing Adjustments in the ordinary course of business.

4.2.1 The Valuation Approaches and Assumptions Adopted by the Independent Valuers

We noted that in arriving at the respective market values, both Independent Valuers have primarily adopted the income capitalisation approach in their respective valuations. We set out below a brief summary of the valuation approaches adopted by each of the Independent Valuers:

Penn

Valuation Approach and Assumptions	C&W	Colliers
Valuation Approach	<ul style="list-style-type: none"> • Income capitalisation approach <ul style="list-style-type: none"> – Discounted cash flow analysis – Direct capitalisation analysis • Sales comparison approach (secondary consideration). 	<ul style="list-style-type: none"> • Income capitalisation approach <ul style="list-style-type: none"> – Discounted cash flow analysis – Direct capitalisation analysis • Sales comparison approach (secondary consideration).
Key Considerations for the income projections	<ul style="list-style-type: none"> • In arriving at the 13-year cash flow forecast based on 12-year investment holding period, the following have been considered: <ul style="list-style-type: none"> – Lease potential of Penn in consideration of signed leases and significant leases within Penn and premium location – Market lease terms analysed by (i) Office (ii) Storage (iii) Retail – Net Lease and (iv) Retail – Lower Level – Gross rent income in consideration of Penn’s premium location, rent comparables and projected absorption of vacant space – Operating expenses analysed based on the past performance of Penn - Projected annual average rent growth of 3.00% 	<ul style="list-style-type: none"> • In arriving at the 11-year cash flow forecast based on 10-year investment holding period, the following have been considered: <ul style="list-style-type: none"> – Gross rental income in consideration of Penn’s current lease terms and market rent for each tenant category – Comparison of contracts to market analysed by (i) Retail – Service, (ii) Retail, (iii) Office and (iv) GSA – Lease escalations and market terms as measured by rent comparables – Vacancy allowance and operating expenses based on analysis of the Penn – Inflation rate of 3.00%
Discount rates adopted	<ul style="list-style-type: none"> • IRR calculations of 6.50% 	<ul style="list-style-type: none"> • IRR calculations of 5.75%

Valuation Approach and Assumptions	C&W	Colliers
Capitalisation rates	<ul style="list-style-type: none"> • Capitalisation rate of 5.00 % • Terminal capitalisation rate of 5.25% 	<ul style="list-style-type: none"> • Capitalisation rate of 4.50% • Terminal capitalisation rate of 5.00%
Key Considerations for the discount rates and capitalisation rates	<ul style="list-style-type: none"> • For IRR calculations, C&W has considered transaction data and investor surveys including the PwC Real Estate Investor Survey. • Capitalisation rate is determined using comparable sales, investor surveys including PwC Real Estate Investor survey and C&W data. 	<ul style="list-style-type: none"> • For IRR calculations, Colliers relied on investor surveys including PwC Real Estate Investor survey, discussions with market participants, Penn's investment characteristics and band of investment technique to determine the discount rates. • Capitalisation rate is determined using comparable sales, investor surveys including PwC Real Estate Investor Survey and band of investment technique.

Phipps

Valuation Approach and Assumptions	C&W	Colliers
Valuation Approach	<ul style="list-style-type: none"> • Income capitalisation approach <ul style="list-style-type: none"> – Discounted cash flow analysis – Direct capitalisation analysis • Sales comparison approach (secondary consideration). 	<ul style="list-style-type: none"> • Income capitalisation approach <ul style="list-style-type: none"> – Discounted cash flow analysis – Direct capitalisation analysis • Sales comparison approach (secondary consideration).

