
MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter 2016 and financial period from 20 May 2016 (Listing Date) to
31 December 2016

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DBS Bank Ltd. was the Sole Financial Adviser and Issue Manager for the initial public offering of Manulife US Real Estate Investment Trust (“**Offering**”). DBS Bank Ltd., China International Capital Corporation (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited and Deutsche Bank AG, Singapore Branch were the Joint Bookrunners and Underwriters for the Offering.

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Introduction

Manulife US Real Estate Investment Trust (“**Manulife US REIT**” or the “**Group**”) is a Singapore real estate investment trust constituted by the Trust Deed dated 27 March 2015 (as amended) between Manulife US Real Estate Management Pte. Ltd. as the Manager of Manulife US REIT (the “**Manager**”) and DBS Trustee Limited as the Trustee of Manulife US REIT (the “**Trustee**”).

Manulife US REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 May 2016 (the “**Listing Date**”). Manulife US REIT’s strategy is to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States of America (“**U.S.**” or “**United States**”), as well as real estate-related assets. Manulife US REIT’s key objectives are to provide unitholders of Manulife US REIT (“**Unitholders**”) with regular and stable distributions and to achieve long-term growth in distribution per unit (“**DPU**”) and net asset value (“**NAV**”) per unit, while maintaining an appropriate capital structure for Manulife US REIT.

The acquisition of the initial portfolio was completed on the Listing Date. Manulife US REIT was dormant from 27 March 2015 (being the date of its constitution) to the Listing Date.

The Manulife US REIT portfolio comprises of the following three office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 1,783,079 square feet (“**sq ft**”), as follows:

- Figueroa is a 35-storey Class A office building with 694,534 sq ft of net lettable area, located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues;
- Michelson is a 19-storey, Trophy office building with 532,603 sq ft of net lettable area, located in Irvine, Orange County, within the Greater Los Angeles market; and
- Peachtree is a 27-storey Class A office building with 555,942 sq ft of net lettable area, located in the heart of Midtown, Atlanta.

Manulife US REIT is presenting its financial results for the fourth quarter and for the financial period from the Listing Date to 31 December 2016 (“**FY2016**”).

Distribution Policy

Manulife US REIT intends to make distributions to the Unitholders on a semi-annual basis. The first distribution, which will be in respect of the period from the Listing Date to 31 December 2016 (“**First Distribution**”), will be paid by the Manager on 30 March 2017.

Manulife US REIT’s distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2016 and the financial year from 1 January 2017 to 31 December 2017. Thereafter, Manulife US REIT will distribute at least 90% of its annual distributable income for each subsequent financial year. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager.

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SUMMARY OF MANULIFE US REIT GROUP RESULTS

	4Q 2016 ⁽¹⁾			FY2016 ⁽¹⁾		
	1 October 2016 to 31 December 2016 ⁽¹⁾			20 May 2016 to 31 December 2016 ⁽¹⁾		
	Actual ⁽²⁾	Forecast ⁽³⁾	Change	Actual ⁽²⁾	Forecast ⁽³⁾	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue ⁽⁴⁾	19,314	19,726	(2.1)	47,510	48,234	(1.5)
Net Property Income ⁽⁵⁾	12,369	12,348	0.2	29,972	29,687	1.0
Net Income for the period ⁽⁶⁾	17,954	6,814	>100	51,674	16,282	>100
Income available for distribution to Unitholders	9,712	9,376	3.6	22,306	21,285	4.8
Distribution per Unit ("DPU") (cents)						
- For the period	1.54	1.49	3.6	3.55	3.39	4.8
- Annualised	6.16	5.96	3.6	5.75	5.50	4.8

Footnotes:

