Manulife US Real Estate Investment Trust
(a real estate investment trust constituted on 27 March 2015 under the laws of the Republic of Singapore)

CIRCULAR DATED 2 SEPTEMBER 2017
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

CIRCULAR TO UNITHOLDERS IN RELATION TO:

1. THE ACQUISITION OF 10 EXCHANGE PLACE, JERSEY CITY, HUDSON COUNTY, NEW JERSEY AS AN INTERESTED PERSON TRANSACTION; AND
2. THE RIGHTS ISSUE OF 299,288,423 RIGHTS UNITS TO RAISE GROSS PROCEEDS OF US$208.0 MILLION ON AN UNDERWRITTEN RENOUNCEABLE BASIS TO ELIGIBLE UNITHOLDERS (AS DEFINED HEREIN) ON A PRO RATA BASIS OF 41 RIGHTS UNITS FOR EVERY 100 EXISTING UNITS HELD AS AT THE RIGHTS ISSUE BOOKS CLOSURE DATE (AS DEFINED HEREIN).

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.

Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for new units in Manulife US Real Estate Investment Trust ("Manulife US REIT") to be issued for the purpose of the Rights Issue (as defined herein) (the "Rights Units") on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of the Rights Issue, the Rights Units, Manulife US REIT and/or its subsidiaries.

If you have sold or transferred all your units in 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.

This Circular does not constitute an offer of securities in the United States or any other jurisdiction. Any proposed issue of Rights Units described in this Circular will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States, and any such Rights Units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Manulife US Real Estate Management Pte. Ltd., as manager of Manulife US REIT, does not intend to conduct a public offering of any securities of Manulife US REIT in the United States.

IMPORTANT DATES AND TIMES FOR UNITHOLDERS	
Last date and time for lodgement of Proxy Forms	Saturday, 16 September 2017 by 10 a.m.
Date and time of Extraordinary General Meeting ("EGM")	Tuesday, 19 September 2017 at 10 a.m.
Place of EGM	Raffles City Convention Centre Olivia Ballroom (Level 4) 80 Bras Basah Road Singapore 189560

Managed by:
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
(Registration Number: 201503253R)

Manulife
US REIT

Joint Lead Managers and Underwriters for the Rights Issue

DBS Deutsche Bank

Independent Financial Adviser to the Independent Directors, the Audit and Risk Committee and to the Trustee

Deloitte.

PROPOSED ACQUISITION OF 10 EXCHANGE PLACE

A HIGH-QUALITY CLASS A FREEHOLD OFFICE PROPERTY ON HUDSON RIVER WATERFRONT

OVERVIEW OF THE PROPERTY	
Location	10 Exchange Place, Jersey City, Hudson County, New Jersey, 07302 Located on Hudson River waterfront, with unobstructed views of the Manhattan skyline
Net Lettable Area (sq ft)	730,598
Committed Occupancy	93.1%[1]
Land Tenure	Freehold
Year Built	1988
Number of Storeys	30
Number of Tenants	25
WALE by NLA	5.7 years[1]
Valuation by RERC as at 11 July 2017 (US$ million)	336.0
Valuation by Colliers as at 18 July 2017 (US$ million)	330.0

[1] As at 31 July 2017

EXCELLENT TRANSPORT CONNECTIVITY TO NEW YORK CITY

10 MINUTES by

10 MINUTES by

20 MINUTES by

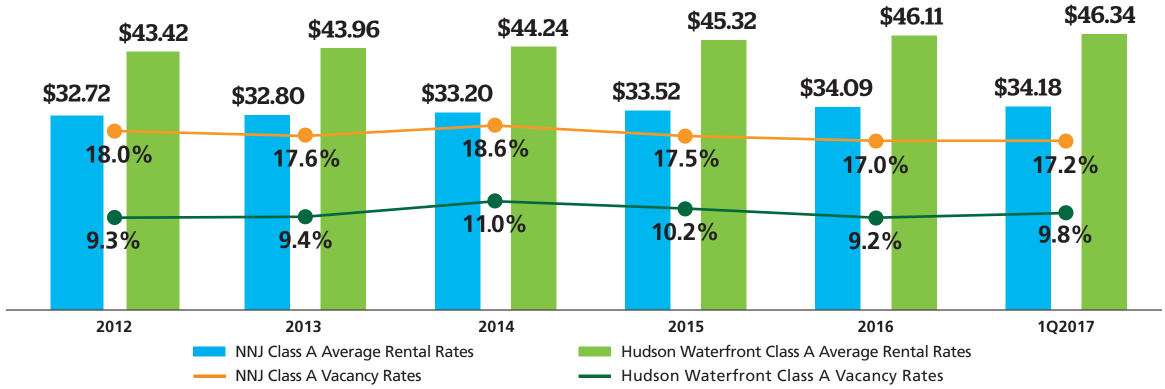
RATIONALE FOR AND KEY BENEFITS OF THE ACQUISITION

1. EXPOSURE TO A PRIME OFFICE SUBMARKET MINUTES FROM NEW YORK CITY (NYC)

HUDSON WATERFRONT[1]

- ✔ Strongest office market in Northern New Jersey (NNJ) commanding premium rents
- ✔ Cost-effective, highly accessible alternative to downtown Manhattan
- ✔ Attractive to financial and technology firms
- ✔ Desirable "Live, work, play" environment
- ✔ Convenient access to NYC via rapid transit, ferries and roads

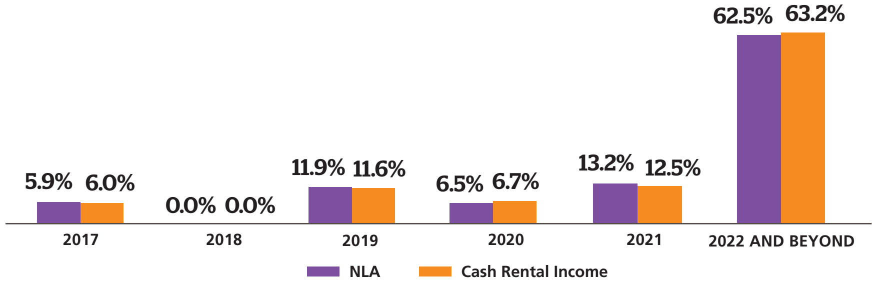
NNJ / WATERFRONT CLASS A RENTAL (US$) AND VACANCY RATES[1] (%)



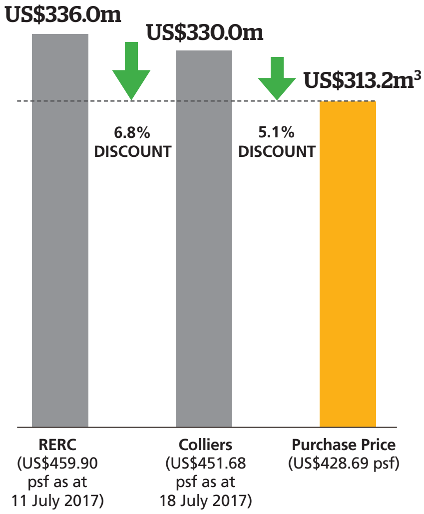
2. HIGH-QUALITY WATERFRONT PROPERTY AT AN ATTRACTIVE DISCOUNT

- ✔ Prominent frontage along Hudson River waterfront with unobstructed views of Manhattan skyline
- ✔ High occupancy rate of 93.1%[2] and long WALE (by NLA) of 5.7 years[2]
- ✔ Majority of leases with built-in rental escalations
- ✔ Purchase price at an attractive discount of 5.9% to the average appraised value of the Property by RERC and Colliers

LEASE EXPIRY PROFILE OF THE PROPERTY[2]



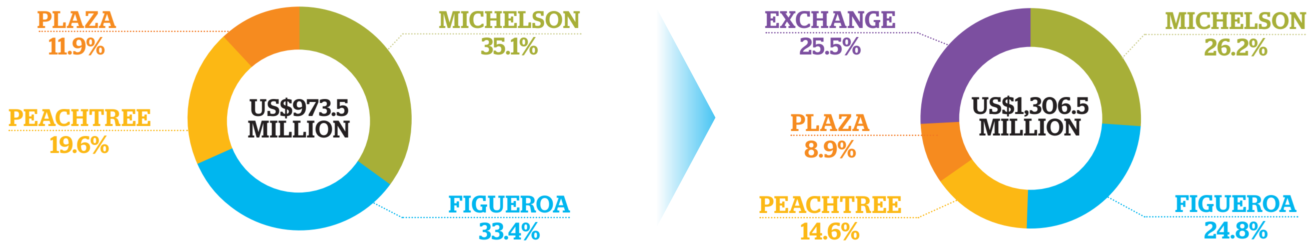
PURCHASE PRICE VS APPRAISED VALUES



[1] See the Independent Market Research Report by C&W in Appendix C of the Circular dated 2 September 2017 for more details.
[2] As at 31 July 2017.
[3] These discounts to appraised values are based on the Purchase Consideration excluding settlement adjustments amounting to US$4.0 million. See paragraph 2.2 of the Letter to Unitholders for further details.

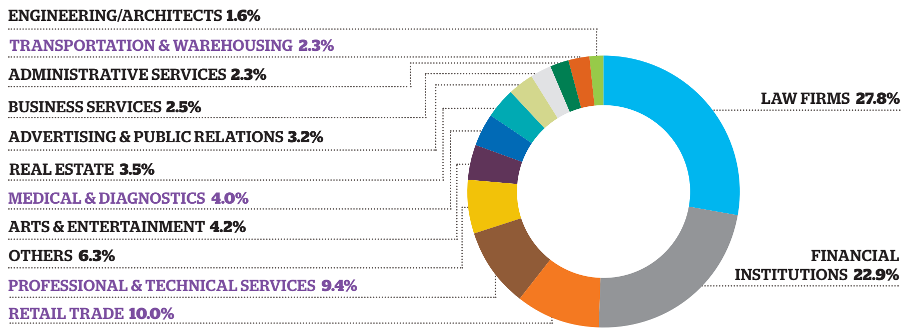
3. SOLIDIFY GEOGRAPHICAL DIVERSIFICATION & EXPAND TENANT BASE

VALUATION[1]



- ✔ Top 10 Tenants of enlarged portfolio have WALE (by Cash Rental Income) of 7.0 years[2]
- ✔ Improves tenant diversification with additional trade sectors since IPO

ENLARGED PORTFOLIO CASH RENTAL INCOME BY TRADE SECTOR[2]



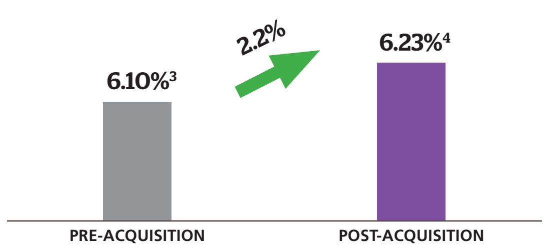
TOP 10 TENANTS OF THE ENLARGED PORTFOLIO

Tenant	Property	Trade Sector	% Cash Rental Income[2]
Kilpatrick	Peachtree	Law Firms	6.7%
TCW	Figueroa	Financial Institution	6.4%
Hyundai Capital America	Michelson	Financial Institution	5.6%
The Children's Place	Plaza	Retail Trade	5.4%
Quinn Emanuel	Figueroa	Law Firms	5.2%
Gibson Dunn	Michelson	Law Firms	4.5%
Amazon	Exchange	Retail Trade	4.4%
Quest Diagnostics	Plaza	Medical & Diagnostics	3.5%
LA Fitness	Michelson	Personal Services	3.0%
Rabo Support Services	Exchange	Professional & Technical Services	3.0%
		Total Top 10 Tenants	**47.7%**

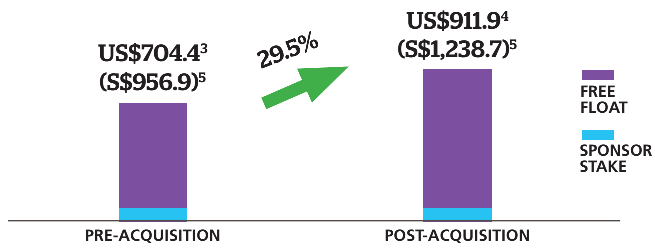
Note: In the Enlarged Portfolio, The Children's Place and Quest Diagnostics are tenants from Plaza, while Amazon and Rabo Support Services are tenants from the Property.

4. ACCRETIVE ACQUISITION THAT IMPROVES DPU YIELD AND FREE FLOAT TRADING LIQUIDITY

FY2016 PRO FORMA DPU YIELD ACCRETIVE



MARKET CAPITALISATION (US$ MILLION)



1 Valuation for Current Portfolio as at 30 June 2017 (save for Plaza which was valued as at 2 June 2017). Valuation for the Property is based on the average of the independent valuations by RERC and Colliers as at 11 July 2017 and 18 July 2017 respectively.

2 As at 31 July 2017.

3 Based on Closing Price of US$0.965 per Unit as at 31 August 2017.

4 Based on TERP of US$0.886 and assuming for illustrative purposes, MIL's and MLRL's ownership percentage in Manulife US REIT remained constant before and after the Acquisition.

5 Based on an exchange rate of 1 USD : 1.3584 SGD as at 31 August 2017.

OVERVIEW OF MANULIFE US REIT

FIRST PURE-PLAY USA OFFICE REIT IN ASIA

About Manulife US REIT

Manulife US REIT - The first pure-play U.S. office REIT in Asia listed on SGX-ST on 20 May 2016.

Manulife US REIT is established with the investment strategy principally to invest directly or indirectly in a portfolio of income-producing office real estate in key markets in the United States. Manulife US REIT's initial portfolio comprised three prime, freehold and Class A / Trophy quality office properties strategically located in Los Angeles; Irvine, Orange County; and Atlanta.

Manulife US REIT completed its maiden acquisition of Plaza in New Jersey in July 2017 and the property will start contributing to its financial results in the quarter ending 30 September 2017.

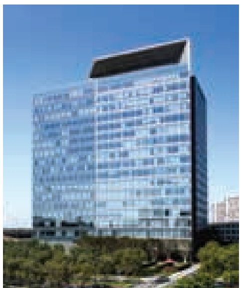
The Sponsor

Manulife US REIT is managed by Manulife US Real Estate Management Pte. Ltd. (the "Manager") which is wholly owned by the Sponsor, The Manufacturers Life Insurance Company ("Manulife"), part of the Manulife Group.

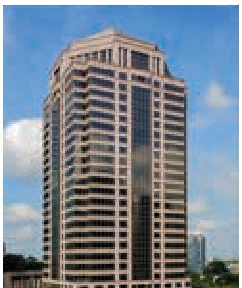
The Sponsor's parent company, Manulife Financial Corporation ("MFC"), is a leading international financial services group providing forward-thinking solutions to help people with big financial decisions. It operates as John Hancock in the U.S., and Manulife elsewhere providing financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions.

Portfolio Summary[1]

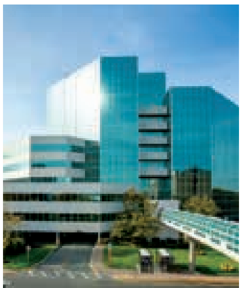
Figueroa
NLA: 699,372 sq ft
WALE (by NLA): 5.2 yrs
Occupancy: 95.3%



Michelson
NLA: 532,603 sq ft
WALE (by NLA): 4.8 yrs
Occupancy: 98.4%



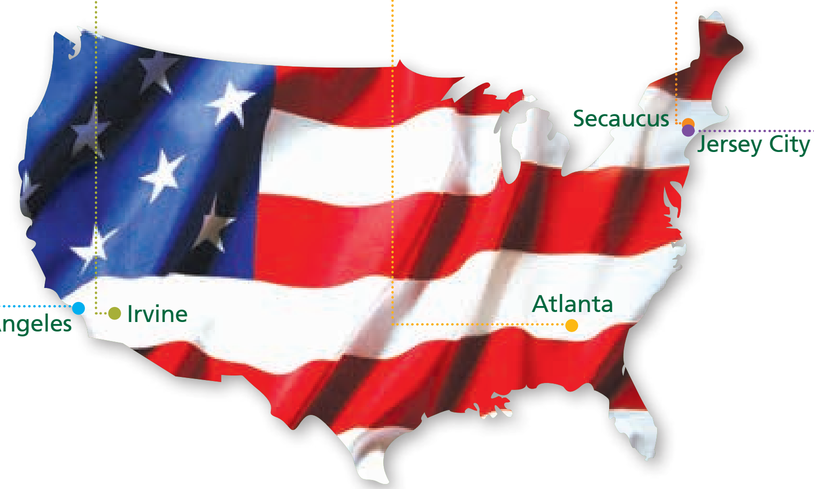
Peachtree
NLA: 555,922 sq ft
WALE (by NLA): 5.8 yrs
Occupancy: 95.1%



Plaza
NLA: 461,725 sq ft
WALE (by NLA): 8.7 yrs
Occupancy: 98.9%

NEW

Exchange
NLA: 730,598 sq ft
WALE (by NLA): 5.7 yrs
Occupancy: 93.1%



CURRENT PORTFOLIO[1]	
Total Net Lettable Area (sq ft)	2,249,622
Valuation (US$ million)	973.5
Occupancy	96.7%
WALE (by NLA)	6.0 years
Land Tenure	100% Freehold
Number of Tenants	77

ENLARGED PORTFOLIO[1]	
Total Net Lettable Area (sq ft)	2,980,220
Valuation (US$ million)	1,306.5
Occupancy	95.8%
WALE (by NLA)	5.9 years
Land Tenure	100% Freehold
Number of Tenants	102

[1] As at 31 July 2017.

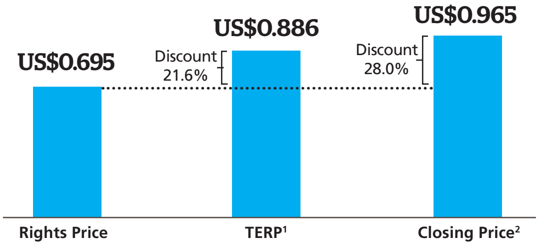
METHOD OF FINANCING

- ✔ The Manager intends to finance the Acquisition with a combination of debt financing, proceeds raised from the Rights Issue and new Units issued for the payment of the Acquisition Fee.

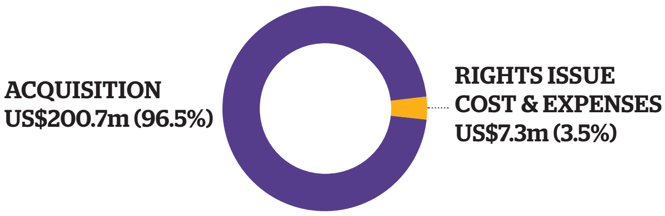
DETAILS OF RIGHTS ISSUE

- ✔ Offering of Rights Units via a fully underwritten renounceable Rights Issue to raise gross proceeds of US$208.0 million
- ✔ Rights ratio of 41 Rights Units for every 100 Existing Units
- ✔ Irrevocable undertakings by: Manulife (International) Limited ("MIL") and Manufacturers Life Reinsurance Limited ("MLRL"), which are wholly owned subsidiaries of the Sponsor, to subscribe fully for their total provisional allotment of Rights Units which in aggregate amount to approximately 7.43% of the total number of Rights Units

RIGHTS ISSUE PRICE



USE OF GROSS PROCEEDS FROM RIGHTS ISSUE



[1] TERP (Theoretical Ex-Rights Price) = (Market capitalisation of Manulife US REIT based on Closing Price + Gross Proceeds from the Rights Issue) / Units outstanding after the Rights Issue.

[2] Closing Price as at 31 August 2017.

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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 Acquisition, the Rights Issue and as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Joint Lead Managers and Underwriters for the Rights Issue	:	DBS Bank Ltd. 12 Marina Boulevard, Level 46 Marina Bay Financial Centre Tower 3 Singapore 018982 Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
Legal Adviser to the Joint Lead Managers and Underwriters in relation to the Rights Issue as to Singapore Law	:	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
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	:	RERC, LLC (appointed by the Manager) 6600 Westown Parkway, Suite 260 West Des Moines, IA 50266 Colliers International Valuation & Advisory Services, LLC (appointed by the Trustee) 865 South Figueroa Street, Suite 2500 Los Angeles, CA 90017
Independent Market Research Consultant	:	Cushman & Wakefield of New Jersey, Inc. One Meadowlands Plaza, 7th Floor East Rutherford, NJ 07073

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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 38 to 43 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 markets[1] in the United States, as well as real estate-related assets.

As at 28 August 2017, 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$693.5 million. Manulife US REIT's current portfolio (the "**Current Portfolio**") comprises four office properties located in the United States with an aggregate net lettable area ("**NLA**") of approximately 2.25 million square feet ("**sq ft**") and valuation of US$973.5 million[2] as at 30 June 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-quality[3] 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; and

(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 lots.

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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 The valuation date in relation to Plaza is as at 2 June 2017.

3 "**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.

SUMMARY OF APPROVALS SOUGHT

In furtherance of Manulife US REIT's investment strategy, the Manager is seeking approval from unitholders of Manulife US REIT ("**Unitholders**") to carry out the following resolutions:

RESOLUTION 1: THE ACQUISITION

The Manager is seeking Unitholders' approval for the proposed acquisition of the office building located at 10 Exchange Place, Jersey City, Hudson County, New Jersey (the "**Property**", and the proposed acquisition of the Property, the "**Acquisition**") from John Hancock Life Insurance Company (U.S.A.) ("**JHUSA**"), an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**"), as the Acquisition is 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 on Collective Investment Schemes (the "**CIS Code**", and Appendix 6 of the CIS Code, the "**Property Funds Appendix**").

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

(i) Manulife US REIT Beta 3 (Singapore) Pte. Ltd.; and

(ii) Hancock S-REIT JCITY Corp. (the "**Sub US REIT**")[1].

Manulife US REIT has, through the Sub US REIT, entered into a sale and purchase agreement ("**Purchase Agreement**") with JHUSA on 2 September 2017 for the Acquisition.

Description of the Property

The Property is a 30-storey Class A office building located at 10 Exchange Place in Jersey City, Hudson County, New Jersey, with an NLA of 730,598 sq ft. The Property enjoys prominent frontage along the Hudson River waterfront, facing the financial district of midtown Manhattan. It is situated in a "live, work, play" environment, providing around-the-clock amenities, street life, and recently constructed residential developments.

Various facilities are available to the tenants of the Property, including a newsstand, on-site food service options, as well as in-building parking located on the second to sixth floors with a total of 467 lots.

The Property has outstanding access to public transportation infrastructure. The Exchange Place PATH[2] Station is located adjacent to the Property and provides direct access to the World Trade Center Station in lower Manhattan. The Hudson-Bergen Light Rail train runs along Hudson Street, immediately behind the Property and the New York Waterways Ferries terminal, which provides ferry services to Manhattan, is within walking distance of the Property. As such, the Property is attractive to tenants who desire close proximity to Manhattan but do not want to pay Manhattan-level rents for their operations.

The Property is a 2011 "The Outstanding Building of the Year (TOBY)" award winner[3].

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

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1 The Sub US REIT will form a taxable REIT subsidiary, Hancock S-REIT JCITY TRS Corp. prior to the completion of the Acquisition.

2 Port Authority Trans-Hudson ("**PATH**") is a rapid transit system serving Newark, Harrison, Hoboken, and Jersey City in metropolitan northern New Jersey, as well as lower and midtown Manhattan in New York City. The PATH is operated by, and named after, the Port Authority of New York and New Jersey. PATH trains run 24 hours a day and 7 days a week.

3 Awarded by the Building Owners and Managers Association (New Jersey).

Total Acquisition Cost

The total cost of the Acquisition (the "**Total Acquisition Cost**") is currently estimated to be approximately US$332.0 million, comprising:

(i) the purchase consideration of US$317.2 million payable to JHUSA in connection with the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments[1] estimated at US$4.0 million (the "**Purchase Consideration**");

(ii) an acquisition fee of US$2.4 million (the "**Acquisition Fee**") payable in units of Manulife US REIT ("**Units**") to the Manager (the "**Acquisition Fee Units**")[2];

(iii) acquisition-related expenses (including title insurance, land transfer taxes and other costs) of US$4.0 million; and

(iv) the estimated professional and other transaction fees and expenses of approximately US$8.4 million incurred or to be incurred by Manulife US REIT in connection with the financing and equity fund raising related expenses.

Purchase Consideration and Valuation

The Purchase Consideration payable to JHUSA in connection with the Acquisition is US$317.2 million (comprising the purchase price of US$313.2 million and settlement adjustments[1] estimated at US$4.0 million) and was negotiated on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Property by the Independent Valuers (as defined herein).

The Manager has commissioned an independent property valuer, RERC, LLC ("**RERC**"), 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 RERC, the "**Independent Valuers**"), to value the Property. RERC determined the market value of the Property as at 11 July 2017 at US$336.0 million, while Colliers determined the market value of the Property as at 18 July 2017 at US$330.0 million. The Independent Valuers have valued the Property primarily based on the income capitalisation approach to value and supported by 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.)

RESOLUTION 2: THE RIGHTS ISSUE

The current intention of the Manager is to finance the Total Acquisition Cost with debt financing and proceeds from the Rights Issue. However, the Acquisition Fee in relation to the Acquisition is to be paid in the form of Units.

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1 Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvement (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

2 As 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.

The Manager is seeking Unitholders' approval for a proposed rights issue of 299,288,423 Rights Units (the "**Rights Issue**") (which is equivalent to approximately 41.0% of the 729,971,765 Units in issue as at the Latest Practicable Date) to raise gross proceeds of US$208.0 million on an underwritten renounceable basis to Eligible Unitholders (as defined herein) and on a *pro rata* basis of 41 Rights Units for every 100 Existing Units (the "**Rights Ratio**") held as at the time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of the Rights Units to the Eligible Unitholders (the "**Rights Issue Books Closure Date**"), at an issue price of US$0.695 per Rights Unit (the "**Issue Price**"), fractional entitlements to be disregarded. The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units including the right to any distributions which may accrue for the period from 29 June 2017 to 31 December 2017 as well as all distributions thereafter.

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

The final decision regarding the financing to be employed for the purposes of financing the Acquisition 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 covenants and requirements associated with each financing option.

(See paragraph 3 of the Letter to Unitholders for further details.)

Unitholders should note that Resolution 1 (the Acquisition) and Resolution 2 (the Rights Issue) are inter-conditional. This means that if any of Resolution 1 or Resolution 2 is not approved, the other Resolution would not be carried.

In the event the Unitholders do not approve Resolution 1 (the Acquisition), the Manager will not proceed with Resolution 2 (the Rights Issue).

RATIONALE FOR AND KEY BENEFITS OF THE ACQUISITION AND THE RIGHTS ISSUE

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

(i) Exposure to a Prime Office Submarket Minutes from New York City

(ii) High-Quality Waterfront Property at an Attractive Discount

(iii) Solidify Geographical Diversification and Expansion of Tenant Base

(iv) Accretive Acquisition Funded by a Rights Issue

(v) Capitalise on Growth Opportunities in line with Long Term Strategy

INTERESTED PERSON TRANSACTION[1] AND INTERESTED PARTY TRANSACTION[2]

As at the Latest Practicable Date, the Sponsor holds an aggregate interest in 54,210,465 Units, which is equivalent to approximately 7.43% of the total number of Units in issue. 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.

Therefore, the Acquisition 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.

The aggregate value of (i) the Purchase Consideration for the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments[6] estimated at US$4.0 million and (ii) acquisition and transaction costs reimbursed to the Sponsor and/or its affiliates up to an aggregate amount of approximately US$2.4 million, equates to approximately 58.4% of the latest audited net tangible assets ("**NTA**") and the net asset value ("**NAV**") of Manulife US REIT as at 31 December 2016. 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[7] for the Acquisition, pursuant to Chapter 9 of the Listing Manual.

(See paragraph 2.7 of the Letter to Unitholders for further details.)

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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 CIS Code 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.

6 Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

7 "**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, 16 September 2017 at 10.00 a.m.
Date and time of the EGM	:	Tuesday, 19 September 2017 at 10.00 a.m.
If approval for the Rights Issue is obtained at the EGM:		
Date on which the Transfer Books and Register of Unitholders of Manulife US REIT is expected to be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue	:	27 September 2017
Commencement of "nil-paid" rights trading period	:	2 October 2017
Close of the "nil-paid" rights trading period	:	10 October 2017
The expected date of issue of Rights Units	:	25 October 2017
Expected date of commencement of trading of the Rights Units on the SGX-ST	:	26 October 2017

MANULIFE US REAL ESTATE INVESTMENT TRUST

(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

2 September 2017

To: Unitholders of Manulife US Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS 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 in relation to the following resolutions:

(i) Resolution 1: The Acquisition (Ordinary Resolution); and

(ii) Resolution 2: The Rights Issue (Ordinary Resolution).

Unitholders should note that Resolution 1 (the Acquisition) and Resolution 2 (the Rights Issue) are inter-conditional. This means that if any of Resolution 1 or Resolution 2 is not approved, the other Resolution would not be carried.

In the event the Unitholders do not approve Resolution 1 (the Acquisition), the Manager will not proceed with Resolution 2 (the Rights Issue).

2. RESOLUTION 1: THE ACQUISITION

2.1 Description of the Property

The Property is a 30-storey Class A office building located at 10 Exchange Place in Jersey City, Hudson County, New Jersey, with an NLA of 730,598 sq ft. The Property enjoys prominent frontage along the Hudson River waterfront, facing the financial district of midtown Manhattan. It is situated in a "live, work, play" environment, with around-the-clock amenities, street life, and recently constructed residential developments.

Various facilities are available to the tenants of the Property, including a newsstand, on-site food service options, as well as in-building parking located on the second to sixth floors with a total of 467 lots.

The Property has outstanding access to public transportation infrastructure. The Exchange Place PATH Station is located adjacent to the Property and provides direct access to the World Trade Center Station in lower Manhattan. The Hudson-Bergen Light Rail train runs along Hudson Street, immediately behind the Property and the New York Waterways Ferries terminal, which provides ferry services to Manhattan, is within walking distance of the Property. As such, the Property is attractive to tenants who desire close proximity to Manhattan but do not want to pay Manhattan-level rents for their operations.

The Property is a 2011 "The Outstanding Building of the Year (TOBY)" award winner[1].

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

2.2 Total Acquisition Cost and Valuation

The Total Acquisition Cost of the Acquisition is currently estimated to be approximately US$332.0 million, comprising:

(i) the estimated Purchase Consideration of US$317.2 million payable to JHUSA in connection with the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments[2] estimated at US$4.0 million;

(ii) an Acquisition Fee of US$2.4 million[3] payable in Units to the Manager;

(iii) acquisition-related expenses (including title insurance, land transfer taxes and other costs) of US$4.0 million; and

(iv) the estimated professional and other fees and expenses of approximately US$8.4 million incurred or to be incurred by Manulife US REIT in connection with the financing and equity fund raising related expenses.

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1 Awarded by the Building Owners and Managers Association (New Jersey).

2 Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

3 As 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.

The Purchase Consideration for the Acquisition was negotiated on a willing-buyer and willing-seller basis after taking into account the two independent valuations of the Property by the Independent Valuers, being RERC and Colliers.

RERC and Colliers were the independent valuers which had performed the independent valuations of the IPO portfolio of Manulife US REIT, comprising office properties located in the United States, as disclosed in Manulife US REIT's prospectus dated 12 May 2016.

RERC, which is part of the Situs group of companies, was established in 1931 and has more than 80 years of experience in real estate valuation advisory services in the United States[1]. Colliers is a member firm of Colliers International Property Consultants, with over 500 offices throughout more than 68 countries worldwide[2]. RERC and Colliers conduct their valuations in accordance with the guidelines of the Uniform Standards of Professional Appraisal Practice and the requirements of the Code of Professional Ethics of the Appraisal Institute, a global professional association of real estate appraisers, with nearly 19,000 professionals in almost 60 countries throughout the world[3]. The appraisers from RERC and Colliers who valued the Property hold MAI (Member Appraisal Institute) designations from the Appraisal Institute which is held by individuals who are experienced in the valuation and evaluation of commercial, industrial, residential and other types of properties, and who advise clients on real estate investment decisions[4].

The Independent Valuers have valued the Property primarily based on the income capitalisation approach to value 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 Property, the respective dates of such appraisal and the Purchase Consideration:

Appraised Value		Purchase Consideration (excluding the Settlement Adjustments)[(1)] (US$ million)
By RERC as at 11 July 2017 (US$ million)	By Colliers as at 18 July 2017 (US$ million)	
336.0	330.0	313.2

Note:

(1) Settlement adjustments are estimated at US$4.0 million. The settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

The purchase price of the property at US$313.2 million represents a discount of 6.8% to RERC's appraised value of US$336.0 million and a discount of 5.1% to Colliers' appraised value of US$330.0 million. These discounts exclude the impact of settlement adjustments amounting to US$4.0 million.

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

1 Source: Situs RERC (*www.situs.com/about*)

2 Source: Valuation report on the Property issued by Colliers

3 Source: Appraisal Institute (*www.appraisalinstitute.org/about/*)

4 Source: Appraisal Institute (*http://www.appraisalinstitute.org/mobile/about/our-designations/*)

2.3 Purchase Agreement

The key terms of the Purchase Agreement include the following:

2.3.1 Under the Purchase Agreement, the Sub US REIT will acquire the real estate, buildings, improvements and other related assets constituting the Property.

2.3.2 The Sub US REIT has until 22 September 2017 at 5:00 p.m. Eastern Daylight Time to perform due diligence with respect to the Property including certain environmental diligence and review of vendor provided property-level documentation such as surveys, title insurance policies, leases and other contracts affecting the Property, and environmental reports and property information. The Sub US REIT will also conduct its own review of title during the same period.

2.3.3 The Sub US REIT has the right to terminate the Purchase Agreement for any reason prior to 22 September 2017 at 5:00 p.m. Eastern Daylight Time. The Sub US REIT may also terminate the Purchase Agreement, upon notice and subject to certain cure rights by the vendor to elect to attempt to repair the damage, if 5% or more of the net rentable area of the Property is rendered completely untenantable due to damage caused by fire, lightning or other casualty or eminent domain.

2.3.4 The Purchase Agreement conveys the Property "AS IS, WHERE IS" with limited representations and warranties by each of the parties. The Sub US REIT's right to make a claim as a result of a breach of a representation by the vendor will be subject to certain limitations, including a maximum aggregate cap on damages of up to US$5,000,000 for most breaches.

2.3.5 The Sub US REIT's obligation to acquire the Property is subject to certain conditions, including: performance of the vendor's obligations under the Purchase Agreement in all material respects; delivery of tenant estoppels acceptable to the Sub US REIT, from or for specified major tenants and not less than 75% of the total rental square footage of the Property; subject to agreed-to exceptions, the accuracy of the vendor's representations in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for the Property insuring that fee simple title to the Property is vested in the Sub US REIT 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 Acquisition at an extraordinary general meeting of Unitholders; Sub US REIT obtaining debt financing in an amount sufficient to fund the Acquisition; and no event or fact that materially affects an equity fund raising by Manulife US REIT prior to completion of the Acquisition.

2.3.6 The vendor's obligation to sell the Property is also subject to certain conditions, including: (i) performance of the Sub US REIT's obligations under the Purchase Agreement in all material respects; (ii) the accuracy of the Sub US REIT's representations in all material respects; and (iii) Sub US REIT obtaining debt financing in an amount sufficient to fund the Acquisition.

2.4 Property Management Agreement

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

Property Management Agreement"). The property management fees payable in relation to the Property will be 2.5% of the gross income (excluding non-cash items) from the Property for each month, payable in arrears. Please refer to the prospectus of Manulife US REIT dated 12 May 2016 for further details of the terms of the Master Property Management Agreement.

2.5 Method of Financing

The Manager intends to finance the Total Acquisition Cost with debt financing and proceeds from the Rights Issue. However, the Acquisition Fee in relation to the Acquisition is to be paid in the form of Units.

The final decision regarding the financing to be employed for the purposes of financing the Acquisition 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, DPU and debt expiry profile and the covenants and requirements associated with each financing option.

(See paragraph 3 of the Letter to Unitholders for further details.)

2.6 Discloseable Transaction

2.6.1 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.

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

The relative figures for the Acquisition using the applicable bases of comparison described in sub-paragraph 2.6.1 above are set out in the table below.

Comparison of	The Acquisition (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)	6.0	74.1	8.1
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)	6.1	21.7	28.2
Rule 1006(c) Aggregate value of consideration(1) to be given compared with Manulife US REIT's market capitalisation(2)	317.2	701.5	45.2

Notes:

(1) For the purposes of computation under Rule 1006(c), the aggregate consideration given by Manulife US REIT is the purchase consideration for the Property.

(2) Based on 729,971,765 Units in issue and the weighted average price of US$0.961 per Unit on the SGX-ST on 31 August 2017, being the market day preceding the date of the Purchase Agreement.

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 Acquisition is in the ordinary course of Manulife US REIT's business as it is within the investment mandate of Manulife US REIT and the Property 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 Acquisition is, therefore, not subject to Chapter 10 of the Listing Manual. However, the Acquisition 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.

2.7 Requirement of Unitholders' Approval for the Acquisition

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 period from 20 May 2016 (being the date of listing of Manulife US REIT) to 31 December 2016 ("**FY2016**", and the audited financial statements of the Manulife US REIT Group for FY2016, "**FY2016 Audited Financial Statements**"), the NTA of Manulife US REIT was US$547.0 million as at 31 December 2016. 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$27.4 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 FY2016 Audited Financial Statements, the NAV of Manulife US REIT was US$547.0 million as at 31 December 2016. 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$27.4 million, such a transaction would be subject to Unitholders' approval.

The aggregate value of (i) the Purchase Consideration for the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments[1] estimated at US$4.0 million and (ii) acquisition and transaction costs reimbursed to the Sponsor and/or its affiliates, up to an aggregate amount of approximately US$2.4 million, equates to approximately 58.4% of the latest audited NTA and the NAV of Manulife US REIT as at 31 December 2016. 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 Acquisition, pursuant to Chapter 9 of the Listing Manual.

As at the Latest Practicable Date, the Sponsor holds an aggregate interest in 54,210,465 Units, which is equivalent to approximately 7.43% of the total number of Units in issue. 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 a 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, the Acquisition 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.

Prior to the Latest Practicable Date, Manulife US REIT had entered into one interested person transaction with the Sponsor's subsidiary during the course of the current financial year ("**Existing Interested Person Transactions**"), amounting to US$0.1 million[2] which comprises 0.02% of the audited NTA of Manulife US REIT as at 31 December 2016. 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.

1 Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

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 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.

2.8 Interests of Directors and Substantial Unitholders[1]

As at the Latest Practicable Date, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 892,800 Units. Further details of the interests in Units of Directors and Substantial Unitholders are set out 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	547,800(2)	0.075	–	–	547,800(2)	0.075
Ho Chew Thim	100,000	0.014	–	–	100,000	0.014
Veronica McCann	245,000(3)	0.034	–	–	245,000(3)	0.034
Davy Lau	–	–	–	–	–	–
Dr Choo Kian Koon	–	–	–	–	–	–
Kevin Adolphe	–	–	–	–	–	–
Michael Dommermuth	–	–	–	–	–	–

Notes:

(1) The percentage is based on 729,971,765 Units in issue as at the Latest Practicable Date.

(2) The 547,800 Units are jointly owned by Mr Hsieh Tsun-Yan and his spouse, Mrs Hsieh Siauyih Goon.

(3) The 245,000 Units are 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)		
DBS Bank Ltd.	40,000,000	5.48	–	–	40,000,000	5.48
DBS Group Holdings Ltd.(3)	–	–	40,000,000	5.48	40,000,000	5.48
Temasek Holdings (Private) Limited(4)	–	–	40,000,000	5.48	40,000,000	5.48

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

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	%(1),(2)
	No. of Units	%(1)	No. of Units	%(1)		
Manulife (International) Limited	46,781,299	6.41	–	–	46,781,299	6.41
Manulife International Holdings Limited(5)	–	–	46,781,299	6.41	46,781,299	6.41
Manulife Financial Asia Limited(5)	1	n.m.(6)	54,210,464	7.43	54,210,465	7.43
Manulife Holdings (Bermuda) Limited(5)	–	–	54,210,465	7.43	54,210,465	7.43
The Sponsor(5)	–	–	54,210,465	7.43	54,210,465	7.43
MFC(5)	–	–	54,210,465	7.43	54,210,465	7.43

Notes:

(1) The percentage is based on 729,971,765 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 are not cumulative.