Valuation Approach and Assumptions	C&W	Colliers
Key Considerations for the income projections	<ul style="list-style-type: none"> • In arriving at the 12-year cash flow forecast based on 11-year investment holding period, the following have been considered: <ul style="list-style-type: none"> – Gross rental income in consideration of the Property’s current lease terms and market rent for each tenant category – Comparison of contracts to market analysed by (i) Catering, (ii) Bank, and (iii) Office – Attained rents are 25.28% below market rates – Net Operating Income growth rate of 2.21% – Lease expiration exposure of 58.64% over a ten-year period – Operating expenses analysed based on the past performance of Phipps – Projected annual average rent growth of 3.00% 	<ul style="list-style-type: none"> • In arriving at the 12-year cash flow forecast based on 11-year investment holding period, the following have been considered: <ul style="list-style-type: none"> – Lease potential of the Property in consideration of signed leases and significant leases within Phipps and competing properties – Market lease terms analysed by (i) Cafe (ii) Office and (iii) Large Office – Gross rent income in consideration of Phipps’s competitive position in the market place, recent leasing trends, market participant input and other market analysis – Operating expenses analysed based on the past performance of Phipps – Rent Growth and Inflation rate of 3.00%
Discount rates adopted	<ul style="list-style-type: none"> • IRR calculations of 7.00% 	<ul style="list-style-type: none"> • IRR calculations of 7.00%
Capitalisation rates	<ul style="list-style-type: none"> • Capitalisation rate of 5.75 • Terminal capitalisation rate of 6.25% 	<ul style="list-style-type: none"> • Capitalisation rate of 5.75% • Terminal capitalisation rate of 6.25%

Valuation Approach and Assumptions	C&W	Colliers
Key Considerations for the capitalisation rates	<ul style="list-style-type: none"> • C&W relied on investor surveys, discussions with market participants and the Property's investment characteristics to determine the discount rates. • Capitalisation rate is determined using comparable sales, investor surveys including the PwC Real Estate Investor Survey. 	<ul style="list-style-type: none"> • For IRR calculations, Colliers relied on investor surveys including PwC Real Estate Investor survey, discussions with market participants, Phipps's investment characteristics to determine the discount rates. • Capitalisation rate is determined using sales comparables, supplemental comparable sales, investor surveys including PwC Real Estate Investor Survey and discussions with market participants.

Source: Valuation reports from the Independent Valuers

Based on our discussion with the Independent Valuers, we noted that office properties such as the Properties are typically bought and sold in the open market based on income capitalisation or anticipated yield. As such, principal emphasis is placed on the income approach and supported with the sales comparison approach.

As such, we are of the view that the income approaches as adopted by the Independent Valuers are acceptable methods of valuation, supported by:

- reasonably defined stream of rental income that forms the projected cash flows; and
- discount rates that are in line with the market norms.

We have made reasonable enquiries and have exercised our professional judgment in reviewing the information contained in the respective valuation reports. In our review, we found the information contained therein to be reasonable.

4.3 The Occupancy Rate and WALE (by NLA) of the Properties as compared to Manulife US REIT's current portfolio of US properties

Manulife US REIT's current property portfolio comprises five office properties located in key markets of the US. As such, it is relevant to compare the Properties to the current US properties within the Current Portfolio. In our evaluation, we compared the occupancy rates and WALE (by NLA) of the Properties as at 31 December 2017 to the Current Portfolio of Manulife US REIT respectively.

We also recognised that the US properties in the Current Portfolio are not identical to the Properties in terms of building size and design, location by city and sub market, tenant composition, operating history, future prospects and other relevant criteria. Accordingly, the Independent Directors, the Audit and Risk Committee and the Trustee should note that any comparison made with respect to the US properties in the Current Portfolio serves as an illustrative guide only.

The table below sets out the selected information on the Properties, Current Portfolio and the Enlarged Portfolio as at 31 December 2017:

	Penn	Phipps	Current Portfolio	Enlarged Portfolio
NLA (sq ft)	277,243	475,091	2,983,576	3,735,910
Number of Tenants	10	9 ⁽³⁾	100	119
Valuation (US\$ million)	185.0 ⁽¹⁾	209.2 ⁽²⁾	1,312.8	1,707.0
Committed Occupancy	97.2%	97.3% ⁽³⁾	95.9%	96.2%
WALE (by NLA)	6.8 years	10.0 years	5.7 years	6.3 years

Source: Circular

(1) Based on the average appraised values by C&W of US\$184.0 million as at 31 March 2018 and Colliers of US\$186.0 million as at 31 March 2018.

(2) Based on the average appraised values by C&W of US\$208.2 million as at 31 March 2018 and Colliers of US\$210.2 million as at 31 March 2018.

(3) Excluding a lease with H.I.G. Atlanta, Inc. which expired on 28 February 2018.