- (1) No comparative for Consolidated Statement of Comprehensive Income and Distribution Statement, Statements of Financial Position, Statement of Cash Flows and Statements of Changes in Unitholders' Funds are provided as Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) Manulife US REIT was a dormant private trust during the period from 27 March 2015 to Listing Date. Therefore, the actual income derived from the properties for the 4Q 2016 was from 1 October 2016 to 31 December 2016 and FY2016 was from 20 May 2016 (Listing Date) to 31 December 2016.
- (3) The Prospectus disclosed an 8-month profit forecast for the period from 1 May 2016 to 31 December 2016. Forecast results for the financial period from 1 October 2016 to 31 December 2016 (4Q 2016) and from 20 May 2016 (Listing Date) to 31 December 2016 (FY 2016) were derived by pro-rating the forecast figures for the period from 1 May 2016 to 31 December 2016 as disclosed in the Prospectus.
- (4) Gross revenue was below forecast due to lower recovery revenues. Recovery revenues from tenants are recognised when applicable recoverable property operating expenses are incurred. Since recoverable property operating expenses were lower than forecast, recovery revenues were also lower.
- (5) Net property income for 4Q 2016 was in line with forecast. For period ended 31 December 2016, the net property income was marginally ahead of forecast by 1% due to higher rental and other income, and lower property expense, partially offset by lower recovery revenues.
- (6) Net income for 4Q 2016 and financial period ended 31 December 2016 was ahead of forecast largely due to property fair value gains, net of tax.

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1 (a)(i) Consolidated Statement of Comprehensive Income and Distribution Statement

	Note	4Q 2016⁽¹⁾	FY2016⁽¹⁾
		1 October 2016 to 31 December 2016⁽¹⁾	20 May 2016 to 31 December 2016⁽¹⁾
		US\$'000	US\$'000
<u>Consolidated Statement of Comprehensive Income</u>			
Gross revenue		19,314	47,510
Property operating expenses		(6,945)	(17,538)
Net property income		12,369	29,972
Manager's base fee	a	(972)	(2,231)
Trustee's fee		(37)	(89)
Other trust expenses	b	(391)	(805)
Finance expenses	c	(2,033)	(5,098)
Net income before tax and fair value change in investment properties		8,936	21,749
Fair value change in investment properties		19,445	52,316
Net income for the period before tax		28,381	74,065
Tax expense	d	(10,427)	(22,391)
Net income for the period		17,954	51,674
<u>Distribution Statement</u>			
Net income for the period		17,954	51,674
Distribution adjustments	e	(8,242)	(29,368)
Income available for distribution to Unitholders		9,712	22,306

Footnotes:

(1) No comparative figures have been presented as Manulife US REIT was dormant from its constitution to the Listing Date.

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Notes to Consolidated Statement of Comprehensive Income and Distribution Statement

a. Manager's base fees

The Manager has elected to receive its base fees in the form of Units for the period from Listing Date to the end of 2017.

b. Other trust expenses

Other trust expenses consist of Manulife US REIT's expenses such as audit, tax compliance and other expenses.

c. Finance expenses

Finance expenses comprise the following:

	4Q 2016⁽¹⁾	FY2016⁽¹⁾
	1 October 2016 to 31 December 2016⁽¹⁾ US\$'000	20 May 2016 to 31 December 2016⁽¹⁾ US\$'000
Interest expense on loans and borrowings	1,859	4,737
Amortisation of upfront debt-related transaction costs ⁽²⁾	145	307
Accrued dividends on preferred units	16	30
Commitment fees	13	24
Finance expenses	2,033	5,098

d. Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprise withholding tax on ordinary dividends paid by Hancock S-REIT Parent Corp. to Manulife US REIT Alpha (Singapore) Pte. Ltd.

Deferred tax is recognised in respect of temporary differences between the carrying amounts used, mainly derived for financial reporting purposes, and the amounts used for taxation purposes. Tax expense of US\$10.4 million for 4Q 2016 and US\$22.4 million for FY 2016 relating to deferred tax expenses arose from property fair value gains. There is no current tax expense.