(3) DBS Group Holdings Ltd. ("**DBSH**") wholly owns DBS Bank Ltd. and is deemed interested in the 40,000,000 Units directly held by DBS Bank Ltd.

(4) Temasek Holdings (Private) Limited ("**Temasek**") owns more than 20% interest in DBSH and is deemed interested in the 40,000,000 Units directly held by DBS Bank Ltd. DBSH is an independently managed Temasek portfolio company. Temasek is not involved in its business or operating decisions, including those regarding the Units.

(5) The deemed interest arises from 46,781,299 Units and 7,429,165 Units directly held by Manulife (International) Limited ("**MIL**") and Manufacturers Life Reinsurance Limited ("**MLRL**") respectively. MIL is a wholly-owned subsidiary of Manulife International Holdings Limited ("**MIHL**"). Both MIHL and MLRL are wholly-owned subsidiaries of Manulife Financial Asia Limited ("**MFAL**"). MFAL is a wholly-owned subsidiary of Manulife Holdings (Bermuda) Limited ("**MHBL**"), which in turn is a wholly-owned subsidiary of the Sponsor. The Sponsor is a wholly-owned subsidiary of MFC, which is a publicly listed entity.

(6) 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 Acquisition.

2.9 Directors' Service Contracts

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

2.10 Advice of the Independent Financial Adviser

The Manager has appointed Deloitte & Touche Corporate Finance Pte. Ltd. as the IFA to advise the Independent Directors, the Audit and Risk Committee and the Trustee in relation to the Acquisition. 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 Acquisition is based on normal commercial terms and is 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 Acquisition to be proposed at the EGM.

3. RESOLUTION 2: THE RIGHTS ISSUE

3.1 Rights Issue

The Manager proposes to issue 299,288,423 Rights Units (which is equivalent to approximately 41.0% of the 729,971,765 Units in issue as at the Latest Practicable Date) pursuant to the Rights Issue to raise gross proceeds of US$208.0 million by way of an underwritten renounceable rights issue to Eligible Unitholders on a *pro rata* basis of 41 Rights Units for every 100 Existing Units held as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded.

DBS Bank Ltd. and Deutsche Bank AG, Singapore Branch have been appointed as the joint lead managers and underwriters for the Rights Issue (the "**Joint Lead Managers and Underwriters**"). The Rights Units (less the Rights Units to be subscribed under the Manulife Irrevocable Undertakings (as defined herein)) will be underwritten by DBS Bank Ltd. and Deutsche Bank AG, Singapore Branch in the proportion of 80.0% and 20.0% respectively, pursuant to the terms and subject to the conditions contained in the management and underwriting agreement entered into by the Manager and the Joint Lead Managers and Underwriters on 2 September 2017 (the "**Management and Underwriting Agreement**"), including the approval of Unitholders for the Rights Issue. The Management and Underwriting Agreement contains such representations, warranties, indemnities and terms as are customary for a transaction of this nature.

Under the Management and Underwriting Agreement, the Joint Lead Managers and Underwriters will be entitled to an underwriting commission of 1.75% of the Issue Price multiplied by the total number of Rights Units offered under the Rights Issue (less the number of Rights Units subscribed for by MIL and MLRL pursuant to the Manulife Irrevocable Undertakings). It should be noted that the Management and Underwriting Agreement may be terminated upon the occurrence of certain events, but the Joint Lead Managers and Underwriters are not entitled to rely on force majeure to terminate the Management and Underwriting Agreement on or after the date on which ex-rights trading commences (in compliance with Rule 818 of the Listing Manual).

Upon the Rights Issue being approved by Unitholders, the Manager will make the appropriate announcement(s) in due course to inform Unitholders of the Rights Issue Books Closure Date.

The actual terms and conditions of the Rights Issue will be set out in the offer information statement in connection with the Rights Issue to be lodged with the MAS and issued to Eligible Unitholders ("Offer Information Statement").

The Rights Issue is further conditional upon the lodgement of the Offer Information Statement with the MAS.

3.2 Issue Price

The Rights Issue would provide Unitholders with the opportunity to subscribe for their *pro rata* entitlement to the Rights Units at the Issue Price of US$0.695 per Rights Unit, which is at a discount of:

- approximately 28.0% to the closing price of US$0.965 per Unit on the SGX-ST on 31 August 2017, being the last trading day of the Units prior to the announcement of the Rights Issue ("**Closing Price**"); and

- approximately 21.6% to the theoretical ex-rights price ("**TERP**") of US$0.886 per Unit which is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of Manulife US REIT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

3.3 Status of the Rights Issue

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units including the right to any distributions which may accrue for the period from 29 June 2017 to 31 December 2017 as well as all distributions thereafter.

3.4 Receipt of Approval in-principle

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of Manulife US REIT, the Manager, the Rights Issue or the Rights Units. The SGX-ST's in-principle approval is subject to the following:

(i) compliance with the SGX-ST's listing requirements;

(ii) Unitholder's approval for the Rights Issue;

(iii) a written undertaking from the Manager that it will comply with Listing Rules 704(30), 815 and 1207(20) in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Manager will disclose a breakdown with specific details on the use of proceeds for working capital in Manulife US REIT's announcements on use of proceeds and in the annual report;

(iv) a written undertaking from the Manager that it will comply with the confirmation given in Listing Rule 877(10) with regards to the allotment of any excess Rights Units; and

(v) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking Unitholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings.

3.5 Eligible Unitholders

Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with The Central Depository (Pte) Limited ("**CDP**") are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore.

Eligible Unitholders are at liberty to accept in part or in full, decline or otherwise renounce or trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their Rights Entitlements[1] and are eligible to apply for Excess Rights Units[2].

The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the Offer Information Statement.

For the avoidance of doubt, Eligible Unitholders who hold less than 100 Existing Units as at the Rights Issue Books Closure Date will be provisionally allotted their Rights Entitlements on a *pro rata* basis based on the Rights Ratio, fractional entitlements to be disregarded. Eligible Unitholders who hold odd lots of Units (that is, lots other than board lots of 100 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST's Unit Share Market[3].

3.6 Ineligible Unitholders

No Rights Entitlements will be provisionally allotted to Unitholders who are not Eligible Unitholders ("**Ineligible Unitholders**") and no purported acceptance thereof or application for Excess Rights Units therefor by Ineligible Unitholders will be valid.

The offer, sale and delivery of the Rights Units and the Rights Entitlements may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders.

If it is practicable to do so, the Manager may, in its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account all expenses to be incurred in relation thereto.

1 "**Rights Entitlements**" means the "nil-paid" provisional allotment of Rights Units to Eligible Unitholders under the Rights Issue.

2 "**Excess Rights Units**" means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements.

3 "**Unit Share Market**" refers to the ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit.

Where such Rights Entitlements are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Manager may, in its absolute discretion, decide and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, the Joint Lead Managers and Underwriters or CDP or their respective officers in respect of such sales or the proceeds thereof, the Rights Entitlements or the Rights Units represented by such provisional allotments.

The net proceeds from all such sales, after deducting all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings as at the Rights Issue Books Closure Date and sent to them at their own risk by ordinary post, without interest or any share of revenue or other benefit arising therefrom, provided that where the amount of net proceeds to be distributed to any single Ineligible Unitholder is less than S$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of Manulife US REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Joint Lead Managers and Underwriters, the Trustee or CDP in connection herewith.

If such Rights Entitlements cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights Entitlements, the Rights Units represented by such Rights Entitlements will be issued to satisfy applications for Excess Rights Units or dealt with in such manner as the Manager may, in its absolute discretion, deem fit in the interest of Manulife US REIT and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, the Joint Lead Managers and Underwriters or CDP and their respective officers in connection therewith.

3.7 Excess Rights Units

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements will be aggregated and used to satisfy Excess Rights Units applications (if any) or disposed of or otherwise dealt with in such manner as the Manager may, in their absolute discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any) followed by allotment to the Unitholders who are neither Directors nor Substantial Unitholders. Directors and Substantial Unitholders who have control or influence over Manulife US REIT or the Manager in connection with the day-to-day affairs of Manulife US REIT or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of Directors, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units. The Manager reserves the right to refuse any application for Excess Rights Units, in whole or in part, without assigning any reason whatsoever therefor. In the event that the number of Excess Rights Units allotted to an Eligible Unitholder is less than the number of Excess Rights Units applied for, the Eligible Unitholder shall be deemed to have accepted the number of Excess Rights Units actually allotted to him.

The Sponsor may directly and/or through its subsidiaries, choose to apply for Excess Rights Units.

Unitholders and all other persons should note that they are prohibited from directly or indirectly owning in excess of 9.8% of the outstanding Units ("Unit Ownership Limit"), subject to any increase or waiver pursuant to the terms of the Trust and on the recommendation of the Manager. Please refer to the prospectus of Manulife US REIT dated 12 May 2016 for further details on the Unit Ownership Limit.

3.8 Commitment by MIL and MLRL

MIL and MLRL, which are wholly owned subsidiaries of the Sponsor, have direct interests in 46,781,299 Units ("**MIL Initial Units**") (representing approximately 6.41% of the issued Units) and 7,429,165 Units ("**MLRL Initial Units**") (representing approximately 1.02% of the issued Units) respectively as at 28 August 2017.

To demonstrate the Sponsor's support for Manulife US REIT and the Rights Issue, each of MIL and MLRL has, on 2 September 2017, provided an irrevocable undertaking (the "**Manulife Irrevocable Undertakings**") to each of (a) the Manager and (b) the Joint Lead Managers and Underwriters that:

(i) as at the Rights Issue Books Closure Date, MIL and MLRL (as the case may be) will have an interest (either actual or deemed) in not less than the number of MIL Initial Units and MLRL Initial Units respectively credited to securities accounts with the CDP which are held in MIL's or MLRL's name or, as the case may be, the nominees(s) or custodian(s) of MIL or MLRL (the "**Relevant Entities**") (each with a registered address with CDP in Singapore);

(ii) in accordance with the terms and conditions of the Rights Issue and in any case not later than the last day for acceptance and payment of the Rights Units ("**Closing Date**"), MIL and MLRL will accept and/or procure that the Relevant Entities accept, subscribe and pay in full for, the Relevant Entities' total provisional allotment of Rights Units;

(iii) MIL and MLRL will not, on or before the Closing Date, sell, transfer or otherwise dispose of Units (or any interest therein) held by them as at 2 September 2017, other than to their wholly-owned subsidiaries; and

(iv) unless required by applicable law or regulations or by an order of a court of competent jurisdiction, MIL and MLRL will not, during the period commencing from the date of the announcement of the launch of the Rights Issue up to and including the date of the listing of the Rights Units, make any public statement or announcement regarding the Rights Issue, without first obtaining the prior written consent of the Manager and the Joint Lead Managers and Underwriters (such consent not to be unreasonably withheld or delayed).

It should be noted that the Manulife Irrevocable Undertakings may be terminated upon the occurrence of certain events, including if performing MIL's or MLRL's respective obligations under the Manulife Irrevocable Undertakings will cause MIL or MLRL to be in breach of applicable laws, regulations or order of court or regulatory body issued after the date of Manulife Irrevocable Undertakings.

3.9 Use of Proceeds

The Rights Issue will raise gross proceeds of US$208.0 million and net proceeds of US$200.7 million. The Manager expects to use the gross proceeds from the Rights Issue as follows:

(i) US$200.7 million (which is equivalent to 96.5% of the gross proceeds of the Rights Issue) to partially fund the Acquisition; and

(ii) US$7.3 million (which is equivalent to 3.5% of the gross proceeds of the Rights Issue) for the total costs and expenses relating to the Rights Issue.

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

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements via SGXNET on the utilisation of the proceeds from the Rights Issue as and when such funds are materially utilised and provide a status report on the use of the proceeds from the Rights Issue in the annual reports of Manulife US REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

3.10 Costs of the Rights Issue

If Manulife US REIT proceeds with the Rights Issue, the Manager estimates that Manulife US REIT will have to bear the following costs and expenses in relation to the Rights Issue:

(i) underwriting commission and related expenses of US$3.6 million which the Manager will pay to the Joint Lead Managers and Underwriters upon completion of the Rights Issue; and

(ii) professional and other fees and expenses of approximately US$3.7 million in connection with the Rights Issue.

3.11 Requirement for Unitholders' Approval for the Rights Issue

The Manager is seeking the approval of Unitholders for the proposed issue of 299,288,423 Rights Units (representing approximately 41.0% of the 729,971,765 Units in issue as at the Latest Practicable Date) under the Rights Issue pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the general mandate that was obtained by the Manager from Unitholders at the annual general meeting of Unitholders held on 24 April 2017 to issue the Rights Units.

Unitholders should note that Resolution 1 (the Acquisition) and Resolution 2 (the Rights Issue) are inter-conditional. This means that if any of Resolution 1 or Resolution 2 is not approved, the other Resolution would not be carried.

In the event the Unitholders do not approve Resolution 1 (the Acquisition), the Manager will not proceed with Resolution 2 (the Rights Issue).

4. RATIONALE FOR AND KEY BENEFITS OF THE ACQUISITION AND RIGHTS ISSUE

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

4.1 Exposure to a Prime Office Submarket Minutes from New York City

4.1.1 Prime Location within the Hudson Waterfront District of Northern New Jersey

The Hudson Waterfront District sits directly across the Hudson River from Manhattan and is sometimes referred to as "Wall Street West" or New York's "Sixth-Borough" for its attractive office market and mass transit system. According to Cushman & Wakefield of New Jersey, Inc. ("**C&W**"), the Independent Market Research Consultant, the Hudson Waterfront District is the fastest developing submarket in Northern New Jersey and should continue to see substantial growth moving forward.

The area is a cost-effective alternative to downtown Manhattan, and over the last decade has attracted numerous financial institutions from Wall Street choosing to relocate from but remain within close proximity and accessibility to Manhattan. In recent years, the market has continued to mature and attract other types of businesses, including technology businesses.

Furthermore, the Hudson Waterfront District is emerging as a popular destination for residential real estate, which could positively influence the office market. Over the past few years, the development of condominiums and apartment towers across the Hudson River waterfront has offered new residential housing opportunities to young professionals looking for affordable alternatives to city life and to white-collar commuters looking to escape the congestion of New York City thereby contributing to the "live, work, play" environment. The introduction of a new mass transit option, the Hudson-Bergen Light Rail, has also sparked development of numerous multi-family properties throughout the Hudson Waterfront District.

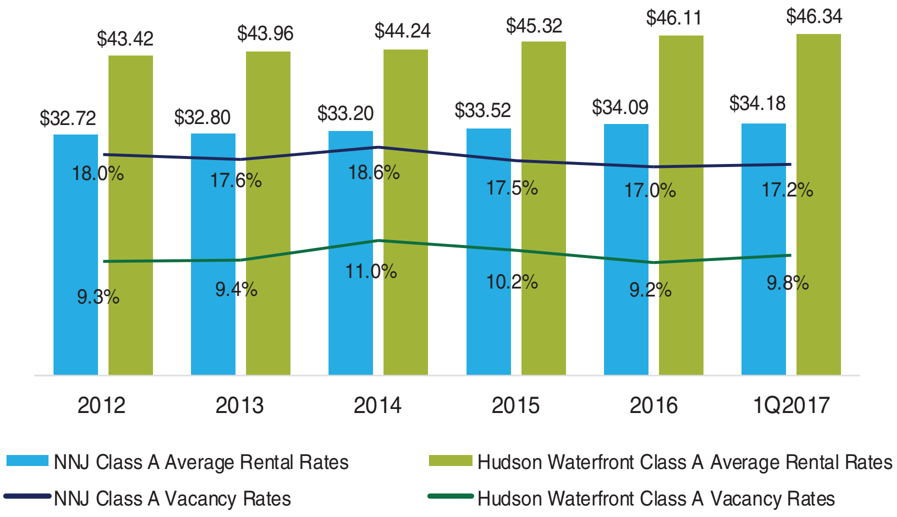
4.1.2 Desirable Office Submarket with Strong Performance

According to C&W, the Hudson Waterfront District is considered to be the strongest office market within Northern New Jersey, having historically outperformed the greater regional market in terms of occupancy levels and rental rates. The Hudson Waterfront District continues to be the highest priced submarket in the State of New Jersey due to both its "live, work, play" environment and its close proximity to New York City.

Class A buildings within the Hudson Waterfront District command a higher asking average rent of US$46.34 per sq ft, compared to Class A buildings in the wider Northern New Jersey region at US$34.18 per sq ft.

Over the near term, new construction activity is not expected to exceed absorption, and this is expected to continue to support the rental and occupancy rates going forward. Furthermore, no new office projects are scheduled for delivery within the next five years.

Class A Average Asking Rents and Vacancy Rates for Northern New Jersey and Hudson Waterfront



(See the Independent Market Research Report by C&W in Appendix C of this Circular for more details.)

4.1.3 Strategic Location with Excellent Connectivity

The Property enjoys prominent frontage along the Hudson River waterfront and offers convenient access to Manhattan through the following public transportation options:

(i) The Exchange Place PATH Station, which is adjacent to the Property, provides 24-hours a day, seven days a week convenient access into New York City within 10 minutes. The World Trade Center Station is only one stop away.

(ii) The New York Waterways Ferries terminal, which provides access to midtown Manhattan with a crossing time of 8 to 10 minutes, is located within walking distance from the Property.

(iii) The newly developed Hudson-Bergen Light Rail System runs directly behind the Property, linking all of the Hudson County Waterfront projects to the PATH and New Jersey Transit train systems.

The Property also benefits from convenient access to the New Jersey Turnpike extension (also known as the I-78), which leads directly into the Holland Tunnel, providing vehicular access to New York City in under 20 minutes. The Property is also in close proximity to the metropolitan area's three major airports being Newark International, Kennedy International and LaGuardia.

Given its excellent accessibility, the Property tends to attract tenants that either do not require a Manhattan location for their operations but still desire close proximity to Manhattan or tenants that have an office in Manhattan but choose to house their "back office" personnel in a less expensive location.

4.2 High-Quality Waterfront Property at an Attractive Discount

4.2.1 High-Quality Class A Waterfront Property

The Property is a freehold Class A, 30-storey office tower located in Jersey City, New Jersey, directly on the Hudson River waterfront, with unobstructed views of the Manhattan skyline. With its glass façade, bowed front and tall spire, the Property is one of the most recognisable buildings in the district. The Hudson River waterfront offers a "live, work, play" environment, with around-the-clock amenities, street life, and recently constructed residential developments.

Various facilities are available to the tenants of the Property, including a newsstand, coffee house and on-site food service options, as well as in-building parking located on the second to sixth floors with a total of 467 lots.

The Property has large, efficient floor plates ranging from approximately 39,000 sq ft at the base to approximately 24,000 sq ft at the top, with minimal supporting columns. Much of the Property provides unobstructed views of the Manhattan skyline, which is an attractive selling point to potential tenants.

The Property is a 2011 "The Outstanding Building of the Year (TOBY)" award winner[1].

1 Awarded by the Building Owners and Managers Association (New Jersey).

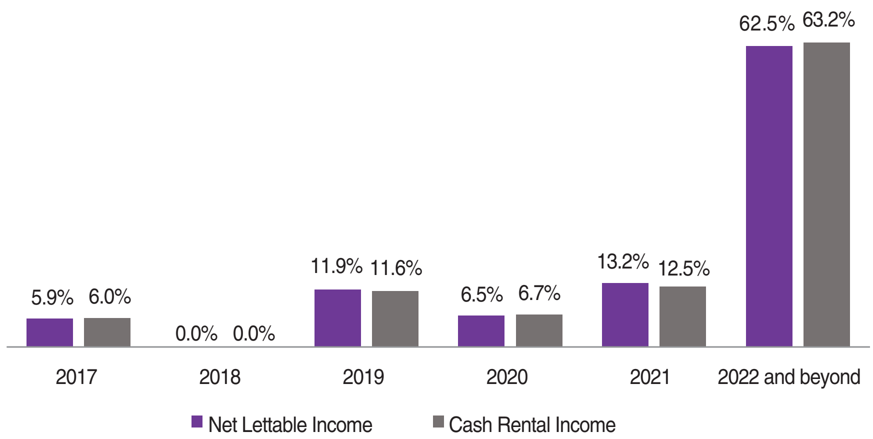
4.2.2 Strong Tenant Base with High Occupancy

The Property has a tenant base of 25 tenants. The top five tenants[1] are Amazon Corporate LLC; Rabo Support Services, Inc.; ACE American Insurance Company; Kuehne & Nagel, Inc. and Opera Solutions, LLC. As at 31 July 2017, the Property is 93.1% leased.

4.2.3 Favourable and Defensive Lease Expiry Profile

The Property's leases are long-tenured, with 90.4%[1] of the leases structured with original tenures of more than 9 years. As at 31 July 2017, the weighted average lease expiry (the "**WALE**") is approximately 5.7 years (by NLA). Approximately 62.5% and 63.2% of lease expiries by NLA and Cash Rental Income respectively, will occur in 2022 and beyond.

Lease Expiry Profile of the Property (as at 31 July 2017)



4.2.4 Organic Growth from Built-In Rental Escalation as Well as Opportunity for Rental Reversions

The majority of the leases at the Property have built-in rental escalation providing organic growth to the rental revenues. Typically, these leases are structured to reflect significant mid-term or periodic escalations.

The average asking rental rates for Class A buildings in the submarket is US$46.34 as of first quarter 2017 and this is projected to increase going forward due to the strong demand for the submarket[2]. As such, there is an opportunity for rental reversion in future leases, given that the average in-place rent of the Property is US$38.18 as of 31 July 2017.

1 By Cash Rental Income as at 31 July 2017.

2 See the Independent Market Research Report by C&W in Appendix C of this Circular for more details.

4.2.5 Purchase Price Represents an Attractive Discount from Appraised Value

The agreed-upon purchase price of the Property of US$313.2 million represents a discount of 6.8% to RERC's appraised value of US$336.0 million and a discount of 5.1% to Colliers' appraised value of US$330.0 million[1]. The acquisition of the Property at an attractive discount from the independent appraised value presents good value for Unitholders.

4.3 Solidify Geographical Diversification and Expansion of Tenant Base

4.3.1 Expand Manulife US REIT's Well-Diversified Tenant Base

The Property is expected to contribute positively to the Current Portfolio's well-diversified tenant base and further reduce Manulife US REIT's concentration risk to any single tenant. In the Enlarged Portfolio, no single tenant accounts for more than 6.7% of Cash Rental Income. Furthermore, together with the completion of the acquisition of Plaza, the Top 10 Tenants of the Enlarged Portfolio by Cash Rental Income will now contribute 47.7% of Cash Rental Income, compared to 64.1% by Cash Rental Income based on the tenants from the IPO Portfolio. New large tenants with long term leases in the Enlarged Portfolio also contribute to a longer WALE (by Cash Rental Income) of the Top 10 Tenants of 7.0 years, as compared to 5.9 years based on the IPO Portfolio's Top 10 tenants.

Top 10 Tenants
(by Cash Rental Income as at 31 July 2017)

IPO Portfolio	
Tenant	**%**
Kilpatrick	10.6%
TCW	10.1%
Hyundai Capital America	8.9%
Quinn Emanuel	8.2%
Gibson Dunn	7.1%
LA Fitness	4.8%
Bryan Cave	4.1%
Jones Day	3.8%
Greenberg Traurig	3.4%
Allen Matkins	3.1%
Total Top 10 Tenants	**64.1%**

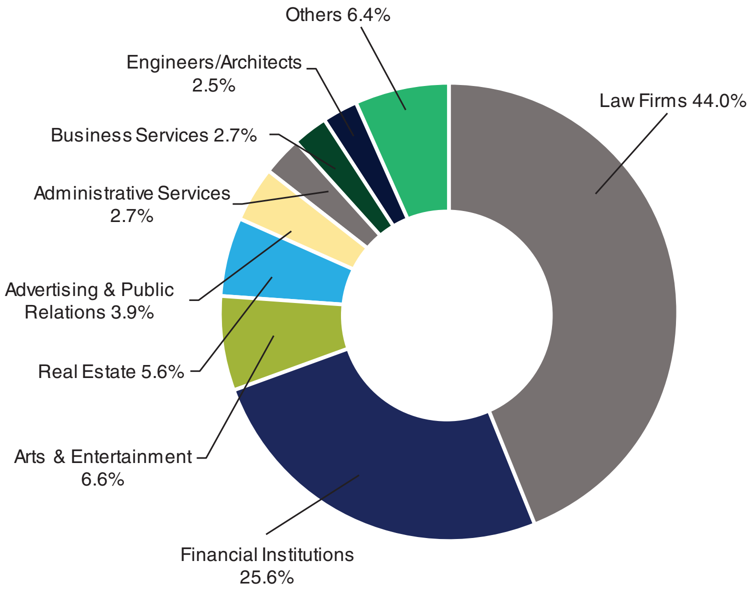
Enlarged Portfolio	
Tenant	**%**
Kilpatrick	6.7%
TCW	6.4%
Hyundai Capital America	5.6%
The Children's Place	5.4%
Quinn Emanuel	5.2%
Gibson Dunn	4.5%
Amazon Corporate LLC	4.4%
Quest Diagnostics	3.5%
LA Fitness	3.0%
Rabo Support Services, Inc.	3.0%
Total Top 10 Tenants	**47.7%**

Note: In the Enlarged Portfolio, The Children's Place and Quest Diagnostics are tenants from Plaza, while Amazon and Rabo Support Services, Inc. are tenants from the Property.

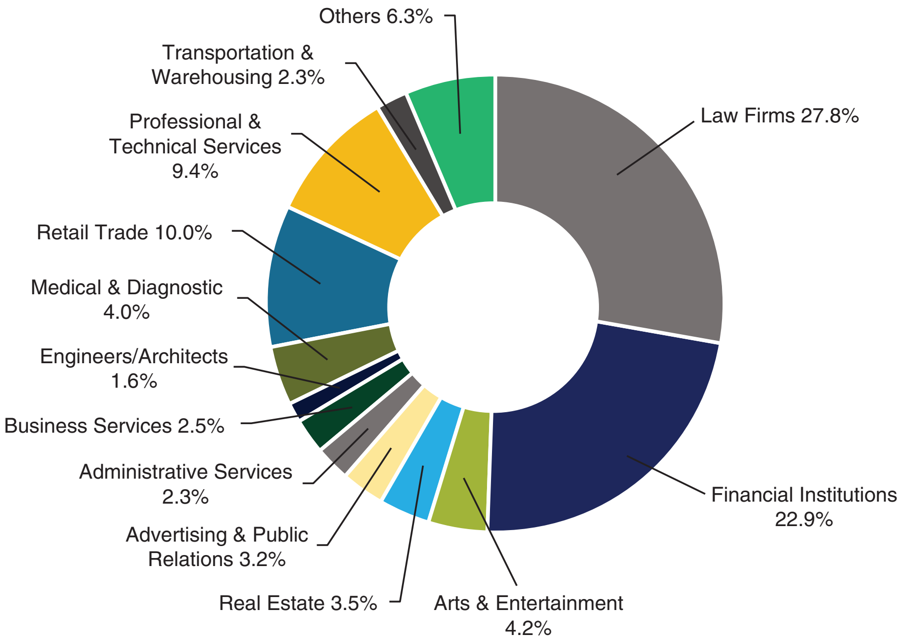
The Acquisition will also improve Manulife US REIT's tenant diversification with the introduction of new tenants in two new trade sectors: (1) Transportation & Warehousing and (2) Professional & Technical Services. In addition, the Enlarged Portfolio will have a lower concentration of Law Firm sector tenants, decreasing from 36.7% in the Current Portfolio to 27.8% in the Enlarged Portfolio.

1 These discounts to appraised values are based on the Purchase Consideration excluding settlement adjustments amounting to US$4.0 million. See paragraph 2.2 of the Letter to Unitholders for further details.

IPO Portfolio Breakdown of Tenants by Trade Sector
(by Cash Rental Income as at 31 July 2017)



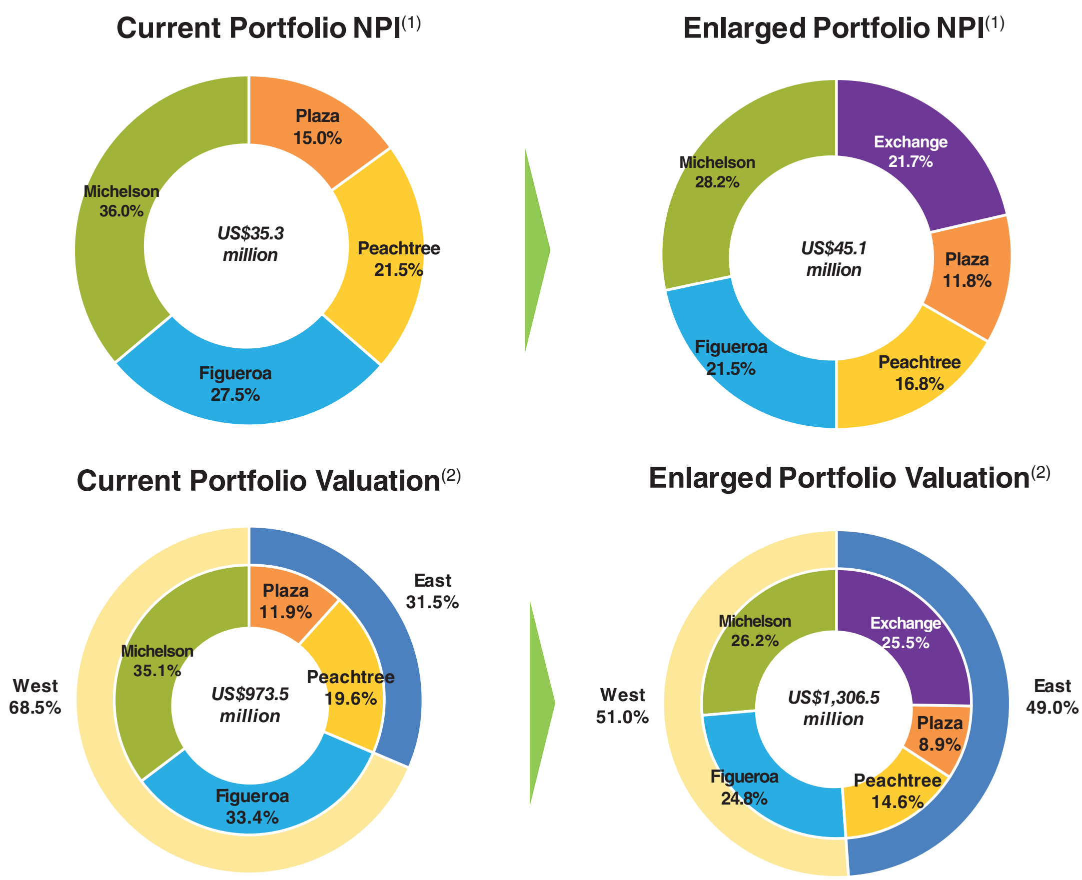
Enlarged Portfolio Breakdown of Tenants by Trade Sector
(by Cash Rental Income as at 31 July 2017)



4.3.2 Solidify Diversification of Manulife US REIT's Portfolio

Following the Acquisition, no single property will contribute more than 28.2% and 26.2% of Manulife US REIT's Enlarged Portfolio's NPI and valuation respectively.

Portfolio Breakdown by NPI and Valuation



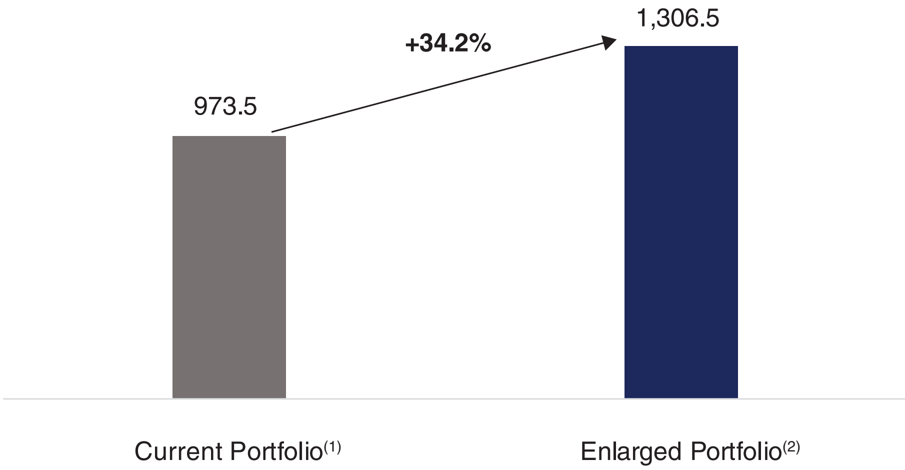
Notes:

(1) Based on audited financial information for the IPO Portfolio and unaudited financial information for Plaza and the Property, for the period from 20 May 2016 to 31 December 2016.

(2) Valuation for Current Portfolio as at 30 June 2017 (save for Plaza which was valued as at 2 June 2017). Valuation for the Property is based on the average of the independent valuations by Colliers and RERC as at 18 July 2017 and 11 July 2017, respectively.

Upon completion of the Acquisition, Manulife US REIT's aggregate valuation and NLA will be enlarged by 34.2% and 32.5%, respectively.

Portfolio Valuation (US$'m)



Notes:

(1) Valuation for Current Portfolio as at 30 June 2017 (save for Plaza which was valued as at 2 June 2017).

(2) Valuation for the Property is based on the average of the independent valuations by Colliers and RERC as at 18 July 2017 and 11 July 2017, respectively.

4.4 Accretive Acquisition Funded by a Rights Issue

4.4.1 Accretive Acquisition that Improves DPU Yield to Unitholders

FOR ILLUSTRATIVE PURPOSES ONLY: Assuming the Acquisition was completed on 20 May 2016 (the date of listing of Manulife US REIT) and Manulife US REIT held and operated the Property in FY2016, the pro forma DPU yield of the Enlarged Portfolio would increase by 2.2% to approximately 6.23%[1] compared to the pro forma DPU yield of the Current Portfolio of approximately 6.10%[2].

4.4.2 Opportunity for Existing Unitholders to Participate in an Equity Fund Raising Exercise

The Rights Issue provides an opportunity for Eligible Unitholders to subscribe for their Rights Entitlements at an Issue Price of US$0.695 which is at a discount of 21.6% to TERP.

The Rights Entitlements are renounceable, and Eligible Unitholders who do not wish to subscribe for their Rights Entitlements may sell their "nil-paid" rights and crystallise the value of the rights discount.

1 Based on TERP of US$0.886 per Unit.

2 Based on Closing Price of US$0.965 per Unit.

4.4.3 Increased Free Float Trading Value and Liquidity

The Rights Issue will increase Manulife US REIT's free float[1] trading value by 29.5%, from US$652.1 million[2] to US$844.2 million[3] and potentially result in improved trading liquidity thus benefiting Unitholders. Manulife US REIT's market capitalisation will increase from US$704.4 million[2] to US$911.9 million[3].

4.5 Capitalise on Growth Opportunities in Line with Long Term Strategy

With the accretive acquisition of the Property, Manulife US REIT will demonstrate its ability to grow inorganically and further enhance Unitholders' returns. Through a proactive asset enhancement strategy, Manulife US REIT is able to achieve growth in Gross Revenue and NPI while maintaining optimal occupancy levels.

Through the acquisition of the Property, Manulife US REIT will affirm the benefits arising from its Sponsor's large real estate portfolio in the U.S., which provides a secondary source of potential property acquisitions.

Manulife US REIT is also able to demonstrate sound capital management, by employing an appropriate mix of debt and equity to optimise the risk-adjusted returns to Unitholders.

5. CERTAIN FINANCIAL INFORMATION RELATING TO THE ACQUISITION AND RIGHTS ISSUE

5.1 Pro Forma Financial Effects of the Acquisition and the Rights Issue

The pro forma financial effects of the Acquisition and the Rights Issue on the DPU and NAV per Unit presented below are strictly for illustrative purposes and were prepared based on the FY2016 Audited Financial Statements, the unaudited management accounts of the Plaza property acquired by Manulife US REIT which was announced on the SGX-ST on 19 June 2017, the unaudited management accounts of the Property, and assuming that:

- the Acquisition Fee payable in Units to the Manager is paid through the issuance of approximately 2.7 million Units at TERP;
- the Acquisition is assumed to be funded by gross proceeds of US$208.0 million from Rights Issue and remaining amount by debt financing; and
- acquisition-related expenses (including title insurance, land transfer taxes and other costs) and estimated professional and other transaction fees and expenses incurred, or to be incurred, in connection with the financing and equity fund raising related expenses of approximately US$12.4 million.

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1 Assuming for illustrative purposes, MIL's and MLRL's ownership percentage in Manulife US REIT remained constant before and after the Acquisition.

2 Based on Closing Price of US$0.965 per Unit.

3 Based on TERP and assuming for illustrative purposes, MIL's and MLRL's ownership percentage in Manulife US REIT remained constant before and after the Acquisition.

5.1.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition and the Rights Issue on Manulife US REIT's DPU for FY2016 as if the Acquisition and the Rights Issue were completed on 20 May 2016 (the date of listing of Manulife US REIT) and Manulife US REIT held and operated the Property in FY2016 are as follows:

	Pro forma Financial Effects for FY2016[1]			
	FY2016 Audited Financial Statements	After the acquisition of Plaza[2] only (adjusted for Quest Diagnostics lease[3]) (taking into account the 2017 Private Placement)	After the acquisition of 10 Exchange Place only (taking into account the Rights Issue)	After the acquisition of Plaza[3] and 10 Exchange Place (taking into account the 2017 Private Placement and the Rights Issue)
Distributable Income (US$ million)	22.3	26.4	31.0	35.1
Issued and to be issued Units ('000)	627,863	725,322	930,658[5]	1,028,117[6]
DPU (US cents)	3.55	3.63	3.33[4]	3.41[4]
Annualised DPU Yield (%)	5.96[7]	6.10[7]	6.09[8]	6.23[8]
Annualised DPU Yield (%) based on Issue Price	N.A.	N.A.	7.77[9]	7.95[9]

Notes:

(1) FY2016 refers to the financial period from 20 May 2016 (being the date of listing of Manulife US REIT) to 31 December 2016.

(2) Plaza located in Secaucus, New Jersey, was acquired on 19 July 2017, and was funded by private placement proceeds and debt financing.

(3) One of the major tenants, Quest Diagnostics, commenced its lease on 1 November 2016. The net property income of the proposed acquisition for the period from 20 May 2016 to 31 December 2016 only included two months of income from Quest Diagnostics in 2016. As a result, the DPU is lower after acquisition due to late commencement of the Quest Diagnostics lease. Therefore, it has been assumed that the Quest Diagnostics lease commenced on 20 May 2016, and would be income producing and cash generating from 20 May 2016. The Manager had elected to receive 100% of its base and property management fees in Units.

(4) JHUSA had granted rent free periods to certain tenants of the Property under the existing lease arrangements. As part of the Property Settlement adjustment, Manulife US REIT would have been reimbursed for the amount of rent which would otherwise have been payable by the tenants to the landlord if such rent free periods were not granted ("**Rent Free Reimbursement**"). Assuming the Property was acquired on 20 May 2016, the illustrative pro forma financial effects assume the Rent Free Reimbursement would have been approximately US$1.5 million and is based on the already agreed rent free period incentives which JHUSA had contractually made available to the relevant tenants under the lease arrangements which were in place for the Property on 20 May 2016, in order to reflect the normalised cash flows of the Property. The Rent Free Reimbursement would be credited against the purchase consideration for the Property and would go towards the distributable income of Manulife US REIT. The pro forma distributable income for FY2016 includes Rent Free Reimbursement of US$1.5 million.

(5) The Units issued and to be issued as at 31 December 2016 include (i) approximately 299.3 million Rights Units; (ii) approximately 2.7 million new Units issued to the Manager as payment for the acquisition fees; and (iii) approximately 3.1 million new Units that are issuable to the Manager and Property Manager for management fees and property management fees.

(6) The Units issued and assumed to be issued as at 31 December 2016 include (i) approximately 299.3 million Rights Units; (ii) approximately 97.0 million of new Units issued in the private placement which was launched on 19 June 2017 ("**2017 Private Placement**"); (iii) approximately 2.7 million new Units issued to the Manager as payment for the acquisition fees; and (iv) approximately 3.6 million new Units that are issuable to the Manager and Property Manager for management fees and property management fees.

(7) Based on Closing Price of US$0.965 per Unit.

(8) Based on TERP of US$0.886 per Unit.

(9) Based on Issue Price of US$0.695 per Unit.

