

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Introduction	2
-	Summary of Manulife US REIT Group Results	3 - 4
1(a)(i)	Consolidated Statement of Comprehensive Income and Distribution Statement	5 - 10
1(b)(i)	Consolidated Statements of Financial Position	11
1(b)(ii)	Aggregate Amount of Loans and Borrowings and Debt Securities	12
1(c)	Consolidated Statement of Cash Flows	13 - 15
1(d)(i)	Consolidated Statements of Changes in Unitholders' Funds	16 - 18
1(d)(ii)	Details of Any Changes in the Units	19
1(d)(iii)	Total number of issued Units	20
1(d)(iv)	Sales, transfers, cancellation and/or use of Treasury units	20
1(d)(v)	Sales, transfers, cancellation and/or use of Subsidiary holdings	20
2 & 3	Audit Statement	20
4 & 5	Changes in Accounting Policies	20
6	Earnings per Unit and Distribution per Unit	21
7	Net Asset Value per Unit and Net Tangible Assets per Unit	22
8	Review of the Performance	23 - 24
9	Variance between Actual and Projection	25 - 26
10	Outlook and Prospects	27
11 & 12	Distribution	28 - 29
13	General Mandate relating to Interested Person Transactions	29
14	Confirmation pursuant to Rule 720(1) of the Listing Manual	29
15 & 16	Segment Revenue and Results for Operating Segments	29
17	Breakdown of Revenue	30
18	Breakdown of Total Distributions	30
19	Confirmation pursuant to Rule 704(13) of the Listing Manual	30

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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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 and restated) 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.

Manulife US REIT was dormant from 27 March 2015 (being the date of its constitution) to the Listing Date.

Manulife US REIT portfolio comprises of the following five office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 2,983,576 square feet (“**sq ft**”), as follows:

- Figueroa is a 35-storey Class A office building with 701,978 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 532,663 sq ft of net lettable area, located in Irvine, Orange County, within the Greater Los Angeles market;
- Peachtree is a 27-storey Class A office building with 556,587 sq ft of net lettable area, located in the heart of Midtown, Atlanta;
- Plaza is an 11-storey Class A office building with 461,525 sq ft of net lettable area, located in Secaucus, New Jersey. This property was acquired on 19 July 2017 (U.S. Time), and was financed by private placement (“**Private Placement**”) and debt financing; and
- Exchange is a 30-storey Class A office building with 730,823 sq ft of net lettable area, located in Jersey City, Hudson County, New Jersey. This property was acquired on 31 October 2017 (U.S. Time) and was financed by rights issue (“**Rights Issue**”) and debt financing.

Plaza and Exchange have significantly increased Manulife US REIT’s NLA by approximately 66.6% to 2,983,576 sq ft. These acquisitions demonstrated growth, financial strength and scalability of Manulife US REIT and strong support from the sponsor. The acquisitions also provided diversification benefits to the portfolio.

Manulife US REIT is presenting its financial results for the fourth quarter ended 31 December 2017 (“**4Q 2017**”) and for the financial year from 1 January 2017 to 31 December 2017 (“**FY 2017**”) in respect of the Properties only.

Distribution Policy

Manulife US REIT intends to make distributions to the Unitholders on a semi-annual basis. Manulife US REIT’s distribution policy is to distribute 100% of distributable income for 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

SUMMARY OF MANULIFE US REIT GROUP RESULTS

	4Q 2017			FY 2017		
	1 October 2017 to 31 December 2017			1 January 2017 to 31 December 2017		
	Actual	Projection ⁽¹⁾	Change	Actual	Projection	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue ⁽²⁾	29,264	19,555	49.6	92,040	79,342	16.0
Net Property Income ⁽³⁾	18,418	11,955	54.1	58,351	48,619	20.0
Net Income for the period ⁽⁴⁾	18,943	7,179	>100	57,964	29,745	94.9
Income available for distribution to Unitholders	14,641	9,065	61.5	46,716	37,395	24.9
Distribution per Unit ("DPU") (cents) before reinstatement of Rights Issue	1.42	1.42	-	5.77 ⁽⁵⁾	5.87	(1.7)
DPU (cents) restated for Rights Issue⁽⁶⁾	1.42	1.32	7.6	5.53 ⁽⁷⁾	5.43	1.8
For Information only Adjusted DPU (cents)	1.54 ⁽⁸⁾	1.32	16.7	N.M.	N.M.	N.M.