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant from its constitution to the Listing Date.
(2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

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e. Distribution adjustments

	4Q 2016⁽¹⁾	FY2016⁽¹⁾
	1 October 2016 to 31 December 2016⁽¹⁾	20 May 2016 to 31 December 2016⁽¹⁾
	US\$'000	US\$'000
Property related non-cash items ⁽²⁾	(995)	(3,339)
Amortisation of upfront debt-related transaction costs ⁽³⁾	145	307
Manager's base fee paid/payable in Units	972	2,231
Property Manager's management fee paid/payable in Units	484	1,136
Trustee's fee	37	89
Fair value change in investment properties	(19,445)	(52,316)
Deferred tax expense	10,427	22,391
Other items	133	133
Distribution adjustments	(8,242)	(29,368)

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant from its constitution to the Listing Date.
- (2) This includes amortisation of tenant improvement allowance, leasing commissions and free rent incentives, and straight line rent adjustments.
- (3) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

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1 (b)(i) Consolidated Statements of Financial Position

	Note	Group	Trust
		As at 31 December 2016⁽¹⁾	As at 31 December 2016⁽¹⁾
		US\$'000	US\$'000
Current assets			
Cash and cash equivalents		38,433	4,085
Prepaid expenses		683	8
Trade and other receivables		2,307	13,056
		41,423	17,149
Non-current assets			
Investment properties	a	833,800	-
Investment in subsidiaries		-	488,086
		833,800	488,086
Total assets		875,223	505,235
Current liabilities			
Trade and other payables		9,824	301
Security deposits		136	-
Rent received in advance		66	-
		10,026	301
Non-current liabilities			
Loans and borrowings		294,186	-
Security deposits		1,208	-
Preferred units		407	-
Deferred tax liabilities		22,391	-
		318,192	-
Total liabilities		328,218	301
Net assets attributable to Unitholders		547,005	504,934
Represented by:			
Unitholders' funds		547,005	504,934
Net assets attributable to Unitholders		547,005	504,934

Footnote:

(1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.

Notes to Consolidated Statements of Financial Position

a. Investment properties

Investment properties are stated at fair value based on 31 December 2016 appraisals conducted by CBRE, Inc. ("CBRE").

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1 (b)(ii) Aggregate amount of loans and borrowings, and debt securities for Manulife US REIT Group

	Group As at 31 December 2016⁽¹⁾ US\$'000
Secured loans and borrowings	
Amount repayable within one year	-
Amount repayable after one year	296,000
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(1,814)
Total secured loans and borrowings	294,186

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.
- (2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

Details of loans and borrowings, and collaterals

1. Property Financing

On 20 May 2016, Manulife US REIT, through each indirect wholly-owned subsidiary, (Hancock S-REIT LA Corp., Hancock S-REIT Irvine Corp. and Hancock S-REIT ATL Corp., collectively, the "**Sub-U.S. REIT**"), had put in place a separate Bridge Loan Facilities aggregating US\$296.0 million for purposes of partially financing the acquisition of the IPO Portfolio, granted by John Hancock Life Insurance Company (U.S.A.) (the "Sponsor Lender"), through its commercial lending division in the United States.

Subsequently on 13 July 2016, the Sub-U.S. REIT entered into separate loan agreements with Wells Fargo Bank, National Association and Royal Bank of Canada as lenders (the "Mortgage Lenders") for an aggregate principal amount of up to US\$327.8 million (the "Mortgage Facilities") consisting of an initial funding of US\$296.0 million as well as good news facilities of up to US\$31.8 million for Manulife US REIT's future budgeted capital expenditures and leasing costs (the "Good News Facilities"). The Mortgage Facilities were partially drawn down to fully refinance the Bridge Loan Facilities of US\$296.0 million, and to fund future capital expenditures and leasing costs over the terms of the loans. No amounts of the Good News Facility have been drawn down as at 31 December 2016.