5.1.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Acquisition and the Rights Issue on Manulife US REIT's NAV per Unit as at 31 December 2016, as if the Acquisition and the Rights Issue were completed on 31 December 2016 are as follows:

	Pro forma Financial Effects as at 31 December 2016			
	FY2016 Audited Financial Statements	After the acquisition of Plaza only (taking into account the 2017 Private Placement)	After the acquisition of 10 Exchange Place only (taking into account the Rights Issue)	After acquisition of Plaza and 10 Exchange Place (taking into account the 2017 Private Placement and the Rights Issue)
NAV (US$ million)	547.0	624.0	750.5	827.5
Issued Units ('000)	629,619[(1)]	726,622[(2)]	931,591[(3)]	1,028,594[(4)]
NAV per Unit (US$)	0.87	0.86	0.81	0.80

Notes:

(1) Number of Units issued and assumed to be issued as at 31 December 2016.

(2) Including existing Units issued and to be issued as at 31 December 2016 and 97.0 million new Units issued in the 2017 Private Placement at an issue price of US$0.830 per new Unit.

(3) The units issued and assumed to be issued as at 31 December 2016 include (i) approximately 299.3 million Rights Units; and (ii) approximately 2.7 million new Units issued to the Manager as payment for the acquisition fees.

(4) The units issued and assumed to be issued as at 31 December 2016 include (i) approximately 299.3 million Rights Units; (ii) approximately 97.0 million new Units issued in the 2017 Private Placement; and (iii) approximately 2.7 million new Units issued to Manager as payment for the acquisition fees.

5.1.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of Manulife US REIT as at 31 December 2016, as if the Acquisition and the Rights Issue were completed on 31 December 2016, is as follows:

	Pro forma Financial Effects as at 31 December 2016			
	FY2016 Audited Financial Statements	**After the acquisition of Plaza only (taking into account the 2017 Private Placement)**	**After the acquisition of 10 Exchange Place only (taking into account the Rights Issue)**	**After the acquisition of Plaza and 10 Exchange Place (taking into account the 2017 Private Placement and the Rights Issue)**
Current Secured loans and borrowings (US$ million)[1]	–	–	–	–
Non-Current Unsecured loans and borrowings (US$ million)[1]	–	–	–	–
Secured loans and borrowings (US$ million)[1]	294.2	333.8	415.2	454.8
Total loans and borrowings (US$ million)	**294.2**	**333.8**	**415.2**	**454.8**
Unitholders' funds (US$ million)	547.0	624.0	750.5	827.5
Total Capitalisation (US$ million)	**841.2**	**957.8**	**1,165.7**	**1,282.3**

Note:

(1) Stated net of unamortised transaction costs.

6. RECOMMENDATIONS

6.1 The Acquisition

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 Acquisition as set out in paragraph 4 above, the Independent Directors (which includes the Audit and Risk Committee) are of the view that the Acquisition is based 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 Resolution 1 (the Acquisition).

6.2 The Rights Issue

Having regard to the rationale for and key benefits of the Rights Issue set out in paragraph 4 above, the Manager believes that the Rights Issue would be beneficial to, and is in the interests of, Manulife US REIT and its Unitholders.

Accordingly, the Manager recommends that the Unitholders vote at the EGM in favour of Resolution 2 (the Rights Issue).

7. EXTRAORDINARY GENERAL MEETING

The EGM will be held on Tuesday, 19 September 2017 at 10.00 a.m. at Raffles City Convention Centre, Olivia Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions 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 resolutions. Approval by way of an Ordinary Resolution is required in respect of the resolutions.

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.

8. 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 Acquisition involves a transaction 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 Resolution 1 (the Acquisition); and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to Resolution 1 (the Acquisition) 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 Resolution 1 (the Acquisition).

9. 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, 16 September 2017 at 10.00 a.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 any of the resolutions 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 resolutions. If a Unitholder (being an independent Unitholder) wishes to appoint Mr Hsieh Tsun-Yan, Mr Kevin Adolphe and 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 resolutions.

10. 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 Acquisition, the Rights Issue, 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.

11. CONSENTS

Each of the IFA (being Deloitte & Touche Corporate Finance Pte. Ltd.), the Independent Valuers (being RERC and Colliers) and the Independent Market Research Consultant (being C&W) 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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] 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 Purchase Agreement;

(ii) the IFA Letter;

(iii) the valuation report on the Property issued by RERC;

(iv) the valuation report on the Property issued by Colliers;

(v) the independent market research report issued by the Independent Market Research Consultant;

(vi) the FY2016 Audited Financial Statements; and

1 Prior appointment with the Manager will be appreciated.

(vii) 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 does not constitute an offer of securities in the United States or any other jurisdiction. Any proposed issue of Rights Units described in this Circular will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and any such Rights Units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Manager does not intend to conduct a public offering of any securities of Manulife US REIT in the United States.

GLOSSARY

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

%	:	Per centum or percentage
2017 Private Placement	:	The placement of 97,003,000 new Units to raise gross proceeds of US$80.5 million which was launched by the Manager on 19 June 2017
Acquisition	:	The proposed acquisition of the office building located at 10 Exchange Place, Jersey City, Hudson County, New Jersey
Acquisition Fee	:	The acquisition fee for the Acquisition which the Manager will be entitled to receive from Manulife US REIT upon completion of the Acquisition
Acquisition Fee Units	:	The Units to be issued to the Manager as payment of the Acquisition Fee
Audit and Risk Committee	:	The Audit and Risk Committee of the Manager
C&W	:	Cushman & Wakefield of New Jersey, Inc., the Independent Market Research Consultant
Cash Rental Income	:	Rental income and recoveries income without straight-line adjustments and amortisation of tenant improvement allowance, leasing commission and free rent incentives
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 2 September 2017
Closing Price	:	US$0.965 per Unit on the SGX-ST on 31 August 2017, being the last trading day of the Units prior to the announcement of the Rights Issue
Colliers	:	Colliers International Valuation & Advisory Services, LLC, one of the Independent Valuers
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

DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held on Tuesday, 19 September 2017 at 10.00 a.m. at Raffles City Convention Centre, Olivia Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, to approve the matters set out in the Notice of Extraordinary General Meeting on pages F-1 to F-3 of this Circular
Eligible Unitholders	:	Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore
Enlarged Portfolio	:	The Current Portfolio and the Property
Excess Rights Units	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements
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
FY2016	:	The financial period from 20 May 2016 (being the date of listing of Manulife US REIT) to 31 December 2016
FY2016 Audited Financial Statements	:	The audited financial statements of Manulife US REIT Group for FY2016
IFA	:	Deloitte & Touche Corporate Finance Pte. Ltd.
IFA Letter	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee 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	:	RERC, LLC and Colliers International Valuation & Advisory Services, LLC
Ineligible Unitholders	:	Unitholders other than Eligible Unitholders

IPO Portfolio	:	The portfolio of properties held by Manulife US REIT at IPO
Issue Price	:	US$0.695, being the issue price per Rights Unit
Joint Lead Managers and Underwriters	:	DBS Bank Ltd. and Deutsche Bank AG, Singapore Branch
JHUSA	:	John Hancock Life Insurance Company (U.S.A.)
Latest Practicable Date	:	28 August 2017, 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
Management and Underwriting Agreement	:	Management and underwriting agreement entered into by the Manager and the Joint Lead Managers and Underwriters on 2 September 2017
Manulife Irrevocable Undertakings	:	The irrevocable undertaking provided by each of MIL and MLRL to each of (a) the Manager and (b) the Joint Lead Managers and Underwriter pursuant to which, among others, MIL and MLRL will accept and/or procure that the Relevant Entities accept, subscribe and pay in full for, the Relevant Entities' total provisional allotment of Rights Units
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	:	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: (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)
MFC	:	Manulife Financial Corporation
MIL	:	Manulife (International) Limited
MIL Initial Units	:	The 46,781,299 Units (representing approximately 6.41% of the issued Units) which MIL has interests in as at 28 August 2017
MLRL	:	Manufacturers Life Reinsurance Limited
MLRL Initial Units	:	The 7,429,165 Units (representing approximately 1.02% of the issued Units) which MLRL has interests in as at 28 August 2017
NAV	:	Net asset value
NLA	:	Net lettable area
NPI	:	Net property income
NTA	:	Net tangible asset value
Offer Information Statement	:	The offer information statement in connection with the Rights Issue to be lodged with the MAS and issued to Eligible Unitholders
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
Property	:	The property located at 10 Exchange Place, Jersey City, Hudson County, New Jersey

Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Purchase Agreement	:	The sale and purchase agreement entered into between JHUSA and Sub US REIT on 2 September 2017 in relation to the Acquisition
Purchase Consideration	:	The purchase consideration of US$317.2 million payable to JHUSA in connection with the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments[1] estimated at US$4.0 million
RERC	:	RERC, LLC, one of the Independent Valuers
Resolutions	:	The resolution in connection with the Acquisition and the Rights Issue to be proposed at the EGM
Relevant Entities	:	Comprises the wholly-owned subsidiaries of the Sponsor which hold Units, being MIL, MLRL and MFAL, or as the case may be, the nominee(s) or custodian(s) of the Sponsor and/or such subsidiary
Rights Entitlements	:	The "nil-paid" provisional allotment of Rights Units to Eligible Unitholders under the Rights Issue
Rights Issue Books Closure Date	:	The time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of the Rights Units to the Eligible Unitholders
Rights Issue	:	The proposed issue of new Units on a renounceable basis to Eligible Unitholders on the basis of 41 Rights Units for every 100 Existing Units held as at the Rights Issue Books Closure Date at the Issue Price
Rights Ratio	:	The rights ratio of 41 Rights Unit for every 100 Existing Units
Rights Units	:	The new Units proposed to be issued by way of the Rights Issue
S$ and cents	:	Singapore dollars and cents
Securities Act	:	U.S. Securities Act of 1933, as amended
SGX-ST	:	Singapore Exchange Securities Trading Limited
Sponsor	:	The Manufacturers Life Insurance Company

1 Settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvements (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

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
Sub US REIT	:	Hancock S-REIT JCITY Corp.
Total Acquisition Cost	:	The total cost of the Acquisition to Manulife US REIT
TERP	:	Theoretical ex-rights price of US$0.886 per Unit which is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of Manulife US REIT based on the Closing Price + Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

Trustee	:	DBS Trustee Limited, in its capacity as trustee of Manulife US REIT
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
U.S.	:	United States of America
WALE	:	Weighted average lease to expiry

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.

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

1. THE PROPERTY

1.1 Description of the Property

The Property is a 30-storey Class A office building located at 10 Exchange Place in Jersey City, Hudson County, New Jersey, with an NLA of 730,598 sq ft. The Property enjoys prominent frontage along the Hudson River waterfront, facing the financial district of midtown Manhattan. It is situated in a "live, work, play" environment, with around-the-clock amenities, street life, and recently constructed residential developments.

Various facilities are available to the tenants of the Property, including a newsstand, on-site food service options, as well as in-building parking located on the second to sixth floors with a total of 467 lots.

The Property has outstanding access to public transportation infrastructure. The Exchange Place PATH Station is located adjacent to the Property and provides direct access to the World Trade Center Station in lower Manhattan. The Hudson-Bergen Light Rail train runs along Hudson Street, immediately behind the Property and the New York Waterways Ferries terminal, which provides ferry services to Manhattan, is within walking distance of the Property. As such, the Property is attractive to tenants who desire close proximity to Manhattan but do not want to pay Manhattan-level rents for their operations.

The Property is a 2011 "The Outstanding Building of the Year (TOBY)" award winner[1].

1 Awarded by the Building Owners and Managers Association (New Jersey).

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

Location	10 Exchange Place, Jersey City, Hudson County, New Jersey, 07302
Land Area (sq ft)	45,199[1]
NLA (sq ft)	730,598
Net Property Income (US$ million)[2]	9.8
Committed Occupancy	93.1%
Land Tenure	Freehold
Year Built	1988
Number of Storeys	30
Number of Tenants	25
WALE by NLA	5.7 years
Valuation by RERC as at 11 July 2017 (US$ million)	336.0
Valuation by Colliers as at 18 July 2017 (US$ million)	330.0

Notes:

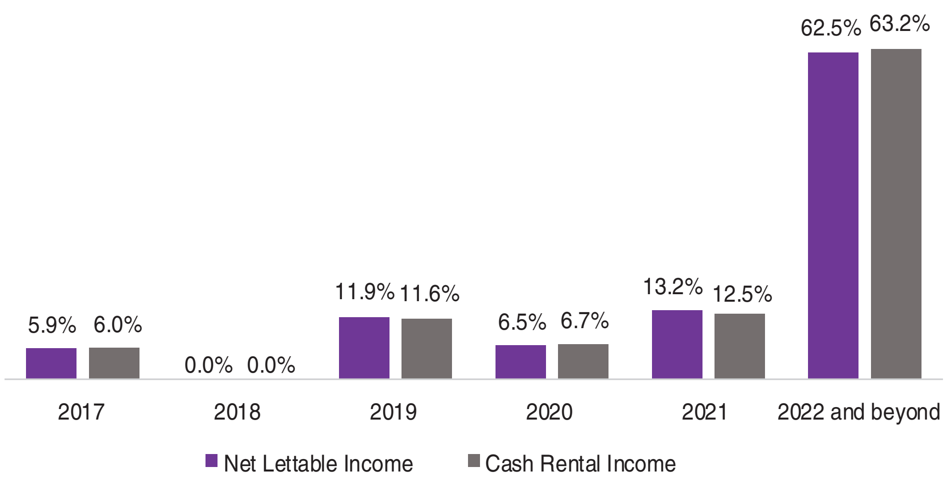
(1) The Property includes easement rights over two additional land parcels immediately adjacent to the northern and southern boundaries of the Property, totalling 4,310 sq ft.

(2) Based on unaudited financial information for the Property for the period from 20 May 2016 to 31 December 2016.

1.2 Lease Expiry Profile for the Property

The chart below illustrates the committed lease expiry profile of the Property by percentage of committed NLA and monthly Cash Rental Income as at 31 July 2017.

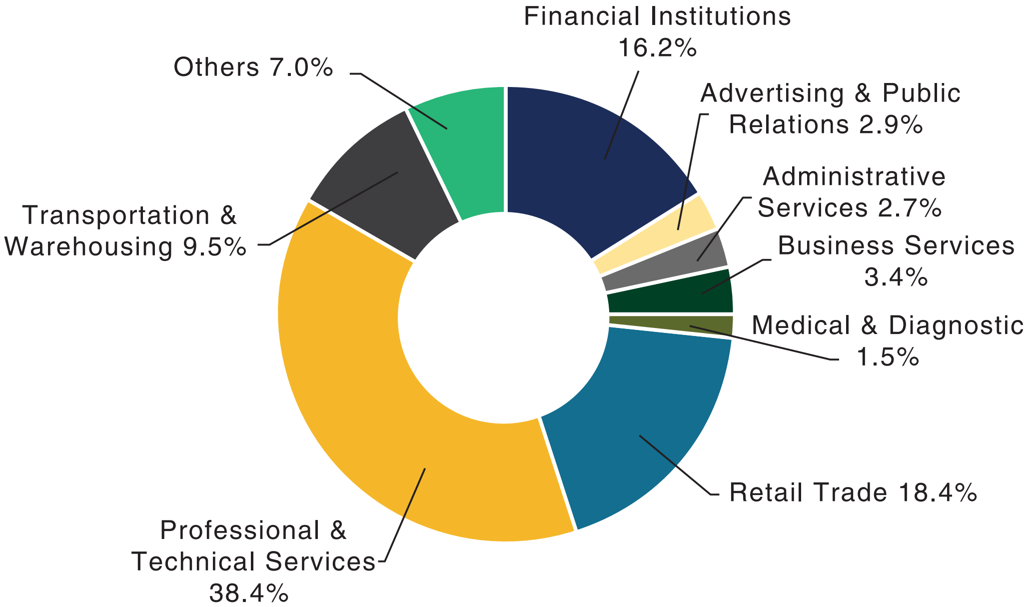
Lease Expiry Profile of the Property



1.3 Trade Sector Analysis for the Property

The chart below provides a breakdown by the different trade sectors represented in the Property as a percentage of monthly Cash Rental Income as at 31 July 2017.

The Property Breakdown of Tenants by Trade Sector (by Cash Rental Income as at 31 July 2017)



1.4 Top 10 Tenants of the Property

The table below sets out the top 10 tenants of the Property by monthly Cash Rental Income as at 31 July 2017.

No.	Tenant	Trade Sector	% of Cash Rental Income
1	Amazon Corporate LLC	Retail trade	18.2%
2	Rabo Support Services, Inc.	Professional & Technical Services	12.3%
3	ACE American Insurance Company	Financial Institutions	11.0%
4	Kuehne & Nagel, Inc.	Transportation & Warehousing	9.5%
5	Opera Solutions, LLC	Professional & Technical Services	7.2%
6	Data Pipe, Inc.	Professional & Technical Services	5.3%
7	Daikin Applied Americas, Inc.	Other/Manufacturing	5.1%
8	Jackson Hewitt Tax Service Inc.	Business Services	3.4%
9	Citrix Systems, Inc.	Professional & Technical Services	3.2%
10	EXL Service Holdings, Inc.	Professional & Technical Services	3.1%
Top 10 Tenants			**78.3%**
Other Tenants			**21.7%**
Total			**100.0%**

2. CURRENT PORTFOLIO

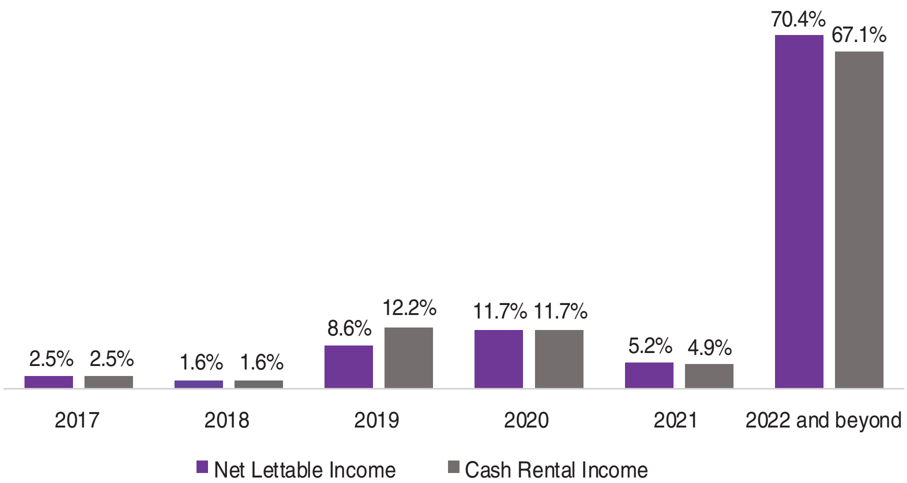
The table below sets out selected information about the Current Portfolio as at 31 July 2017.

	Figueroa	Michelson	Peachtree	Plaza
Location	865 S. Figueroa St, Los Angeles, California	3161 Michelson Dr, Irvine, California	1100 Peachtree St, Atlanta, Georgia	500 Plaza Drive, Secaucus, New Jersey
NLA (sq ft)	699,372	532,603	555,922	461,725
Committed Occupancy	95.3%	98.4%	95.1%	98.9%
Land Tenure	Freehold	Freehold	Freehold	Freehold
Completion Year	1991	2007	1991	1985
Number of Car Park Lots	841	2,744	1,221	1,474
Number of Tenants	30	15	25	7
WALE by NLA	5.2 years	4.8 years	5.8 years	8.7 years
Acquisition Date	20 May 2016	20 May 2016	20 May 2016	19 July 2017

2.1 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 Cash Rental Income as at 31 July 2017.

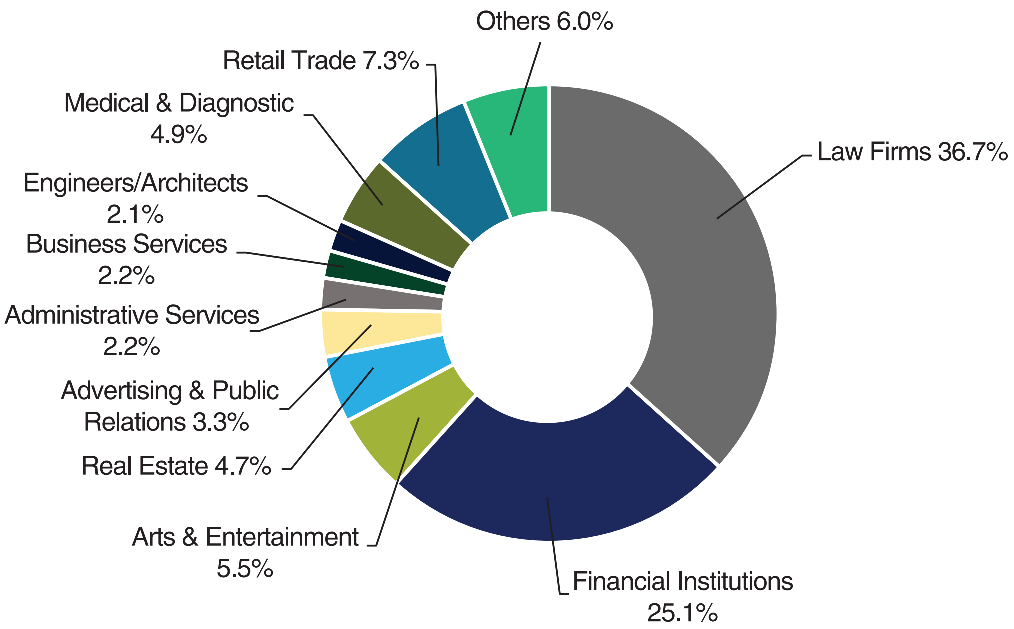
Lease Expiry Profile of the Current Portfolio



2.2 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 Cash Rental Income as at 31 July 2017.

Current Portfolio Breakdown of Tenants by Trade Sector (by Cash Rental Income as at 31 July 2017)



2.3 Top 10 Tenants of the Current Portfolio

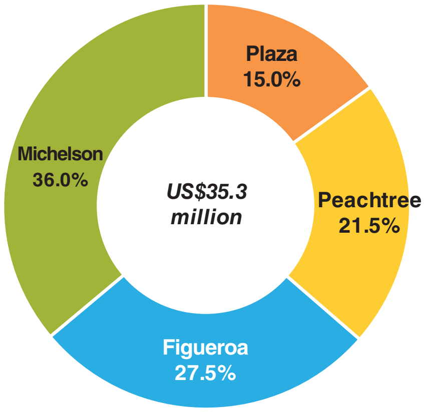
The table below sets out the top 10 tenants of the Current Portfolio by monthly Cash Rental Income as at 31 July 2017.

No.	Tenant	Trade Sector	% of Cash Rental Income
1	Kilpatrick	Law Firms	8.9%
2	TCW	Financial Institutions	8.4%
3	Hyundai Capital America	Financial Institutions	7.4%
4	The Children's Place	Retail Trade	7.2%
5	Quinn Emanuel	Law Firms	6.9%
6	Gibson Dunn	Law Firms	5.9%
7	Quest Diagnostics Incorporated	Medical & Diagnostics	4.6%
8	LA Fitness	Personal Services	4.0%
9	AXA Equitable Life Insurance	Financial Institutions	3.7%
10	Bryan Cave	Law Firms	3.4%
Top 10 Tenants			**60.4%**
Other Tenants			**39.6%**
Total			**100.0%**

2.4 Net Property Income Analysis for the Current Portfolio

The chart below provides a breakdown of the NPI represented in the Current Portfolio.

Current Portfolio NPI[1]



3. ENLARGED PORTFOLIO

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

	The Property	Current Portfolio	Enlarged Portfolio
NLA (sq ft)	730,598	2,249,622	2,980,220
Number of Tenants	25	77	102
Valuation (US$ million)	333.0[2]	973.5[3]	1,306.5
Committed Occupancy	93.1%	96.7%	95.8%
WALE (by NLA)	5.7 years	6.0 years	5.9 years

1 Based on audited financial information for the IPO Portfolio and unaudited financial information for Plaza, for the period from 20 May 2016 to 31 December 2016.

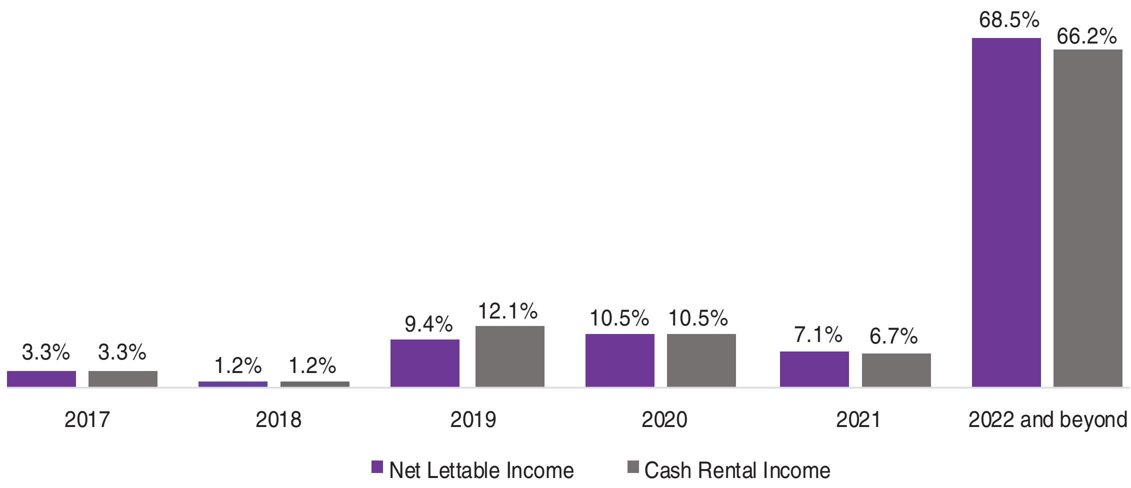
2 Based on the average appraised values by RERC of US$336.0 million as at 11 July 2017 and Colliers of US$330.0 million as at 18 July 2017.

3 Valuation for Current Portfolio as at 30 June 2017 (save for Plaza which was valued as at 2 June 2017).

3.1 Lease Expiry Profile for the Enlarged Property Portfolio

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

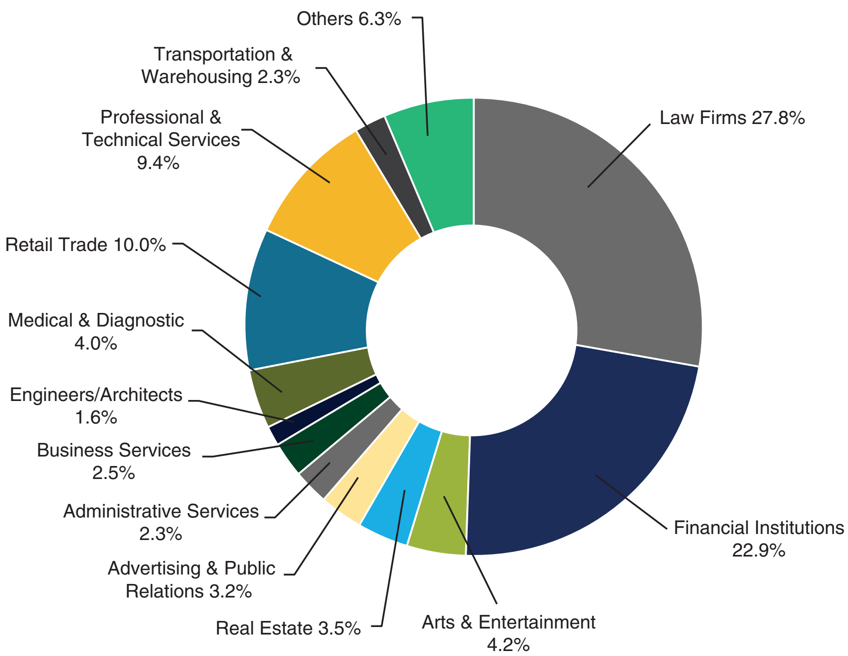
Lease Expiry Profile of the Enlarged Portfolio



3.2 Trade Sector Analysis for the Enlarged Property Portfolio

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

Enlarged Portfolio Breakdown of Tenants by Trade Sector (by Cash Rental Income as at 31 July 2017)



3.3 Top 10 Tenants of the Enlarged Property Portfolio

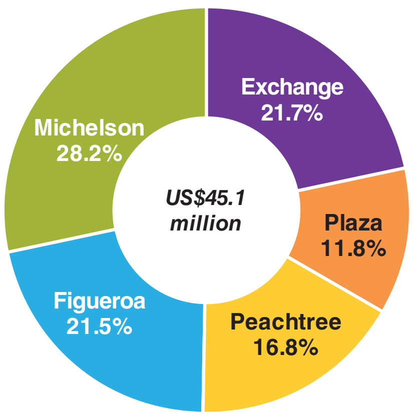
The table below sets out the top 10 tenants of the Enlarged Property Portfolio by monthly Cash Rental Income as at 31 July 2017.

No.	Tenant	Trade Sector	% of Cash Rental Income
1	Kilpatrick	Law Firms	6.7%
2	TCW	Financial Institutions	6.4%
3	Hyundai Capital America	Financial Institutions	5.6%
4	The Children's Place	Retail Trade	5.4%
5	Quinn Emanuel	Law Firms	5.2%
6	Gibson Dunn	Law Firms	4.5%
7	Amazon Corporate LLC	Retail Trade	4.4%
8	Quest Diagnostics Incorporated	Medical & Diagnostics	3.5%
9	LA Fitness	Personal Services	3.0%
10	Rabo Support Services, Inc.	Professional & Technical Services	3.0%
Top 10 Tenants			**47.7%**
Other Tenants			**52.3%**
Total			**100.0%**

3.4 Net Property Income Analysis for the Enlarged Property Portfolio

The chart below provides a breakdown by the NPI represented in the Enlarged Property Portfolio.

Enlarged Portfolio NPI[1]



1 Based on audited financial information for the IPO Portfolio and unaudited financial information for Plaza, for the period from 20 May 2016 to 31 December 2016.

VALUATION CERTIFICATES

Situs RERC™

August 10, 2017

S-REIT Manager US Corp.
(in its capacity as US affiliate of manager of Manulife US Real Estate Investment Trust)
197 Clarendon Street, C-8-13
Boston, MA 02116

And

Manulife US Real Estate Management Pte. Ltd
(in its capacity as manager of Manulife US Real Estate Investment Trust)
51 Bras Basah Road
Manulife Centre
Singapore 189554

And

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

Re: Summary of Valuation for Manulife US Real Estate Investment Trust (the "REIT")

Instructions, Purpose & Date of Valuation

We refer to your instructions for us to carry out market valuations of the properties to be acquired by the REIT. We confirm that we have carried out a field visit and tour, made relevant enquiries and searches and obtained information we consider necessary for the purpose of providing you with our opinion of the value of the property as of July 11, 2017.

Property

The property with certificates of value provided is as follows.

- 10 Exchange Place, Jersey City, NJ

RERC has performed an appraisal and provided an appraisal report to the Manager for the above referenced property for purposes of inclusion in a circular and/or offer information statement for a proposed acquisition of the property by Manulife US REIT.

Basis of Valuation

Our valuations of the properties represent market value. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: the most probable price that 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

• Buyer and seller are typically motivated;
• Both parties are well informed or well advised, and acting in what they consider their best interests;
• A reasonable time is allowed for exposure in the open market;

• Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
• 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.[1]

[1](12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Valuation Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

We have valued the property by the Income Capitalization Approach via Direct Capitalization and the Discount Cash Flow Method (“DCF”). In addition, the Sales Comparison Approach was used as a cross-reference to check against the results derived from the income approaches.

The Income Capitalization Approach entails an analysis of the property in terms of its ability to provide a sufficient net annual return on capital. There are two techniques used to assess the economic potential of the appraised property; direct capitalization and discounted cash flow analysis. The discounted cash flow analysis technique discounts a property's forecasted future income flows over an estimated holding period to arrive at an indication of present value. Direct capitalization employs an overall capitalization rate to a stabilized income stream to arrive at an indication of value.

The Sales Comparison Approach is based on the principle of substitution. That is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay occurs in making the substitution. Since no two properties are ever truly identical, the necessary adjustments for differences in quality, location, size, and other characteristics between the appraised property and comparable (substitute) property are a function of the market data and the appraiser's experience and judgment.

Source of Information

We have relied to a very considerable extent on the information provided by the client and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of property, particulars of occupancy, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the client. No on-site measurement has been carried out.

Title Investigation

We have not been provided with copies of title documents relating to the properties. The subject properties were appraised assuming no encumbrances to title, beyond being subject to tenant leases. No atypical easements were made known to RERC.

Site Visit

We have toured the exterior and interior of the property. No structural survey has been made. We are not qualified to opine as to whether property is free of defects or infestations. No test was carried out on any of the services.

Non-publication & Savings Clause

Save as provided herein, neither the whole nor any part of this letter and valuation certificate or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which they will appear.

Finally, and in accordance with our standard practice, save as provided herein, we must state that no responsibility is accepted to any third party for the whole or any part of the contents of this letter and valuation certificates.

We have prepared this letter and valuation certificate for inclusion in a ciruclar and/or offer information statement of Manulife US REIT and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the circular and/or offer information statement other than in respect of the information prepared within our full appraisal report, this letter or this valuation certificate. We do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by us in our full appraisal report, this letter or this valuation certificate.

Our valuation certificate(s) is hereby enclosed for your attention. ***Please note, it is necessary to have RERC's appraisal reports to understand RERC's valuation conclusions.***

Respectfully submitted,

RERC, LLC

Kenneth P. Riggs, CFA, MAI, CRE
President
6600 Westown Pkwy, Suite 260
West Des Moines, IA 50266
(312) 587-1900
riggs@rerc.com

Valuation Certificate

Property	10 Exchange Place, Jersey City, NJ
Client	S-REIT Manager US Corp. (in its capacity as US affiliate of manager of Manulife US Real Estate Investment Trust) 197 Clarendon Street, C-8-13 Boston, MA 02116 Manulife US Real Estate Management Pte. Ltd (in its capacity as manager of Manulife US Real Estate Investment Trust) 51 Bras Basah Road 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
Purpose of Valuation	Estimate Market Value
Date of Site Visit	July 11, 2017
Type of Property	High rise office
Property Description	Constructed in 1988, the property consists of one building with

	thirty stories, with a net rentable area of 729,565 square feet, which is expected to increase to 748,005 over time. It has an attached garage with 492 parking spaces.
Building Assessment	During the course of our site visit, the property was found to be in good condition. The building's first floor contains retail amenities commensurate with other class-A office developments in its Hudson Waterfront submarket. The floor plate is of adequate size for large corporate users. Half-floor and smaller size suites have been demised to satisfy user needs as applicable and appropriate.
Surrounding Infrastructure	Infrastructure surrounding the subject includes the PATH public transport train station serving Manhattan and a multitude of points throughout New Jersey, Exchange Place District of Jersey City with its various supporting commercial developments inclusive of retail, multi-family, condominium, and office properties, marinas, civic centers, colleges, and hotels.

Legal Description	Jersey City Block: 11604 | Lot: 1 (Antenna Qualifier T01)
Legal Interest Appraised	Leased Fee Estate
Site	1.03 acres, 45,002 square feet
Net Rentable Area	729,565 square feet
Year of Completion	1988
Condition	Good
Town Planning	The property is situated in the Exchange Place District of Jersey City, New Jersey. The property has its own parking garage to satisfy all parking needs.
Net Operating Income	$16,682,322 (year 1 of discounted cash flow analysis)
Current Occupancy	96%
Tenant Mix	The property consists of 729,565 square feet of net rentable area, which is expected to increase to 748,005 square feet over time. The subject has considerable credit quality tenants occupying multiple entire floors, including Amazon, EXL Services, and GenPact. A lease is currently in its final stages of execution with Nuts to occupy the entire top floor of the subject.
Basis of Valuation	Market Value – Subject to existing tenancies
Valuation Approaches	Sales Comparison and Income Capitalization Approach
Date of Valuation	July 11, 2017
Market Value	$336,000,000
Assumptions, Disclaimers	None
Prepared by	Del H. Kendall, CRE, MAI, FRICS

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES

666 Fifth Avenue
New York, NY 10103Â USA
MAIN+1 212 716 3500
FAX +1 212 486 2530
WEB www.colliers.com/valuationadvisory

August 24, 2017

Manulife US Real Estate Management Pte. 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")

10 Exchange Place, Jersey City, NJ 07302

INSTRUCTIONS

In accordance with the terms of engagement dated July 11, 2017, 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 July 18, 2017. This Valuation Summary Letter is a condensed version of our more expansive valuation report dated August 2, 2017 ("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 10 Exchange Place, Jersey City, NJ 07302 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.

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 July 18, 2017. 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	10 Exchange Place	45,302	731,945

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 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 26, 2009 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 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.

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 July 18, 2017, of the Property, subject to the existing lettings, is $330,000,000 (Three Hundred and Thirty 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 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

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.

- 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.

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.

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

VALUATION CERTIFICATE

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

www.colliers.com/valautionadvisory

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

Property	10 Exchange Place, Jersey City, NJ 07302, United States ("10 Exchange Place")
Client	DBS Trustee Limited (in its capacity as trustee of Manulife US Real Estate Investment Trust)
Purpose of Valuation	In connection with the proposed acquisition of the Property by Manulife US Real Estate Investment Trust
Date of Inspection	July 18, 2017
Type of Property	A 30-story, Class A office building with eight-levels of parking above grade, all situated along the Hudson Waterfront, in an area that is heavily improved with Class A high-rise office buildings anchored by large financial institutions. The subject is considered one of the premier office buildings in Jersey City and features direct access to the NJ Transit Path Station that provides access within the area, including to Manhattan.

Property Description	Constructed in 1988, 10 Exchange Place comprises a high-rise office building with 30 floors and excellent exposure on the Hudson River from Manhattan and also within Jersey City, with a net rentable area of 731,945 sq. ft. The property offers a high standard of office accommodation and building specification, with extensive and state-of-the-art technical equipment. It has an eight-level car park with 470 parking spaces situated on floors 2 through 8, with office suites beginning on the 9th floor. The subject property has a multi-tenant design that is currently 95.1% occupied by third party tenants. The subject space includes office suites as small as approximately 3,600 sq. ft. and up to larger suites that comprise entire floor plates of over 34,000 sq. ft. Several larger tenants occupy multiple floors at the subject. The subject also includes retail suites on the ground floor ranging from 908 to 4,000 sq. ft.
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 9th floor up, and includes precast and granite panels from ground floor to the 8th floor, exhibiting a contemporary design. The property also has excellent prominence from Manhattan given its situation on the river and is sufficiently accessible by public transit and roadways.
Surrounding Infrastructure	The property is located adjacent to the NJ Transit Path Station that provides access into Manhattan, and features direct access to the station from the subject. There is also a light-rail that runs along Hudson Street. The subject is also accessible by car with good access to major roadways including Interstate 78, State Route 9, and Interstate 95. Interstates 78 and 95 are interstate highways that provide access to the wider Tri-State region. State Route 9 is a local east-west highway that provides access through Northern New Jersey. Newark Liberty Airport is about 12 miles southwest of the subject, while La Guardia Airport is within 15 miles to the northeast and John F. Kennedy Airport is roughly 17 miles southeast. The property is located in Jersey City, within Hudson County. Jersey City is considered urban in nature with a solid mix of commercial, retail, and residential uses. The subject is situated on the Hudson Waterfront, just across the Hudson River from Manhattan. The local area consists primarily of high-rise office towers with some residential and retail development servicing the daytime population.
Assessor Parcel Number	Jersey City: 11604-1 and 11604-1-T1 (Antenna)
Property Interest	Leased Fee
Site	45,302 sq. ft.
Gross Building Area	914,250 sq. ft.