We note that:

(i) The committed occupancy of Penn and Phipps are higher than the committed occupancy rate of the Current Portfolio; and

(ii) The WALE (by NLA) of Penn and Phipps are higher than the Current Portfolio.

4.4 Valuations of the Properties as Compared to Comparable Transactions

We have also considered comparable transactions that are broadly comparable to the Properties ("**Comparable Transactions**"). We have selected Comparable Transactions based upon the quality and design, age and condition, location and accessibility, occupancy rate, number of storeys, market risks and other relevant criteria. However, we recognised that the properties which are the subjects of the Comparable Transactions may differ from the Properties in terms of the aforementioned criteria.

Additionally, it should be noted that the sale price per sq ft of NRA fluctuates over time depending on, among other things, demand and supply situations and the economic climate.

For the above reasons, while the Comparable Transactions taken as a whole may provide a broad and indicative benchmark for assessing the Acquisitions, care has to be taken in the selection and use of any individual data point for the same purpose. This is further stressed by the Independent Valuers that the market data is used only as a cross check given that the Appraised Values of the Properties are driven primarily by the income approach.

Accordingly, the Independent Directors, the Audit and Risk Committee and the Trustee should note that any comparison made with respect to the Comparable Transactions serve as an illustrative guide only.

Penn

Property/Location	Transaction Date	Property Type	Sale Price (US\$ M)	Year Built	NLA (sq ft)	Occupancy	Price per sq ft of NLA (US\$)
1875 K Street NW	Jan-17	Office – Class A	US\$151m	2002	190,000	90.5%	US\$795
1111 19th Street, NW	Sep-17	Office – Class A	US\$200m	1979	271,369	84.2%	US\$737
1800 M Street, NW	Oct-17	Office – Class A	US\$421m	1975	580,930	96.3%	US\$725
The Executive Building 1030 15th Street, NW	Oct-16	Office – Class A	US\$228m	1964	330,744	93.0%	US\$689
Franklin Tower 1401 Eye St, NW	Jul-15	Office – Class A	US\$184m	1967	226,530	81.4%	US\$812
1101 New York Avenue, NW	Jul-17	Office – Class A	US\$389m	2007	375,392	86.9%	US\$1036
						High	US\$1036
						Low	US\$689
						Mean	US\$799
1750 Pennsylvania Avenue, NW		Office – Class A	US\$182m	1964⁽¹⁾	277,243	97.2%	US\$656

Sources: Public searches, the Manager

Note:

(1) Penn was renovated between 2012 and 2018

Based on the above analysis, we note that the price per sq ft of NLA of Penn is below the average price and the high and low range of the price per sq ft of NRA of the Comparable Transactions.

Phipps

Property/Location	Transaction Date	Property Type	Sale Price	Year Built	NLA (sq ft)	Occupancy	Price per sq ft of NLA
Three Alliance Center 3550 Lenox Rd NE	Jan-18	Office – Class A	US\$270m	2017	506,647	92.0%	US\$533
Two Buckhead Plaza 3050 Peachtree Rd	Oct-15	Office – Class A	US\$80m	2006	210,000	96.5%	US\$381
BB&T Tower 271 17th Street	May-17	Office – Class A	US\$182m	2009	541,789	85.9%	US\$336
Park Center Phase One 236 Perimeter Center Parkway	Jul-17	Office – Class A	US\$275m	2017	590,926	98.4%	US\$466
Regions Plaza 1180 W Peachtree St NW	Jun-17	Office – Class A	US\$176m	2001	500,953	88.0%	US\$351
NSH Center Pointe II MOB 1100 Johnson Ferry Rd NE	Nov-17	Office – Class A	US\$60m	1984	134,243	97.8%	US\$450
						High	US\$533
						Low	US\$336
						Mean	US\$423
Phipps Tower 3438 Peachtree Road		Office – Trophy	US\$205m	2010	475,091	97.3%	US\$431

Sources: Public searches, the Manager

Based on the above analysis, we note that the price per sq ft of NLA of Phipps is within the high and low range of the price per sq ft of NRA of the Comparable Transactions.