The Mortgage Facilities are secured by, among other things, (i) a first mortgage on each Property and (ii) an assignment of the US-incorporated subsidiary's interest in any tenant leases, operating leases, redevelopment agreements with any government or quasi-government agency, necessary appurtenant chattels owned by such Sub-U.S. REIT and parking rights.

The average cost of debt on initial funding of US\$296.0 million was 2.46% per annum.

2. Revolving Credit Facility

On 14 July 2016, Manulife US REIT also separately entered into a 3-year US\$10.0 million revolving credit facility (the "Revolving Credit Facility") with DBS Bank Ltd. for working capital purposes. No amounts have been drawn down as at 31 December 2016.

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1 (c) Consolidated Statement of Cash Flows

	4Q 2016⁽¹⁾	FY2016⁽¹⁾
Note	1 October 2016 to 31 December 2016⁽¹⁾ US\$'000	20 May 2016 to 31 December 2016⁽¹⁾ US\$'000
Cash flows from operating activities		
Net income before tax	28,381	74,065
Adjustments for:		
Amortisation	(995)	(3,339)
Finance expenses	2,033	5,098
Manager's base fee paid/payable in Units	972	2,231
Property Manager's management fee paid/payable in Units	484	1,136
Fair value change in investment properties	(19,445)	(52,316)
Unrealised translation losses effect of foreign exchange	28	28
Operating income before working capital changes	11,458	26,903
Changes in working capital:		
Trade and other receivables	1,178	(2,307)
Prepaid expenses	(333)	(683)
Trade and other payables	(4,794)	(8,518)
Security deposits	(7)	8
Rent received in advance	(2,156)	66
Cash from operating activities	5,346	15,469
Interest paid	(2,170)	(4,441)
Net cash from operating activities	3,176	11,028
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities	-	(758,360)
Payment for capital expenditure and other costs related to investment properties	(160)	(523)
Net cash used in investing activities	(160)	(758,883)
Cash flows from financing activities		
Proceeds from issuance of Units ⁽²⁾	-	519,201
Payment for IPO related expenses	-	(27,237)
Proceeds from issuance of preferred units	-	409
Proceeds from loans and borrowings	-	592,000
Repayment of loans and borrowings	-	(296,000)
Payment of transaction costs relating to loans and borrowings	-	(2,060)
Net cash from financing activities	-	786,313
Net increase in cash and cash equivalents	3,016	38,458
Cash and cash equivalents at beginning of the period	35,450	8
Effect of exchange rate fluctuations on cash held in foreign currency	(33)	(33)
Cash and cash equivalents at the end of period	38,433	38,433

a, b

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Footnote:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.
(2) Includes issuance of 23,600 units for US\$20,043 prior to initial public offering on the formation of Manulife US REIT underlying entities.

Notes to Consolidated Statement of Cash Flows

- a. An aggregate of 625,539,600 units issued at US\$0.83 per unit and amounting to US\$519.2 million were issued on the Listing Date.
b. The use of proceeds raised from the initial public offering is in accordance with the stated uses as disclosed in the Prospectus, and is set out below.

	Actual	Per	Variance
	US\$'000	Prospectus	US\$'000
		US\$'000	US\$'000
Purchase consideration of investment properties	777,450	777,450	-
Transaction costs ⁽¹⁾	29,471	32,548	(3,077)
Working capital ⁽²⁾	5,200	5,200	-
	812,121	815,198	(3,077)

Footnote:

- (1) The favourable variance of US\$3,077,000 is due to savings in IPO related costs and GST refund on transaction costs. These savings will be used for working capital purposes. The Manager will make the appropriate announcements on any material development on the use of the proceeds in compliance with the listing requirement of the SGX-ST, as and when required.
(2) The monies are used for general working capital purposes.