Net Rentable Area	731,945 sq. ft.
Year of Completion	1988
Condition	Average
City Planning/Zoning	The property is situated in the Exchange Place Redevelopment Plan Area (7), which allows for housing, restaurant, retail plaza, office, park, hotel - incl. conference center, recreational facilities, parking, civic/public uses, marina. Building height are subject to approval but stated as 550 feet in the zoning regulations. Parking is required onsite at a minimum ratio of 0.9 spaces per 1,000 sq. ft.
Net Operating Income	$16,439,090.
Tenancies	Top tenants at the subject include Amazon, Kuehn & Nagel, Ace Insurance, and Rabo Support Services. In all the four largest tenants occupy nearly 48% of the building. Peak turnover is anticipated in Year 8 with a total of 151,539 sq. ft. (20.7% of the net rentable area) expiring.
Basis of Valuation	Market Value – subject to existing tenancies
Valuation Approaches	Direct Capitalization Method, Discounted Cash Flow Analysis Method, & Sales Comparison Method
Date of Valuation	July 18, 2017
Market Value	$330,000,000 (Three Hundred Thirty Million Dollars) Our Market Value is equivalent to $451 per sq. ft. 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 property.*
Prepared by	Tish Saldarelli, Senior Valuation Specialist, and Morgan Turnbow, MAI, Executive 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

New Jersey Hudson Waterfront
Office Market

As of July 1, 2017

Prepared For:

Manulife US Real Estate Management Pte. Ltd.

Prepared By:

Cushman & Wakefield of New Jersey, Inc.
Valuation & Advisory
One Meadowlands Plaza, 7th Floor
East Rutherford, NJ 07073
Cushman & Wakefield File ID: 17-15001-900280-001

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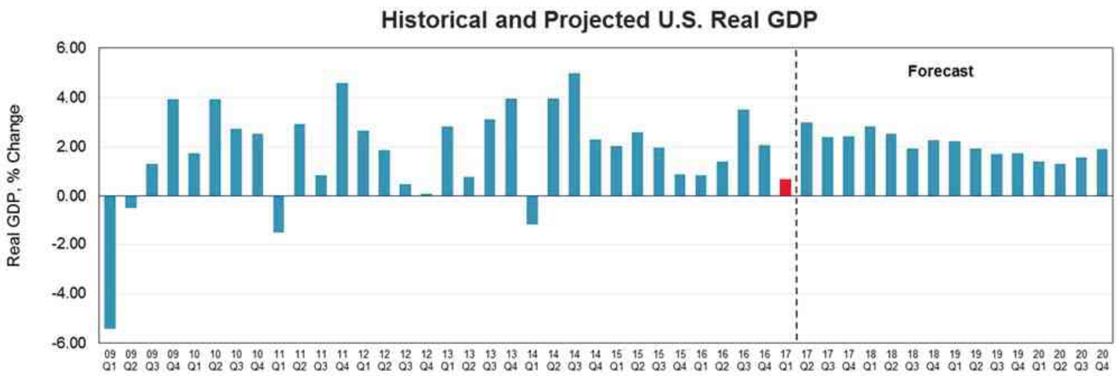
National Overview – United States of America

Overview

Despite an intense domestic political environment, the U.S. economy and the property markets continue to perform well. Real GDP growth, while weak in Q1 2017 (as is usual for a first quarter in this expansion), is already tracking much stronger for Q2 2017, currently in the 3-4% range. Other data confirm a similarly stronger trajectory. Most notably, consumer and business confidence remains high, job growth remains steadfast and healthy, and wage growth is finally accelerating to the point where the virtuous cycle is within reach. Global growth is also improving. U.S. exports recently jumped to their strongest level in five years. On many fronts, the U.S. economy looks as solid as it has been at any other point in this 7.5—year-long expansion.

The following graph displays historical and projected U.S. Real GDP percent change (annualized on a quarterly basis) from first quarter 2009 through fourth quarter 2020 (red bar highlights the most recent quarter-17Q1):



Source: Historical Data Courtesy of the Bureau of Economic Analysis, Forecast Data Courtesy of Moody's Analytics

The property markets have downshifted most recently. While still positive, absorption levels have trended much lower in Q1 2017 compared to a year-ago. Retail and office markets have seen the fastest deceleration, off some 30-40%, while industrial and multifamily markets are holding up better but still slowing. This most likely reflects the lagged relationship between commercial real estate (CRE) and the economy. Businesses pumped the brakes in the fourth quarter of 2016, slowing hiring, as they digested the election results along with the sharp rise in treasury yields. Since then, interest rates have settled back down, businesses have generally continued to post profits, and confidence has soared. The demand metrics for CRE space will soon pull out of their latest slump. Investment sales also cooled off in Q1 2017. But with capital at record levels and volatility trending towards fearless levels, investment sales, too, are poised for a rebound.

Business Trends

The U.S. economy has a couple of very important tailwinds at its back, and a surging stock market is one of them. Global equity markets have been on fire since Trump was elected president. Major indices—Dow Jones, the NASDAQ, the DAX, the Nikkei—are all up by double digits since last November. A good portion of these gains are based on the assumption that the Trump Administration will deliver greater fiscal stimulus in the U.S. (i.e., tax cuts, deregulation, infrastructure spending) which will subsequently boost corporate earnings (improve the "E" in the "P/E" ratio) and ultimately result in a more business-friendly environment that will stoke economic growth.

Across the board, increases in stock prices have led to a $2 trillion surge in wealth, and estimates show that for every $1.00 increase in stock wealth, consumer spending increases by $0.03. This implies that the wealth effect could boost consumer spending by an additional $59.9 billion, which will filter through as a positive multiplier in real estate markets when and if spent. Of course, the opposite could also occur. If policymakers don't deliver a fiscal stimulus package, then we will likely see a significant market correction, one that could lead to a negative wealth effect that may impede domestic economic growth. Again, stakes are high.

Tailwinds: Soaring Stock Market

Source: Dow Jones, NASDAQ

Another tailwind is the surge in the sentiment-based indicators, often referred to as "soft data." The Conference Board's Consumer Confidence Index has jumped 20% since October of last year. Most of that increase can be attributed to rising expectations of economic prospects. Businesses also seem to have regained their swagger. The National Federation of Independent Businesses' Small Business Optimism Index increased from 104.0 in October of 2016 to 114.6 in March of 2017. In addition to the prospect of fiscal stimulus, oil prices sitting at a sub-$50 per barrel price hasn't hurt confidence either. Interestingly, although the main takeaway from such data is robust sanguinity, in the three months preceding and in the four months since the election (for which there are data), the share of businesses reporting that they are uncertain about or don't know what to expect in the next six months is at an all-time high.

Tailwinds: Confidence is High

Source: The Conference Board, Cushman & Wakefield

Tailwinds: Still Low Oil Prices

Source: West Texas Intermediate

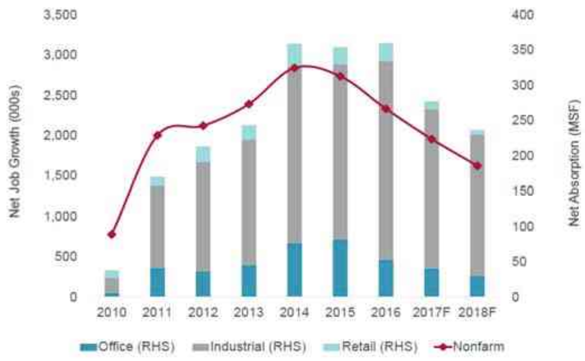
Labor Markets

Total Employment

Employment in the U.S. grew more in 2016 than initially thought. Over the course of the year, the U.S. economy added 85,000 more nonfarm payroll jobs than earlier estimates indicated. In terms of income alone, an additional 85,000 jobs averaging an annual income of $50,000 would add approximately $4.0 billion in aggregate personal income.

That's a relatively modest upward revision, but it may indicate that the U.S. economy also grew a bit faster in 2016 than initially thought. The employment revisions will feed into revisions in real gross domestic product (GDP) this summer, and could mean that GDP growth was a little stronger than originally estimated.

Nonfarm Job Creation and Demand

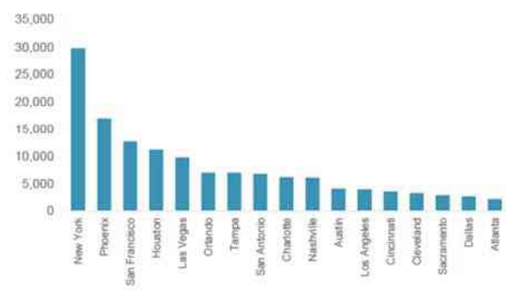


Source: BLS, Cushman & Wakefield

But it is at the regional level that the shifts are more pronounced. Of the top 42 U.S. metropolitan statistical areas (MSAs) tracked, several experienced greater employment growth than earlier estimated, including San Francisco (+27,200 jobs), Phoenix (+24,700) Atlanta (+19,500) and Charlotte (+16,200). At the other end of the spectrum, there were cities that did not experience as much employment growth as first reported. Please note, employment in these cities did not decline; it just didn't grow as much as earlier estimated. Among the cities where employment growth was revised downward were Denver (-20,400), Chicago (-22,500), DC Metro (-27,700) and St. Louis (-27,900).

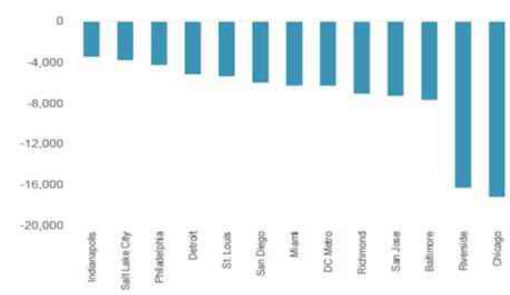
Throughout the current economic expansion, technology-driven local economies have performed well. There did appear to be a slowing recently, but in light of the new benchmark revisions, job growth in such bellwether metros as San Francisco and Austin remained healthy. In addition, employment in several demographically driven metro areas like Phoenix and Atlanta also appears to have picked up. Meanwhile, some Northern cities like Boston, Chicago and New York did not add jobs quite as rapidly as first estimated.

2016 Upward Revisions: Office-using Job Growth



Source: Bureau of Labor Statistics

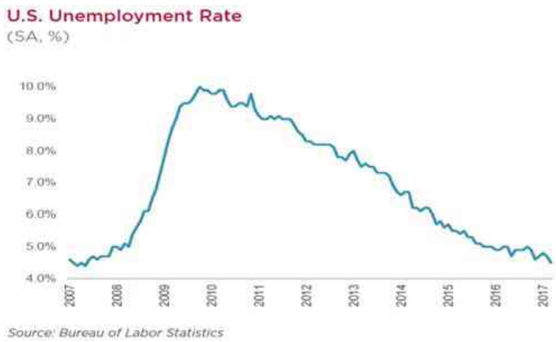
2016 Downward Revisions: Office-using Job Growth



Source: Bureau of Labor Statistics

Unemployment

Both U.S. Unemployment and Jobless Claims have trended steadily downward since 2009 as the economy has recovered from the Great Recession. These trends are clearly depicted in the following graphics.



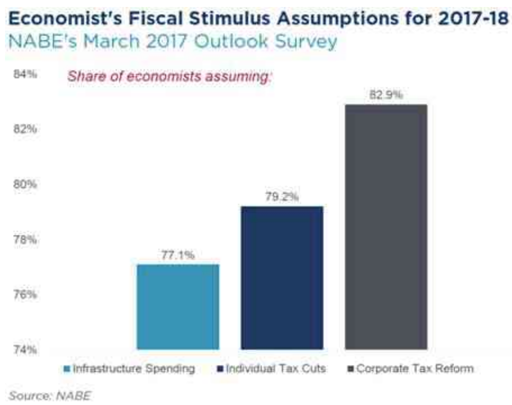
Job Creation

Although the U.S. economy is nearing full employment, there is still plenty left in the tank for job creation to continue to fuel healthy demand for real estate. The current U.S. unemployment rate is low—at 4.4%—but it can certainly go lower. There have been a number of times in the post WWII era—the 1950s, 1960s and the late 1990s—when unemployment dipped below 4%. The lowest on record was in 1953, when the unemployment rate dropped to 2.9%. In the late 1990s, when the unemployment rate was lower than it is currently, the U.S. economy created over 3 million net new nonfarm payroll jobs per year. In other words, the labor market has not tightened to the extent where job growth shouldn't remain at least solid. Certain markets are more susceptible to having their growth potential curbed by labor shortages (e.g., Denver, Boston, San Jose—all with unemployment below 4%), but most cities still have plenty of room left for unemployment to decline.

Most of the indicators that correlate with future job creation remain healthy. Job openings currently total over 5.7 million, near record highs. Wage growth is accelerating, and it is broadening. In our baseline scenario, the U.S. will create 2.0 million net new nonfarm payroll jobs in 2017 and 1.6 million in 2018, down slightly from the 2.4 million annual average during this expansion, but still healthy.

Political Climate

The Trump Administration has spotlighted several priorities that affect economic/CRE forecasts directly: tax reform and/or tax cuts (for both corporations and individuals), a repeal or replacement of the Affordable Care Act (ACA), renegotiation of major trade agreements, increases in specific discretionary spending categories (defense and infrastructure) and the unwinding of or revisions to certain regulations (i.e., Dodd-Frank).



Given the current political environment, any change in policy is far from certain. Still, over 80% of economists surveyed by the National Association of Business Economics believe that some policy changes will be enacted, although likely watered-down to gain bipartisan support (particularly in the Senate). In addition, the results of any policy changes will need to maintain or come close to deficit neutrality—a requirement for most legislation if it is expected to become permanent. In our baseline scenario, we assume government spending and investment—actual outlays— will increase by an additional $70 billion over the next two years, with nearly 40% of that increase going to defense. The fastest growth is expected to occur in 2018 when overall government spending will grow at a 2.5% annual rate.

The likelihood of any changes being made to tax rates or tax policy is even less certain. Our forecast anticipates the effective corporate tax rate—that is, the tax rate actually experienced by firms—to decline from 20.2% in 2016 to 16.9% over the 10 years. That is the equivalent of about a $500 billion tax cut. It also assumes that personal income tax reform will not occur until 2018.

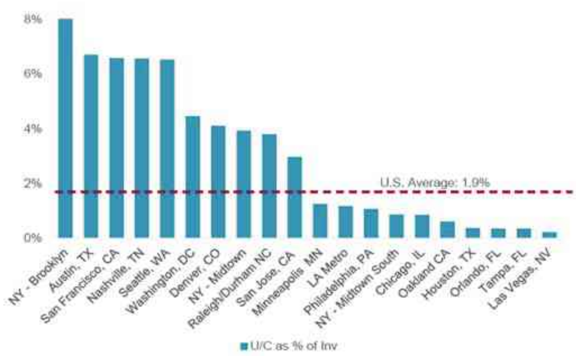
Implications for Commercial Real Estate

Office

Developers of office product have remained quite disciplined throughout this cycle. Whether because of memories of the pain endured during the previous recession or because of a tighter lending environment, construction volumes have been much lower than in previous cycles. Completions are roughly 25% lower than in the run-up leading to the Great Financial Crisis and 50% lower than after the Dotcom Crash. The office supply cycle will peak in 2017, and most of these new buildings are delivering in markets that need the space. Even factoring in the latest density trends, the U.S. is generally not overbuilding office product.

But developers are overdoing it in a handful of markets, at least temporarily. Nearly 50% of the new office buildings are being developed in the top-10 construction markets. The bulk of new space is being added in the largest cities/ metros (e.g., Bay Area, NYC, Dallas) that arguably need it the most. Nevertheless, this wave of new space will challenge leasing fundamentals as it delivers at a time when broader job growth is decelerating. Certain markets, such as Manhattan, are already seeing concessions and TI’s push higher to help lease the new space. But by and large, the Sunbelt markets and most other secondary/ tertiary markets are seeing measured construction levels, and in many cases, are under-building relative to job creation.

Where Office Construction Is Happening



Source: Cushman & Wakefield

Although office-using job creation is expected to remain healthy, in the aggregate, demand for office space will not keep pace with supply. U.S. office vacancy bottomed out in late 2016 and is set to move up gradually in 2017 and 2018. Rent growth peaked in this cycle in 2016, at 5.4%. From this point forward, office rents will continue to rise but at a slower pace, as year-end rent growth decelerates from 3.5% this year to 1-2% in 2018. The supply pipeline buttons up quickly after 2018. If the economic expansion holds, the U.S. office sector could go from slightly overbuilding in some markets to under- building in most towards the latter part of the decade.

Industrial

The relationship between GDP and the industrial sector, historically a reliable one, has broken down in this cycle. eCommerce is the reason. With a greater shift to online shopping has come the strongest boom that the warehouse segment has ever recorded. Since 2013, more than 1 billion square feet of industrial inventory has been absorbed, averaging more than 250 million square feet (MSF) per year. As the structural shift towards 21st century spending habits persists, so too will demand for modern warehouse and distribution product. Since

2000, eCommerce's share of the retail pie has expanded from 0.8% in 2000 to 7.2% in 2016; it is expected to gain more share over the next 5 years, hitting 8.5% by 2021. In mapping the warehouse sector to the expected growth in online sales, the industrial sector will see one-fifth of new demand each year for the next several years from eCommerce alone.

Should it spiral out of control, the political push to challenge free-trade agreements such as NAFTA does pose a significant downside risk to the industrial sector. Since NAFTA was enacted in 1994, U.S. trade with Canada and Mexico has more than tripled. And that is not just imports: U.S. exports have also more than tripled from around $150 billion in 1994 to around $500 billion in 2016. These trade flows are critical to supply chains for numerous businesses operating in the U.S. and therefore directly linked to the health of the warehouse sector. Given the economic incentives for all countries involved, our current working assumption is that any new NAFTA-negotiations will not result in a major disruption to trade flows.

The industrial construction pipeline is robust, but so is demand. Vacancy will bottom out in 2017 at a razor thin 5.3%, before inching up slightly to 5.4% in 2018. The tight market will keep upward pressure on rents, which will rise more than 4% annually over this period. Policy risks aside, the U.S. industrial sector is nearly a lock to continue to register very robust leasing fundamentals.

Retail

We know that the consumer has been doing increasingly well over the last few years. But the translation of consumer spending into demand for retail space has been a frustratingly difficult one. Segments that have fueled organic space up-take are hitting saturation points— such as dollar stores, although the sector continues to grow—while other segments—such as restaurants and fast casual dining—are likely to hit those inflection points over the next few years. Sales at food and drinking establishments as a share of total sales reached a new peak in 2016 at 12%, where it is expected to remain over the next 5 years. Heath and personal care, as well as smaller format niche fitness studios, will also capture greater shares of retail spending, while national chains and department stores struggle to maintain market share and ultimately lose more. Overlay those trends with the impact of eCommerce and the recent uptick in closures among certain retailers is not so surprising. Despite some of the strong rhetoric classifying retail as dead, certain property types—and most assets with a still-viable location—are performing sufficiently well.

Neighborhood/community centers remain slightly immune to some of the downsizing—or outright closure— trends that some major retailers are experiencing. The vacancy rate for this class has fallen by 40 basis points over the last four quarters—from 8.4% in Q1 2016 to 8.0% in Q1 2017. Construction has been most robust in the Pacific, the Southeast and Texas South Central, and in the Northeast. After hitting their peak in 2016 at 15.9 MSF, deliveries will still cause vacancy pull to-and-fro around the 8% mark—slowing almost in line with demand. Over the next two years, the overall vacancy rate for neighborhood/community centers is expected to rise from 8.0% in 2017 to 8.1% in 2018, but totaling only 17.3 MSF of absorption for both years combined.

It does appear that the shake-up in retail will be felt, at aggregate levels, across most asset types. However, malls will feel the greatest effects. Power centers will be impacted by consolidation in the office-supplies and sporting-goods categories, but actually have a strong tenant pool for the kind of space that is being given back thanks to the continued strong growth of off-price apparel players. Average asking rents started to decline in 2016 but still managed to post a 2.5% growth rate thanks to rising rents in the first half of the year. The expected downward movement in rents over the near term is more moderate than in our previous forecast, but spread over a longer period. We now anticipate average neighborhood/community asking rents to decline—5.4% in 2017 to $19.26 per square foot (PSF) from $20.36 PSF in 2016, and down 3.2% in 2018 to $18.64 PSF before rebounding into positive territory in 2019.

Capital Markets

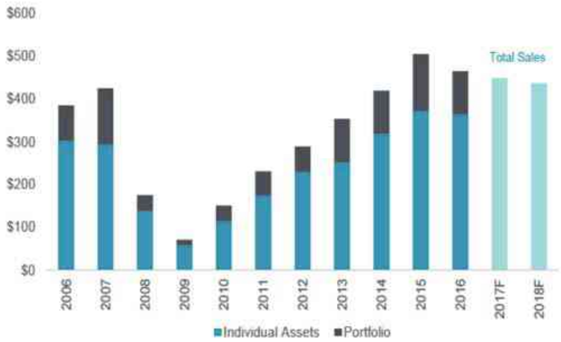
Investing in a maturing cycle is always difficult, but the engines suggest there is still plenty of activity ahead. Soaring equity markets, fiscal stimulus, continued monetary stimulus, and the relative attractiveness of U.S. assets will promote healthy CRE investment in the U.S. We look for sales to register more than $449.1 billion in 2017, down roughly 10% from the $494.1 billion posted in 2016. Transaction volumes will decelerate further in 2018 to $437.0 billion with substantial interest remaining from foreign investors. Coming off of a two-year streak with more than half a trillion dollars in trades in both 2015 and 2016, this deceleration is partially a function of fewer assets being positioned for sale. In 2016, investment activity was 2.7% of nominal GDP, and this is expected to moderate as the cycle continues. Reflecting continued investor demand for CRE allocations, dry powder at closed-end funds targeting CRE assets is at an all-time high supporting our outlook for continued robust deal activity.

Bouts of uncertainty—both abroad and domestically— have not led to a capitulation on pricing, although growth in CRE values has tempered substantially. The broadest measure of CRE asset prices is the RCA/ Moody's CPPI Price Index for all property types, which grew at a 7.1% year-over-year rate in 2016, roughly half of its 2015 growth rate of 14.1%. This Index is forecast to rise by 6.6% in 2017 and by 2.3% in 2018. Of course, the outlook for prices is one reason returns are also expected to moderate over the next few years.

Income growth appears to have hit a cyclical low, according to data from NCREIF, whose sample is mainly core assets. Net operating income (NOI) returns were at historical lows in the last two quarters. For four of the five major asset categories, annualized growth in income for apartments was 4.4% in Q1 2017, and 4.3% in Q4 2016, followed by 4.5% for office, 4.8% annualized rate for retail and 5.1% for industrial—all in Q1 2017. Combine this with falling capital returns, and the outlook for NCREIF total returns is one of deceleration. In our baseline scenario, total NCREIF returns will slow to 5.1% this year—almost entire buoyed by income—before falling to 3.3% in 2018, although as previously noted, the wave of construction quiets beyond 2018. Thus, there is scope for a significant revival in NOI growth.

The broad deceleration in returns hides considerable variation, however. Secondary markets have recently outperformed the major metro markets on a price-return basis, closing part of the historically wide gap that has expanded during the cycle; we expect this development to continue. Similarly, suburban office returns have accelerated and are now substantially outpacing those for CBD office. Industrial and retail assets continue to be impacted by the divergent effects of eCommerce, driving total retail returns lower while sustaining industrial returns—primarily through continued strong income (albeit decelerating from the extraordinary rent growth observed recently in many markets).

U.S. Investment Sales
$ Billions



Source: RCA, Cushman & Wakefield

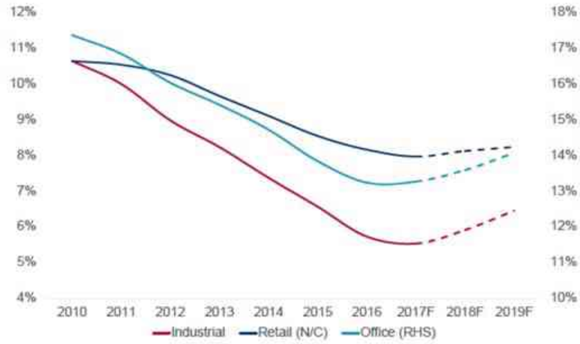
Returns Moderate with Pricing

Source: RCA/Moody's Analytics, Federal Reserve, Cushman & Wakefield

Conclusion

Predicting the future has seldom been more difficult. Any policy promises that Congress keeps may lead to a stronger near-term outlook which would bolster demand for real estate space. However, it may also cause the trajectory for U.S. interest rates to steepen which in turn will likely affect the pace at which the Federal Reserve's Open Market Committee raises interest rates. Job growth, positive and still quite robust, will slow as the unemployment rate pushes lower. All asset categories will see tempering demand meeting deliveries, beginning a gradual upward swing in vacancy. With the exception of retail, assets will likely see rent growth remaining strong in 2017 before slowing in 2018. And capital markets volumes will buck any uptick in interest rates, with sales activity declining over the next two years but holding at a healthy pace. Real estate returns, driven largely by trends in pricing, will moderate over the near-term as well, but will remain competitive vis-à-vis alternatives.

Vacancy to Begin Rising
Annual Average



Source: Cushman & Wakefield

All and all, upside risks more than offset the downside risks to our outlook. As we assess the future trajectory of the property markets, the positives comfortably outweigh the negatives. We may be entering into the final stage of the U.S. expansion, but that doesn't mean the final stage can't go for a lot longer.

U.S. Macro Forecast Table

	2016		2017				2018	Annual		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	2016	2017	2018
US Economy										
Real GDP, % (AR)	3.5	2.1	0.9	2.7	2.2	2.5	1.9	1.6	2.1	2.3
Chg. in Nonfarm Employment, ths.	704	510	553	471	476	456	476	2,332	1,956	1,625
Chg. in Office-using Employment, ths.	244	185	177	136	134	145	132	723	592	497
Unemployment Rate, %	4.9	4.7	4.7	4.6	4.5	4.5	4.5	4.9	4.6	4.5
Retail Sales & Food Services, % (SAAR)	2.5	3.9	5.0	5.0	5.6	4.8	4.0	3.0	5.3	4.0
CPI Inflation, % (AR)	1.1	1.8	2.7	2.8	3.0	2.8	2.6	1.3	2.8	2.5
Consumer Confidence Index	101	108	118	114	107	105	104	100	111	103
Federal Funds Rate, %	0.4	0.4	0.7	0.7	1.0	1.1	1.3	0.4	0.9	1.6
10-year U.S. Treasury note, %	1.6	2.1	2.4	2.6	2.7	2.7	2.6	1.8	2.6	3.0
ISM Manufacturing Index	51.1	53.3	57.0	55.1	52.9	52.6	54.0	51.5	54.4	53.0
West Texas Intermediate, $/bbl	45	49	52	52	51	50	49	43	51	50
Office Sector*										
Net Absorption, msf	16.6	6.8	6.9	6.9	15.7	8.9	4.5	52.7	40.5	30.2
Vacancy Rate	13.1%	13.2%	13.2%	13.2%	13.3%	13.3%	13.4%	13.8%	13.3%	13.6%
Asking Rent	$29.46	$29.47	$29.94	$30.37	$30.72	$30.50	$30.67	$27.67	$30.38	$30.92
Industrial Sector*										
Net Absorption, msf	78.5	63.1	53.8	56.0	52.9	62.7	54.1	281.7	225.4	200.0
Vacancy Rate	5.5%	5.5%	5.3%	5.4%	5.6%	5.7%	5.8%	5.7%	5.5%	5.9%
Asking Rent	$5.57	$5.63	$5.67	$5.77	$5.84	$5.91	$5.97	$5.54	$5.80	$6.05
Retail Sector*/**										
Net Absorption, msf	7.5	6.3	3.0	1.9	4.5	1.7	1.4	25.6	11.3	6.0
Vacancy Rate	8.1%	8.0%	8.0%	8.0%	7.9%	8.0%	8.1%	8.2%	8.0%	8.1%
Asking Rent	$20.84	$19.37	$19.52	$19.49	$19.12	$18.91	$18.77	$20.36	$19.26	$18.64
Capital Markets***										
Total Investment Sales, $ Bil.	$123.8	$166.9	$103.1	$106.8	$107.8	$139.7	$99.2	$494.1	$449.1	$437.0
NCREIF Unlevered Total Returns, Qtrly % Chg.	7.1%	6.9%	6.2%	5.3%	4.4%	4.2%	4.4%	8.0%	5.1%	3.3%
Moody's/RCA CPPI (All Property Types), Yr/Yr % Chg.	7.0%	8.5%	8.3%	6.9%	5.5%	3.6%	3.4%	7.1%	6.6%	2.3%

*Annual rents and vacancy rates are averages, not year-end
**Historical series based on CoStar; neighborhood/community statistics only
***RCA, NCREIF, Moody's Analytics
***Total Investment Sales includes office, industrial, retail, multifamily, hotel, and land sales

National Office Market

Overview

The U.S. economy began 2017 fundamentally strong. Furthermore, a wave of optimism followed projected growth under the new Presidential Administration. Anticipated policies, including cuts on tax and regulation, stimulated consumer and business confidence. However, the period following the election of a new government is often slow and this administration is no exception. Potential changes, such as the repeal of the 1031 exchange and major infrastructure investment, has led many investors to observe before acting. In addition, prices are high and continue to grow, consequently, investors are cautious, while property owners are holding on to their increasingly valuable assets. Therefore, as the market adjusts, growth in the first quarter recorded the weakest annual rate of expansion in three years. According to the Bureau of Economic Analysis's initial estimate, real GDP expanded at an annual rate of 0.7 percent. Despite weak growth, there are clear signs of economic development, exemplified by the stock indexes continuing to rise to peak levels and employment gaining 514,000 jobs in the first quarter. The economy is expected to gain momentum throughout 2017 as job and wage gains continue to further pad Americans' pockets with disposable income.

The first quarter of 2017 recorded a drop in US office investment. According to Real Capital Analytics, US office transaction volume was approximately $27.2 billion. This represents a 10.3 percent decline when compared with first quarter 2016. A decrease in transactions can be a sign of a weakening economy, however the fundamentals of the US market remain healthy. Gross private investment reached a new high in the first quarter, growing 3.6 percent year-over-year, although 2016 was affected by the declines in commodity prices that occurred in 2015. Consumer spending was strong in the fourth quarter of 2016, increasing 3.0 percent, growth followed in first quarter 2017, but at a much lower rate of 0.3 percent. The value of office properties remains above the 5-year average and cap rates are at record lows. The economy's performance is not a concern, however political situation and the evermore familiar interest rate increases has led to a decline in commercial real estate investment during the first quarter. Nonetheless, steady business confidence and the availability of capital should offset anticipated interest rate increases and lead the market through this period of transition.

The labor market persisted with job creation—net nonfarm job growth was 514,000 in the first quarter, although somewhat behind expectations, this is a 3.8 percent increase from fourth quarter 2016. Key-office using sectors maintained employment growth rate in the first quarter, office-using employment expanded 0.5 percent, in line with the rate of expansion in fourth quarter 2016, according to the Bureau of Labor Statistics. Job growth is a critical component for determining demand for office space. The need for office space has historically mirrored the unemployment rate of the nation. During the most recent economic downturn, which the nation felt from 2007 to 2009, both the unemployment rate and the national office overall vacancy rate experienced an upward trend. As the nation's economy began its recovery, the unemployment rate and the national office overall vacancy rate began to decline year-over-year. The nation's unemployment rate at the end of first quarter 2017 fell 20 basis points to 4.5 percent, while the national overall vacancy rate is beginning to experience a slowdown. This can be explained by employment growth being mitigated to a degree by changes in the workplace environment, including denser, more "collaborative" office space usage and new technology platforms.

National Office Market Statistics

Vacancy

In first quarter 2017, national office markets overall vacancy rate was 13.2 percent, 20 basis points below the vacancy rate recorded in first quarter 2016. The overall vacancy rate recorded in third quarter 2016 (13.1 percent), was the lowest since the first quarter of 2008. Payroll employment, a key driver of the office market, expanded in the first quarter of 2017. Particularly, the professional & business services sector increased by 639,000 jobs over the past twelve months, which will increase the demand for office space. The U.S. economy is expected to continue to add jobs throughout 2017, influencing the demand for office space and combatting with increasing vacancy rates, generated by new supply.

Notable points for first quarter 2017 include:

- The CBD national office overall vacancy rate was 12.4 percent in first quarter 2017, growing 30 basis points year-over-year. The suburban national office market overall vacancy rate had a similar performance to the CBD in first quarter 2017, increasing 30 basis from the previous year with a 13.6 percent overall vacancy rate.
- Within the CBD national office market, the Charleston, SC submarket recorded the lowest overall vacancy rate at 3.1 percent, an increase of 90 basis points from the previous quarter. Within the suburban national office market, the El Paso submarket recorded the lowest vacancy rate at 5.1 percent. The El Paso submarket overall vacancy rate fell by 1.7 percentage points from fourth quarter 2016.

Asking Rents

Coinciding with the declining national vacancy rate since the economic recovery, the national average asking rent has consistently climbed in value, reaching a new record high of $29.94 per square foot (psf) in first quarter 2017. The increase marks a 4.6 percent rise from first quarter 2017. In addition, major markets like Midtown Manhattan, San Francisco, Midtown South Manhattan, Downtown Manhattan and Washington D.C., continue to record asking rents above $50.00 psf, on an annual basis. As the national office market anticipates greater supply in 2017, it is expected that vacancy rates will experience a modest increase and the growth of average asking rent may decelerate.

Further considerations include:

- The region with the fastest rent growth was the Northeast, asking rents increased 1.7 percent during the first quarter and 5.4 percent from a year earlier. A total of 18 markets nationwide experienced year-over-year rent declines in first quarter 2017.
- The CBD office market continues to record higher asking rents than the suburban office market. The CBD national office overall average asking rent was $40.67 psf, a 2.0 percent increase from fourth quarter 2016. The suburban national office overall average asking rent, at $25.48 psf, fell 7.2 percent from the average asking rent recorded for fourth quarter 2016.
- Within the CBD national office market, the Midtown Manhattan submarket recorded the highest average asking rent of $78.73 psf. However, the East Bay, CA submarket experienced the largest average rental increase of jumping 5.1 percent over fourth quarter 2016.
- The San Francisco submarket within the suburban national office market recorded the highest overall average asking rent of $65.87 psf in first quarter 2017. The Miami and Fort Lauderdale submarkets increased 5.9 percent over fourth quarter 2016, the highest quarterly change in the suburban national office market.

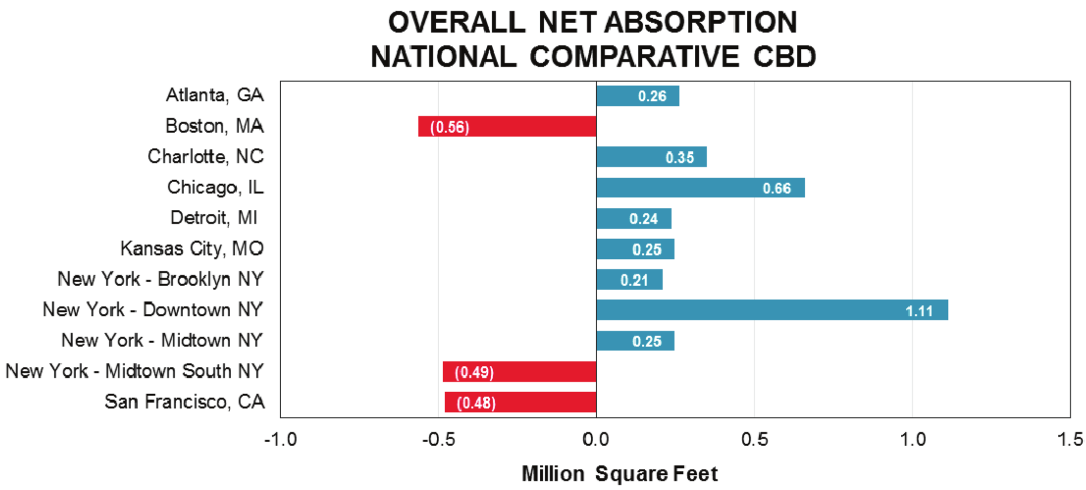
Absorption

Net absorption is directly related to employment growth, and through first quarter 2017, calmer growth in office-using employment affected the absorption of office space across the nation. A total of approximately 6.9 million square feet was absorbed in the first quarter of 2017. In line with the 6.8 million square feet absorbed in fourth quarter 2016, this marks the second consecutive quarter that new supply topped net absorption, a trend expected to continue throughout the year.

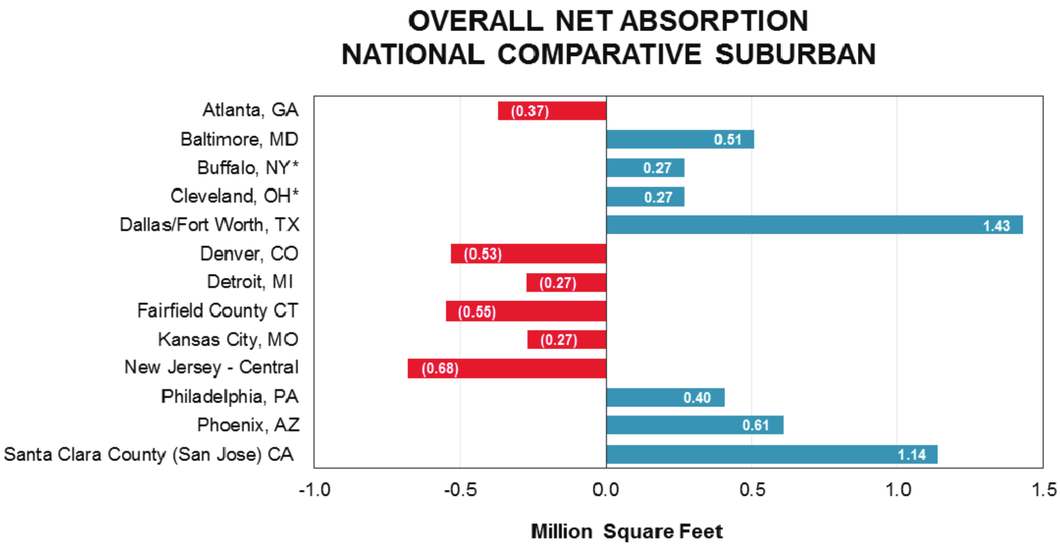
Further considerations for first quarter 2017 are as follows:

- The suburban national office market absorbed 3.8 million positive square feet in first quarter 2017, whereas, the CBD national office market absorbed 3.1 million positive square feet.
- In the CBD national office market, the largest positive absorption was recorded in the Downtown, NY submarket, absorbing 1.1 million square feet in the first quarter. In addition, the Boston market gave back 563,843 square feet to the market.
- In the suburban national office market, the Dallas/Fort Worth, TX market recorded the largest amount of positive square feet absorbed. This market absorbed a total of 1.4 million square feet, approximately 37.3 percent of the total square feet absorbed by the suburban national office market. In comparison, the New Jersey Central submarket returned the largest amount of space to the market, handing back 676,878 square feet in the first quarter.

The charts below highlight the national office absorption trends for the major markets in the United States as of first quarter 2017, segmented between the CBD and suburban office markets:



Source: Cushman & Wakefield Research; compiled by C&W V&A



Source: Cushman & Wakefield Research; compiled by C&W V&A

National Office Investment Sales Market

As shown in the comparative absorption exhibits above, overall absorption in various U.S. markets has not been consistent, which impacts the selection of "preferred" investment markets for office building investors. Historically, investors targeted the best quality assets in "core" markets during a recovery phase, and have gradually shown an inclination to move "down the food chain" in terms of quality and market location. This shift occurs where there is less competition and better yield potential over the near-term. There is no doubt, however, that assets located outside of the major "core" markets are in less demand.