One should note that the list of Comparable Transactions is not exhaustive given that there are numerous other transactions that took place in the period under consideration whereby the information is not made publicly available. Furthermore, compared to the Properties, the Comparable Transactions also vary in terms of size and design, building age, location, accessibility and operating history. Hence, the above comparison serves as an illustrative guide only.

Further caveats should be made by the knowledge that the Properties differs from the Comparable Transactions in aspects such as proximity to landmarks, size, transaction timing, market risks and other relevant factors. For this reason, the comparative analysis serves as an illustrative guide and is only one of the factors considered by us in our evaluation.

4.5 Pro Forma Financial Effects of the Acquisitions

The pro forma financial effects of the Acquisitions are set out in paragraph 8 of the Circular. We recommend the Independent Directors to advise the Unitholders to read this information carefully.

We set out below the following pro forma financial analysis of the Acquisitions that is prepared for illustrative purposes only.

	Pro forma Financial Effects for FY2017	
	FY2017 Audited Financial Statements	After the Acquisitions ⁽¹⁾
DPU (US cents)	5.77	5.85
DPU Yield (%)	6.27 ⁽²⁾	6.36 ⁽²⁾
NAV per Unit (US\$)	0.82	0.82

Source: Circular

Notes:

- (1) Depending on the market conditions, the Manager may decide in the best interest of Unitholders to fund the Total Acquisition Cost (excluding Acquisition Fees paid to the Manager in Units) of US\$397.0 million through a combination of drawdown of loan facilities and equity fund raising. For illustrative purposes only, assuming this is funded by a drawdown of loan facilities totalling US\$236.5 million and equity fund raising of US\$160.5 million, the Distributable Income will be US\$57.8 million, the number of Issued Units will be 1,222,067,644 Units, the DPU will be 5.77 US cents and the DPU Yield will be 6.27% after the Acquisitions. The above is purely for illustrative purposes only and depending on the market conditions, the proportion of debt and equity funding may differ which may in turn affect the financial effects of the Acquisitions stated above.
- (2) Based on the DPU divided by closing price on 10 April 2018 of US\$0.92 per Unit.

As illustrated in the table above, we note that:

- (a) The Acquisitions are yield accretive and will increase the annualised DPU yield of Manulife US REIT by 1.4% from 6.27% to 6.36% and
- (b) The NAV per Unit will be constant at US\$0.82.

4.6 Other Relevant Considerations

4.6.1 Enhance Tenant Diversification and Lengthening of WALE

The full text of the increase in diversification of the Current Portfolio is set out in section 3.2 and 3.3 of the Circular. **We recommend that the Independent Directors advise Unitholders to read this section of the Circular carefully.**

We note the following salient points:

- (i) The Properties are expected to contribute positively to the Current Portfolio's well diversified tenant base;
- (ii) The Acquisitions will further enhance Manulife US REIT's portfolio resilience. The Enlarged Portfolio will be more diversified in terms of tenant sector contribution. The Acquisitions will increase exposure to the key trade sectors of Public Administration and Grant Giving. In addition, the Enlarged Portfolio will have an increased component in Retail Trade sector tenants, increasing from 11.0% by Gross Rental Income (in the Current Portfolio) to 16.2%, due to the addition of the major American designer and marketer of children's apparel, Carter's.;

- (iii) The Properties have lease expiry profiles that are back-ended, with majority of leases only expiring in or after 2022. This provides resilience and stability in the rental income generated by the Properties, lengthening the WALE (by NLA) of the Enlarged Portfolio from 5.7 years to 6.3 years as at 31 December 2017.

4.6.2 Lease undertaken by JHUSA

As set out in paragraph 4.2 of the circular, upon completion of the Phipps Acquisition, Manulife US REIT will assume a lease by JHUSA for a property management office at Phipps (“JHUSA Lease”). As at 1 June 2018, the aggregate rent to be derived from this lease is estimated to be approximately US\$0.1 million which is 0.01% of the audited NTA and the NAV of Manulife US REIT as at 31 December 2017.