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1 (d)(i) Consolidated Statements of Changes in Unitholders' Funds

Note	4Q 2016 1 October 2016 to 31 December 2016 ⁽¹⁾		27 March 2015 to 31 December 2016 ⁽¹⁾	
	Group US\$'000	Trust US\$'000	Group US\$'000	Trust US\$'000
At 27 March 2015 (Date of Constitution) ⁽²⁾	-	-	-	-
At the beginning of the period	525,684	490,418	-	-
Net income for the period	17,954	11,149	51,674	9,603
Unitholders' transactions				
Issue of new units:				
- Initial public offering ⁽³⁾	-	-	519,201	519,201
Manager's base fee paid/payable in Units	2,231	2,231	2,231	2,231
Property Manager's management fees paid/payable in Units	1,136	1,136	1,136	1,136
Issue costs	-	-	(27,237)	(27,237)
Net increase in net assets resulting from Unitholders' transactions	3,367	3,367	495,331	495,331
Total Unitholders' funds as at end of the period	547,005	504,934	547,005	504,934

Footnote:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.
(2) Less than US\$1,000.
(3) Includes issuance of 23,600 units for US\$20,043 prior to initial public offering on the formation of Manulife US REIT underlying entities.

Notes to Statements of Changes in Unitholders' Funds

- a.** This represents the Units issued by Manulife US REIT during the initial public offering.
b. Issue costs comprise of underwriting and selling commissions, professional and other fees, and miscellaneous issue expenses.

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1 (d)(ii) Details of any changes in the units

	4Q 2016⁽¹⁾ 1 October 2016 to 31 December 2016 Units	27 March 2015 to 31 December 2016⁽¹⁾ Units
Units in issue:		
At 27 March 2015 (Date of Constitution)	-	-
At beginning of the period	625,539,600	
New Units issued :		
- at Initial public offering ⁽²⁾	-	625,539,600
Manager's base fee paid in Units	1,532,552	1,532,552
Property Manager's management fees paid in Units	790,507	790,507
Total issued Units as at end of the period	627,862,659	627,862,659
Units to be issued:		
Manager's base fee payable in Units ⁽³⁾	1,171,541	1,171,541
Property Manager's management fees payable in Units ⁽³⁾	584,803	584,803
Total issuable Units as at end of the period	1,756,344	1,756,344
Total units issued and to be issued as at end of period	629,619,003	629,619,003

Footnote:

- (1) No comparative figures have been presented as Manulife US REIT was dormant from its constitution to the Listing Date.
- (2) Includes issuance of 23,600 units for US\$20,043 prior to initial public offering on the formation of Manulife US REIT underlying entities.
- (3) There are 1,756,344 units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the period from 1 October 2016 to 31 December 2016 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2016 of US\$0.8282. Actual units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 31 December 2016 or (ii) the closing price on the day of issuance of units in payment of property management fees.

1(d)(iii) To show the total number of issued units excluding treasury shares at the end of the current financial period, and as at the end of the immediately preceding year

Manulife US REIT does not hold any treasury units as at 31 December 2016. The total number of issued units in Manulife US REIT was 627,862,659.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", or an equivalent standard)

The figures have not been audited or reviewed by the auditors.

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3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

The Group has applied the same accounting policies and methods of computation as described in the Prospectus in the preparation of the consolidated financial statements for the current reporting period.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per Unit ("EPU") and Distribution per Unit ("DPU")

	4Q 2016 ⁽¹⁾	FY2016 ⁽¹⁾
	1 October 2016 to 31 December 2016 ⁽¹⁾	20 May 2016 to 31 December 2016 ⁽¹⁾
EPU⁽²⁾		
Weighted average number of Units in issue and issuable	627,881,750	626,503,320
Basic and diluted EPU ⁽²⁾⁽³⁾ (cents)	2.86	8.25
DPU⁽⁴⁾		
Number of Units in issue at end of period	627,862,659	627,862,659
DPU ⁽⁴⁾ (cents)	1.54	3.55

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.
- (2) The computation of basic EPU is based on the weighted number of units for the respective reporting periods. This is comprised of:
- The weighted average number of units in issue for the respective reporting periods; and
 - The estimated weighted average number of units issuable as payment of Manager's base fees and property manager's management fees for the respective reporting periods.
- (3) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue for the respective reporting periods.
- (4) The computation of DPU is based on number of units in issue as at end of the period.