Sales Volume

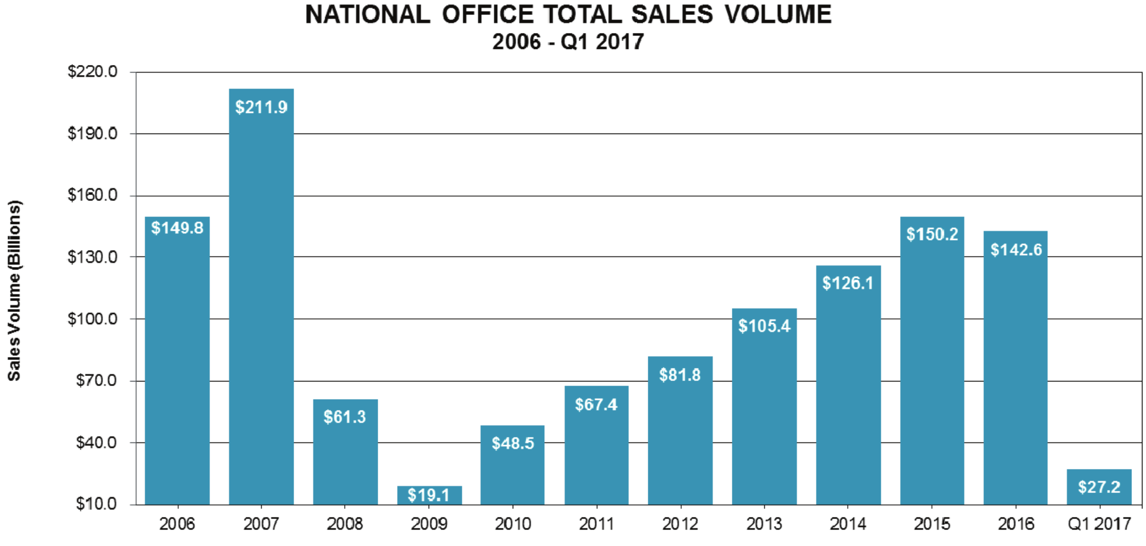
Office transactions (total dollar volume) have exhibited an upward trend since the end of the most recent recession, which ended in the middle of 2009. As the economy continued to improve over the years, investors gained confidence in the office market, and from 2009 to 2015, sales volume experienced a compound annual growth rate of 47.0 percent. It is important to note that sales volume increased 154.0 percent from 2009 to 2010, due in large part to low interest rates and higher capitalization rates that followed the recession. Sales volume reached 142.6 billion in 2016, a drop of 5.0 percent when compared with 2015. Sales volume in first quarter 2017, at $27.2 billion, declined 10.3 percent from first quarter 2016. The dip in sales volume can be in part attributed to the decline in capitalization rates in response to higher market value for office properties. In 2016, several factors including, domestic U.S. policy change, Britain's decision to leave the European Union, and the Chinese economy, had an effect on investor confidence. In early 2017, political uncertainty and price appreciation has led to further investment deceleration.

Further considerations are as follows:

- Sales volume in first quarter 2017, at $27.2 billion, was a slight dip compared with first quarter 2016. However in comparison to first quarter 2015, office sales volume is 26.5 percent behind the $36.9 billion recorded two years ago.

- The relatively lower sales volume exhibited through 2016 and early 2017 can be explained by the unusual activity exhibited early in 2015, where falling cap rates and ease of finance from the commercial mortgage-backed securities (CMBS) market helped drive sales activity.

The following table provides an historical view of sales volume from 2006 through first quarter 2017:



Source: Real Capital Analytics, Inc.

Overall Rates

Rising vacancy rates and a growing preference among businesses to remain closer to urban cores resulted in suburban office assets falling out of favor among investors. This is beginning to change as strong investment demand and low interest rates continue to apply downward pressure on suburban OARs (Overall Capitalization Rates). The office sector's momentum has also been enlivened by robust investor demand for CBD properties in major markets. The performance of individual CBD office markets can be inconsistent, top-tier CBDs are outperforming the country while smaller downtown areas are struggling. Average overall cap rates remain lower for most CBD submarkets than for its suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand a bit more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates. Overall cap rates remain at record lows, however, rates are expected to rise as interest rates begin their inevitable ascent.

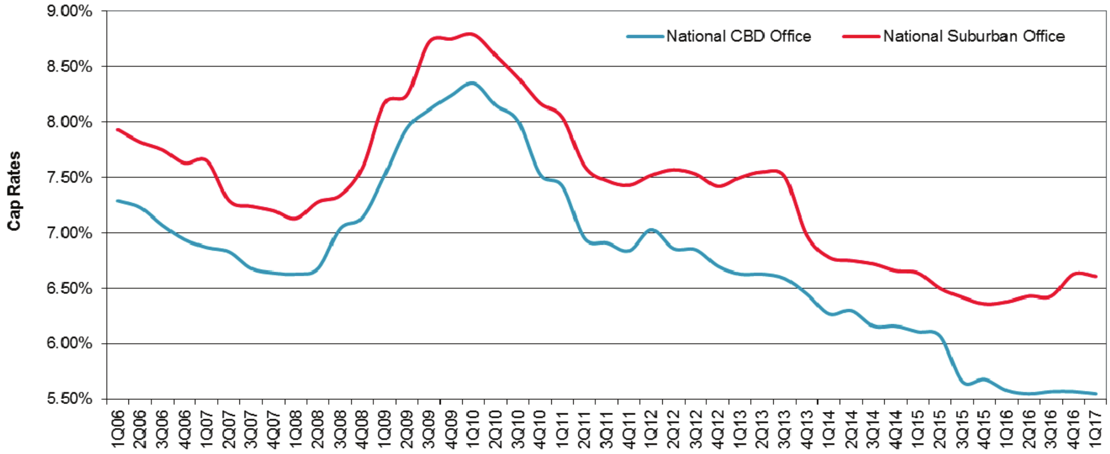
The PwC Real Estate Investor Survey and the National Council of Real Estate Investment Fiduciaries (NCREIF) methodologies offer unique perspectives on capitalization rate trends. The PwC Real Estate Investor Survey calculates its data based on a personal survey of major institutional equity real estate market participants. In contrast, NCREIF looks at data from actual appraisals included in their benchmark property return index. The index contains quarterly performance data for unlevered investment-grade income-producing properties that are owned by, or on behalf of, exempt institutions.

The following points detail the PwC Real Estate Investor Survey and NCREIF capitalization rate trends:

- The PwC Real Estate Investor Survey shows that in first quarter 2017, the national CBD OAR remained unchanged at 5.6 percent, from the previous quarter. The suburban OAR, at 6.6 percent, also has not moved from fourth quarter 2016. Since the most recent economic downturn, both the national CBD and suburban OAR have generally exhibited a downward trend.
- According to NCREIF, negative spreads within larger gateway markets appeared as cap rate compression continued. In first quarter 2017, national office cap rates increased 20 basis points quarter-over-quarter to 5.1 percent. Additionally, the national office cap rates are in line with the cap rates recorded in first quarter 2016.

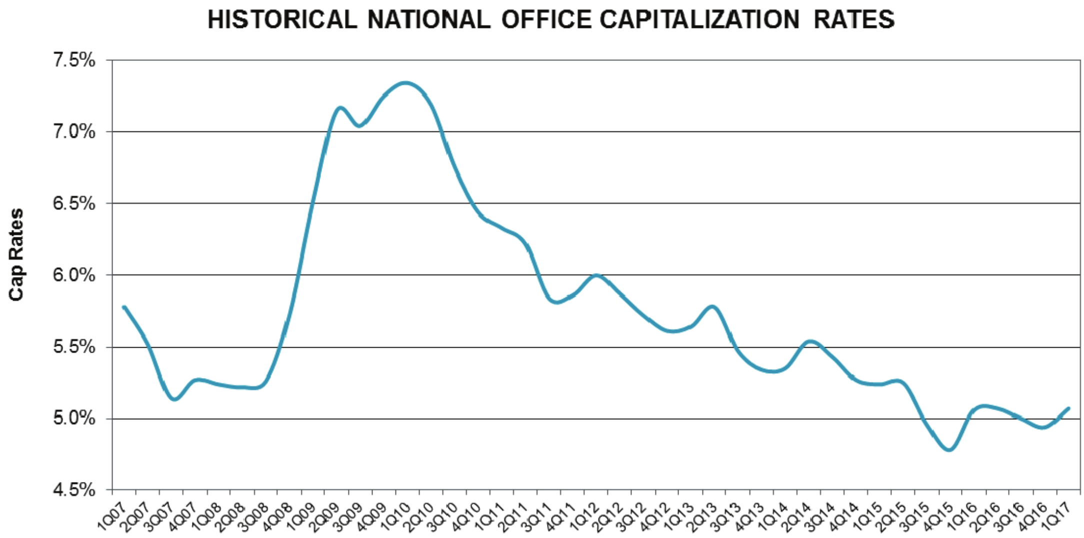
The following graph reflects national trends for CBD and suburban overall capitalization rates as surveyed by the PwC Real Estate Investor Survey:

CBD & SUBURBAN OVERALL CAPITALIZATION RATES
NATIONAL OFFICE MARKET



Source: PwC Real Estate Investor Survey

The following graph reflects national historical cap rate trends as reported by NCREIF:



Source: National Council of Real Estate Investment Fiduciaries

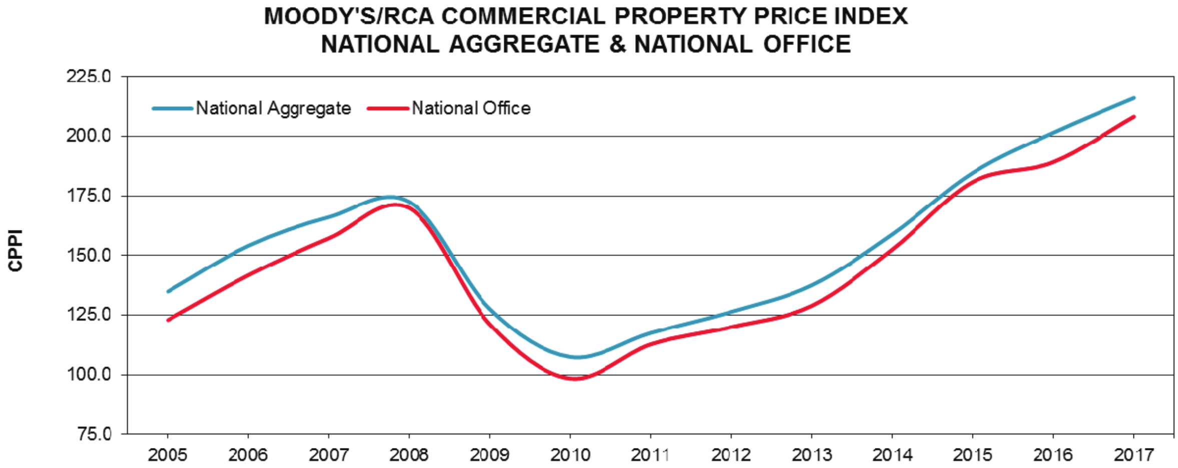
Moody's/RCA Commercial Property Price Index

The Moody's/RCA Commercial Property Price Index (CPPI) measures the change in price of commercial real estate and reflects the empirical results of direct investments over time. Developed by MIT's Center for Real Estate in conjunction with a consortium of firms including Moody's and RCA, the index tracks price changes based on closed transactions, and implements advanced repeat-sale regression (rsr) analytics to gauge performance in current and prior periods.

The following points are for consideration regarding the Moody's/RCA CPPI:

- As of March 2017, the national aggregate index was 216.0. The national aggregate index grew 7.2 percent from March 2016, and increased by 0.8 percent from fourth quarter 2016 (December 2016).
- The national office index increased from 189.1 in March 2016 to 208.2 in March 2017, an increase of 10.1 percent. Compared to the previous quarter (December 2016), the national office index increased 2.1 percent.
- Both the national office index and the national aggregate index have exhibited stable year-over-year growth. From March 2010 to March 2017, the national office index grew at an annual rate of 16.0 percent and the national aggregate index increased 14.5 percent on an annual basis.

The graph below displays the CPPI from March 2005 to March 2017:



Source: Moody's/RCA CPPI; National Aggregate and National Office reflects data through March 2017

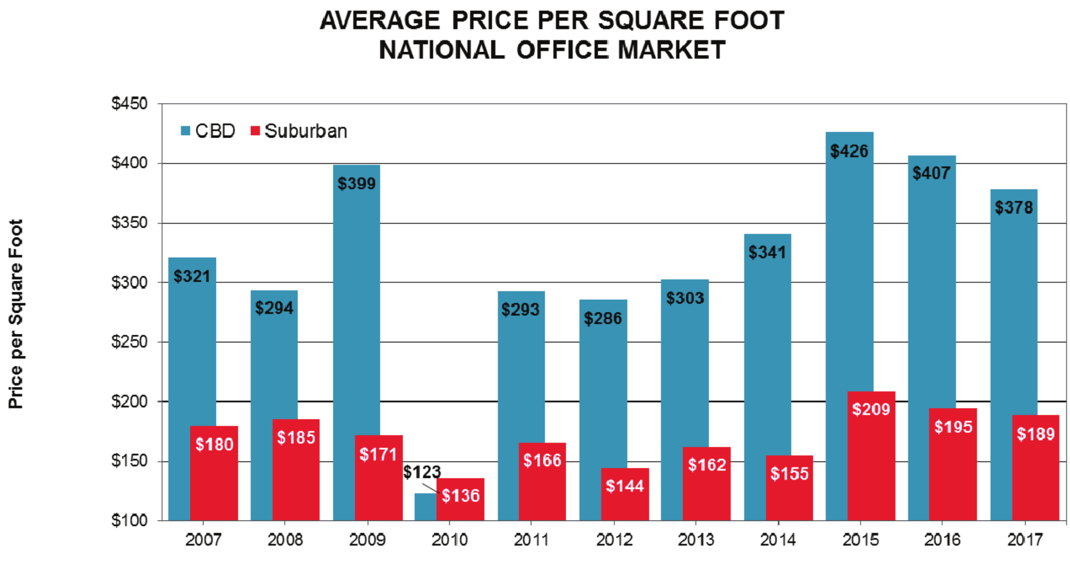
Sale Price per Square Foot

Historically, office pricing did not experience the same dramatic fluctuations as seen in the sales volume trends. This was, in large part, due to sellers holding out and waiting for market fundamentals to improve. As the nation began to recover from the recent economic downturn in 2010, the annual average sales price per square foot exhibited a positive trend. In first quarter 2017, the CBD and suburban annual price per square foot experienced a slight dip. The lack of volume has had an effect on the value of office properties at both levels. Despite the decline in the first quarter, office property value remains healthy, the price per square foot registered for the CBD and suburban properties, is higher than the 5-year average.

The following points provide details regarding sale price per square foot:

- The CBD average price per square foot, at $378 in first quarter 2017, decreased 3.5 percent from fourth quarter 2016 ($392), and declined 7.1 percent when compared with first quarter 2016 ($407).
- The suburban average price per square foot, at $189 in first quarter 2017, dropped by 17.0 percent from fourth quarter 2016 ($227). In addition, the suburban price per square foot fell by 3.1 percent year-over-year.
- The 10-year period, from first quarter 2007 to first quarter 2017, compound annual growth rate (CAGR) for the CBD was 12.5 percent, which is 6.1 percentage points higher than the last 5-year compound annual growth rate. The suburban 10-year CAGR, however, is 1.7 percent and the 5-year CAGR is 6.5 percent.

The following graph reflects the national office average price per square foot from first quarter 2007 to first quarter 2017 (based on Real Capital Analytics data):



Source: Real Capital Analytics

National Office Market Summary

The U.S. office market has faced challenges so far in 2017, and despite a lack of progress in key areas, the national office market remains healthy. The U.S. economy continued to advance in the first quarter of 2017, growth has contributed to further tightening in office markets across the United States (although we recognize the national market performance is “average” and does not apply to all markets across the board). Capitalization rates are at record lows, vacancy rates declined and the average value for office properties is high. Volume, conversely, has documented a slowdown over the last year. Business leaders have been wary about the economic environment and political uncertainty. Net absorption has also slowed, persistent delivery of new space has caused supply to surpass absorption in the last two quarters, a development that may carry on throughout 2017. The construction pipeline varies depending on the market, with some large metros experiencing a surge in deliveries, occupants will have more options, and this will possibly cause vacancy rates to rise. Average asking rents will be affected by the burst of new supply, however rent is still expected to grow at a moderate pace as demand for newly constructed or refurbished space, which offers modern amenities and layouts, remain strong. Overall, steady confidence will likely lead to stronger economic growth, providing more jobs and more demand for office space.

Northern New Jersey Regional Analysis

Introduction

Market Definition

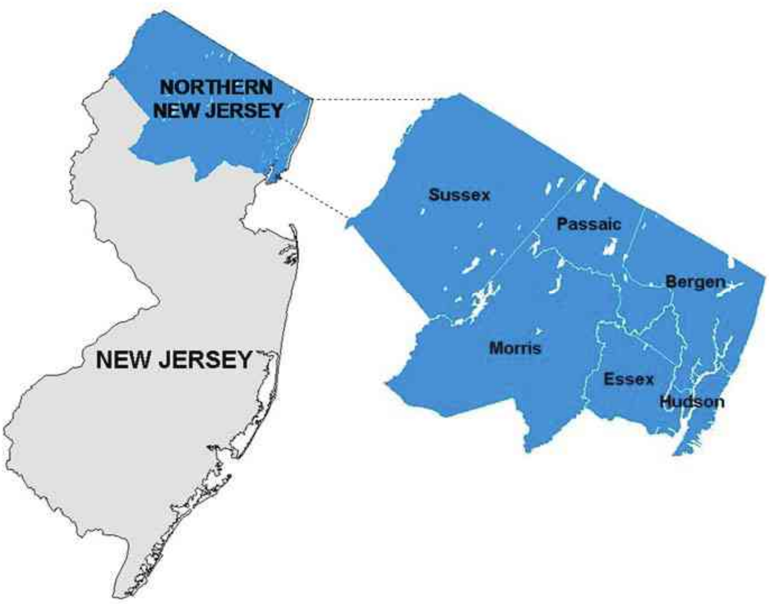
The Northern New Jersey (NNJ) region is comprised of six counties: Bergen, Essex, Hudson, Morris, Passaic and Sussex, and has a 3.6 million people, according to Experian Marketing Solutions, Inc.'s 2016 estimates. Encompassing 1,583 square miles, the region is located within the nation's northeast corridor, directly west of New York City (NYC).

Further considerations are as follows:

- NNJ is located in the greater New York City region, which is comprised of 20 counties in Northern and Central New Jersey, southeastern New York and Western Long Island.
- NNJ is aptly named the "gateway region" for its location across the Hudson River from Manhattan. It is situated at the western end of several transportation portals to Manhattan, including a bridge, two auto tunnels, two rail systems and several ferry operations.
- Located in Essex County, Newark is the largest city in the State of New Jersey, and has an estimated population of 282,977 people. It is considered the cultural, financial and transportation hub of the state.

The following map illustrates the counties of NNJ and their position within the state:

NORTHERN NEW JERSEY COUNTIES



Source: Cushman & Wakefield Valuation & Advisory

Current Trends

Through early 2017, the Northern New Jersey (NNJ) regional economy continued its recovery from the past national recession backed by its high-value-added core industries, strong labor force, and proximity to New York City's metro hub. The economy experienced a lull through the close of 2016 as a result of industry-specific layoffs, putting its year-over-year payroll growth behind mid-year numbers, and weak population trends emerged as a result of climbing living and business costs. NNJ's living cost is valued at 122.0 percent by Moody's Analytics, as compared to the 100.0 percent base cost of living in the United States, and its average business cost is valued at 107.0 percent. The region's favorable demographics, which represent an affluent and well-educated population, have supported a strong job market as businesses migrate west across the Hudson River and into the NNJ business climate. While regional median income levels have trailed national growth rates due, in part, to the inherent volatility of NNJ's core industries of finance and high-tech, expansion rates are forecast to accelerate in the near term. Business migration will continue to be led by the core industries of finance and high-tech but NNJ will see additional growth from eCommerce and associated operations in logistics, transportation and construction. Transportation continues to be NNJ's greatest asset with the help of major interstates, NJ Transit, 1,000 miles of freight lines, Newark Liberty International Airport and the Port of New York and New Jersey. Local and federal government investments in improving transportation infrastructures will increase the region's accessibility, welcoming commuters and creating jobs. Through the near term, the regional economy's growth will be propelled by mixed-use and transit-oriented developments to siphon overflow from Manhattan and expand the young talent pool of the region.

Multifamily housing developments are rising up against the NNJ skyline and single family home sales have increased significantly. Although median single-family home prices remain well below 2007 numbers and foreclosures continue, the New Jersey housing market is making consistent strides towards recovery. Over the next five years, construction will lead NNJ's recovery as businesses expand, the housing market picks up and infrastructure improvements surge forward. High-value-added industries will continue to support the regional economy and the area will capitalize on its location along the Hudson, welcoming Manhattanites into the attractive low-cost alternative of Northern New Jersey.

Current trends are detailed below:

- Newark saw the largest ship in its history call to its port in July 2016. The June 26, 2016 completion of the new Panama Canal created a thruway for neo-Panamax vessels to reach northeast ports. Although the $1.3 billion Bayonne Bridge Project, which will raise the entrance bridge's height to 215 feet, will not reach operational clearance until late 2017, the Port Authority is already seeing a rise in shipping volume. Vessels such as the MOL Benefactor have a cargo capacity twice that of the port's average ship and as the east coast becomes more accessible, shipping will become more affordable and efficient. The port expects to eventually welcome larger ships from the Suez Canal and, in anticipation, the state is investing nearly $6.0 billion in infrastructure projects to raise the bridge, dredge harbor channels, expand roadways and increase rail capacity.
- In March 2016, Governor Chris Christie released $400 million in funding for immediate use on road and transit projects. The funding was made available by the $0.23 increase to the state's gas tax, which became necessary to supplement the waning Transportation Trust Fund. The Transportation Trust Fund has since grown to more than $2.0 billion for current fiscal year spending. In 2016, Governor Christie declared a state of emergency over the condition of the state's roadways and transportation infrastructure. Infrastructure upgrades will be vital to the economic health of the state and its ability to accommodate overflow from Manhattan as well as distribution demand from increased port activity.

- Early in 2016, developer China Overseas America broke ground on what will be New Jersey's tallest tower. At 99 Hudson Street in Jersey City, the developer will erect a $500 million, 900-foot-tall mixed-use condominium tower. The new tower will stand 120 feet than the current Goldman Sachs tower at 30 Hudson Street. The 79-story building will house 781 residential units, 15,000 square feet of retail space and 14,000 square feet of public space with a 7,365-square-foot public plaza. Construction will finish in 2018 and the residences at 99 Hudson Street will open in 2019.
- In 2001, a master plan was approved to abandon Weehawken's industrial history to adopt a residential community. Over the past few years Weehawken's freight past has been replaced by mass transit and for every luxury condominium tower that is completed, another breaks ground. The Port Imperial development is at the midpoint in its construction, according to *The Wall Street Journal*, with Roseland Property of Mack-Cali Realty Corp. having completed 2,400 of its total 4,700 residential units. The most recent addition to the 200 acre development was Lennar's 1200 Avenue condominiums, which completed construction in June 2016 and has already sold nearly 50.0 percent of its units.
- Residential and mixed-use construction has risen significantly in the NNJ region, as the area expands its live, work, play environment to siphon young talent and commuters from Manhattan and Philadelphia. In early 2017, a residential complex was proposed for 7.5 acres on the Jersey City waterfront, where Argent Ventures and Quadrum Global plan to construct a 2,150-unit residential building with 50,000 square feet of retail space and 860 parking spaces. The development plans to break ground in 2018.
- Construction on the American Dream mall in East Rutherford's Meadowlands has been stop-and-go since its conception in 2002. The mall's developer, Triple Five, took control of the project in 2010 and has recently restructured its financial plan for the monstrosity. The president and CEO of the Meadowlands regional chamber of commerce optimistically projects that the $5.0 billion project will open by fall 2018. The immense shopping, dining and entertainment center will include a water park, bowling alley, arcade, amusement park, aquarium, ski dome, Ferris wheel and forty other entertainment attractions when it opens. The entire complex will span 91-acres and is expected to add 20,000 jobs in Northern New Jersey upon its completion. Saks Fifth Avenue and Lord &Taylor will be the largest anchor tenants at the mall, taking 131,906 and 119,605 square feet, respectively. As of April 2017, Triple Five reported that work has resumed following the release of additional funding from the project's lender and the first phase of the mall has been 74.0 percent leased.
- In May 2016, New Jersey's State Senate passed a bill that would raise minimum wage from $8.38 an hour to over $15.00 by 2021. The Senate's approval has put them in contention with Governor Chris Christie who argued against the "devastating impact" that the change could have on the state's economy. A veto by the governor in August 2016 has pushed the bill to public referendum in 2017. New York has already raised its minimum wage, making New Jersey an expensive place to live relative to the earnings of its comparatively lower-wage population. Acceptance of the bill could raise personal income levels and close the region's wage gap.

Demographic Characteristics

Northern New Jersey's demographics outperform the United States in overall educational attainment and affluence. The median age of NNJ's population matches that of the United States at 38.0 years old but the average annual household income of the region is 37.8 percent higher (at $108,070) than the national average earnings of $78,425. The region's share of households earning $75,000 or more is 47.9 percent, compared to 35.4 percent of the nation's population earning the same amount. The educational attainment of the region similarly outperforms the nation's with 9.4 percent more of its population holding a Bachelor's degree or higher.

Further considerations are as follows:

- According to 2016 estimates, NNJ's median household income is $71,226, 30.7 percent higher than the national median of $54,505. NNJ's income distribution shows that over one-third of all households have an income level over $100,000 (36.1 percent), which is considerably higher than the United States average of 23.0 percent. The region's high-income levels exhibit the concentration of high-wage jobs in health services and professional & business services, most of which require advanced degrees.
- NNJ's most affluent counties are primarily concentrated in the north in Bergen, Sussex, and Morris Counties. Much of the population in these communities serves New York City's finance and professional services industries.
- The "Gold Coast" along the Hudson River, formerly a blue-collar neighborhood associated with manufacturing and shipping, has seen significant growth over the past decade as the redevelopment of the waterfront has brought in younger and more affluent residents. Access to New York City, generous tax incentives and a trend toward urban living all make Hudson County's waterfront an attractive area for development.

The following table compares the demographic characteristics of NNJ and U.S. as a whole:

Demographic Characteristics
Northern New Jersey vs. United States
2016 Estimates

Characteristic	Northern New Jersey	United States
Median Age (years)	38.0	38.0
Average Annual Household Income	$108,070	$78,425
Median Annual Household Income	$71,226	$54,505
Households by Annual Income Level:		
<$25,000	18.8%	23.0%
$25,000 to $49,999	18.1%	23.4%
$50,000 to $74,999	15.2%	18.3%
$75,000 to $99,999	11.8%	12.4%
$100,000 plus	36.1%	23.0%
Education Breakdown:		
< High School	12.7%	13.9%
High School Graduate	27.6%	28.1%
College < Bachelor Degree	21.2%	29.0%
Bachelor Degree	24.1%	18.2%
Advanced Degree	14.4%	10.9%

Source: © 2016 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

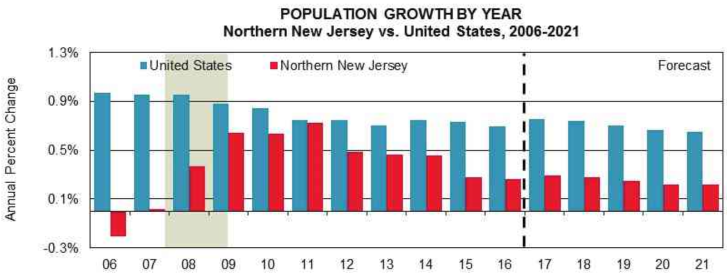
Population

New Jersey is already one of the most densely populated states in the nation and NNJ's aging population, high real estate prices and lack of space contribute to its struggling population growth. The region's affordable housing prices relative to Manhattan make it an attractive location to commute from and relocation being encouraged by multifamily construction along the waterfront. NNJ's highly educated workforce and rising per capita income have spurred movement west from Manhattan into the state. Newark's housing market is slowly improving and with state tax incentive programs drawing in businesses, the region will maintain a dense population with sluggish growth at the average annual rate of 0.2 percent through 2021. Despite the influx of commuters moving into the Hudson waterfront, NNJ continues to struggle with out-migration as eastern Pennsylvania's affordable housing, low living costs and abundant job opportunities become increasingly attractive to New Jersey residents.

Further considerations are as follows:

- NNJ, with a current population of approximately 3.6 million, showed an annual average population growth of 0.4 percent from 2006 through 2016, while the population of the nation as a whole grew at a much faster rate at 0.8 percent annually.
- Similarly to the population trends of the past decade, NNJ is forecasted to grow 0.2 annually from 2017 through 2021. Over the corresponding time, national population growth is expected to see a 0.7 percent average annual increase.
- The growing number of condominiums and apartment towers across the eastern water-line will offer new residential opportunities to young professionals looking for affordable alternatives to city life and white-collar commuters looking to escape the congestion of the city. Restaurants, grocery stores and additional amenities within these complexes will offer the conveniences of city life without the cost and overcrowding. The new construction ranges from luxury condominiums to affordable apartment units and should attract a diverse group of New Yorkers looking to relocate.

The following graph compares population growth between NNJ and the nation, as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

The following table details the annualized population growth by county and the U.S.:

Annualized Population Growth by County
Northern New Jersey
2006-2021

Population (000's)	2006	2016	Forecast 2017	Forecast 2021	Compound Annual Growth Rate 06-16	Compound Annual Growth Rate 17-21
United States	298,379.9	323,881.4	326,331.7	336,072.4	0.8%	0.7%
Northern NJ-Region	**3,414.7**	**3,565.3**	**3,575.7**	**3,610.0**	**0.4%**	**0.2%**
Bergen County	889.4	939.5	943.2	957.5	0.5%	0.4%
Essex County	487.5	498.3	498.8	498.3	0.2%	0.0%
Hudson County	781.0	796.0	797.1	800.0	0.2%	0.1%
Morris County	492.7	510.4	511.0	512.9	0.4%	0.1%
Passaic County	613.6	679.0	684.8	705.7	1.0%	0.8%
Sussex County	150.5	142.0	140.8	135.6	-0.6%	-0.9%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

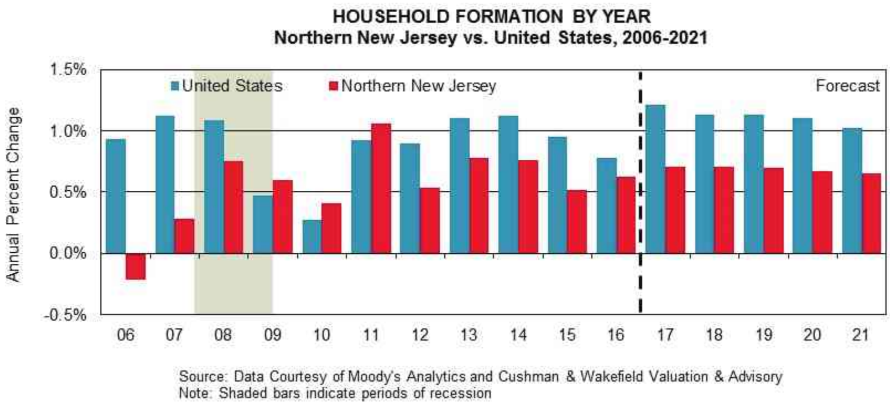
Households

Over the past decade, NNJ's household formation rate has marginally outpaced population growth, increasing at the average rate of 0.6 percent annually. Trending through 2021, household formation will continue to outpace population growth by 50 basis points annually as the housing market improves. Multi-family developments in Weehawken and Jersey City are rising rapidly and the single-family housing market is recovering well. After years of slow inventory growth in the NNJ housing market, the housing market demonstrated improving fundamentals through early 2017, according to the New Jersey Realtors Association, with increased year-to-date sales in every county as of February 2017. Passaic County led single-family home sales growth through February 2017, with a 26.4 percent increase in year-to-date sales as compared to February 2016 and a 6.5 percent increase in median sales prices over the same period. Increases in personal income levels and nonfarm payroll numbers will equip buyers with the resources to assume homeownership earlier and as recent college graduates begin their first jobs and move out, national household formation will expand. The region's climbing number of millennial residents will propel household formation through the near term, as that demographic ages into the home buyer's market.

Further considerations are as follows:

- Household formation growth in NNJ slightly outpaced population trends from 2006 to 2016, averaging 0.6 percent annual growth compared to 0.4 percent population growth. Increases in the region's households trailed the national annual average of 0.9 percent over the same period.
- Over the next five years, the number of households in the United States is expected to increase at an average annual rate of 1.1 percent. NNJ's household growth rate is predicted to increase at slower, annual rate of 0.7 percent over the corresponding period.

The following graph compares household growth between NNJ and the U.S.:



Economic Trends

Gross Metro Product

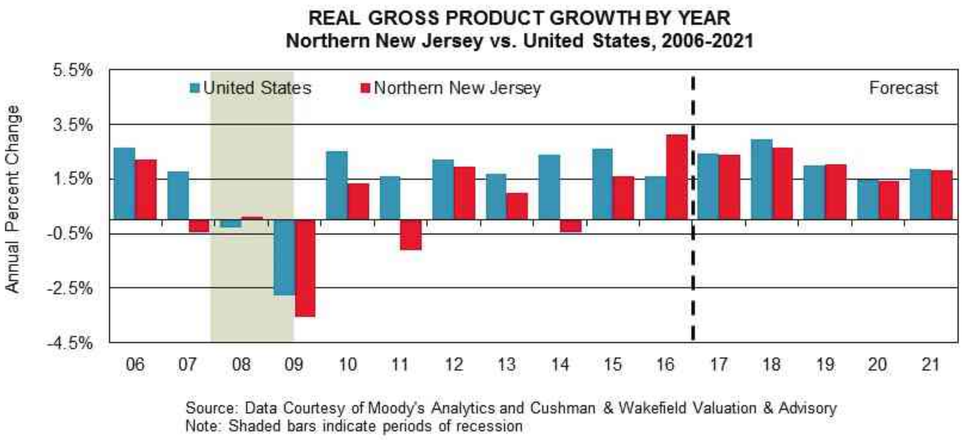
NNJ's high-value-added industries, including financial services, transportation and pharmaceuticals, will drive the region's gross metro product (GMP) in the near term. The region's GMP decreased 3.5 percent in 2009 due to recessional payroll losses in major employment sectors such as trade, transportation & utilities, which fell 6.1 percent in the same year. The underperformance of income tax collections, a failing Transportation Trust Fund and a high real estate tax have contributed to a projected $223 million budget shortfall in fiscal year 2017 and a $213 deficit in fiscal year 2018. Despite the state's financial struggles, improving income levels and increasing shipping volume will bolster consumer confidence and spending, returning some of the region's economic health. Between 2014 and 2015, the Port of New York and New Jersey traded 10.4 percent more twenty-foot equivalent units (TEUs) for a 1.6 percent lower dollar value but these numbers should increase with the larger volume made available by the Panama Canal's expansion.

In the next five years, growth is anticipated in nearly every employment sector, with the exception of manufacturing. Professional & business services is forecast grow at the annual average rate of 1.3 percent through 2021, raising its total employment share and insuring the longevity of high-skill, high-wage employment opportunities. As a result of redevelopments and infrastructure improvements across the region, construction's payroll is expected to grow 0.7 percent through 2021. Employment growth across a variety of sectors will increase consumer confidence and spending.

Further considerations are as follows:

- From 2006 to 2016, NNJ's GMP grew at an average annual rate of 0.3 percent. The regional growth rate was slower than the national annualized average growth rate of 1.3 percent over the corresponding time.
- From 2017 to 2021, the region's forecast annual GMP growth is 2.0 percent. While it is a vast improvement compared to the previous decade, it still trails the 2.1 percent projected growth rate for the nation over the next five years.
- Despite twenty years of shrinking payrolls, manufacturing expects to play a vital role in the state's economy through the near term with the growth of the ports and the region's booming industrial real estate market. The concentration of high-wage industries in the region will build consumer confidence and spending to stimulate New Jersey's economy. According to Grow New Jersey, nearly 10,000 manufacturers operate in New Jersey and employ almost 250,000 workers, contributing $41.6 billion to the state's GDP. Manufacturing growth is expected to shrink slightly over the next five years at the average annual rate of 1.0 percent but state legislation is encouraging sector growth with its Grow New Jersey Assistance Program tax incentives and Manufacturing Equipment and Employment Tax Credit programs.

The following chart details the fluctuations in NNJ's gross metro product (GMP) compared to that of the U.S. as a whole:



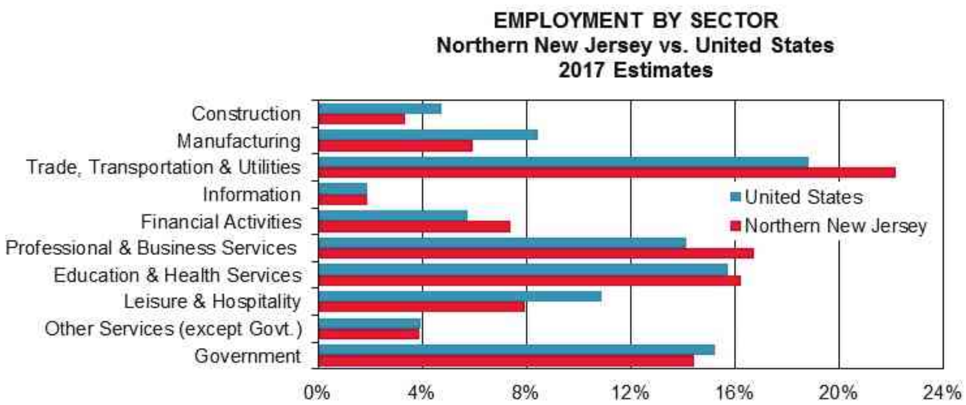
Employment Distribution

NNJ's largest employment sector is trade, transportation & utilities, which holds a 22.2 percent share of the region's total nonfarm employment. This sector is anchored by major employment centers including the Port Authority of New York and New Jersey and Newark International Airport and with a surge in infrastructure projects and port and airport expansions, these numbers are expected to climb at the average annual rate of 0.5 percent through 2021. Professional & business services and education & health services hold the second and third largest employment shares with 16.8 and 16.2 percent shares, respectively. Financial activities makes up 7.4 percent of the NNJ workforce, which is 1.6 percentage points more than the national average.

Further considerations are as follows:

- The education & health services employment sector resisted the effects of the national recession, maintaining positive payroll growth for every year since 1991. The stability of this non-cyclical sector has anchored the region's economy and buffered the volatility of the national economy. Education & health services is aided by the healthcare companies headquartered in the area as well as higher education institutions such as Seton Hall and Rutgers University.
- From 2006 to 2016, education & health services grew at the average annual rate of 1.5 percent and the sector is projected to continue trending upward through 2021 at the average annual rate of 0.7 percent. In 2013, the State of New Jersey announced a $1.3 billion investment in 176 projects at 46 institutions across the state. The goal of the investment is to encourage students to remain in New Jersey for their college educations. These projects will add thousands of jobs across the state in the near term.
- The professional & business services sector in NNJ is expected to grow 2.0 percent through the end of 2017 and continue its trajectory over the next five years at the annual pace of 1.3 percent. Payroll increases in NNJ's professional & business sector will, however, trail the nation's growth rate of 1.5 percent. Tax credits offered by the state's Grow New Jersey initiative will continue to draw businesses across the Hudson and have incited job creation and retention within the state by large companies including Verizon Communications and JP Morgan Chase Bank. As of 2015, 185 projects had been awarded Grow New Jersey tax credits totaling $3.5 billion.

The following chart details employment by sector within NNJ region and the U.S. as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Major Employers

Healthcare and life science giants dominate NNJ's employment snapshot, occupying five of the top ten employment slots. Trade, transportation & utilities holds a 22.2 percent share of total employment and two of the top five major private employers for the region. Newark International Airport, while not a private employer, has a staff of over 24,000 people and far surpasses the employment of the region's top private employers.

Further considerations are as follows:

- In March 2016, Barnabas Health and Robert Wood Johnson Health System completed their merger to form the largest New Jersey Hospital chain. Under the new name of RWJBarnabas Health, the hospital has over 32,000 employees and 12 acute care facilities across the state. In 2015, Hackensack University Medical Center and its parent company merged with Meridian Health to form Hackensack Meridian Health, the second largest healthcare system in the state. Large hospital consolidations have pushed healthcare to the pinnacle of New Jersey's employment and have formed cohesive healthcare systems that will ensure the longevity of a strong education & health services sector within the state.
- In June 2016, Merck & Co. announced that it will cut 360 research & development positions in three of its New Jersey and Pennsylvania locations to refocus its energies on exploratory biology research in Cambridge and San Francisco. The job losses will only reduce its New Jersey and Pennsylvania R&D presence by 10.0 percent but may indicate the advancements of biotechnological development outside of the state. The company's R&D funding has shrunk significantly since 2010 and its United States workforce has reduced 38.0 percent since 2009.