Based on inputs from the management, we have set out a summary of the rent paid by JHUSA in comparison to the market rate:

JHUSA Contracted Rent Rate (per sq ft) ¹	US\$27.46
Average Market Value (per sq ft) ²	US\$29.75
JHUSA Rent Rate as% of Market Value	92.3%

¹ Contracted rent rate effective from May 2017

² Source: Management inputs

In addition, we have also compared a range of rent paid by tenants of Phipps against the respective market rate:

	Compared against market rate
Highest Rent Rate (per sq ft)	98.1%
Average Rent Rate (per sq ft)	79.1%
Low Rent Rate (per sq ft)	68.5%
Rent Paid by Tenant on the Same Floor as JHUSA (per sq ft)	69.9%

Based on the above analysis, it is noted that the rental rate of the JHUSA Lease is on a commercial basis as it is above the average rental rate paid by tenants in Phipps. In addition, the rental rate of the JHUSA Lease is higher than that by the tenant on the same floor.

5. OUR RECOMMENDATIONS

Having regard to our terms of reference, in arriving at our recommendations, we have considered various factors deemed pertinent and to have significant bearing on our assessment of the Acquisitions. We have carefully considered the factors deemed as essential, and balanced them before reaching our opinion. Accordingly, it is important that this Letter, in particular, the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information made available to us as at the date of this Letter. The principal factors that we have taken into consideration in forming our opinion pertaining to the Acquisitions are summarised as below for the various different parts:

- The rationale for and key benefits of the Acquisitions;
- The Purchase Consideration subject to Closing and Post-Closing Adjustments in the ordinary course of business for the Properties is below the respective independent valuations as determined by the Independent Valuers;
- The principal emphasis placed by the Independent Valuers on the income approach in arriving at the respective market values of the Properties;
- The committed occupancy and WALE (by NLA) of the Properties are higher as compared to the Current Portfolio;
- The price per sq ft of NLA of Penn is below the average and the high and low range of the price per sq ft of NLA of the Comparable Transactions;
- The price per sq ft of NLA of Phipps is within the high and low range of the price per sq ft of NLA of the Comparable Transactions; and
- The Acquisitions are yield accretive and will improve the annualised DPU yield to Unitholders by 1.4% from 6.27% to 6.36% based on the pro forma DPU yield of the Enlarged Portfolio

Having considered the above and subject to the assumptions and qualifications set out herein, we are of the opinion that the Acquisitions and the JHUSA Lease are on normal commercial terms and are not prejudicial to Manulife US REIT and its minority Unitholders.

We advise the Independent Directors to recommend that Unitholders vote in favour of the Acquisitions to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

Our recommendations are made in compliance with Listing Rule 921(4)(a) requirements and also addressed to the Independent Directors, the Audit and Risk Committee and the Trustee for their benefit, in connection with and for the purposes of their consideration of the Acquisitions. Any recommendations made by the Independent Directors in respect of the Acquisitions shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Pte Ltd

Ng Jiak See
Executive Director

EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions, during the course of the current financial year up to the Latest Practicable Date.

No.	Interested Person	Nature of Transaction	Value of Transaction
			(US\$'million)
1	JHUSA	Reimbursement of withholding tax paid by JHUSA to Inland Revenue Service on behalf of Manulife US REIT	0.1
Total			0.1

The Existing Interested Person Transactions have been subject to internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interest of Manulife US REIT and its minority Unitholders. These procedures may include the review and approval of such transactions by the Audit and Risk Committee, as appropriate.

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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the holders of units of Manulife US Real Estate Investment Trust (“**Manulife US REIT**”, and the holders of units of Manulife US REIT, “**Unitholders**”) will be held at Carlton Hotel Singapore, Empress Ballroom 5, Level 2, 76 Bras Basah Road, Singapore 189558, on Tuesday, 15 May 2018 at 5.00 p.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION:

THE PROPOSED ACQUISITION OF OFFICE PROPERTIES IN UNITED STATES AT AN AGGREGATE PURCHASE CONSIDERATION OF US\$387.0 MILLION FROM AN INTERESTED PERSON

RESOLVED that:

- (a) approval be and is hereby given for the proposed acquisition of the following office properties:
 - (i) Phipps Tower, the office building located at 3438 Peachtree Road, Atlanta, Georgia, from John Hancock Life Insurance Company (U.S.A.) (“**JHUSA**”) (an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company), on the terms and conditions set out in the sale and purchase agreement entered into between Hancock S-REIT ATL Phipps LLC, an indirect, wholly-owned subsidiary of Manulife US REIT and JHUSA; and
 - (ii) the office building located at 1750 Pennsylvania Avenue NW, Washington, D.C. from JHUSA, on the terms and conditions set out in the sale and purchase agreement entered into between Hancock S-REIT DC 1750 LLC, an indirect, wholly-owned subsidiary of Manulife US REIT and JHUSA,

for an estimated aggregate purchase consideration of US\$387.0 million, on the basis set out in the Circular (the “**Acquisitions**”);

- (b) approval be and is hereby given for the payment of all fees and expenses relating to the Acquisitions; and

- (c) Manulife US Real Estate Management Pte. Ltd., as the manager of Manulife US REIT, (the “**Manager**”), any director of the Manager, and DBS Trustee Limited, in its capacity as the trustee of Manulife US REIT (the “**Trustee**”) be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of Manulife US REIT to give effect to the Acquisitions.

BY ORDER OF THE BOARD

Manulife US Real Estate Management Pte. Ltd.

(Registration Number: 201503253R)

As manager of Manulife US Real Estate Investment Trust

HSIEH TSUN-YAN

Chairman and Non-Executive Director

Singapore

27 April 2018

Notes:

- 1 A Unitholder who is not a relevant intermediary (as defined below) entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- 2 A Unitholder who is a relevant intermediary is entitled to appoint more than one proxy to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder’s Proxy Form appoints more than one proxy, the number of Units in relation to which each proxy has been appointed shall be specified in the Proxy Form.

“**relevant intermediary**” means:

- (i) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore and who holds Units in that capacity; or
 - (iii) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- 3 The instrument appointing a proxy or proxies (the “**Proxy Form**”) must be deposited at the Registered Office of Manulife US REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of Manulife US REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM of Manulife US REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of Manulife US REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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MANULIFE US REAL ESTATE INVESTMENT TRUST

Constituted in the Republic of Singapore pursuant to a Trust Deed dated 27 March 2015 (as amended and restated))

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than one proxy to attend, speak and vote at the EGM (please see Note 2 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units of Manulife US REIT, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. PLEASE READ THE NOTES TO THE PROXY FORM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 27 April 2018.

I/We _____ (Name),

_____ (NRIC/Passport/Company Registration Number) of _____

_____ (Address)

being a unitholder/unitholders of Manulife US Real Estate Investment Trust ("Manulife US REIT"), hereby appoint:

Name:	NRIC/Passport No.:	Proportion of Unitholdings	
		No. of Units	%
Address:			

and/or (delete as appropriate)

Name:	NRIC/Passport No.:	Proportion of Unitholdings	
		No. of Units	%
Address:			

or, failing whom, the Lead Independent Director of Manulife US Real Estate Management Pte. Ltd. as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting of Manulife US REIT ("EGM") to be held at Carlton Hotel Singapore, Empress Ballroom 5, Level 2, 76 Bras Basah Road, Singapore 189558, on Tuesday, 15 May 2018 at 5.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

	Ordinary Resolution	For*	Against*
1	To approve the proposed acquisition of office properties in United States at an aggregate purchase consideration of US\$387.0 million from an interested person		

* If you wish to exercise all your votes "For" or "Against", please mark with an "√" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total Number of Units held

Signature(s) of Unitholder(s)/Common Seal of
Corporate Unitholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE



Affix
postage
stamp

MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.

(as manager of Manulife US Real Estate Investment Trust)

c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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NOTES TO PROXY FORM:

1. A unitholder of Manulife US REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).
"relevant intermediary" means:
 - (i) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore and who holds units in that capacity; or
 - (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), the unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of Manulife US REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders of Manulife US REIT, the unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Registered Office of Manulife US REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5.00 p.m. on Saturday, 12 May 2018, being not less than seventy-two (72) hours before the time appointed for the EGM.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the EGM.

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6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Unitholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form (including any relate attachment). In addition, in the case of unitholders whose units are entered against their names in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register not less than seventy-two (72) hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
10. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.
13. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the EGM are requested to submit in writing, a list with details of the CPF/SRS investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) shall reach Manulife US REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than 5.00 p.m. on 12 May 2018, being not less than seventy-two (72) hours before the time appointed for holding the EGM.