7. Net Asset Value ("NAV") and Net Tangible Asset ("NTA") per Unit

	As at 31 December 2016 ⁽¹⁾	
	Group	Trust
Number of Units in issue and issuable at end of period	629,619,003	629,619,003
NAV and NTA per Unit ⁽²⁾ (US\$)	0.87	0.80

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.
- (2) The computation of NAV and NTA is based on number of units in issue and to be issued as at 31 December 2016 of 629,619,003. NAV and NTA is the same as there is no intangible asset as at 31 December 2016.

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8. Review of the performance for the period from 1 October 2016 to 31 December 2016 and 20 May 2016 (Listing Date) to 31 December 2016

Please refer to Section 9 on the review of the actual results for the period from 1 October 2016 to 31 December 2016 and 20 May 2016 (Listing Date) to 31 December 2016 against the forecast as disclosed in the Prospectus.

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9. Variance between Actual and Forecast results

Consolidated Statement of Comprehensive Income and Distribution Statement

	4Q 2016 ⁽¹⁾			FY2016 ⁽¹⁾		
	1 October 2016 to 31 December 2016 ⁽¹⁾			20 May 2016 to 31 December 2016 ⁽¹⁾		
	Actual ⁽²⁾	Forecast ⁽³⁾	Change	Actual ⁽²⁾	Forecast ⁽³⁾	Change
<u>Consolidated Statement of Comprehensive Income</u>	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross revenue	19,314	19,726	(2.1)	47,510	48,234	(1.5)
Property operating expenses	(6,945)	(7,378)	(5.9)	(17,538)	(18,547)	(5.4)
Net property income	12,369	12,348	0.2	29,972	29,687	1.0
Manager's base fee	(972)	(937)	3.7	(2,231)	(2,128)	4.8
Trustee's fee	(37)	(41)	(9.8)	(89)	(100)	(11.0)
Other trust expenses	(391)	(395)	(1.1)	(805)	(1,152)	(30.1)
Finance expenses	(2,033)	(2,283)	(11.0)	(5,098)	(5,623)	(9.3)
Net income before tax and fair value change in investment properties	8,936	8,692	2.8	21,749	20,684	5.1
Fair value change in investment properties	19,445	(1,549)	N.M.	52,316	(3,590)	N.M.
Net income for the period before tax	28,381	7,143	>100	74,065	17,094	>100
Tax expense	(10,427)	(329)	>100	(22,391)	(812)	>100
Net income for the period	17,954	6,814	>100	51,674	16,282	>100
<u>Distribution Statement</u>						
Net income for the period	17,954	6,814	>100	51,674	16,282	>100
Distribution adjustments	(8,242)	2,562	N.M.	(29,368)	5,003	N.M.
Income available for distribution to Unitholders	9,712	9,376	3.6	22,306	21,285	4.8

N.M.: Not meaningful

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date.
- (2) Manulife US REIT was a dormant private trust during the period from 27 March 2015 to Listing Date. Therefore, the actual income derived from the properties for the 4Q 2016 was from 1 October 2016 to 31 December 2016 and FY2016 was from 20 May 2016 (Listing Date) to 31 December 2016.
- (3) The Prospectus disclosed an 8-month profit forecast for the period from 1 May 2016 to 31 December 2016. Forecast results for the period from 1 October 2016 to 31 December 2016 (4Q 2016) and 20 May 2016 (Listing Date) to 31 December 2016 (FY 2016) were derived by pro-rating the forecast figures for the period from 1 May 2016 to 31 December 2016 as disclosed in the Prospectus.