The following table details the ten largest private employers in the NNJ region:

Largest Private Employers
Northern New Jersey

Company	No. of Employees	Business Type
Barnabas Health	21,000	Healthcare
Verizon Communications	15,000	Communications
NJ Transit	11,500	Transportation
Public Service Electric & Gas	10,000	Utilities
Merck & Co. Inc.	9,800	Life Sciences
Prudential Financial Inc.	8,743	Financial Services
Hackensack University Medical Center`	7,690	Healthcare
Novartis Pharmaceutical	6,661	Healthcare
Gatew ay Group One	6,250	Security Services
Horizon Blue Cross & Blue Shield of NJ	5,200	Healthcare

Source: Choose New Jersey and Cushman & Wakefield Valuation & Advisory

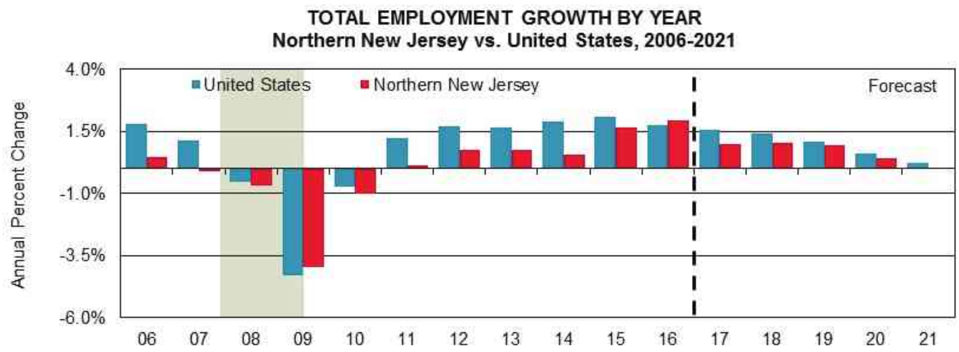
Employment Growth

At the height of the national recession in 2009, every employment sector apart from education & health services suffered significant payroll losses. From 2009 to 2010, natural resources & mining and construction shrunk their payrolls by over 14.0 percent each and manufacturing and information saw payroll cuts of over 9.5 percent each. From 2006 through 2016, the NNJ region averaged no annual nonfarm payroll growth, with seven of its leading employment sectors shrinking their payrolls over the decade. The financial activities sector experienced payroll decreases of 1.0 percent annually from 2006 through 2016 and is expected to see only marginal growth over the next five years at 0.4 percent annually. The success of the financial activities sector will be essential to providing high-wage opportunities and bolstering regional income levels and its growth will be propelled by Grow NJ and state sponsored tax incentives, to better compete with Manhattan for financial tenants. Office real estate prices in New York City are forcing some cost-conscious firms out of the city into North Jersey, which should bring more professional service jobs to the region. Other high-value-add services have a brighter outlook thanks to investments in biotech and healthcare. Moreover, rising exports will benefit the area's ports and airport as international trade is picking up again.

Further considerations are as follows:

- From 2006 to 2016, overall nonfarm employment in NNJ averaged no annual growth. In comparison, the U.S. experienced an increase of 0.6 percent annual employment over the corresponding time.
- Through 2021, growth in total employment is projected to increase at an annual average rate of 0.6 percent for NNJ. Similarly, the nation as a whole is forecast to experience 0.8 percent annual employment growth over the next five years.
- The construction employment sector has been a source of consistent job creation over the past five years, averaging 3.4 percent annual growth from 2012 through 2016 as a result of extensive infrastructure projects across the state and rebounding home and multifamily construction. The Port of New York and New Jersey announced its $27.6 billion, 10-year spending plan for its network of transportation in 2014. The capital plan, which should be completed in 2023, includes the raising of the Bayonne Bridge and the extension of the PATH system to Newark Liberty International Airport. The bi-state agency estimated that the work would generate more than 126,000 jobs and $29.0 billion in economic activity.
- Several new corporate headquarters and expansions will incite temporary and permanent payroll growth through the near term, including Jaguar Land Rover's relocation to Sharp Plaza in Mahwah, KPMG's expansion of its Montvale Campus, and LG Electronics' new North American headquarters in Englewood Cliffs.
- The Grow New Jersey initiative, intended to invite companies into the state and retain businesses considering relocation, has been essential to maintaining and raising New Jersey job numbers. Through the end of 2015, Grow New Jersey had aided in the creation of 23,599 new jobs, retained 24,053 jobs, and produced 11,173 construction jobs, many of which were located in the northern region of the state.

The following chart details the non-farm employment growth by year within NNJ and the United States as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Unemployment

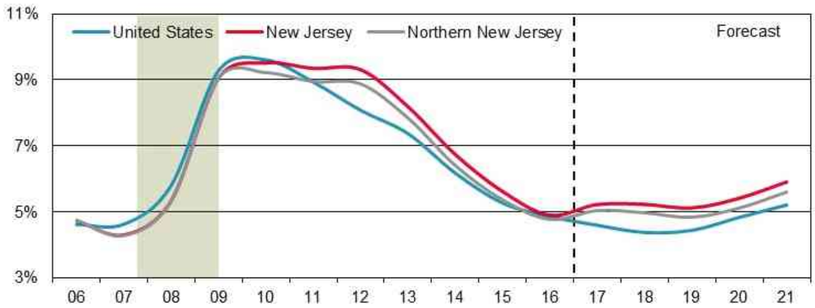
In March 2017, Northern New Jersey reported an unemployment rate of 5.0 percent, elevated slightly from the previous year's rate of 4.8 percent but trending below state numbers. The region's unemployment rate remains above the pre-recession low of 4.3 percent in 2007 but well below the 2010 high of 9.2 percent. Unemployment rates will continue to fluctuate in response to labor force growth but, with payroll expansion forecast across nearly every employment sector through the near term, numbers should continue trending downward.

Further considerations are as follows:

- Historically, NNJ's unemployment rates have followed state and national patterns. In the past decade, the lowest regional unemployment rate was recorded in 2007 at 4.3 percent and reached its highest point in 2010 at 9.2 percent.
- Industry-specific layoffs have limited unemployment decreases with the strike at Verizon Communications, layoffs by Merck & Co., the 2015 closure of the Izod Center, the relocation of Mercedes Benz's Montvale headquarters and Maserati's relocation from Englewood Cliffs. Business movement into the region as a result of lower business costs and tax credit programs should offset the few job losses across NNJ.
- Looking forward, unemployment rates are forecast to steadily decline through the end of 2017 before picking up again through 2021. The region's unemployment rates will parallel state and national trends but increase at a more accelerated pace as NNJ's labor force grows ahead of payrolls. A minimum-wage increase, should it pass, will effect primarily low-wage employment sectors and employers may cut payrolls to accommodate the higher expenses.

The below graph compares unemployment levels for NNJ, the State of New Jersey, and the U.S.:

UNEMPLOYMENT RATE BY YEAR
Northern New Jersey vs. New Jersey vs. United States, 2006-2021



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Conclusion

Through early 2017, the NNJ region has demonstrated positive movement towards recovery. After significant job losses in 2016, due primarily to Verizon's strikes, the region's economy is rebounding and its unemployment rate is trending below state numbers. Nonfarm employment is projected to grow at an average annual rate of 0.6 percent through 2021, bolstered by growth in the professional & business services employment sector. Service, transportation and warehouse-using industries will drive much of the state's economy through the first half of 2017 and construction will rise with long-term infrastructure and development projects. NNJ will continue to capitalize on its close proximity to New York by building out its Hudson waterfront and welcoming spillover from Manhattan. The low cost of living relative to New York prices will encourage commuters to relocate to New Jersey's eastern side and utilize the state's extensive public transportation network.

The region's impressive demographics with a young median age, high educational attainment and above-average median incomes will support consumer spending and economic health in the near term. While New Jersey continues to benefit from its proximity to Manhattan, it struggles to compete with the attractive live-work-play environment of New York and battles out-migration west to Pennsylvania. In-migration from New York currently outweighs out-migration across the Hudson, but negative net-migration is driven by relocations to Allentown, Pennsylvania, Southern New Jersey and Atlanta, Georgia. Tax incentive programs work to offset the high business costs of New Jersey and maintain its attractiveness relative to New York but state budget cuts might threaten tax credits and raise business costs in the long term.

Further considerations are as follows:

- NNJ will struggle to grow its population in the near-term due to competition from the live-work-play environment of New York and low cost alternatives in Pennsylvania but increasing personal income levels, growing payrolls and an improving housing market will aid the economic health of the current population and encourage consumer spending.
- NNJ has an excellent network of highways and mass transit which provide efficient travel to and from Manhattan, the Northeast's economic hub. Although NJ Transit projects have been stalled by budgetary shortfalls, tax negotiations should allow renovations to progress and the region's transportation systems to improve further. The massive capital spending plan will continue to create thousands of permanent jobs and allow economic growth to continue in the coming years, as the state adopts overflow from across the Hudson.
- With tax incentives to attract businesses into the state, as well as waterfront development and stable employment sectors, NNJ should continue its recovery well into 2021. NNJ's recovery from the national recession thus far has provided it with a buffer that should protect and propel its economy in the near term.

Northern New Jersey Office Market Analysis

Introduction

Current Trends

The Northern New Jersey (NNJ) office market sustained its momentum through the first half of 2017. Supported by improving market fundamentals, the NNJ office market plateaued slightly through second quarter but has continued on track for one of its most robust years, with strong leasing activity and solid investment sales. The market benefits from its high value-added industries, well-developed transportation infrastructures and proximity to the nation's business center. Private sector payroll growth has been led by professional & business services, education & health services and financial activities through mid-2017, with office-using industries accounting for 26.4 percent of the region's total payrolls. Increased office-using payrolls and overflow from New York City's dense financial hub have incited the growth of office footprints west of the Hudson River over the past year.

Office leasing activity through second quarter 2017 trailed the previous year's pace, with a stagnant overall vacancy rate and almost 250,000 square feet less leasing activity, due largely to seasonal deceleration. Through the first two quarters of 2017, the Northern New Jersey office market has battled dispositions and persistent negative net absorption numbers. Construction trends have supported improving vacancy rates with few new deliveries to the market and the repurposing of obsolete space for mixed-use developments pushing tenants towards existing vacancies. The vacancy rates of the past few years have been inflated by large-scale relocations and, to aid the high numbers, developers are repurposing existing office space into mixed-use and residential buildings. The continued repositioning of outdated space and state-sponsored incentive packages have supported an influx of new corporate tenants and the siphoning of business across the Hudson River, as demonstrated by the first quarter lease signed by Tory Burch. With several leases expected to come online through the second half of 2017, the market is forecast to accelerate in the near term, driving developer confidence and drawing tenants from the expense and congestion of nearby New York City. The Hudson Waterfront continues to be the most in-demand submarket of the region and its growth will drive the success of the greater region's office market. NNJ's office market remains inundated with outdated corporate parks and slow economic growth but relatively low living and business costs in comparison to New York City will keep competition for space high.

Further considerations are as follows:

- NNJ's proximity to Newark Liberty International Airport (which transported 40.4 million passengers in 2016) and access to Manhattan, provides the convenience of New York City but the space that it lacks. Between 1990 and 2010, NNJ added 69,000 commuters to Manhattan and trans-Hudson transportation developments are underway to accommodate the continually rising numbers. A Port Authority Midtown Bus Master Plan has been proposed for completion between 2023 and 2026 to expand and update the bus terminal and the $24 billion Gateway Program aims to double the passenger trains running under the Hudson River with four mainline tracks between Newark and Penn Station by 2030. New Jersey's transportation infrastructure serves as its greatest asset and advancements will encourage more of NYC's population to seek convenient affordability across the Hudson.
- In a testament to the momentum of NNJ's real estate market, first half of 2017 recorded the strongest investment sales in 12 years with 5.5 million square feet in sales transactions. Investment sales activity in the NNJ office market slowed considerably in second quarter, but first quarter momentum was propelled by Mack-Cali Realty's acquisition of a six building portfolio from RXR Realty for $368 million ($345 per square foot). In first quarter, Mesirow Financial also acquired 800 Sylvan Avenue in Englewood Cliffs, New Jersey from Normandy Real Estate Partners for $102.6 million ($366 per square foot). The largest sale of second quarter, by square footage, was Barclays Capital's acquisition of the 549,033 square foot profile of The Crossings at Jefferson Park in Whippany for $69 million ($126 per square foot). The acquisition of large footprints in the NNJ office market demonstrates investor confidence in the region's ability to attract large-scale corporate tenants from nearby metros. Many investors are acquiring large office towers and portfolios with the intention of updating the spaces and outfitting them with new amenities to fit the demands of modern tenants in the market.
- After 43 years at its Montvale Headquarters, Mercedes-Benz USA will be relocating from New Jersey to Atlanta, Georgia. The move was announced at the start of 2015 and the company has begun transferring its operations with total vacancy to be reached by 2018. The Montvale Planning Board recognizes the difficulty of securing a single tenant to occupy the soon-to-be vacant campus, given the dense workspace trends and office consolidations sweeping the market and is rezoning the lot to allow multifamily housing, retail and office, a theater, banks, or a hotel to be built on the site. In addition to Mercedes-Benz, several NNJ companies, including Hertz Global Holdings, have relocated in recent years, adding vacant square feet and job losses to the region.
- As part of the New Jersey Economic Opportunity Act of 2013, the Grow New Jersey Assistance Program and Economic Redevelopment and Growth Program were created to encourage investment in the state by relocation of businesses and the creation and retention of jobs. Grow NJ has focused on state job growth for the past three years by offering tax credits to companies in all industries proportionate to the ratio of jobs created and retained. The Economic Redevelopment and Growth Program targets developers and developments facing revenue gaps and debt by providing reimbursement and tax credits proportionate to project costs. Both initiatives have spurred growth in the region since their inceptions in 2013 and recent recipients of the incentives include Allergan Sales for their new 431,495 square foot U.S. headquarters in Madison and World Business Lenders, which relocated from Manhattan to New Jersey in July 2016, as well as Ernst & Young and Jaguar. Previous recipients of Grow NJ incentives include Holtec International, Subaru and the Philadelphia 76ers.
- Northern New Jersey is addressing its high vacancy rate by converting obsolete, big-box office space into mixed-use developments. A 197-unit apartment building to be built at 250 Johnson Road in Morris Plains will be the first of many developments to repurpose underperforming commercial properties when it replaces 75,000 square feet of vacant space at the former Mack-Cali Realty Corp office building. The development will be called "Signature Place" and its completion is slated for fourth quarter 2017.

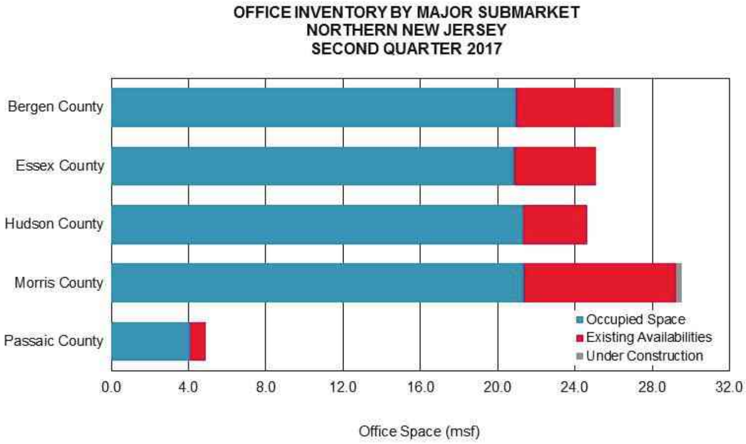
Market Characteristics

The Northern New Jersey office market contains approximately 109.8 million square feet of inventory. The market encompasses five submarkets: Bergen, Essex, Hudson, Morris and Passaic Counties. Though the Northern New Jersey office market is commonly referred to as a suburban market, it contains many of the state's urban centers. These include the state's four largest cities of Newark, Jersey City, Paterson and Elizabeth. NNJ has a large network of expressways and public transportation rail services, mostly operated by New Jersey Transit, which eases the commute of travelers coming from New York City and other surrounding areas. The area is also home to Newark Liberty International Airport, which employs more than 20,000 workers.

Further considerations are as follows:

- The Bergen County submarket contains 26.0 million square feet of office inventory. Only 36,432 square feet of office space was added to the market in 2016 and as of second quarter 2017, no new construction had been completed in the submarket but 360,000 square feet was under construction. The Bergen County submarket reported an overall vacancy rate of 19.4 percent in second quarter 2017.
- The Essex County submarket contains almost 25.1 million square feet of office inventory. Known as the financial, commercial and transportation center of New Jersey, the City of Newark is located within the Essex County submarket.
- Hudson County holds approximately 24.6 million square feet of total office. It contains the cities of Hoboken, Jersey City, Union City and Weehawken. This market added just over 500,000 square feet in new construction in 2014.
- Office inventory in the Morris County submarket totals 29.2 million square feet, making it the largest submarket in NNJ. There are 39 municipalities in this submarket, including Parsippany. A 100,000 square-foot building at 140 Park Avenue was added to the submarket in early 2015 and 185,000 square feet was completed in 2016. The submarket had completed 45,000 square feet of new inventory in the first half of the year with another 330,000 square feet expected to come online in the near term.
- The Passaic County submarket is the smallest submarket in NNJ. It contains 16 municipalities, including the cities of Passaic, Paterson and Clifton. Passaic County has only 4.9 million square feet of total office inventory.

The following is a graph detailing the Northern New Jersey office inventory by major submarket:



Source: Cushman & Wakefield Research; compiled by C&W V&A

The following table is a compilation of NNJ office market statistics by submarket:

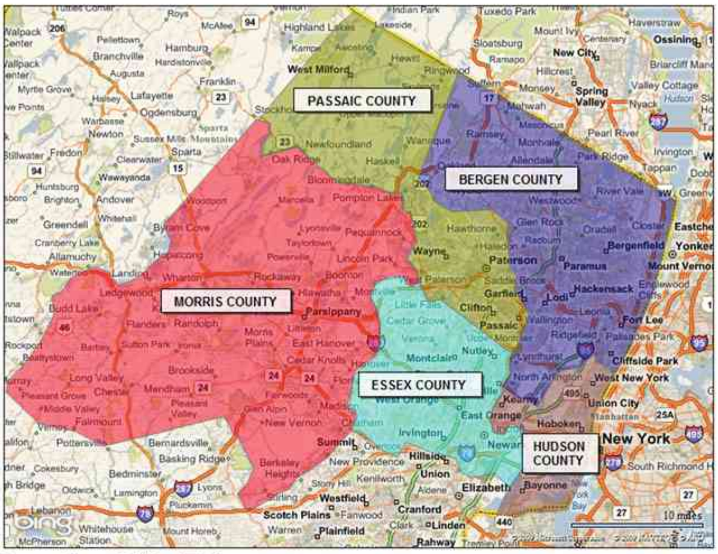
Office Market Statistics by Submarket
Northern New Jersey PMSA
Second Quarter 2017

Market/Submarket	Office Inventory	Overall Vacancy	Direct Vacancy	YTD Construction Completions	YTD Overall Net Absorption	Under Construction	Direct Wtd Avg Class A Rent	Overall Wtd Avg Asking Rent
Bergen County	26,025,180	19.4%	16.4%	0	(637,947)	360,000	$29.05	$26.71
Essex County	25,091,861	16.9%	15.6%	0	249,473	0	$33.21	$27.39
Hudson County	24,606,797	13.3%	10.4%	0	(271,312)	0	$44.39	$39.69
Morris County	29,214,949	26.8%	24.4%	45,000	(9,628)	330,000	$29.92	$27.30
Passaic County	4,877,545	16.2%	14.4%	0	(25,659)	0	$27.25	$21.85
Northern New Jersey	**109,816,332**	**19.3%**	**16.9%**	**45,000**	**(695,073)**	**690,000**	**$33.02**	**$28.66**

Source: Cushman & Wakefield Research; compiled by C&W V&A

The following map highlights the NNJ office market as broken down by county:

NORTHERN NEW JERSEY SUBMARKET MAP



Source: Microsoft Virtual Earth

Supply Analysis

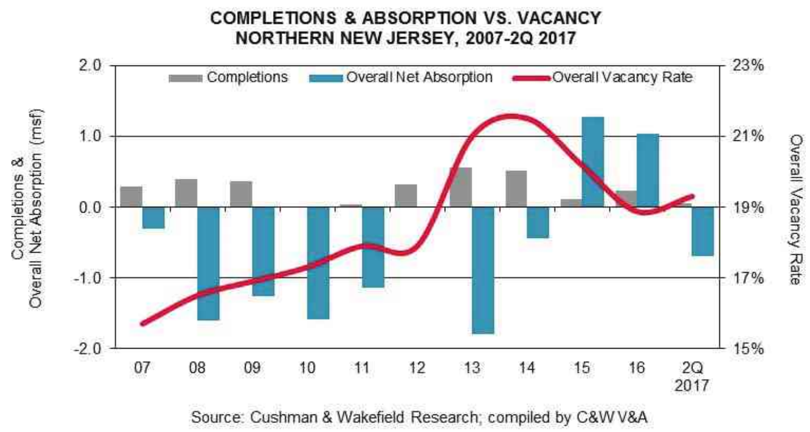
Vacancy

The overall vacancy rate of the Northern New Jersey office market has consistently climbed from the decade low of 15.7 percent in 2007, hitting a high of 21.5 percent in 2014. Through the second quarter of 2017, NNJ's overall vacancy rate trended flatly, maintaining the 19.3 percent vacancy reported in second quarter 2016. NNJ's stagnant overall vacancy trends have been driven by slow speculative construction investment, a string of office dispositions and relatively strong leasing activity, which, combined, have limited the movement of market fundamentals. Demand for relatively affordable office footprints in close proximity to Manhattan has driven activity in Hudson County, which boasted the lowest overall vacancy rate of second quarter 2017 at 13.3 percent. Demand for Northern New Jersey's office space has been concentrated in its transit-oriented submarkets, where tenants have greater access to transportation infrastructure and amenities as well as trophy waterfront real estate. Over the past several quarters, the greatest improvement in overall vacancy rates was reported by the Passaic County submarket with a 6.2 percentage point drop to 16.6 percent vacancy since first quarter 2016. Overall vacancy rates have been aided by shrinking inventory levels, pushing tenants towards existing availabilities in the midst of obsolete space being updated or repurposed for residential and mixed use. Between the first quarter 2015 and second quarter 2017, office inventory in the NNJ office market lost more than 800,000 square feet of space and until investor confidence returns and tenants become more willing to undertake high construction costs, both inventory levels and vacancy rates should remain low.

Further considerations are as follows:

- At 13.3 percent, the Hudson County submarket closed second quarter 2017 with the lowest overall vacancy rate in the NNJ office market. This submarket is historically the strongest in the region and continues to see improvements in leasing. Hudson County serves as a catalyst for the NNJ office market and benefits immensely from its waterfront location and proximity to New York City. The growing volume of residential development in Hudson County will generate a stronger live, work, play environment to attract a large, young talent pool and new businesses.
- Morris County recorded the highest vacancy rate of any submarket in first quarter, at 26.8 percent. This submarket historically averages the highest vacancy rate given its distance from Hudson County and Manhattan but, having boasted the highest leasing volume of 2016, the area's market fundamentals are poised to improve.
- Despite a slight slowdown in leasing through the end of 2016, leasing activity gained momentum early in 2017 and several more transactions are expected through the close of the year, many of which received tax incentives, and should maintain the low overall vacancy rates reported early in the year.
- Rises in overall vacancy rates are being offset by the repurposing of obsolete office space with the residential development at 250 Johnson Road and Mack-Cali Realty Corp.'s demolition and redevelopment of 475,000 vacant square feet at the former headquarters of Pearson Education in Upper Saddle River. Mack-Cali broke ground on its Morris Plains development in August 2016, with completion of high-end and affordable housing in the 197-unit apartment community scheduled for late 2017.

The following graph details overall vacancy, absorption, and construction completions for NNJ through second quarter 2017:



Construction

NNJ saw just over 221,000 square feet of new construction hit the market in 2016, building on four years of significant new development in the region. Since 2006, more than 2.8 million square feet of new office space has been delivered to the region, primarily in the form of build-to-suit projects as speculative construction is a risky investment in an oversupplied market. In 2016, only two projects were delivered in the NNJ office market: S. Hekemian Group's 36,432 square feet of office space in the Bergen County submarket and MetLife Investment's new 185,000 square foot headquarters in Whippany. Through second quarter 2017, one project, totaling 45,000 square feet, was delivered in the Morris County submarket in the form of a build-to-suit Class A building for Fox Rothschild LLP. The market held 690,000 square feet of new office space in the construction pipeline in second quarter 2017, comprised of three build-to-suit projects. Given the region's oversupply of office space, speculative construction will be limited through the near term and only few build-to-suits are planned for the next few years with many companies opting to renovate existing spaces and developers hesitant to assume the risk of building speculatively. While construction trends have built slowly over the past several years, development is forecast to accelerate through the near term due largely to state-sponsored incentives through the Grow NJ program and the relative affordability of building south of Manhattan.

Current construction projects are as follows:

- Developer Hugo Neu is expanding the Hudson County office market with his repurposing of Kearny Point. The 130-acre industrial park will provide mixed-use space for creative office and light manufacturing tenants upon completion. Former ship making facility Building 78 is being upgraded to provide 160,000 square feet of mixed-use space. The project's developers are embracing the demand for flexible work space and successfully drawing start-ups and small businesses into the NNJ market. Full completion of the project should take five to six years. In June 2017, developers broke ground on Building 197, Kearny Point's latest phase of construction. Building 197 will be a 200,000 square foot "light industrial" building for small-scale manufacturers and food processing. Developers expect the next decade of construction at Kearny Point to bring more than a billion dollars of public and private investment, creating 7,000 full-time positions.
- Baldwin Place, a six-acre mixed-use redevelopment in Journal Square, has just received site plan approval for Argent Ventures to replace a 300,000 square foot former factory. The first two phases of the project include 980 apartments spread between two seven-story buildings and two twenty-five-story buildings with luxury amenities and 36,447 square feet of retail. Though this construction is centered on residential development, it will serve to rehabilitate the Journal Square community which began to add housing, office, commercial, and public open spaces in 2010 with the Journal Square Redevelopment Plan. Revitalization of Jersey City communities, in close proximity to Manhattan, will encourage companies to embrace the live-work-play environment promoted in NNJ.
- In September 2015, Skanska completed its construction of Prudential Financial Inc.'s office tower in Newark. Located at 655 Broad Street and designed by Kohn Pedersen Fox, the two year project expanded the campus by 740,000 square feet. The new tower is located two blocks from Prudential's global corporate headquarters at 751 Broad Street and three blocks from its Washington Street building. To further support urban renewal in the neighborhood around the tower, Prudential has made more than $150 million in investments in downtown revitalization projects, such as the redevelopment of the historic Hahne & Co. Building, the restoration of Military Park, and the conversion of the former National State Bank building into Hotel Indigo.
- In March 2017, the Jersey City Council voted to approve 16 acres of land to the Liberty Science Center for the construction of the $280 million "SciTech Scity". On the vacant, city owned land, SciTech Scity will build a biotech lab, a coding lab, a technology business incubator, a K-12 STEM-focused school and residences. The development will be essential to building out the technology presence of Northern New Jersey and should be able to siphon some business and young talent from New York City and Philadelphia. Referred to as a "mini city" by the Jersey City Council, the project should create 853 full-time jobs and build the research and development resources of the region.
- While speculative construction trends have trailed build-to-suit projects over the past few years, developers may soon gain confidence as a result of the success of recent completions. The first speculative completion in Bergen County in nearly a decade, the S. Hekemian Group's ES4, has been fully leased despite the relatively high vacancy rate of 16.9 percent in the region. At only 46,000 square feet, the project did not require large-scale tenants but the clear demand for new, Class A space should incite more deliveries in the near term.

- In second quarter 2017, the NNJ office market held 690,000 square feet of new inventory in the pipeline. The total inventory under construction is comprised of LG Electronics' 360,000 square foot headquarters, UPS's 200,000 square foot build-to-suit and a 130,000 square foot medical office building build-to-suit by Summit Medical Group and the University of Texas MD Anderson Cancer Center.
- In February 2017, LG Electronics broke ground on its 360,000 square foot, $300 million North American Headquarters at 111 Sylvan Avenue in Englewood Cliffs. The new corporate campus will be home to more than 1,000 employees upon expected completion in September 2018 and will create 2,000 temporary construction jobs. LG's New Jersey headquarters is estimated to provide $26 million to the local economy in annual direct, indirect and induced revenues.
- Given the high cost of ground-up construction and the concentration of availabilities of the Northern New Jersey office market, many companies are opting to renovate vacant footprints in their relocations or expansions. In September 2016, Jaguar Land Rover, North America was approved by the Mahwah Planning Board to move into 147,000 vacant square feet at Sharp Plaza, where the company will renovate office space for its product research, training and development center to be completed by early 2018. Global audit, tax and advisory company KPMG broke ground in March 2017 on the expansion of its 281,000 square foot Montvale campus with the renovation of nearby 75 Chestnut Ridge Road, adding more than 70,000 square feet and 600 new jobs.

The following graph details historical construction completions in the NNJ office market from 2007 through second quarter 2017:

Asking Rents

As a consequence of the national recession, asking rents in the NNJ office market declined from 2007 through 2012. As such, landlords offered more flexibility in pricing in order to invite new tenants and retain business giants. Rental rates jumped in 2013 before tailing off slightly in 2014 and regained momentum through mid-2017. In second quarter 2017, average asking rents in the NNJ office market hit the record high of $28.66 per square foot, up $0.56 from first quarter and $1.05 from second quarter 2016. Due to its valuable position, Class A inventory and high leasing volume, the Hudson County submarket has consistently commanded the highest asking rents at $39.69 per square foot through the start of the year. Asking rents in the Hudson County submarket have consistently risen in response to high demand and the high quality tenants it has attracted from across the Hudson River, capable of paying high rental rates. Improved vacancy rates and new construction may tempt landlords to raise their overall average asking rents but unimpressive absorption should keep them stable through the near term. In order to keep its affordable advantage over Manhattan as well as Westchester and Fairfield counties, which often adopt New York City's overflow, Northern New Jersey will have to cap its rental rates equal to or below its competitors.

Further considerations are as follows:

- Hudson County had the highest asking rents of second quarter 2017, reporting $39.69 per square foot. Asking rates in this submarket rose 7.8 percent from the previous quarter and 18.0 percent year-over-year. Positioned across the river from Manhattan, Hudson County is placed in competition with New York rates and must remain low to draw companies over the state border. New apartment buildings – including the "Hudson Lights" project – are attracting younger professionals and are shifting the demographics of the growing "live, work, play" environment. The Hudson Waterfront is the fastest developing submarket in NNJ and should see substantial growth moving forward. In recent quarters, Hudson County's increase in overall average rent increase has been bolstered by several high profile lease transactions for Class A space, including Ernst & Young's lease at Waterfront Corporate Center II in Hoboken and Tory Burch's first quarter lease of space at Newport Office Center III.
- The lowest overall average asking rent in the NNJ office market was reported by the Passaic County submarket in second quarter 2017, with an average rent of $21.85 per square foot, trailing the second lowest rents of Bergen County by more than $5.00 per square foot. Passaic County's overall weighted average asking rents rose 2.0 percent from first quarter data and 5.5 percent from second quarter 2016. Dropping asking rents in the Passaic County submarket should incite movement from tenants in seeking more affordable office space.

The following chart details overall vacancy rates as compared to overall asking rents in the NNJ office market:

Demand Analysis

Leasing Activity

Northern New Jersey's office inventory leasing in second quarter 2017 totaled nearly 2.2 million square feet of new transactions, trailing the previous year's mid-way point by 248,286 square feet. The market's momentum in the first half of the year was propelled by activity in NNJ's waterfront and transit-oriented submarkets, where large scale leases were signed by Unilever, Broadridge Financial, Tory Burch and Newark Public Schools. The bulk of leasing activity in the first half of the year was signed in the first quarter, led by the Bergen County and Essex County submarkets. The Passaic County submarket posted the lowest leasing total through second quarter with only 58,554 square feet of activity. Year-to-date as of second quarter 2017, small-scale signings accounted for the bulk of leasing activity, with leases of 25,000 square feet of less comprising 54.4 percent of the total. The market's relative lack of large tenants has burdened its vacancy rates and inhibited the rate of improvement for market fundamentals but should improve as the region provides an affordable back office alternative to the expense of Manhattan. Several large leases are expected to come online in the next few quarters' statistics as negotiations close but the market will remain oversupplied and inundated with outdated office space through the near term.

Further considerations are as follows:

- The largest lease of the first half of the year was signed by Unilever for 320,000 square feet of office space at 700 Sylvan Avenue in Englewood Cliffs in the Bergen County submarket. Unilever is vacating a portion of 800 Sylvan Avenue, which will undergo renovations, to relocate to its new North American Headquarters at the adjacent 700 Sylvan Avenue property. Normandy Real Estate Partners and OVG Real Estate undertook redevelopment projects at both 800 Sylvan Avenue and 700 Sylvan Avenue to reposition the facilities as premier, amenity-rich Class A office product.
- In second quarter 2017, only one new lease exceeded 100,000 square feet. Newark Public Schools signed a lease in second quarter for 100,500 square feet at 765 Broad Street in Newark, where it will relocate its district headquarters from 2 Cedar Street. The new space will be outfitted with a family support and community engagement center as well as a science laboratory and technology center.
- In first quarter 2017, global fintech company Broadridge Financial Solutions, Inc. signed a 15-year lease for 160,000 square feet at 2 Gateway Center in downtown Newark. The company will move 1,000 high-wage jobs to Newark from Jersey City. The lease demonstrates the value of amenity-rich space in transit-oriented submarkets. The building has been outfitted with a new lobby area and concourse and participates in the Newark Fiber program, the region's fastest, most efficient internet access. Tory Burch also signed a sizable lease in first quarter after accepting a $10.7 million incentive from the New Jersey Economic Development Authority, taking 93,000 square feet in Jersey City.
- The largest lease of 2016 was signed by Allergan for all 431,495 square feet at 5 Giralda Farms in Morris County for a term of thirteen years. Allergan relocated its headquarters to the former Pfizer office in third quarter 2016, keeping 1,500 jobs in the state and creating 300 full-time positions with the help of more than $58 million in Grow NJ tax incentives.
- Accounting firm Ernst & Young signed a 168,000 square foot lease at the Waterfront Corporate Center II in Hoboken in third quarter 2016. The relocation of some of Ernst & Young's Times Square offices demonstrates the draw of the affordable rates and state tax incentives across the Hudson River. New Jersey was in competition with locations northeast of Manhattan in Connecticut for the high profile tenant.

- Despite the market's oversupply of office space and stubbornly high vacancy rates, accelerated leasing activity will require an improvement in construction trends through the additional speculative projects or the renovation of existing space to attract Manhattan's businesses.

The following table details the largest leases signed in NNJ during second quarter 2017:

Significant Lease Transactions Northern New Jersey Second Quarter 2017			
Building Address	**Submarket**	**Tenant**	**Size (sf)**
765 Broad Street	Newark	Newark Public Schools	100,500
3 Sylvan Way	Parsippany	Torre Lazur McCann	65,000
221 River Street	Hudson Waterfront	Jet.com	39,990
250 Pehle Avenue - Plaza One	Route 17 South	Rising Pharmaceuticals	29,756

Source: Cushman & Wakefield Research; compiled by C&W V&A

Historical Net Absorption

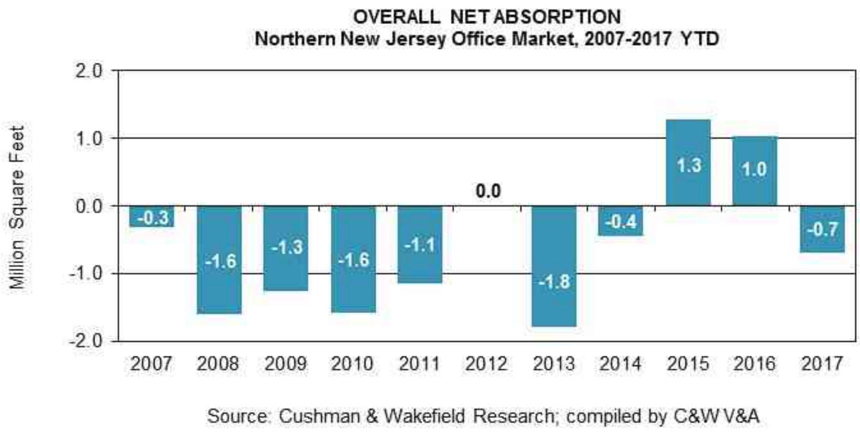
From 2007 to 2015, the Northern New Jersey office market closed nearly every year with negative net absorption as the national recession weighed on the real estate market and NNJ struggled to regain its footing amidst big-box vacancies and competition from New York City and its neighbors. However, the Northern New Jersey office market did experience positive absorption in 2015 and 2016 with relatively minimal negative absorption experienced for the first half of 2017. At the close of 2015, NNJ reported 1.3 million square feet of absorption in its most successful year to date and absorption remained firmly in the black through 2016. The NNJ office market opened 2017 with a net absorption of negative 262,179 square feet. The negative absorption of first quarter was due to large dispositions of space including 223,015 square feet at Harborside Financial Center which was put back on the market by Deutsche Bank and 183,000 square feet of sublease space at 183,000 square feet which was vacated by Daiichi Sankyo. Poor absorption trends continued into the second quarter, which closed with a reported 695,073 square feet of negative absorption due to several office dispositions and relatively slow leasing activity. Many of the market's recent vacancies have resulted from office space consolidations, a national trend affecting the majority of office markets. The NNJ office market also netted negative absorption in first quarter 2016 before closing the year with one of its strongest absorptions in recent years and, with several large scale leases expected to come online in the near term, the market's net absorption is expected to rebound through the close of the year. Limited new construction and stable asking rents will encourage renovations of office inventory and should contain the market's size, steering demand towards existing vacancies.

Further considerations are as follows:

- Essex County was the only submarket to net positive absorption in second quarter 2017, with 249,473 square feet of space taken off of the market. Leasing activity in the Essex County submarket was the second highest in the region, with 571,760 square feet of new lease transactions. The submarket benefits from its adjacency to Hudson County and its relative affordability, with overall weighted average asking rents $12.30 per square foot lower than Hudson County's rates.

- Bergen County closed second quarter 2017 with the most negative absorption in the region, reporting 637,947 square feet returned to the market. Bergen County's office market has suffered the effects of company consolidations and dispositions, weighing on its market fundamentals through the first half of the year. The Bergen County submarket, which contains the Montvale borough, has seen several large scale dispositions in recent years including those of Mercedes Benz and A&P, the latter of which left a 217,524 square foot vacancy. Other stubborn vacancies remaining in the Bergen County submarket include 224,413 square feet at the Hertz Headquarters Building in Park Ridge. As companies sign leases before taking occupancy of their new buildings, market fundamentals may lag in response.
- According to Reis, Inc., between 2012 and 2016, new construction within the Waterfront submarket trailed absorption, with an annual average of 101,600 square feet completed and 123,400 square feet absorbed. Over the next five years, Reis projects that new construction will not surpass absorption (new construction will total 139,000 square feet, and 372,000 square feet is expected to be absorbed). This is expected to provide positive support for rental and occupancy rates in the Waterfront submarket as projected construction should not surpass projected demand.

The following graph details overall net absorption in the NNJ office market from 2007 through second quarter 2017:



Demand Drivers

The Northern New Jersey regional economy is driven by trade, transportation & utilities, professional & business services and education & health services, which together account for 55.3 percent of total employment. Over the past decade, NNJ's nonfarm payroll averaged annual decreases of 0.1 percent, trailing the nation's annual growth of 0.6 percent. The region's nonfarm payroll is projected to expand through 2021 at the average annual rate of 0.6 percent and office-using payrolls, which account for 26.7 percent of employment, should grow parallel by 0.6 percent each year. As office-using industries expand in the near term, companies will have to increase their footprints to accommodate more employees and demand for NNJ's existing inventory should rise. Economic expansion in nearby Manhattan may incite higher rents and less available inventory, pushing tenants west across the Hudson River towards NNJ's oversupplied office market. NNJ has a highly educated population, 38.5 percent of which holds a Bachelor's or advanced degree, and its affluence, skilled labor force and proximity to New York City make it an attractive option for business relocation.