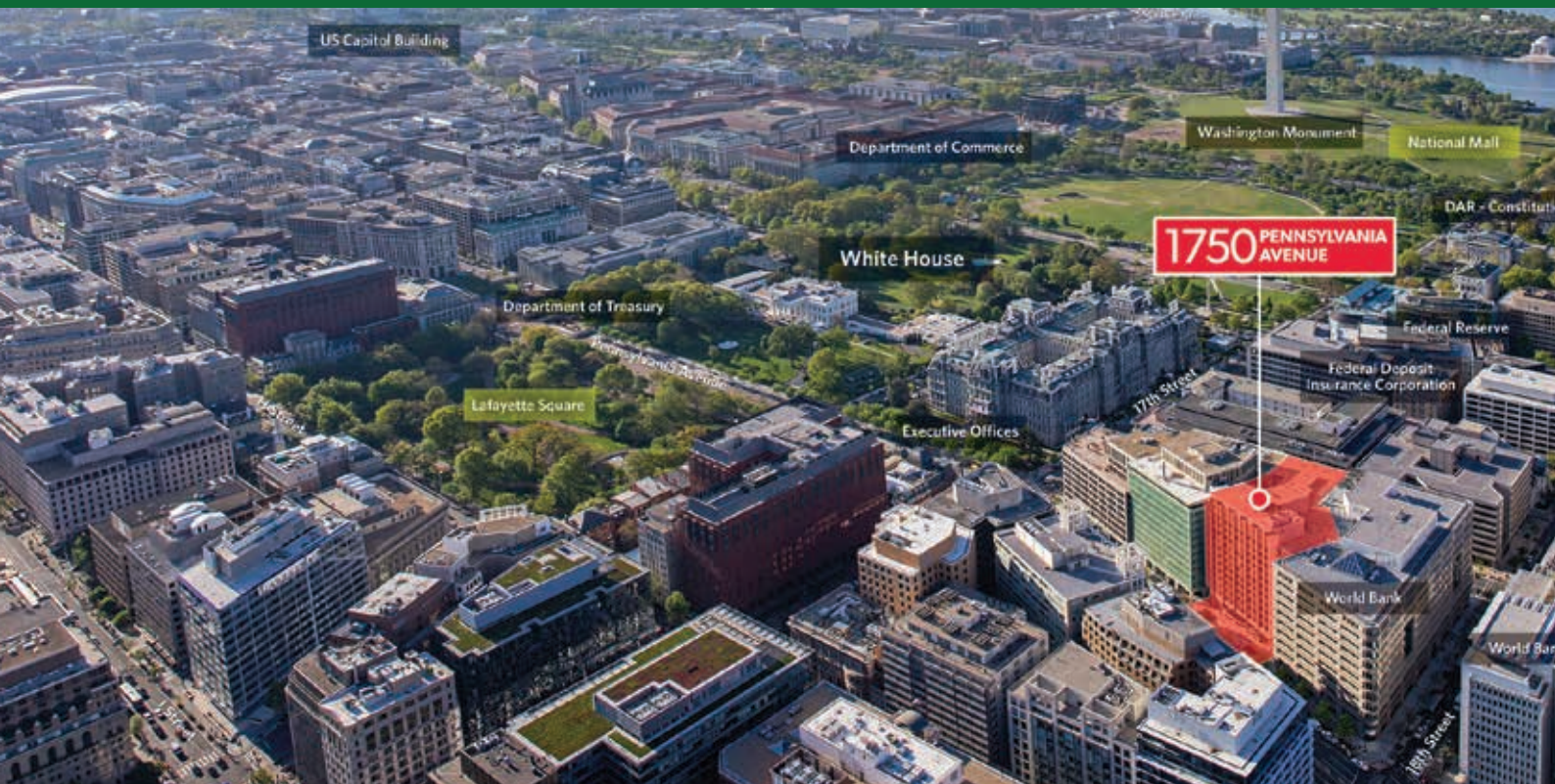


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Irreplaceable Location, Durable Characteristics



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Singapore 189554
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