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9. Variance between Actual and Forecast results (continued)

4Q 2016

Gross revenues of US\$19.3 million was 2.1% below forecast due to lower recovery revenues, partially offset by higher rental and other income. Excluding recovery revenues, gross revenues was 1.7% ahead of forecast due to higher rental and other income. Recovery revenues from tenants are recognised when applicable recoverable property operating expenses are incurred. Since recoverable property operating expenses were lower than forecast, recovery revenue were also accordingly lower.

Property operating expenses of US\$6.9 million was 5.9% below forecast largely due to lower property taxes and utility expense.

Net property income of US\$12.4 million was in line with forecast.

Finance expense of US\$2.0 million was lower than forecast by 11.0% largely due to lower interest cost on refinanced loan facilities and lower amortisation of financing costs.

Fair value change in investment properties of US\$19.4 million were recognised into income based on 31 December 2016 appraisals. This reflects an additional 2.6% increase in fair value of properties over the acquisition costs on top of the 4.6% gains reported in the 30 September 2016 results.

Net income of US\$18.0 million was ahead of forecast largely due to fair value gains on properties, partially offset by tax expenses. Tax expenses of US\$10.4 million relates to deferred tax expenses arising from fair value gains on properties.

Distributable income of US\$9.7 million was ahead of forecast by 3.6% largely due to lower interest expenses.

FY 2016

Gross revenues of US\$47.5 million was 1.5% below forecast due to lower recovery revenues. Excluding recovery revenues, gross revenues was 1.2% ahead of forecast due to higher rental and other income. Recovery revenues from tenants are recognised when applicable recoverable property operating expenses are incurred. Since recoverable property operating expenses were lower than forecast, recovery revenue was also lower.

Property operating expenses of US\$17.5 million was 5.4% below forecast largely due to lower property taxes, utility expense and lower other property expenses.

Accordingly, net property income of US\$30.0 million was marginally ahead of forecast by 1.0% driven by higher rental and other income, and lower property expenses, partially offset by lower recovery revenues.

Finance expense of US\$5.1 million was 9.3% lower than forecast largely due to lower interest cost on refinanced loan facilities and lower amortisation of financing costs.

Net fair value gain of US\$52.3 million was recognised into income based on 31 December 2016 appraisals. This reflects a 7.2% increase in fair value of properties over the acquisition cost.

Net income of US\$51.7 million was ahead of forecast largely due to fair value gains on properties, partially offset by tax expenses. Tax expenses of US\$22.4 million relates to deferred tax expenses arising from fair value gains on properties.

Distributable income of US\$22.3 million was ahead of forecast by 4.8% largely due to lower finance expenses and other trust expenses, and marginally higher net property income.

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10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The U.S. reported an annualised real GDP growth rate of 1.9% for the fourth quarter of 2016 and 1.6% for the full calendar year¹. The U.S. economy created 156,000 non-farm jobs in December, resulting in a 12-month moving average of roughly 183,000 net new jobs created per month². This rate of employment growth is supportive of continued healthy absorption in the office market.

While the Federal Reserve increased interest rates by 25 basis points (“bps”) in December 2016 and its expectation is for two to three additional increases in 2017, the REIT’s current borrowings were not impacted as all borrowings are at fixed interest rates with no refinancing required until 2019.

Office absorption during the current U.S. business cycle has been relatively strong, with demand exceeding new supply for most of the past six years. The national average vacancy rate decreased by 10 bps to 10.4% during 4Q2016, as the market recorded 6 million square feet of net absorption. Over the last 12 months, the U.S. office market vacancy rate declined by 30 bps³.

Market conditions continue to be generally favourable in the three markets that Manulife US REIT has invested in, with minimal new supply and rising market rents.

With a portfolio occupancy of 97.0% based on in-place leases, weighted average lease expiry of 5.8 years as at 31 December 2016 and a limited number of leases expiring in 2017, the Manager expects the portfolio to deliver a stable performance. Going forward, the Manager will continue to be focused on asset, lease and capital management and will be actively seeking investment opportunities that deliver long term value to Unitholders.