Further considerations regarding demand drivers are as follows:

- Professional & business services account for 16.6 percent of all nonfarm employment in NNJ. Employment growth in this sector is expected to experience gains over the next five years, with annual average growth forecasted at 1.2 percent. NNJ is home to global professional & business services firms, including Verizon Communications and Prudential Financial, and should continue to be a supportive environment for businesses with its incentive programs and affordable rental rates compared to Manhattan. As seen from recent leasing transactions, more large companies are choosing to open locations in the North Jersey area.
- NNJ is a hub for many pharmaceutical, healthcare and high-tech companies. Industry giants such as Novartis Pharmaceutical, Pfizer, Panasonic, Merck and Automated Data Processing (ADP) all have operations in the region. The presence of these industry leaders should help attract additional firms to the region in the future. State-funded incentive packages and tax breaks will support business growth in NNJ as well.
- The trade, transportation & utilities sector is a major regional industry, accounting for 22.0 percent of the workforce. During the recession, this sector suffered employment losses of 8.0 percent from 2008 to 2009 as many projects were cancelled or put on hold. Over the next five years, employment is expected to increase modestly as long-term transit infrastructure developments get underway. NNJ is situated between Philadelphia and New York City, two major metropolitan centers that see high volumes of interstate traffic and products. The New Jersey Turnpike is the fifth busiest toll road in the nation. Newark International Airport and the New Jersey Transit System employ over 35,000 professionals, and that number should grow moderately as consumer spending improves.

Demand Forecast

Cushman & Wakefield's office market forecasts are derived using a regression model developed by our Research staff. The model is based on trends in historical occupancy and rental rate movements as well as factors such as employment growth, new construction and absorption tendencies.

Mathematical assumptions underlying our approach are as follows:

- Occupancy is a function of employment. For the historical portion of this analysis, we use total nonfarm employment as defined by the U.S. Bureau of Labor Statistics (BLS), and utilizing North American Industry Classification System (NAICS) coding. For the forecast portion, we use Moody's Analytics figures.
- Vacancy is a function of demand, available space and new supply (including both under construction and proposed projects).
- Rent is a function of overall and direct vacancy, taking into account both inflationary and deflationary tendencies, as well as current, historical and anticipated trends.

This mathematical approach limits subjectivity and the forecasts are statistically projected to have an approximate 90.0 percent accuracy level. Highlights of the analysis are detailed below:

- NNJ's office inventory is expected to grow steadily over the next five years. At the moment, there are several new projects in the pipeline for the NNJ office market, and with future projects factored into statistics, 2.2 million square feet of new construction is expected to be added to inventory by the end of 2021. While a few sites are on the Waterfront, there is no indication that any of the proposed projects will start construction in the next two years. If any of these proposed projects do not break ground by 2019, then no new inventory is projected to be added in the Waterfront by the end of 2021.

- Demand in the NNJ office market is anticipated to show some growth in the near term as a result of the forecasted increase in office-using employment, but inventory will grow faster than demand, oversupplying the market through 2021. Following years of stagnant construction, developers may rush to produce updated office space to adopt the overflow from New York City and the surge of new office inventory could leave the market grossly oversupplied. Through the near term, construction trends will be dominated by the renovation of existing space and build-to-suit projects. Any new construction may be limited by the availability of financing for speculative development and build-to-suit requirements.
- The market's overall vacancy rate is expected to decline through 2021, hitting the low of 17.8 percent in 2019 and rising to 18.1 percent in 2021 in response to rising inventory levels. Net absorption is projected to remain positive through 2021 as inventory is taken off of the market faster than it is put back.
- Despite the assumed increase in future construction, the following model predicts a slightly lower vacancy rate in 2021 than in 2017, as well as a gradual increase in asking rents.

The following table and subsequent graph outline the demand analysis for the NNJ office market:

Office Market Forecast

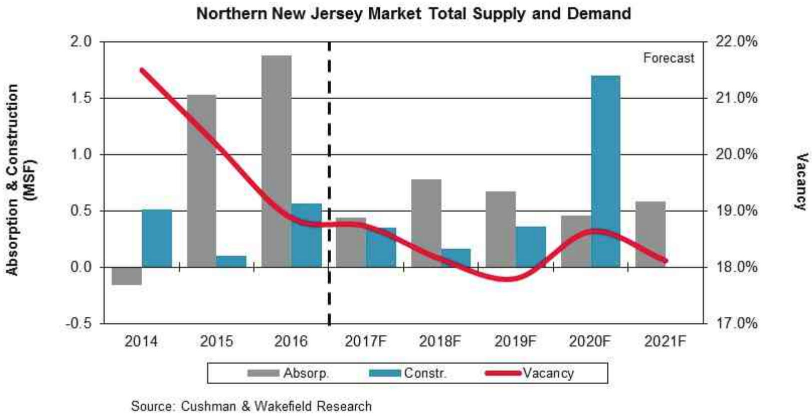
Northern New Jersey

CUSHMAN & WAKEFIELD

	2014	2015	2016	2017F	2018F	2019F	2020F	2021F
Employment								
Total Office-using Employment*	1,012,700	1,032,900	1,046,000	1,064,100	1,077,100	1,089,900	1,095,300	1,095,600
Growth Rate	0.2%	2.0%	1.3%	1.7%	1.2%	1.2%	0.5%	0.0%
Net New Office-using Jobs*	1,700	20,200	13,100	18,100	13,000	12,800	5,400	300
Non-CBD								
New Supply Non-CBD (Sq. Ft)	507,800	100,000	566,900	349,300	162,000	360,000	1,698,800	-
Occupied Space (Sq. Ft.)**	85,849,400	87,381,600	89,262,900	89,707,100	90,487,200	91,158,300	91,615,500	92,201,500
Vacant/Available (Sq. Ft.)**	23,512,300	22,080,100	20,765,700	20,670,800	20,052,700	19,741,600	20,983,200	20,397,200
Overall Vacancy Rate	21.5%	20.2%	18.9%	18.7%	18.1%	17.8%	18.6%	18.1%
Forecast Net Absorption (Sq. Ft.)	(162,000)	1,532,200	1,881,300	444,200	780,100	671,100	457,200	586,000
Asking Rents*	$27.21	$26.94	$27.69	$28.27	$28.74	$29.24	$29.66	$29.89
Growth Rate	3.1%	-1.0%	2.8%	2.1%	1.7%	1.7%	1.4%	0.8%
Asking Rents**	$26.65	$27.24	$27.88	$28.45	$28.94	$29.43	$29.77	$29.95
Growth Rate	-1.4%	2.2%	2.3%	2.0%	1.7%	1.7%	1.2%	0.6%
Total Market								
Inventory (Sq. Ft.)**	109,361,700	109,461,700	110,028,600	110,377,900	110,539,900	110,899,900	112,598,700	112,598,700
New Supply (Sq. Ft.)	507,800	100,000	566,900	349,300	162,000	360,000	1,698,800	-
Occupied Space (Sq. Ft.)**	85,849,400	87,381,600	89,262,900	89,707,100	90,487,200	91,158,300	91,615,500	92,201,500
Vacant/Available (Sq. Ft.)**	23,512,300	22,080,100	20,765,700	20,670,800	20,052,700	19,741,600	20,983,200	20,397,200
Overall Vacancy Rate	21.5%	20.2%	18.9%	18.7%	18.1%	17.8%	18.6%	18.1%
Net Absorption (Sq. Ft.)	(162,000)	1,532,200	1,881,300	444,200	780,100	671,100	457,200	586,000
Asking Rents*	$27.21	$26.94	$27.69	$28.27	$28.74	$29.24	$29.66	$29.89
Growth Rate	3.1%	-1.0%	2.8%	2.1%	1.7%	1.7%	1.4%	0.8%
Asking Rents**	$26.65	$27.24	$27.88	$28.45	$28.94	$29.43	$29.77	$29.95
Growth Rate	-1.4%	2.2%	2.3%	2.0%	1.7%	1.7%	1.2%	0.6%

Note: Numbers in the table may not add to totals due to rounding.
Source: Economic Data courtesy of Moody's Analytics, Cushman & Wakefield Research * denotes an annual average ** denotes year-end

Note: The information from Cushman & Wakefield may not sync to the information provided by Moody's Analytics due to variations in the data set.



Conclusion

Demand for office space in NNJ remained healthy through second quarter 2017, with vacancy levels trending flatly and asking rents continuing to rise. Strong leasing activity through the start of the year reflected the summation of several large scale transactions, including Unilever and Broadridge Financial, and an abundance of smaller signings. Business in-migration has been supported by incentives packages from Grown NJ and New Jersey Economic Development Authority, which have effectively drawn tenants from Manhattan and nearby metros. As long as New Jersey's private employment continues its upward trend and state incentives continue to attract companies, the office market should stabilize.

After seven consecutive years of poor absorption, the New Jersey Economic Opportunity Act was signed to help the state keep tenants and remain competitive with surrounding states. This job creation and incentive program will provide assistance to businesses in the area that will help with real estate costs and potential relocation fees, while promoting hiring within the state. Professional & business services will be a catalyst for the office market by increasing employment numbers by 1.2 percent annually over the next five years. Demand should gain momentum as the economy and employment levels continue to improve. In the long term demand analysis, relatively slow construction trends, particularly speculative, should moderate supply and demand levels through 2021. The market maintains a positive outlook due to its relative affordability, state sponsored tax incentives, repositioning of office space and emerging live, work, play environment. The rising mixed-use development and live, work, play culture on the west side of the Hudson River will echo Manhattan's office climate and attract more corporate tenants in the near term. The Northern New Jersey office market's largest asset will continue to be its location and valuable transportation infrastructure, which attracts both corporate tenants and young professionals across the Hudson River. The region's diverse tenant mix, consisting of large scale financial, technology and legal businesses, will make it less vulnerable to national economic volatility moving forward.

Further considerations are as follows:

- In response to the weakened economy, overall asking rents in the NNJ office market experienced declines for a number of years. Unemployment jumped from 5.5 percent to 9.0 percent between 2008 and 2009 and demand for space worsened. Rental rates grew noticeably in 2013 and remained high through mid-2017, indicating that competition for office space is improving.

- Leasing activity is forecasted to remain steady into late 2017, despite its underperformance of 2016 totals. Tax incentive packages and proximity to New York City attract relocations and businesses gaining confidence in the marketplace. The projected increase in speculative construction projects is a sign that tenants are looking for new, premium office space in these markets.
- The Hudson Waterfront, which includes Jersey City, Weehawken, and Hoboken sits directly across the Hudson River from Manhattan and is sometimes referred to as “Wall Street West” for its attractive office market and mass transit system. Home to 12.9 percent of NNJ’s year-to-date leasing activity in second quarter and boasting the region’s lowest vacancy rate, the Hudson Waterfront is dominating the NNJ office market. Low asking rates and business prices relative to New York City are drawing businesses into New Jersey and although healthy demand and lack of new supply may raise asking rents, the region should remain an affordable alternative in the near term. Moreover, this area is emerging as a popular destination for residential real estate, which could influence the office market. As long as rents in Manhattan remain significantly higher, NNJ will represent an affordable space alternative in the Tri-State area.

Waterfront Submarket

Introduction

Data for the following analysis of the submarket is provided by Reis, Inc. Market statistics from Reis, Inc. may not sync with the data from other sections of this report that rely on other sources, such as from Cushman & Wakefield. The subject lies within the Waterfront submarket of Northern New Jersey. The subject submarket contains 17,839,000 square feet, or 16.9 percent of the region's inventory. The waterfront office district's boundaries are generally considered to be from the Lincoln Tunnel in Weehawken to the north, through Hoboken and then terminating to the south in Jersey City just north of Liberty State Park. The Hudson River is the easterly boundary and the heart of the Waterfront District's westerly boundary is considered to be the several blocks in from the water, which varies. In a general sense, the broader waterfront district is comprised of the municipalities of Jersey City, Hoboken and Union City as shown on the following map.

HUDSON WATERFRONT SUBMARKET MAP

Supply

Inventory and Construction Completions

According to Reis, Inc., within the subject submarket, a total of 508,000 square feet of space was completed between 2012 and 2016. Over the next five years, Reis projects that an additional 139,000 square feet of new space will be completed within the Waterfront submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)

	Northern New Jersey					Waterfront					
Year	Class A	Completions	Class B/C	Completions	Total Completions	Class A	Completions	Class B/C	Completions	Total Completions	% of Region
2012	54,182,000	390,000	51,315,000	0	390,000	14,162,000	0	3,215,000	0	0	0.0%
2013	54,778,000	811,000	50,738,000	0	811,000	14,162,000	0	3,215,000	0	0	0.0%
2014	55,320,000	542,000	50,713,000	0	542,000	14,670,000	508,000	3,215,000	0	508,000	93.7%
2015	55,208,000	53,000	50,292,000	0	53,000	14,670,000	0	3,169,000	0	0	0.0%
2016	55,428,000	220,000	49,817,000	0	220,000	14,670,000	0	3,169,000	0	0	0.0%
1Q17	55,470,000	42,000	49,817,000	0	42,000	14,670,000	0	3,169,000	0	0	0.0%
2017	---	---	---	---	122,000	---	---	---	---	0	0.0%
2018	---	---	---	---	278,000	---	---	---	---	22,000	7.9%
2019	---	---	---	---	381,000	---	---	---	---	31,000	8.1%
2020	---	---	---	---	527,000	---	---	---	---	43,000	8.2%
2021	---	---	---	---	527,000	---	---	---	---	43,000	8.2%
2012-2016											
Total Completions		**2,016,000**		**0**	**2,016,000**		**508,000**		**0**	**508,000**	
Annual Average		**403,200**		**0**	**403,200**		**101,600**		**0**	**101,600**	**25.2%**

Source: Reis, Inc.

Within the Waterfront District, there are no significant office projects that are scheduled to be developed into the foreseeable future. This will keep the supply of space static for many years.

Demand

Between 2012 and 2016, submarket vacancy rates decreased from 9.2 to 7.9 percent. The current vacancy rate for the submarket is 8.4 percent. Over the near term, Reis is projecting a decline in vacancy for the Waterfront submarket, with vacancy levels ranging from 8.0 percent in 2017 to 6.5 percent in 2021.

The following table presents historical and projected vacancy rates for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)

	Northern New Jersey			Waterfront		
Year	Class A	Class B/C	Total	Class A	Class B/C	Total
2012	18.0	22.4	20.1	9.3	8.8	9.2
2013	17.6	21.7	19.6	9.4	7.3	9.0
2014	18.6	21.2	19.8	11.0	6.1	10.1
2015	17.5	21.9	19.6	10.2	7.5	9.7
2016	17.0	19.9	18.4	9.2	2.0	7.9
1Q17	17.2	20.1	18.6	9.8	1.8	8.4
2017	---	---	18.4	---	---	8.0
2018	---	---	17.9	---	---	7.6
2019	---	---	17.4	---	---	7.2
2020	---	---	17.0	---	---	7.0
2021	---	---	16.6	---	---	6.5

Source: Reis, Inc.
Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Class A buildings are exhibiting higher vacancies than Class B/C buildings (9.8 percent versus 1.8 percent).

Absorption Trends

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Between 2012 and 2016, new construction within the Waterfront submarket trailed absorption, with an annual average of 101,600 square feet completed and 123,400 square feet absorbed. Over the next five years, Reis projects that new construction will not surpass absorption (new construction will total 139,000 square feet, and 372,000 square feet is expected to be absorbed).

The following table presents historical and projected absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)

	Northern New Jersey				Waterfront			
Year	Class A	Class B/C	Total Absorption	Total Completions	Class A	Class B/C	Total Absorption	Total Completions
2012	-193,000	-868,000	-1,057,000	390,000	-80,000	45,000	-35,000	0
2013	695,000	-127,000	566,000	811,000	-13,000	49,000	35,000	0
2014	-89,000	246,000	161,000	542,000	227,000	38,000	266,000	508,000
2015	497,000	-698,000	-203,000	53,000	117,000	-87,000	30,000	0
2016	460,000	654,000	1,111,000	220,000	147,000	174,000	321,000	0
1Q17	-64,000	-101,000	-161,000	42,000	-87,000	6,000	-81,000	0
2017	---	---	124,000	122,000	---	---	-16,000	0
2018	---	---	714,000	278,000	---	---	100,000	22,000
2019	---	---	801,000	381,000	---	---	93,000	31,000
2020	---	---	874,000	527,000	---	---	82,000	43,000
2021	---	---	845,000	527,000	---	---	113,000	43,000
2012-2016								
Total Absorption	**1,370,000**	**-793,000**	**578,000**	**2,016,000**	**398,000**	**219,000**	**617,000**	**508,000**
Annual Average	**274,000**	**-158,600**	**115,600**	**403,200**	**79,600**	**43,800**	**123,400**	**101,600**

Source: Reis, Inc.

Rental Rates Trends

As shown in the following chart, average asking rental rates in the Waterfront submarket increased from an average of $41.00 per square foot in 2012 to $43.59 per square foot in 2016, demonstrating a CAGR of 1.5 percent. Over the next five years, average asking rents are expected to increase from $44.37 per square foot in 2017 to $50.10 per square foot in 2021. The current average asking rent stands at $44.00 per square foot.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates ($/SF)

	Northern New Jersey					Waterfront				
Year	Class A	Class B/C	Total	% Change	Effective Rent	Class A	Class B/C	Total	% Change	Effective Rent
2012	$32.72	$22.58	$27.79	0.4	$23.05	$43.42	$30.36	$41.00	0.9	$35.36
2013	$32.80	$22.70	$27.94	0.5	$23.19	$43.96	$30.67	$41.50	1.2	$35.80
2014	$33.20	$22.92	$28.28	1.2	$23.48	$44.24	$30.80	$41.82	0.8	$36.07
2015	$33.52	$23.22	$28.61	1.2	$23.78	$45.32	$30.81	$42.74	2.2	$36.90
2016	$34.09	$23.67	$29.16	1.9	$24.26	$46.11	$31.93	$43.59	2.0	$37.74
1Q17	$34.18	$23.77	$29.26	0.3	$24.35	$46.34	$33.20	$44.00	0.9	$38.03
2017	---	---	$29.57	1.4	$24.59	---	---	$44.37	1.8	$38.40
2018	---	---	$30.08	1.7	$25.00	---	---	$45.46	2.5	$39.36
2019	---	---	$30.68	2.0	$25.51	---	---	$46.82	3.0	$40.51
2020	---	---	$31.37	2.2	$26.12	---	---	$48.40	3.4	$42.00
2021	---	---	$32.13	2.4	$26.79	---	---	$50.10	3.5	$43.57
2012-2016 CAGR	**1.03%**	**1.19%**	**1.21%**			**1.51%**	**1.27%**	**1.54%**		

Source: Reis, Inc.
Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Office rents on a Gross basis.

Class A buildings within the Northern New Jersey region are exhibiting higher average asking rents ($34.18 per square foot) than Class B/C buildings ($23.77 per square foot). Within the subject submarket, Class A buildings have higher average asking rents than Class B/C buildings ($46.34 per square foot versus $33.20 per square foot).

Waterfront Office Submarket Outlook

Vacancy levels for the Waterfront Office Submarket have decreased since 2012 and are expected to decline from 8.0 percent in 2017 to 6.5 percent in 2021. Over the near term, new construction activity should not surpass absorption, and average asking rates are forecasted to range from $44.37 per square foot in 2017 to $50.10 per square foot in 2021. The Waterfront District is considered to be the strongest office market in northern New Jersey. It has historically outperformed the greater regional marketplace in terms of occupancy levels and rental rates.

Subject Property – Exchange Place Centre

Location and Description

Exchange Place Centre is located at 10 Exchange Place, Jersey City, Hudson County, NJ. The property is situated in the Exchange Place sub district within the Hudson Waterfront Office Market, which is analyzed in this report and is one of the most recognizable buildings in the district. Its location is directly on the waterfront with unobstructed views of Manhattan.The subject is a 30-story, Class A, office building that contains 730,598 square feet of rentable area situated on a 45,302 square foot site. The improvements were completed in 1988 and are in good condition. This corporate office building is sheathed in granite and tinted glass that features fiber optic and microwave satellite communications. The building has direct access to PATH for connections to New York City, Newark and Hoboken. The property is currently 93.1 percent occupied on a multi-tenanted basis with major (over 50,000 square foot) tenants that include Amazon, ACE American Insurance Company, Rabo Support Services and Kuehne + Nagel Inc.

Hudson Waterfront – Locational Characteristics

Redevelopment of the Hudson River waterfront has been underway for more than a decade and is largely due to its proximity and accessibility to lower Manhattan, in conjunction with large quantities of underutilized, industrial land. The Waterfront District has attracted numerous banks, stock brokerage, and commodities firms from Wall

Street and downtown Manhattan office buildings. These financial services firms have relocated back office personnel to large blocks of office space along the Hudson River waterfront.

Significant revitalization efforts over the past 15 years have resulted in an increasingly desirable residential environment. In particular, a new mass transit option, the Hudson-Bergen Light Rail, has sparked development of multi-family properties throughout the Waterfront District. The system, which began operating its first segment in April 2000, has expanded in phases and was completed with the opening of its southern terminus on January 31, 2011. The light rail serves twenty-four stations along a 21-mile stretch. In the Waterfront District, the light rail is primarily in proximity to the waterfront.

The light rail system, as well as the NJ Transit and PATH systems, have drawn developers to the Waterfront District, particularly in proximity to the Hudson River. Views of the Hudson River and Manhattan have a positive impact on rental rates in this market.

Transportation and Access

Geographically Jersey City has excellent access to the surrounding communities and region. The city has direct access to the New Jersey Turnpike extension, also known as I-78. Interstate 78 leads directly to the Holland Tunnel providing access to New York City. Route 440, the Garden State Parkway and Route 3 are located within or in close proximity to the city. Mass transportation to nearby employment centers is excellent. Major rail lines travel from PATH stations in Manhattan to Hoboken, Jersey City and Newark. In addition, there is an extensive system of commuter buses traveling to Manhattan via the Lincoln and Holland Tunnels to Port Authority bus terminal and the aforementioned Hudson-Bergen Light Rail. Proximity to light rail stations, and in particular, PATH stations, has a positive effect on rental rates in this market.

Port Authority Trans-Hudson (PATH) – The PATH system provides subway and train lines to New York City with service to midtown and downtown Manhattan, ending at 33rd Street (Penn Station) in midtown. On the New Jersey side of the river, PATH stations are located in Hoboken, Jersey City and Newark. The PATH offers the convenience of 24-hour access to New York City. The 13.9-mile system currently serves over 200,000 passengers daily. There are four station stops in Jersey City, including Pavonia/Newport, Exchange Place, Grove Street and Journal Square, which is the last stop in Jersey City. The subject sits atop the Exchange Place PATH station.

Hudson-Bergen Light Rail System – Thirteen stations have been developed within Jersey City as part of the Initial Operating Segment. The Light Rail runs directly through all of the major Jersey City waterfront projects including Colgate, Harborside, Hudson Exchange and Newport.

The Light Rail is currently completed from the Port Imperial project in West New York to the East 34th Street Park-N- Ride in Bayonne. New Jersey commuters can now transfer from the Hoboken Terminal to the Light Rail system for access to the waterfront office and residential inventory. In addition, a branch has been completed that extends from Liberty State Park to the West Side Avenue Park & Ride site along Route 440 in southwest Jersey City.

The Hudson-Bergen Light Rail Transit System is a key transportation network for the Jersey City Waterfront, providing residents and employees with alternative train service that links to the Hoboken Terminal. The subject is one block from the Exchange Place light rail station.

New Jersey Transit Rail System - New Jersey Transit operates five commuter train lines directly from the Hoboken Terminal to all points in Northern New Jersey market, including Newark, Morristown and several points in Rockland County, New York. Rail transportation to central and southern New Jersey is available via transfer at Newark Penn Station.

Bus Service – NJ Transit operates an extensive bus network of intra and interstate routes throughout New Jersey and into New York and Philadelphia. The system serves the regions commercial centers with commuter runs to and from Manhattan, Newark, Jersey City, Trenton, Camden, Atlantic City and Philadelphia. There are numerous designated bus stops which provide connections at Hoboken Terminal. Approximate travel time by bus into Manhattan is 15 to 20 minutes.

Ferry Service - Ferry service to Midtown Manhattan, the World Financial Center and Wall Street is provided by New York Waterways via the Paulis Hook Terminal (approximately 0.18 miles to the south) and the Newport Terminal (approximately 0.80 miles to the north). Service is available every 10 minutes during rush hour and every 20 minutes during the afternoon and evening hours. Crossing times are between 8 to 10 minutes.

Hudson Waterfront – Cushman & Wakefield Second Quarter 2017

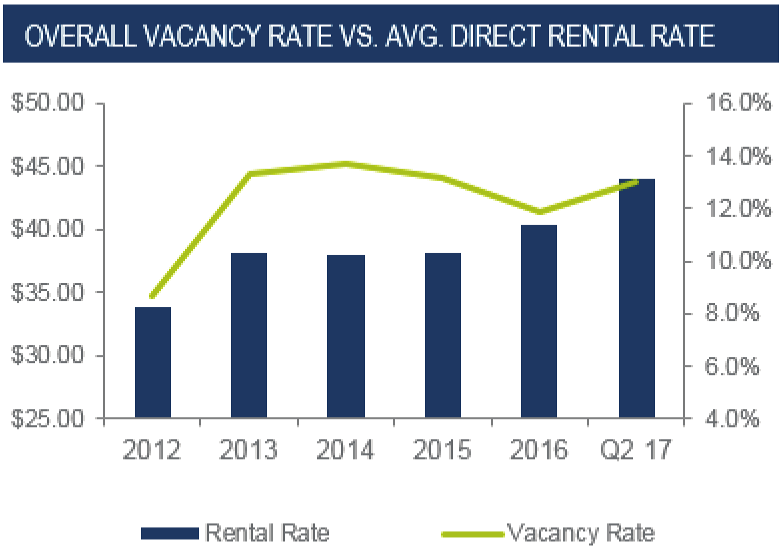
Submarket Overview

The Hudson Waterfront submarket is comprised of Jersey City, Weehawken and Hoboken. Sometimes referred to as "Wall Street West," the Hudson Waterfront has historically attracted many large financial services firms and has been one of the most prominent office markets in New Jersey due to its proximity to New York City and mass transit system.

STATS ON THE GO

	Q2 16	Q2 17	YOY Δ	12-MO. FORECAST
INVENTORY (SF)	21,434,315	21,341,406	-	—
OVERALL VACANCY	12.5%	13.0%	50 bps	▲
AVG. DIRECT ASKING RENT (PSF/YEAR)	$37.53	$44.05	17.4%	▬
YTD LEASING (SF)	462,657	279,721	-39.6%	▲
YTD OVERALL NET ABSORPTION (SF)	207,517	(284,511)	-	▲

Source: Cushman & Wakefield, Inc.



Source: Cushman & Wakefield, Inc.

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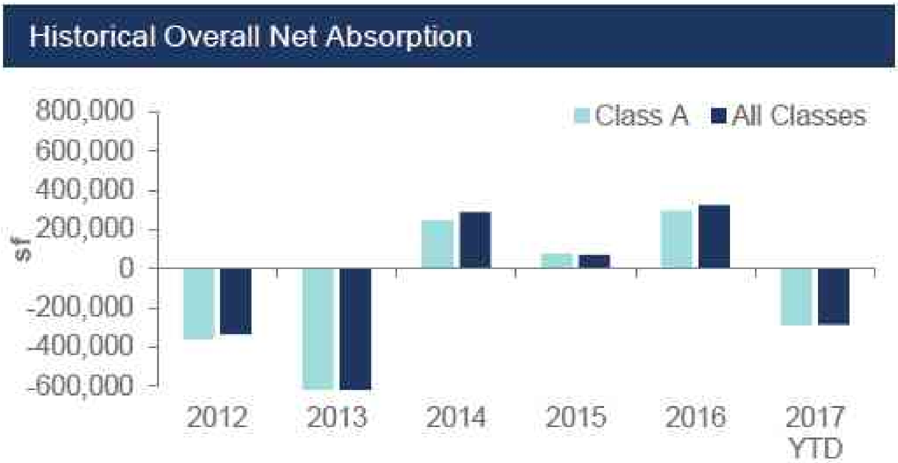


Source: Cushman & Wakefield, Inc.

HUDSON WATERFRONT	INVENTORY (SF)	DIRECT VACANCY RATE	OVERALL VACANCY RATE	OVERALL AVAILABLE SPACE (SF)	YTD DIRECT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	Q1 LEASING ACTIVITY (SF)	YTD LEASING ACTIVITY (SF)	DIRECT AVERAGE ASKING RENT*	OVERALL AVERAGE ASKING RENT*
Class A	18,199,804	11.0%	14.5%	2,634,542	-113,845	-230,069	174,436	174,436	$42.80	$42.79
Class B	1,600,367	5.3%	5.3%	85,534	773	1,773	6,550	6,550	$28.67	$28.67
TOTALS	**21,341,406**	**10.1%**	**13.0%**	**2,784,024**	**-113,741**	**-228,965**	**182,117**	**182,117**	**$41.01**	**$41.01**

Source: Cushman & Wakefield, Inc.

Note: The information from Cushman & Wakefield may not sync to the information provided by Reis, Inc. due to variations in the data set.

Competitive Market Survey – Micro Market – Competitive Class A Office Buildings

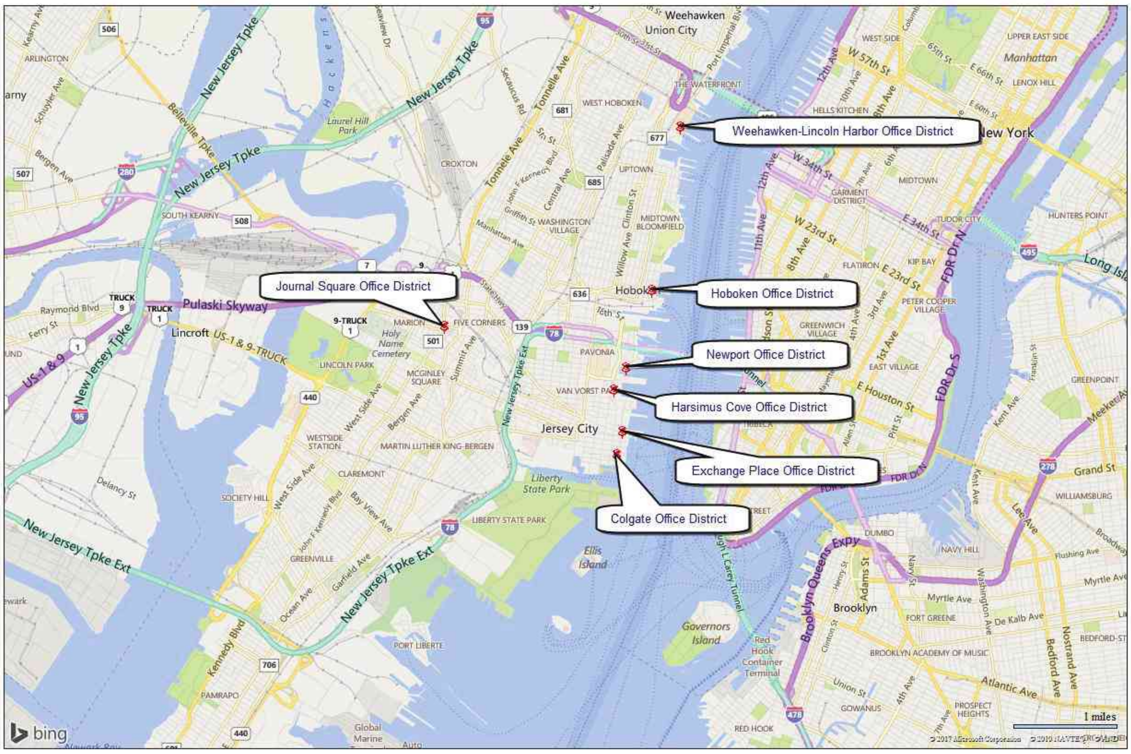
In order to gain a better understanding of the market conditions specific to the subject property, we conducted a survey of those buildings that would be considered most competitive to the subject, which are the Class A office buildings in this submarket.

The following table contains the results of a Cushman & Wakefield survey of existing competitive Class A office properties.

Source: Cushman & Wakefield, Inc.

Building Name	Address	City	Year Built/ Renovated	Stories	% Vacant	RBA (SF)	Direct Vacant SF	Sublet Vacant SF	Asking Rate/SF	Expenses
Colgate Center on the Hudson	70 Hudson Street	Jersey City	2001	12	82.2%	438,156	360,160	0		Gross+TE
	95 Greene Street	Jersey City	1958/ 2001	8	100.0%	337,888	337,888	0	$43.00	Gross+TE
Harborside Financial Center I	34 Exchange Place	Jersey City	1984	8	60.5%	385,000	233,099	0	$46.50	Gross+TE
Newport Office Tower	525 Washington Boulevard	Jersey City	1991	36	22.0%	1,061,000	222,420	10,530	$40.00	Gross+TE
Harborside Financial Center II	200 Hudson Street	Jersey City	1984	10	30.2%	700,000	211,708	0	$49.00 - $49.50	Gross+TE
Painewebber II	1200 Harbor Boulevard	Weehawken	1987/ 2001	10	50.4%	366,630	184,763	0		Gross+TE
Newport Office Center I	111 Pavonia Avenue	Jersey City	1988	14	21.3%	407,000	79,313	7,303	$35.00	Gross+TE
Harborside Plaza III	Harborside Financial Center III	Jersey City	1930/ 1990	10	10.8%	725,600	78,636	0	$46.50	Gross+TE
One Evertrust Plaza	1 Evertrust Plaza at Columbus/Washington	Jersey City	1988	17	31.6%	314,503	74,685	24,475	$38.00	Gross+TE
	30 Montgomery Street	Jersey City	1974/ 1992	15	22.4%	300,000	67,178	0	$34.50	Gross+TE
	101 Hudson Street	Jersey City	1992	42	20.1%	1,190,335	62,885	176,923	$49.50	Gross+TE
Waterfront Corporate Center I	111 River Street	Hoboken	2002	13	10.2%	531,102	54,400	0	$52.00	Gross+TE
Waterfront Corporate Center II	121 River Street	Hoboken	2003	13	7.5%	550,000	41,453	0	$53.00	Gross+TE
Exchange Place Centre	10 Exchange Place	Jersey City	1988	30	3.5%	696,876	24,372	0	$39.00 - $42.00	Gross+TE
Harborside Financial Center V	Harborside Financial Center V	Jersey City	2002	34	9.2%	978,072	16,910	73,212	$49.50	Gross+TE
Baker Waterfront Plaza	2 Hudson Place	Hoboken	1987	8	13.8%	94,000	8,998	4,000		Gross+TE
Waterfront Corporate Plaza III	221 River Street	Hoboken	2014	14	1.0%	507,842	0	5,000	$48.00	Gross+TE
Harborside Financial Center X	Harborside Financial Center X	Jersey City	2002	18	6.3%	575,000	0	36,294	$45.00	Gross+TE
Harborside Financial Center IV-A	Harborside Financial Center IV-A	Jersey City	2000	10	0.0%	207,000	0	0	$42.00	Gross+TE
	15 Exchange Place	Jersey City	1920/ 1993	11	8.1%	123,792	0	10,007	$40.00	Gross+TE
Newport Office Center VII	480 Washington Boulevard	Jersey City	2004	31	17.8%	1,074,561	0	191,237	$40.00	Gross+TE
Colgate Center on the Hudson	90 Hudson Street	Jersey City	1999	12	0.0%	435,517	0	0	$38.00	Gross+TE
Newport Office Center IV	545 Washington Boulevard	Jersey City	2000	22	0.0%	850,000	0	0	$36.00	Gross+TE
International Financial Tower	95 Christopher Columbus Drive	Jersey City	1989	19	0.0%	622,000	0	0	$35.00	Gross+TE
Newport Office Center III	499 Washington Boulevard	Jersey City	1999	14	8.8%	526,318	0	46,380	$35.00	Gross+TE
Two Journal Square Plaza	2 Journal Square Plaza at Kennedy Blvd	Jersey City	1987	9	0.0%	324,610	0	0	$33.00	Gross+TE
Newport Office Center V	575 Washington Boulevard - NOC V	Jersey City	2002	22	0.0%	800,000	0	0		Gross+TE
	2 Montgomery Street	Jersey City	1968/ 1999	5	0.0%	164,000	0	0		Gross+TE
Newport Office Center VIII	100 Town Square Place	Jersey City	2003	6	0.0%	90,000	0	0		Gross+TE
Goldman Sachs & Company Building	30 Hudson Street	Jersey City	2004	42	0.0%	1,750,000	0	0		Gross+TE
Painewebber I	1000 Harbor Boulevard	Weehawken	1988	10	0.0%	880,000	0	0		Gross+TE
Newport Office Center VI	570 Washington Boulevard - NOC VI	Jersey City	2002	12	0.0%	415,000	0	0		Gross+TE
Total					14.5%	15,199,804	2,058,858	585,331		

COMPETITION MAP



We surveyed 32 competitive office buildings within the submarket, including the subject property, containing approximately 18.2 million square feet. The average vacancy is approximately 14.5 percent, which is well below the Northern New Jersey average of 19.3 percent for all classes. Of all the buildings that report full occupancy, only 575 Washington Boulevard, 570 Washington Boulevard, and 1000 Harbor Boulevard are either owner occupied or essentially single tenanted, with the exception of any ground floor retail space.

Average asking rates for competitive office space range from $35.00 to $53.00 per square foot, with an average of $41.82 per square foot on a gross plus electric rental basis. Also known as a modified lease, this structure is defined by market participants as tenants responsible their electric usage plus any increases in operating expenses over base year occupancy including real estate taxes, insurance, common area maintenance and utilities. Lease rates include a tenant improvement package of approximately $5.00 per square foot per year of the lease term for new leases, and none (As Is) to $2.00 per square foot per year of the lease term for renewal leases. Lease terms typically include rent escalations that can either be periodic or annual. The range in average asking rental rates is primarily based on the property location, the quality and amount of tenant buildout, and other property characteristics.

The subject property falls generally toward the high end of this set in terms of access to amenities, overall quality/condition, and parking facilities. Accordingly, it commands rents in line with those assumptions.

Market Trends

As reflected by the following table, market trends reflect an increase in vacancy since 2013 attributable to turnovers in large blocks of space.

HUDSON WATERFRONT HISTORICAL FIGURES					
	Direct		Gross Leasing	Net Absorption	
Year	Rental Rate	Vacancy Rate	Leased sf	Class A	All Classes
2011	$33.54	6.50%	1,040,855	370,477	472,099
2012	$33.82	8.70%	584,984	-358,435	-335,071
2013	$38.17	13.30%	490,198	-863,370	-1,023,206
2014	$37.92	13.70%	1,443,717	246,491	287,933
2015	$38.20	13.20%	1,274,219	75,563	70,173
2016	$40.35	11.90%	1,141,553	294,226	323,342
Q2 17	$44.05	13.00%	279,721	-286,429	-284,511

Compiled by Cushman & Wakefield of New Jersey

The direct rental rate, vacancy rate and gross leasing activity refer to all classes in this submarket. This data is extracted from the previously presented "Overall Vacancy VS. AVG Direct Rental Rate" chart. The Direct Rental Rate shown is also identified as the Average Direct Asking Rent.

Market Overview

The Hudson Waterfront's market fundamentals improved modestly from 2014 to 2016 as occupancy hit a four-year high at the end of last year. However, after vacancy edged higher to start 2017 due to some large dispositions, it remained stable during the second quarter at 13.0%. Much of the available space in the submarket are large blocks (seven total), making up 52.0% of the total. Sublease space accounts for 21.0% of the space on the market currently, up from 11.1% since one year ago as large blocks of sublease space are available at 101 Hudson Street and 480 Washington Boulevard.

While vacancy remains among the lowest in the state despite the increase of large blocks of space, asking rents have risen further during Q2. At $44.05 per square foot, the average rate is up 17.4% since a year ago and the submarket is priced 66.2% over the market as a whole. For Class A space, rents average $45.67 per square foot — a historical high—and have increased steadily since 2015. Landlords in the submarket remain bullish despite the recent lag in leasing activity as they have continued to tick rents higher each of the last few quarters. The Waterfront continues to be the highest priced submarket in the state due both to its live-work-play environment and close proximity to NYC.

Compared to previous years, leasing activity in the submarket thus far in 2017 has been lackluster as the year-to-date figure reached just under 280,000 square feet leased. There were four leases signed 10,000 square feet or greater throughout the quarter, including Jet.com's 39,000-square foot expansion at Waterfront Corporate Center III in Hoboken. While deal volume has slowed, there is healthy touring activity in some of the trophy office product in the submarket, a sign that demand could rebound in the second half of the year.

Planned/Proposed Development

Reis, Inc. has identified 9 planned office projects as shown on the following table.