¹ Source: U.S. Department of Commerce, Bureau of Economic Analysis

² Source: U.S. Department of Labor, Bureau of Labour Statistics.

³ Source: CoStar “Market Analysis and Forecast”, 4Q2016.

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11. Distribution

(a) Current financial period

Any distribution declared for the current period? Yes – US 3.55 cents per Unit for the period from 20 May 2016 to 31 December 2016

Distribution period	1st Distribution for the period from 20 May 2016 to 31 December 2016
Distribution type/rate	Distribution of US 3.55 cents per Unit comprising of two components: 1. Tax-exempt income: US1.92 cents 2. Capital: US1.63 cents (Being 100% of Manulife US REIT's Distributable Income for the period)
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Manulife US REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Manulife US REIT Units for Singapore income tax purpose.
Book Closure date	21 February 2017
Payment Date	30 March 2017

Unitholders who do not submit required U.S. tax forms completely and accurately by Monday, 15 March 2017 date will be subject to 30% withholding taxes on the Distribution. The U.S. tax forms are required to be reviewed and validated by the appointed processing agent. To ensure the forms can be validated by 15 March 2017, Unitholders are reminded to submit the completed tax forms to Manulife US REIT's Unit Registrar – Boardroom Corporate & Advisory Services Pte Ltd no less than seven (7) days before the validation deadline of 15 March 2017.

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year? Not Applicable

12. If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13. If the Group has obtained general mandate from unit holders for Interested Person Transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii) If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from Unitholders for interested person transactions.

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14. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15. Segment Revenue and Results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

Not applicable. The Group operates within a single business segment and within a single geographical segment in the U.S.

16. In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments

Refer to paragraph 9 above for the review of actual performance.

17. Breakdown of Revenue

The first financial results reported were for the period from 20 May 2016 to 30 September 2016. As such, gross revenue and net income for the financial period from 20 May 2016 to 31 December 2016 is reported in the table below.

	FY2016		
	20 May 2016 to 31 December 2016		
	Actual ⁽¹⁾ US\$'000	Forecast ⁽²⁾ US\$'000	Change %
	Group	Group	Group
Gross revenues reported	47,510	48,234	(1.5)
Net income reported	51,674	16,282	>100

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date. Manulife US REIT was a dormant private trust during the period from 27 March 2015 to Listing Date. Therefore, the actual income derived from the properties for the current period was from Listing Date to 31 December 2016.
- (2) The Prospectus disclosed an 8-month profit forecast for the period from 1 May 2016 to 31 December 2016. Forecast results for the period from the Listing Date to 31 December 2016 were derived by pro-rating the forecast figures for the period from 1 May 2016 to 31 December 2016 as disclosed in the Prospectus.

18. Breakdown of Total Distributions

	FY2016 20 May 2016 to 31 December 2016 ⁽¹⁾ US\$'000
In respect of period:	
20 May 2016 to 31 December 2016 ⁽²⁾	22,306

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its constitution to the Listing Date. Manulife US REIT was a dormant private trust during the period from 27 March 2015 to Listing Date. Therefore, the distribution was for the current period from Listing Date to 31 December 2016.
- (2) Refer to section 11 for details of the distribution.

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19. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, Manulife US Real Estate Management Pte. Ltd. confirms that there is no person occupying a managerial position in the Manager who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial unitholder of Manulife US Real Estate Investment Trust.

On behalf of the Board
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)

Hsieh Tsun Yan
Director

Ho Chew Thim
Director

This announcement 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 similar developments, shifts in expected levels of office rental revenue, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

The value of units in Manulife US REIT ("Units") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of Manulife US REIT) or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Holders of Units ("Unitholders") have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of Manulife US REIT is not necessarily indicative of the future performance of Manulife US REIT.

By Order of the Board

Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)