New Construction Activity - Planned/Proposed			Est. Completion		
Name	Location	Submarket	Year	Month	Size (SF)
Harborside Financial Center Bldg 8	Harborside Financial C @ Hudson St	Waterfront	---	---	800,000
Harborside Financial Center Bldg 9	Harborside Financial C @ Hudson St	Waterfront	---	---	700,000
Harborside Financial Center Bldg 4	Harborside Financial C @ Hudson St	Waterfront	---	---	1,000,000
Njcu West Campus Redevelopment - Office	Rt-440 @ Carbon Pl	Waterfront	---	---	111,300
Martin Lurther King Jr City Hall Annex	Martin Luther King Dr/Kearney Ave @ Orient Ave	Waterfront	---	---	60,000
2973 Kennedy Boulevard (Office)	2973 John F Kennedy Blvd	Waterfront	---	---	18,654
Hudson Crossing Office	Observer Blvd @ Bloomfield St	Waterfront	---	---	363,000
Stevens Institute Of Technology Office	807-809 Castle Point Terrace	Waterfront	---	---	15,450
232-238 Sip Avenue	238 Sip Avenue	Waterfront	---	---	15,950
Total Planned/Proposed					**3,084,354**

Source: Reis, Inc.

Although there are nine planned projects identified on the table above, these nine projects do not have any timetable for near-term development, i.e. within the next five years. We have been able to conclude that there are no new office projects that are scheduled to be developed within this time frame. This will keep the amount of office inventory relatively static. Any new construction along the Waterfront District is to consist of high-density residential housing, which will only increase the demand for office space.

Subject's Competitive Market Position

The subject is considered a Class A office property by market participants based on its quality, condition and tenancy. The subject benefits from being strategically located in the Exchange Place sub-district with direct access-visibility along the Hudson River opposite Manhattan. It is situated above a PATH (Port Authority Trans Hudson) rapid transit station and is within a short walk to the Hudson-Bergen Light Rail system and ferries crossing the Hudson River to Manhattan.

The Waterfront District primarily benefits from its proximity and accessibility to Manhattan and initially provided a lower cost alternative to New York City attracting financial services. However, as this market continued to mature, it has attracted other types of businesses including technology and internet businesses.

The subject's immediate market reflects a competitive supply of available office space with gradually increasing rental rates. The subject offers extensive amenities that are attractive to prospective tenants. Thus, based on the subject's locational characteristics, project quality and current tenancy, the subject has a good competitive position in comparison to other comparable buildings within the immediate market.

Comparison to Manhattan Office Rents

As previously noted in this section, according to Cushman & Wakefield, the overall asking rental rate in the Waterfront District is currently $44.03 per square foot and the direct asking rental rate is $44.05 per square foot. In comparison the overall average asking rental rate in Manhattan is currently $83.95 per square foot in Midtown, $85.79 per square foot in Midtown South, and $61.72 per square foot in Downtown for a Manhattan office market average overall asking rental rate of $79.12 per square foot. As can be seen from the comparison of New Jersey's Waterfront District to Manhattan, overall asking office rents are approximately 44 percent lower on the New Jersey side of the Hudson River. This reflects that the subject's office market is a lower cost alternative to Manhattan office space.

Micro Market Outlook and Conclusions

Outlook

While leasing volume was lower than usual during the first half of 2017, a healthy local economy and state incentives should help the submarket regain some momentum in the coming quarters. However, vacancy levels are expected to rise in that time due to a handful of large blocks of space slated to come online before the year ends. The largest space on the horizon is Broadridge Financial's 321,000-square foot space at 2 Journal Square in Jersey City—as they plan to vacate late this year and relocate to Newark. While the additional space will certainly exert downward pressure on occupancy, asking rents for Class A space should remain stable as the Waterfront's proximity to NYC, prestigious office buildings, and live-work-play environment will keep it on most large tenants' radars.

SWOT ANALYSIS

Strengths

- The property has direct access to the Exchange Place PATH Station
- The property is in close proximity to the Hudson-Bergen Light Rail and NY Waterway Ferries
- The property features on-site covered parking
- Robust building infrastructure
- Address recognition
- Unique architecture
- Efficient floor plate with minimal supporting columns
- Many DX HVAC units have recently been replaced
- The Waterfront District as well as most of northern New Jersey is in close proximity to the metropolitan area's three major airports being Newark International, Kennedy International and LaGuardia airports. In addition, the Waterfront District is also in close proximity to Teterboro Airport, which is a "reliever" airport situated in neighboring Bergen County.

Weaknesses

- The main lobby and the majority of the common areas will need to be upgraded
- Vehicular access into the parking garage requires a tight turn

Opportunities

- There are currently 23,863 square feet of vacant available space for lease on the 18th floor, and 16,472 square feet of vacant available space for lease on the 8th floor. However, the 8th floor space has limited views
- There is an opportunity to release two retail rental units on the ground floor for the potential of getting higher rents

Threats

- Flooding resulting from severe storms (during Superstorm Sandy the property was down for 3 days due to flooding)
- Exposure to terrorist attacks - Being so close to Manhattan, it is a reality that there is exposure to terror attacks. The 9/11 attack on the World Trade Center in lower Manhattan had a direct effect on the subject as PATH service was disrupted. Also the subject is situated directly on the Hudson River with prominent architectural design. It is important to recognize this reality due to the subject's close proximity to Manhattan.

Addenda Contents

Addendum A: Assumptions and Limiting Conditions

Assumptions and Limiting Conditions

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

"Property" means the subject of the Report.

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

"Appraiser(s)" means the employee(s) of Cushman & Wakefield 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 Cushman & Wakefield 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 Cushman & Wakefield 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 Cushman & Wakefield 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 Cushman & Wakefield'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 Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, 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 Report.
- 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. Cushman & Wakefield 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. Cushman & Wakefield 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 Cushman & Wakefield 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. Cushman & Wakefield 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. Cushman & Wakefield 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 Cushman & Wakefield, 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.
- Subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) its sole and exclusive remedy for any and all losses or damages relating to this agreement or the report shall be limited to two millions dollars ($2.0 million). In the event that the Client, or any other party entitled to do so, makes a claim against Cushman & Wakefield or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the report, the maximum damages recoverable from Cushman & Wakefield or any of its affiliates or their respective officers or employees shall be subject to applicable laws and regulations (including the Singapore Securities and Futures Act, Chapter 289 of Singapore) limited to two million dollars ($2.0 million) 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 Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- 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.

Addendum B:
Terms & Definitions

Terms and Definitions

Office

Existing Office inventory- In general, includes existing competitive buildings but does not include 85% or greater owner-occupied, government, retail, industrial, medical or, educational buildings. Inventory base square footage includes all competitive buildings that are classified as office. In the case of medical, note that medical tenants in an office building do not preclude the building's inclusion in statistics. The rule is that a medical building is built for the purpose of housing solely medical occupants and is often in an area dominated by medical uses such as hospitals or clinics. On average, the national minimum standard for inclusion in statistics is 20,000 square feet and while this may vary slightly by market, each market is required to incorporate a minimum threshold.

Class A- most prestigious buildings competing for premier office users with above average rents. High quality standards, well-located. Typically steel and concrete construction, built or renovated after 1980, quality tenants, excellent amenities & premium rents

Class B- buildings competing for wide range of office users with average rents. These buildings do not compete with Class A space. Typically built or renovated after 1960, with fair to good finishes & for a wide range of tenants.

Class C- buildings competing for tenants requiring functional space at below market rents.

CBD- Central Business District – typically a geographical area which includes the downtown office core of a metropolitan area or division.

Non-CBD/Suburbs- Everything in a market that is outside the CBD. Should always be referred to as suburban or suburbs.

Trophy Buildings- Building set distinguished by quality and location that merits its own rating superior to standard Class A properties. Internationally, these may also be referred to as "prime assets" and rents in such buildings may be referred to as "prime rents." In cases where trophy assets are not tracked separately, the Class A inventory in the functional CBD is the next best proxy for such trends.

General Statistical Terminology and Definitions

Asking rental rate (annual or monthly, gross or triple net, depending upon space use type) – The annual or monthly cost per square foot offered by the landlord or sub-landlord for leasing space, weighted by the amount of available space. Reported quarterly, gross, for all classes or subtypes.

Direct asking rent- rents quoted through the building landlord

Sublet asking rent- rents quoted through the master tenant

Direct vacant space- Space that is offered directly through the landlord that is free and clear of any current lease obligations. In order for inclusion in statistics, this space must be vacant or will be vacant by the end of the current reporting quarter. If the space does not meet that criteria, the space may be available, but should be out of statistics. Examples of such space include the leasing office, conference areas, or retail space that is available within the building such as sundry shops or dry cleaners.

Sublease vacant space- The same statistical rules apply to sublease space as to direct space. The difference is that sublease space is encumbered by a lease obligation. Sublease space may be offered through the tenant with the lease obligation, through the tenant's broker, or even through the landlord. It should be noted that even though space may be offered as a sublease, the space may actually be re-leased as direct space because the landlord decides to forgive the current lease obligation and draw up a new lease instead. For this reason, when sublease space is marked as "leased," one should find out if the space was actually leased as a sublease.

Available space- Space that is considered "on the market" whether vacant or not. See Availability Rate below.

Overall vacant space- The sum of direct available space and space available for sublease and new space.

Overall vacancy rate- The calculation used to determine the percent of overall space (direct + sublease + new) that is vacant:

Vacancy (%) = Overall vacant space divided by Inventory

Direct vacancy rate- The calculation used to determine the percent of direct space that is vacant:

Direct Vacancy (%) = Direct vacant space divided by Inventory

Sublet vacancy rate- The calculation used to determine the percent of sublease space that is vacant:

Sublease Vacancy (%) = Sublease vacant space divided by Inventory

Availability rate* - percent available on market regardless whether vacant or AIF (Available in the Future) - indicate timeframe available, i.e. 6 months.

Direct absorption- The net change in direct occupied space over a given period of time (excludes sublease space by definition) and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Sublet absorption- The net change in sublease occupied space over a given period of time and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Overall absorption- The net change in direct + sublease (overall) occupied space over a given period of time and is counted upon date of lease signing. However, for leases over a certain relevant size threshold for the market, direct absorption may be counted upon occupancy date and is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Leasing activity- The sum of all square footage underlying any leases over a period of time. This includes pre- leasing activity as well as expansions. It does not include renewals. Like absorption, leasing activity is calculated on a calendar year for each quarter and is not revised after the current year if it was determined to be correct at the time.

Pre-Leasing activity- The sum of all square footage underlying leases over a period of time for buildings that are under construction, under renovation or that have been proposed.

Lease renewal- Occurs when a lease on space expires and the tenant decides to stay in that space and extend the term either by using a new lease document or addendum to the tenant's prior lease agreement. It is C&W's policy to exclude renewals from leasing activity and from net absorption. If a tenant remains in the building but moves to another space within the building, this is leasing activity. If the tenant chooses to remain in the space, but takes additional space (expands), the expansion portion is considered leasing activity and should be counted separately from the total renewal (which should include the original space plus the expansion).

Under construction- Industrial and office square footage that are being built and have not received certificates of occupancy (C of O). Projects which are beyond site preparation (concrete slab poured and construction is actively progressing). For C&W statistical purposes, these buildings will not be completed by the last day of the reporting quarter.

Under renovation- Office and industrial buildings that are undergoing renovation, rehabilitation or conversion and require a certificate of occupancy to be habitable.

Construction completions- Commercial properties that have received certificates of occupancy for the first time in the building's history. Tenancy may not have taken place.

Build to Suit: a method of leasing property whereby the landlord builds to suit the tenant (according to tenant's specifications). The cost of construction is figured in to the rental amount of the lease, which is usually for a long term.

Speculative: a building constructed for lease or sale but without having a tenant or buyer before construction begins

Renovation completions- Commercial properties that have received their certificates of occupancy after undergoing renovation, rehabilitation or conversion.

Proposed construction- Industrial and office square footage that is planned for development at a future date and will not begin construction by the last day of the current reporting quarter. In order for a building to qualify as being proposed, a site plan must be in place and the building must be actively marketed by the landlord or landlord's agent.

Sales activity- Includes both user and investment sales of existing buildings. In other words, user office buildings that aren't in our statistics in the first place, are not tracked. However, leased buildings that become sold to a single occupant remain in statistics until after the end of the year and are taken out at the beginning of the next year. Investment sales are sales to entities that will lease or sell the building to others and are income-producing assets. Contrary to office building user sales, industrial building user sales are considered part of the inventory.

Cap Rate- A rate used to convert income to value. The percentage used to determine the value of income property through capitalization. The rate reflects the relationship between one years' income or an annual average of several years' income and the corresponding capital value over the same timeframe.

The calculation for calculating direct capitalization rates is:

$$\frac{\text{Income}}{\text{Rate}} = \text{Value} \quad \text{or} \quad \frac{\text{Income}}{\text{Value}} = \text{Rate}$$

A low direct capitalization rate usually denotes a lower risk property, and the higher the direct capitalization rate usually denotes a higher risk property, which usually brings a higher rate of return, if managed properly. Higher capitalization rates can also lead to lower rates of return in certain circumstances. Typically, a lower quality building has a higher capitalization rate than a Class A building.

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INDEPENDENT FINANCIAL ADVISER'S LETTER

2 September 2017

The Independent Directors and Audit 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 THE OFFICE BUILDING LOCATED AT 10 EXCHANGE PLACE, JERSEY CITY, HUDSON COUNTY, NEW JERSEY, UNITED STATES OF AMERICA AT AN AGGREGATE PURCHASE CONSIDERATION OF US$317.2 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 2 September 2017 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*, the acquisition of the office building located at 10 Exchange Place in Jersey City, Hudson County, New Jersey, United States of America ("**US**") (the "**Property**") from John Hancock Life Insurance Company (U.S.A.) (**"JHUSA"**), an indirect wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**") (the acquisition of the Property, the "**Acquisition**").

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 54,210,465 Units, which is equivalent to approximately 7.43% of the total number of Units in issue. 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, the Acquisition 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.

The aggregate value of (i) the Purchase Consideration for the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments estimated at US$4.0 million and (ii) acquisition and transaction costs reimbursed to the Sponsor and/or its affiliates, up to an aggregate amount of approximately US$2.4 million. The aggregate value of (i) and (ii) equates to approximately 58.4% of the latest audited net tangible assets ("**NTA**") and the net asset value ("NAV") of Manulife US REIT as at 31 December 2016. 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 Acquisition, pursuant to Chapter 9 of the Listing Manual.

We, Deloitte & Touche Corporate Finance Pte Ltd, have been appointed as independent financial adviser to the Independent Directors of the Manager ("**Independent Directors**"), the Audit Committee of the Manager ("**Audit Committee**") and DBS Trustee Limited, in its capacity as trustee of Manulife US REIT (the "**Trustee**") in respect of whether the Acquisition is 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 Committee and the Trustee in respect of this engagement, is an integral part of the Circular.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Acquisition is on normal commercial terms and is 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 Acquisition nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Acquisition.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Acquisition. 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 Acquisition nor on the future value, financial performance or condition of Manulife US REIT after the Acquisition.

It is also not within our terms of reference to compare the merits of the Acquisition 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 Property. We have been furnished with the valuation reports for the Property prepared by Colliers International Valuation & Advisory Services, LLC ("**Colliers**") and RERC, LLC ("**RERC**") (collectively, 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 Property 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 Acquisition 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 Acquisition 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 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 Acquisition, without our prior written consent in each instance.

3. INFORMATION ON THE ACQUISITION

3.1 Description of the Property

The Property is a 30-storey Class A office building located at 10 Exchange Place in Jersey City, Hudson County, New Jersey, with an NLA of 730,598 sq ft. The Property enjoys prominent frontage along the Hudson River waterfront, facing the financial district of midtown Manhattan. It is situated in a "live, work, play" environment, with around-the-clock amenities, street life, and recently constructed residential developments.

Various facilities are available to the tenants of the Property, including a newsstand, 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.

The Property has outstanding access to public transportation infrastructure. The Exchange Place PATH Station is located adjacent to the Property and provides direct access to the World Trade Center Station in lower Manhattan. The Hudson-Bergen Light Rail train runs along Hudson Street, immediately behind the Property and the New York Waterways Ferries terminal, which provides ferry services to Manhattan, is within walking distance of the Property. As such, the Property is attractive to tenants who desire close proximity to Manhattan but do not want to pay Manhattan-level rents for their operations.

The Property is a 2011 "The Outstanding Building of the Year (TOBY)" award winner.

3.2 Total Acquisition Cost and Valuation

As set out in paragraph 2.2 of the Circular, the Total Acquisition Cost is currently estimated to be approximately US$332.0 million, comprising:

(a) the estimated Purchase Consideration of US$317.2 million payable to JHUSA in connection with the Acquisition, comprising the purchase price of US$313.2 million and settlement adjustments estimated at US$4.0 million;

(b) an Acquisition Fee of US$2.4 million payable in Units to the Manager;

(c) acquisition-related expenses (including title insurance, land transfer taxes and other costs) of US$4.0 million; and

(d) the estimated professional and other fees and expenses of approximately US$8.4 million incurred or to be incurred by Manulife US REIT in connection with the financing and equity fund raising related expenses.

The Purchase Consideration for the Acquisition was negotiated on a willing-buyer and willing-seller basis after taking account the two independent valuations of the Property by the Independent Valuers, being RERC and Colliers.

The Manager intends to finance the Total Acquisition Cost with debt financing and proceeds from the Rights Issue. However, the Acquisition Fee in relation to the Acquisition is to be paid in the form of Units.

The final decision regarding the financing to be employed for the purposes of financing the Acquisition 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, DPU and debt expiry profile and the covenants and requirements associated with each financing option.

3.3 Terms of the Purchase Agreement

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

(i) Manulife US REIT Beta 3 (Singapore) Pte. Ltd.; and

(ii) Hancock S-REIT JCITY Corp. (the "**Sub US REIT**").

Manulife US REIT has, through the Sub US REIT, entered into a sale and purchase agreement ("**Purchase Agreement**") with JHUSA on 2 September 2017 for the Acquisition.

As set out in paragraph 2.3 of the Circular, the key terms of the Purchase Agreement include the following:

(i) Under the Purchase Agreement, the Sub US REIT will acquire the real estate, buildings, improvements and other related assets constituting the Property.

(ii) The Sub US REIT has until 22 September 2017 at 5:00 p.m. Eastern Daylight Time to perform due diligence with respect to the Property including certain environmental diligence and review of vendor provided property-level documentation such as surveys, title insurance policies, leases and other contracts affecting the Property, and environmental reports and property information. The Sub US REIT will also conduct its own review of title during the same period.

(iii) The Sub US REIT has the right to terminate the Purchase Agreement for any reason prior to 22 September 2017 at 5:00 p.m. Eastern Daylight Time. The Sub US REIT may also terminate the Purchase Agreement, upon notice and subject to certain cure rights by the vendor to elect to attempt to repair the damage, if 5% or more of the net rentable area of the Property is rendered completely untenantable due to damage caused by fire, lightning or other casualty or eminent domain.

(iv) The Purchase Agreement conveys the Property "AS IS, WHERE IS" with limited representations and warranties by each of the parties. The Sub US REIT's right to make a claim as a result of a breach of a representation by the vendor will be subject to certain limitations, including a maximum aggregate cap on damages of up to US$5,000,000 for most breaches.

    The Sub US REIT's obligation to acquire the Property is subject to certain conditions, including: performance of the vendor's obligations under the Purchase Agreement in all material respects; delivery of tenant estoppels or vendor estoppels acceptable to the Sub US REIT, from or for specified major tenants and not less than 75% of the total rental square footage of the Property; subject to agreed-to exceptions, the accuracy of the vendor's representations in all material respects; the irrevocable commitment by the specified title company to issue a title insurance policy for the Property insuring that fee simple title to the Property is vested in the Sub US REIT 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 Acquisition at an extraordinary general meeting of Unitholders; Sub US REIT obtaining debt financing in an amount sufficient to fund the Acquisition; and no event or fact that materially affects an equity fund raising by Manulife US REIT prior to completion of the Acquisition.

(v) The vendor's obligation to sell the Property is also subject to certain conditions, including: performance of the Sub US REIT's obligations under the Purchase Agreement in all material respects; the accuracy of the Sub US REIT's representations in all material respects; and Sub US REIT obtaining debt financing in an amount sufficient to fund the Acquisition.

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 key benefits of the Acquisition;

(ii) Independent Valuations of the Property;

(iii) The Occupancy Rate and WALE (by NLA) of the Property as compared to Manulife US REIT's current portfolio of US properties;

(iv) Valuations of the Property as compared to comparable transactions;

(v) Pro forma financial effects of the Acquisition; and

(vi) Other relevant considerations.

4.1 Rationale for and Key Benefits of the Acquisition

The Manager's rationale for the Acquisition is set out in paragraph 4 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 Acquisition:

"(a) Exposure to a Prime Office Submarket Minutes from New York City

(i) Prime Location within the Hudson Waterfront District of Northern New Jersey

*The Hudson Waterfront District sits directly across the Hudson River from Manhattan and is sometimes referred to as "Wall Street West" or New York's "Sixth-Borough" for its attractive office market and mass transit system. According to Cushman & Wakefield of New Jersey, Inc. ("**C&W**"), the Independent Market Research Consultant, the Hudson Waterfront District is the fastest developing submarket in Northern New Jersey and should continue to see substantial growth moving forward.*

The area is a cost-effective alternative to downtown Manhattan, and over the last decade has attracted numerous financial institutions from Wall Street choosing to relocate from but remain within close proximity and accessibility to Manhattan. In recent years, the market has continued to mature and attract other types of businesses, including technology businesses.

Furthermore, the Hudson Waterfront District area is emerging as a popular destination for residential real estate, which could positively influence the office market. Over the past few years, the development of condominiums and apartment towers across the Hudson River waterfront has offered new residential *housing opportunities to young professionals looking for affordable alternatives to city life and to white-collar commuters looking to escape the congestion of New York City thereby contributing to the "live, work, play" environment. The introduction of a new mass transit option, the Hudson-Bergen Light Rail, has also sparked development of numerous multi-family properties throughout the Hudson Waterfront District.*

(ii) Desirable Office Submarket with Strong Performance

According to C&W, the Hudson Waterfront District is considered to be the strongest office market within Northern New Jersey, having historically outperformed the greater regional market in terms of occupancy levels and rental rates. The Hudson Waterfront District continues to be the highest priced submarket in the State of New Jersey due to both its "live, work, play" environment and its close proximity to New York City.

Class A buildings within the Hudson Waterfront District, command a higher asking average rent of US$46.34 per sq ft, compared to Class A buildings in the wider Northern New Jersey region at US$34.18 per sq ft.

Over the near term, new construction activity is not expected to exceed absorption, and this is expected to continue to support the rental and occupancy rates going forward. Furthermore, no new office projects are scheduled for delivery within the next five years.

(iii) Strategic Location with Excellent Connectivity

The Property enjoys prominent frontage along the Hudson River waterfront and offers convenient access to Manhattan, through the following public transportation options:

i. The Exchange Place PATH Station, which is adjacent to the Property, provides convenient access into New York City within 10 minutes, 24-hours a day, seven days a week. The World Trade Center Station is only one stop away.

ii. The New York Waterways Ferries terminal, which provides access to midtown Manhattan with a crossing time of 8 to 10 minutes, is located within walking distance from the Property.

iii. The newly developed Hudson-Bergen Light Rail System runs directly behind the Property, linking all of the Hudson County Waterfront projects to the PATH and New Jersey Transit train systems.

Given its excellent accessibility, the Property tends to attract tenants that either do not require a Manhattan location for their operations but still desire close proximity to Manhattan or tenants that have an office in Manhattan but choose to house their "back office" personnel in a less expensive location.

(b) High-Quality Waterfront Property at an Attractive Discount

(i) High Quality Class A Waterfront Property

The Property is a freehold Class A, 30-storey office tower located in Jersey City, New Jersey, directly on the Hudson River waterfront, with unobstructed views of Manhattan skyline. With its façade, bowed front and tall spire, the Property is one of the most recognisable buildings in the district. The Hudson River waterfront offers a "live, work, play" environment, with around-the-clock amenities, street life, and recently constructed residential developments.

Various facilities are available to the tenants of the Property, including a newsstand, coffee house 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.

The Property has large, efficient floor plates ranging from approximately 39,000 sq ft at the base to approximately 24,000 sq ft at the top, with minimal supporting columns. Much of the Property provides unobstructed views of the Manhattan skyline, which is an attractive selling point to potential tenants.

The Property is a 2011 "The Outstanding Building of the Year (TOBY)" award winner.

(ii) Strong Tenant Base with High Occupancy

The Property has a tenant base of 25 tenants. The top five tenants are Amazon Corporate LLC; ACE American Insurance Company; Rabo Support Services, Inc.; Kuehne & Nagel, Inc. and Opera Solutions, LLC. As at 31 July 2017, the Property is 93.1% leased.

(iii) Favourable and Defensive Lease Expiry Profile

*The Property's leases are long-tenured, with 90.4% of the leases structured with original tenures of more than 9 years. As at 31 July 2017, the weighted average lease expiry (the "**WALE**") is approximately 5.7 years (by NLA). Approximately 62.5% and 63.2% of lease expiries by NLA and Cash Rental Income respectively, will occur in 2022 and beyond.*

(iv) Organic Growth from Built-In Rental Escalation as Well as Opportunity for Rental Reversions

The majority of the leases at the Property have built-in rental escalation providing organic growth to the rental revenues. Typically, these leases are structured to reflect significant mid-term or periodic escalations.

The average asking rental rates for Class A buildings in the submarket is US$46.34 as of first quarter 2017 and this is projected to increase going forward due to the strong demand for the submarket. As such, there is an opportunity for rental reversion in future leases, given that the average in-place rent of the Property is US$38.18 as of 31 July 2017.

*(v) **Purchase Price Represents an Attractive Discount from Appraised Value***

The agreed-upon purchase price of the Property of US$313.2 million represents a discount of 6.8% to RERC's appraised value of US$336.0 million and a discount of 5.1% to Colliers' appraised value of US$330.0 million. The acquisition of the Property at an attractive discount from the independent appraised value presents good value for Unitholders.

(c) Solidify Geographical Diversification and Expansion of Tenant Base

(i) Expand Manulife US REIT's Well-Diversified Tenant Base

The Property is expected to contribute positively to the Current Portfolio's well-diversified tenant base and will further reduce Manulife US REIT's concentration risk on any single tenant. In the Enlarged Portfolio, no single tenant accounts for more than 6.7% of Cash Rental Income. Furthermore, together with the completion of the acquisition of Plaza, the Top 10 Tenants of the Enlarged Portfolio by Cash Rental Income will now contribute 47.7% of Cash Rental Income, compared to 64.1% by Cash Rental Income based on the tenants from the IPO Portfolio. New large tenants with long term leases in the Enlarged Portfolio also contribute to a longer WALE (by Cash Rental Income) of the Top 10 Tenants of 7.0 years, as compared to 5.9 years based on the IPO Portfolio's Top 10 tenants.

The Acquisition will also improve Manulife US REIT's tenant diversification with the introduction of new tenants in two new trade sectors: (1) Transportation & Warehousing and (2) Professional & Technical Services. In addition, the Enlarged Portfolio will have a lower concentration of Law Firm Sector tenants, decreasing from 36.7% in the Current Portfolio to 27.8% in the Enlarged Portfolio.

(ii) Solidify Diversification of Manulife US REIT's Portfolio

Following the Acquisition, no single property will contribute more than 28.2% and 26.2% of Manulife US REIT's Enlarged Portfolio's NPI and valuation respectively.

(d) Accretive Acquisition that Improves DPU Yield to Unitholders

FOR ILLUSTRATIVE PURPOSES ONLY: assuming the Acquisition was completed on 20 May 2016 (the date of listing of Manulife US REIT) and Manulife US REIT held and operated the Property in FY2016, the pro forma DPU yield of the Enlarged Portfolio would increase by 2.2% to approximately 6.23% compared to the pro-forma DPU yield of the Current Portfolio of approximately 6.10%.

(e) Capitalise on Growth Opportunities in Line with Long Term Strategy

With the accretive acquisition of the Property, Manulife US REIT will demonstrate its ability to grow inorganically and enhance Unitholders' returns. Through a proactive asset enhancement strategy, Manulife US REIT is able to achieve growth in Gross Revenue and NPI while maintaining optimal occupancy levels.

Through the acquisition of the Property, Manulife US REIT will affirm the benefits arising from its Sponsor's large real estate portfolio in the U.S., which provides a secondary source of potential property acquisitions.

Manulife US REIT is also able to demonstrate sound capital management, by employing an appropriate mix of debt and equity to optimise the risk-adjusted returns to Unitholders.”

4.2 Independent Valuations of the Property

As set out in paragraph 3 of this Letter, RERC and Colliers were commissioned by the Manager and the Trustee respectively to assess the market value of the Property.

The following table sets out the appraised values of the Property, the respective dates of such appraisal and the Purchase Consideration:

Appraised Value		Purchase Consideration (excluding the Settlement Adjustments)(1) (US$ million)
By RERC as at 11 July 2017 (US$ million)	By Colliers as at 18 July 2017 (US$ million)	
336.0	330.0	313.2

Note:

(1) Settlement adjustments are estimated at US$4.0 million. The settlement adjustments include, among other items, purchase price impact of new leases at the Property under negotiation, and capital improvement (if any) and leasing costs that have been paid by JHUSA and are to be reimbursed by Manulife US REIT to JHUSA, which will be paid at the closing of the Acquisition. The settlement adjustment of US$4.0 million is based on estimates as at the Latest Practicable Date. The final settlement adjustments may differ from the estimates provided above.

We note that the purchase price of the Property at US$313.2 million represents a discount of 6.8% to RERC’s appraised value of US$336.0 million and a discount of 5.1% to Colliers’ appraised value of US$330.0 million.

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:

Valuation Approach and Assumptions	RERC	Colliers
Valuation Approach	• Income capitalisation approach – Discounted cash flow analysis – Direct capitalisation analysis • Sales comparison approach (secondary consideration).	• Income capitalisation approach – Discounted cash flow analysis – Direct capitalisation analysis • Sales comparison approach (secondary consideration).

Valuation Approach and Assumptions	RERC	Colliers
Key Considerations for the income projections	• In arriving at the 11-year cash flow forecast based on 10-year investment holding period, the following have been considered: – Lease potential of the Property in consideration of signed leases and significant leases within the Property and competing properties – Market lease terms analysed by (i) Base floor (ii) Tower floors (iii) Top floors and (iv) Retail – Gross rent income in consideration of the Property'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 the Property – Inflation rate in consideration of the indexes published by the US Government and Marshall & Swift – Growth rate in consideration of the Situs RERC and CoStar data	• In arriving at the 11-year cash flow forecast based on 10-year investment holding period, the following have been considered: – Gross rental income in consideration of the Property's current lease terms and market rent for each tenant category in office and retail – Comparison of contracts to market analysed by (i) Lower floors, (ii) Upper floors and (iii) Retail – Lease escalations and market terms as measured by rent comparables – Vacancy allowance and operating expenses based on analysis of the Property and market indicators – Inflation rate of 3.0% and reversionary sales cost of 3.0%
Discount rates adopted	• Discount rate of 6.5%	• Discount rate of 6.5%
Capitalisation rates	• Capitalisation rate of 5.5% • Terminal capitalisation rate of 6.0%	• Capitalisation rate – 5.0% • Terminal capitalisation rate – 5.5%

Valuation Approach and Assumptions	RERC	Colliers
Key Considerations for the discount rates and capitalisation rates	• For discount rate, RERC has considered transaction data, market participant input, investor surveys from Situs RERC Real Estate Report, and alternative investments. • Capitalisation rate is determined using comparable sales, investor surveys from Situs RERC Real Estate Report, and market participant input.	• Colliers 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 and band of investment technique.

Source: Valuation reports from the Independent Valuers

Based on our discussion with the Independent Valuers, we noted that office properties such as the Property 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 judgement 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 Property as compared to Manulife US REIT's current portfolio of US properties

Manulife US REIT's current property portfolio comprises four office properties located in key markets of the US. As such, it is relevant to compare the Property to the current US properties within the Current Portfolio. In our evaluation, we compared the occupancy rates and WALE (by NLA) of the Property as at 31 July 2017 to the Current Portfolio of Manulife US REIT respectively.

We also recognised that the current US properties in the Current Portfolio are not identical to the Property 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 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 Property, Current Portfolio and the Enlarged Portfolio as at 31 July 2017:

	The Property	Current Portfolio	Enlarged Portfolio(1)
NLA (sq ft)	730,598	2,249,622	2,980,220
Number of Tenants	25	77	102
Committed Occupancy	93.1%	96.7%	95.8%
WALE (by NLA)	5.7 years	6.0 years	5.9 years

Source: Circular

(1) Based on audited financial information for the IPO Portfolio and unaudited financial information for Plaza, for the period from 20 May 2016 to 31 December 2016.

We note that:

(i) The committed occupancy of the Property is lower than the committed occupancy rate of the Current Portfolio; and

(ii) The WALE (by NLA) of the Property is slightly lower than the Current Portfolio.

4.4 Valuation of the Property as Compared to Comparable Transactions

We have also considered comparable transactions that are broadly comparable to the Property ("**Comparable Transactions**"). We have selected Comparable Transactions based upon the quality and design, age and condition, location and accessibility, occupancy rate, number of stories, market risks and other relevant criteria. However, we recognised that the properties which are the subjects of the Comparable Transactions may differ from the Property in terms of the aforementioned criteria.

Additionally, it should be noted that the sale price per sq ft of NRA fluctuate 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 Acquisition, 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 Property are driven primarily by the income approach.

Accordingly, the Independent Directors, the Audit Committee and the Trustee should note that any comparison made with respect to the Comparable Transactions serve as an illustrative guide only.

Property/ Location	Transaction Date	Property Type	Sale Price	Year Built	NLA (SF)	Occupancy	Price per sq ft of NLA (US$)
2 Rector Street New York	21/3/2016	Office – Class A	US$225m	1909/1990*	476,000	84.0%	473
Shearson Lehman Plaza New York	10/6/2016	Office – Class A	US$1,768m	1986/1990*	2,634,674	100.0%	671
85 Broad St New York	24/5/2017	Office – Class A	US$652m	1983	1,119,813	87.6%	582
90 Hudson St New Jersey	25/2/2016	Office – Class A	US$188m	1999	448,868	100.0%	403
Waterfront Corporate Center I New Jersey	28/7/2016	Office – Class A	US$242m	2002	521,410	98.3%	451
30 Montgomery New Jersey	6/7/2016	Office – Class A	US$101m	1973	315,385	71.6%	320
						Mean **Median**	483 462
10 Exchange Place		**Office – Class A**	**US$313.2m**	**1988**	**730,598**	**93.1%**	**429**

Sources: Public searches, the Manager

* *Indicates the year the building was subjected to renovation*

Based on the above analysis, we note that the price per SF of NLA of the Property is below the median 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 Property, 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 Property differs from the Comparable Transactions in aspects such as proximity to Hudson Waterfront or Manhattan, 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 Acquisition

The pro forma financial effects of the Acquisition are set out in paragraph 5 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 Acquisition that is prepared for illustrative purposes only.

	Pro Forma Financial Effects for FY2016			
	FY2016 Audited Financial Statements	**After the acquisition of Plaza only (adjusted for Quest Diagnostics lease) (taking into account the 2017 Private Placement)**	**After the acquisition of 10 Exchange Place only (taking into account the Rights Issue)**	**After the acquisition of Plaza and 10 Exchange Place (taking into account the 2017 Private Placement and the Rights Issue)**
DPU (US cents)	3.55	3.63	3.33	3.41
Annualised DPU yield (%)	5.96	6.10	6.09	6.23
NAV per Unit (US$)	0.87	0.86	0.81	0.80

Source: Circular

As illustrated in the table above, we note that:

(a) The Acquisition is yield accretive and will increase the annualised DPU yield of Manulife US REIT by 2.2% from approximately 6.10% to approximately 6.23%; and

(b) The NAV per Unit will be lower at US$0.80 after the Rights Issue, the 2017 Private Placement and the issuance of approximately 2.7 million new Units to Manager as payment for the acquisition fees.

4.6 Other Relevant Considerations

4.6.1 Increase in Diversification of Current Portfolio's Tenant Base

The full text of the increase in diversification of the Current Portfolio is set out in section 4.3 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 Property is expected to contribute positively to the Current Portfolio's well diversified tenant base;

(ii) The Acquisition will further reduce Manulife US REIT's concentration risk to any single tenant. In the Enlarged Portfolio, no single tenant accounts for more than 6.7% of Cash Rental Income. The Top 10 Tenants of the Enlarged Portfolio by Cash Rental Income will now contribute 47.7% of Cash Rental Income, compared to 64.1% by Cash Rental Income based on the tenants from the IPO Portfolio;

(iii) The tenant profiles of Manulife US REIT will be diversified across trade sectors with the introduction of new tenants in the new trade sectors: (1) Transportation & Warehousing and (2) Professional & Technical Services.

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 Acquisition. 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 Acquisition are summarised as below for the various different parts:

- The rationale for and key benefits of the Acquisition;
- The Purchase Consideration (excluding the settlement adjustments) for the Property 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 Property;
- The committed occupancy and WALE (by NLA) of the Property is lower as compared to the Current Portfolio;
- The price per sf of NLA of the Property is below the median price per sf of NLA of the Comparable Transactions; and
- The Acquisition is yield accretive and will improve the annualised DPU yield to Unitholders by 2.2% based on the pro forma DPU yield of the Enlarged Portfolio of approximately 6.23%.

Having considered the above and subject to the assumptions and qualifications set out herein, we are of the opinion that the Acquisition is on normal commercial terms and is not prejudicial to Manulife US REIT and its minority Unitholders.

We advise the Independent Directors to recommend that Unitholders vote in favour of the Acquisition 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 Committee and the Trustee for their benefit, in connection with and for the purposes of their consideration of the Acquisition. Any recommendations made by the Independent Directors in respect of the Acquisition 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

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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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US REIT

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 Raffles City Convention Centre, Olivia Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, on Tuesday, 19 September 2017 at 10.00 a.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTIONS:

1. THE PROPOSED ACQUISITION OF 10 EXCHANGE PLACE, JERSEY CITY, HUDSON COUNTY, NEW JERSEY

That subject to and contingent upon the passing of Resolution 2:

(a) approval be and is hereby given for the proposed acquisition of the office building located at 10 Exchange Place, Jersey City, Hudson County, New Jersey (the "**Property**" and the proposed acquisition of the Property, the "**Acquisition**") from John Hancock Life Insurance Company (U.S.A.) ("**JHUSA**") an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**"), on the terms and conditions set out in the purchase agreement entered into between Hancock S-REIT JCITY Corp., an indirect, wholly owned subsidiary of Manulife US REIT and JHUSA;

(b) approval be and is hereby given for the payment of all fees and expenses relating to the Acquisition; 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 Acquisition.

2. THE PROPOSED RIGHTS ISSUE

That subject to and contingent upon the passing of Resolution 1:

(a) approval be and is hereby given for issue of new units in Manulife US REIT (the "**Rights Units**") under the underwritten renounceable rights issue (the "**Rights Issue**") on a basis of 41 Rights Units for every 100 existing units in Manulife US REIT ("**Existing Unit**", and the basis of the Rights Issue, the "**Rights Ratio**") held as at the time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of the Rights Units to the Eligible Unitholders (as defined in the Circular), at an issue price of US$0.695 per Rights Unit, in the manner described in the Circular; and

(b) the Manager and any director of the Manager, and DBS Trustee Limited, in its capacity as 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 or, as the case may be, 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 issuance of the Rights Units.

Unitholders should note that Resolution 1 and Resolution 2 are inter-conditional. This means that if any of Resolution 1 or Resolution 2 is not approved, the other Resolution would not be carried.

In the event the Unitholders do not approve Resolution 1, the Manager will not proceed with Resolution 2.

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
2 September 2017

Notes:

1. A Unitholder who is not a relevant intermediary (as defined herein) 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 licensed 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))

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. 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 2 September 2017.

PROXY FORM
EXTRAORDINARY GENERAL MEETING

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 Raffles City Convention Centre, Olivia Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560, on Tuesday, 19 September 2017 at 10.00 a.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 10 Exchange Place, Jersey City, Hudson County, New Jersey		
2	To approve the proposed Rights Issue		

* *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 ____________________ 2017

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

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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 licensed 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 10.00 a.m. on 16 September 2017, 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 proxy need not be a Unitholder.

9. 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.

10. 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.

11. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.

12. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.

13. 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.

US REIT

Manulife US Real Estate
Management Pte. Ltd.
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#11-00 Manulife Centre
Singapore 189554
Email: usreitinquiry@manulifeusreit.sg