N.M.: Not meaningful

Footnotes:

- (1) Projected results for 4Q 2017 were derived by pro-rating the projected figures for the year from 1 January 2017 to 31 December 2017 as disclosed in the Prospectus.
- (2) Gross revenue of US\$29.3 million for 4Q 2017 and US\$92.0 million for FY 2017 was ahead of projection by 49.6% and 16.0% respectively, largely due to the revenue contribution from the acquisitions of Plaza and Exchange, and higher rental and other income from Michelson, Peachtree and Figueroa ("IPO portfolio"). See Section 9 for further details.
- (3) Net property income of US\$18.4 million for 4Q 2017 and US\$58.4 million for FY 2017 was ahead of projection by 54.1% and 20.0%, respectively, largely due to net property income contribution from Plaza and Exchange, and higher net property income from IPO portfolio.
- (4) Net income for 4Q 2017 and FY 2017 was ahead of projection mainly due to higher net property income and property fair value gain, net of tax.
- (5) DPU includes US 3.20 cents for the period from 1 January 2017 to 28 June 2017, calculated based on 631,365,359 units and US 2.57 cents for the period from 29 June 2017 to 31 December 2017, calculated based on 1,033,722,152 units.
- (6) DPU has been restated for the Rights Issue, through which 299,288,423 units were issued on 25 October 2017.
- (7) Comprised of DPU (adjusted for the Rights Issue) of US 2.96 cents for the period from 1 January 2017 to 28 June 2017 and US 2.57 cents DPU for the period from 29 June 2017 to 31 December 2017.
- (8) Exchange was acquired on 31 October 2017 (U.S. Time). As such, 4Q 2017 distributable income only included about 2 months of income from Exchange. For illustrative purposes, we have adjusted the DPU to reflect a full quarter's earnings contribution from Exchange (i.e. assumes that Exchange was acquired on 1 October 2017 and includes 3 months of income for Exchange in 4Q 2017). This illustrates the DPU would have been 16.7% higher than projected DPU (restated for Rights Issue).

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

	4Q 2017	4Q 2016	Change	FY 2017	FY 2016 ⁽¹⁾	Change ⁽²⁾
	Actual	Actual		Actual	Actual	
	US\$'000	US\$'000		US\$'000	US\$'000	
Gross Revenue ⁽³⁾	29,264	19,314	51.5	92,040	47,510	93.7
Net Property Income ⁽⁴⁾	18,418	12,369	48.9	58,351	29,972	94.7
Net Income for the period ⁽⁵⁾	18,943	17,954	5.5	57,964	51,674	12.2
Income available for distribution to Unitholders	14,641	9,712	50.8	46,716	22,306	>100
Distribution per Unit ("DPU") (cents) before reinstatement of Rights Issue	1.42	1.54	(7.8)	5.77 ⁽⁶⁾	3.55	62.5
DPU (cents) restated for Rights Issue⁽⁷⁾	1.42	1.42	-	5.53 ⁽⁸⁾	3.28	68.6
<u>For information only</u> Adjusted DPU (cents)	1.54 ⁽⁹⁾	1.42	8.5	N.M.	N.M.	N.M.

N.M.: Not meaningful

Footnotes:

- (1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 ("FY 2016"). These figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) The actual results of FY 2016 are for the reporting period from 20 May 2016 (Listing Date) to 31 December 2016 (FY 2016 - 226 days). However, FY 2017 reporting period is from 1 January 2017 to 31 December 2017 (365 days). Accordingly, since the FY 2017 reporting period is 139 days longer than FY 2016, the reporting periods are not comparable. In addition, there were acquisitions of Plaza and Exchange in 2017 which were not included last year. Therefore, it is not meaningful to perform year over year analysis of FY 2017 vs. FY 2016.
- (3) Gross revenue of US\$29.3 million for 4Q 2017 was higher than 4Q 2016 largely due to the revenue contribution from the acquisitions of Plaza and Exchange, and higher rental and other income from Michelson, Peachtree and Figueroa ("IPO portfolio"). See Section 9 for further details.
- (4) Net property income of US\$18.4 million for 4Q 2017 was higher than 4Q 2016 largely due to net property income contribution from Plaza and Exchange, and higher net property income from IPO portfolio.
- (5) Net income for 4Q 2017 was higher than 4Q 2016 mainly due to higher net property income and property fair value gain, net of tax.
- (6) DPU includes US 3.20 cents for the period from 1 January 2017 to 28 June 2017, calculated based on 631,365,359 units and US 2.57 cents for the period from 29 June 2017 to 31 December 2017, calculated based on 1,033,722,152 units.
- (7) DPU has been restated for the Rights Issue, through which 299,288,423 units were issued on 25 October 2017.
- (8) Comprised of DPU (adjusted for Rights Issue) of US 2.96 cents for the period from 1 January 2017 to 28 June 2017 and US 2.57 cents DPU for the period from 29 June 2017 to 31 December 2017.
- (9) Exchange was acquired on 31 October 2017 (U.S. Time). As such, 4Q 2017 distributable income only included about 2 months of income from Exchange. For illustrative purposes, we have adjusted the DPU to reflect a full quarter's earnings contribution from Exchange (i.e. assumes that Exchange was acquired on 1 October 2017 and includes 3 months of income for Exchange in 4Q 2017). This illustrates the DPU would have been 8.5% higher than 4Q 2016 (restated for Rights Issue).

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

	Note	Group		
		4Q 2017 US\$'000	4Q 2016 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>				
Gross revenue		29,264	19,314	51.5
Property operating expenses		(10,846)	(6,945)	56.2
Net property income		18,418	12,369	48.9
Interest income		4	-	N.M.
Manager's base fee	a	(1,464)	(972)	50.6
Trustee's fee		(53)	(37)	43.2
Other trust expenses	b	(649)	(391)	66.0
Finance expenses	c	(3,215)	(2,033)	58.1
Net income before tax and fair value change in investment properties		13,041	8,936	45.9
Net fair value change in investment properties	d	12,984	19,445	(33.2)
Net income for the period before tax		26,025	28,381	(8.3)
Tax expense	e	(7,082)	(10,427)	(32.1)
Net income for the period		18,943	17,954	5.5
<u>Distribution Statement</u>				
Net income for the period		18,943	17,954	5.5
Distribution adjustments	f	(4,302)	(8,242)	(47.8)
Income available for distribution to Unitholders		14,641	9,712	50.8

N.M.: Not meaningful

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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 audit, tax compliance and other expenses.

c. Finance expenses

Finance expenses comprise of the following:

	4Q 2017 US\$'000	4Q 2016 US\$'000	Change %
Interest expense on loans and borrowings	2,977	1,859	60.1
Amortisation of upfront debt-related transaction costs ⁽¹⁾	206	145	42.1
Dividends on preferred units	19	16	18.8
Commitment fees	13	13	-
Finance expenses	3,215	2,033	58.1

d. Net fair value change in investment properties

Manulife US REIT obtains independent appraisals on a semi-annual basis and recognises change in fair value as gains or losses in income. The fair value gain largely relates to increases in the appraised fair value of investment properties.

e. Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises mainly 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 is mainly related to deferred tax expenses arising from property fair value gains and tax depreciation.

Footnote:

(1) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

f. Distribution adjustments

	4Q 2017 US\$'000	4Q 2016 US\$'000	Change %
Property related non-cash items ⁽¹⁾	(1,134)	(995)	14.0
Amortisation of upfront debt-related transaction costs ⁽²⁾	206	145	42.1
Manager's base fee paid/payable in Units	1,464	972	50.6
Property Manager's management fee paid/payable in Units	707	484	46.1
Trustee's fee	53	37	43.2
Fair value change in investment properties	(12,984)	(19,445)	(33.2)
Deferred tax expense	6,689	10,427	(35.8)
Other items ⁽³⁾	697	133	>100
Distribution adjustments	(4,302)	(8,242)	(47.8)

Footnotes:

- (1) This includes amortisation of tenant improvement allowance, leasing commissions and free rent incentives, and straight line rent adjustments.
- (2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- (3) This includes non-tax deductible items and adjustments as well as rent free reimbursements. These rent free reimbursements are in relation to the vendors of Plaza and Exchange that had granted rent free periods to certain tenants under the existing lease arrangement. As part of the terms of the acquisitions, these vendors reimbursed Manulife US REIT the free rent under existing lease arrangements and the rent free reimbursements are applied towards the distributable income.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

	Note	Group		
		FY 2017 US\$'000	FY 2016 ⁽¹⁾ US\$'000	Change ⁽²⁾ %
<u>Consolidated Statement of Comprehensive Income</u>				
Gross revenue		92,040	47,510	93.7
Property operating expenses		(33,689)	(17,538)	92.1
Net property income		58,351	29,972	94.7
Interest income		11	-	N.M.
Manager's base fee	a	(4,672)	(2,231)	>100
Trustee's fee		(172)	(89)	93.3
Other trust expenses	b	(1,638)	(805)	>100
Finance expenses	c	(9,506)	(5,098)	86.5
Net income before tax and fair value change in investment properties		42,374	21,749	94.8
Net fair value change in investment properties	d	31,395	52,316	(40.0)
Net income for the year/period before tax		73,769	74,065	(0.4)
Tax expense	e	(15,805)	(22,391)	(29.4)
Net income for the year/period		57,964	51,674	12.2
<u>Distribution Statement</u>				
Net income for the year/period		57,964	51,674	12.2
Distribution adjustments	f	(11,248)	(29,368)	(61.7)
Income available for distribution to Unitholders		46,716	22,306	>100

N.M.: Not meaningful

Footnotes:

- (1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 ("FY 2016"). These figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) The actual results of FY 2016 are for the reporting period from 20 May 2016 (Listing Date) to 31 December 2016 (FY 2016 - 226 days). However, FY 2017 reporting period is from 1 January 2017 to 31 December 2017 (365 days). Accordingly, since the FY 2017 reporting period is 139 days longer than FY 2016, the reporting periods are not comparable. In addition, there were acquisitions of Plaza and Exchange in 2017 which were not included last year. Therefore, it is not meaningful to perform year over year analysis of FY 2017 vs. FY 2016. Please refer to Section 9 for a comparison of the actual results for 4Q 2017 and FY 2017 against its projection results derived from the Projection Year 2017 as disclosed in the Prospectus.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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 audit, tax compliance and other expenses.

c. Finance expenses

Finance expenses comprise of the following:

	FY 2017 US\$'000	FY 2016⁽¹⁾ US\$'000	Change %
Interest expense on loans and borrowings	8,819	4,737	86.2
Amortisation of upfront debt-related transaction costs ⁽²⁾	570	307	85.7
Dividends on preferred units	66	30	>100
Commitment fees	51	24	>100
Finance expenses	9,506	5,098	86.5

d. Net fair value change in investment properties

Manulife US REIT obtains independent appraisals on a semi-annual basis and recognises change in fair value gains or losses in income. The fair value gain largely relates to increases in the appraised fair value of investment properties.

e. Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises mainly 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 is mainly related to deferred tax expenses arising from property fair value gains and tax depreciation.

Footnotes:

- (1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 ("FY 2016"). These figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

f. Distribution adjustments

	FY 2017 US\$'000	FY 2016⁽¹⁾ US\$'000	Change %
Property related non-cash items ⁽²⁾	(3,537)	(3,339)	5.9
Amortisation of upfront debt-related transaction costs ⁽³⁾	570	307	85.7
Manager's base fee paid/payable in Units	4,672	2,231	>100
Property Manager's management fee paid/payable in Units	2,172	1,136	91.2
Trustee's fee	172	89	93.3
Fair value change in investment properties	(31,395)	(52,316)	(40.0)
Deferred tax expense	14,812	22,391	(33.8)
Other items ⁽⁴⁾	1,286	133	>100
Distribution adjustments	(11,248)	(29,368)	(61.7)

Footnotes:

- (1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 ("FY 2016"). These figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) 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.
- (4) This includes non-tax deductible items and adjustments as well as rent free reimbursements. These rent free reimbursements are in relation to the vendors of Plaza and Exchange that had granted rent free periods to certain tenants under the existing lease arrangement. As part of the terms of the acquisitions, these vendors reimbursed Manulife US REIT the free rent under existing lease arrangements and the rent free reimbursements are applied towards the distributable income.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

	Note	Group		Trust	
		As at 31 Dec 2017 US\$'000	As at 31 Dec 2016 US\$'000	As at 31 Dec 2017 US\$'000	As at 31 Dec 2016 US\$'000
Current assets					
Cash and cash equivalents		49,674	38,433	4,953	4,085
Prepaid expenses		815	683	8	8
Trade and other receivables		5,913	2,307	15,995	13,056
		56,402	41,423	20,956	17,149
Non-current assets					
Investment properties	a	1,312,800	833,800	-	-
Investment in subsidiaries		-	-	751,259	488,086
		1,312,800	833,800	751,259	488,086
Total assets		1,369,202	875,223	772,215	505,235
Current liabilities					
Trade and other payables		18,238	9,824	912	301
Security deposits		127	136	-	-
Rent received in advance		867	66	-	-
		19,232	10,026	912	301
Non-current liabilities					
Loans and borrowings		458,369	294,186	-	-
Security deposits		1,721	1,208	-	-
Preferred units		571	407	-	-
Deferred tax liabilities		37,203	22,391	-	-
		497,864	318,192	-	-
Total liabilities		517,096	328,218	912	301
Net assets attributable to Unitholders		852,106	547,005	771,303	504,934
Represented by:					
Unitholders' funds		852,106	547,005	771,303	504,934
Net assets attributable to Unitholders		852,106	547,005	771,303	504,934

Notes to Consolidated Statements of Financial Position

a. Investment properties

Investment properties are stated at fair value based on 31 December 2017 conducted by CBRE, Inc., Colliers International Valuation and Advisory Services, LLC and Cushman & Wakefield of New Jersey, Inc. These include Plaza and Exchange which were acquired on 19 July 2017 (U.S. Time) and 31 October 2017 (U.S. Time).

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

	Group	
	As at 31 Dec 2017 US\$'000	As at 31 Dec 2016 US\$'000
<u>Secured loans and borrowings</u>		
Amount repayable after one year	461,900 ⁽¹⁾	296,000
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(3,531)	(1,814)
Total secured loans and borrowings	458,369	294,186

Footnotes:

- (1) Includes US\$461.1 million of initial funding draw on the facility and US\$0.8 million drawn down on good news facilities during the year.
- (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

As of 31 December 2017, Manulife US REIT has loan facilities of US\$546.9 million consisting of an initial funding of US\$461.1 million as well as good news facilities of up to US\$85.8 million ("Mortgage Facilities").

The Mortgage Facilities are secured by, amongst other collateral: (i) a first mortgage on each Figueroa, Michelson, Peachtree, Plaza and Exchange, respectively (the "Property"); (ii) an assignment each of the Sub-U.S. REIT's rights, title and interest in present and future leases, subleases, licenses and all other agreements relating to the management, leasing and operation of the respective Property; and (iii) an assignment of each of the Sub-U.S. REIT's right to all goods, building and other materials, supplies, inventory, equipment, machinery, fixtures, furniture and other personal property, together with all payments and other rents and security deposits in respect of the relevant Properties.

2. Revolving Credit Facility

Manulife US REIT has a 3-year US\$10.0 million revolving credit facility with DBS Bank Ltd ("US\$10 million Revolving Credit Facility"). On 19 June 2017, Manulife US REIT secured a separate 1-year uncommitted US\$120.0 million revolving credit facility with DBS Bank Ltd. ("US\$120 million Revolving Credit Facility", together with the US\$10 million Revolving Credit Facility, the "Revolving Credit Facilities").

Both the Revolving Credit Facilities are secured by: (i) the shares of Manulife US REIT's wholly owned subsidiaries, Manulife US REIT Alpha (Singapore) Pte. Ltd. ("Alpha") and Manulife US REIT Beta (Singapore) Pte. Ltd. ("Beta"); (ii) an assignment of all inter-company loans from the Trustee to any other subsidiaries of Manulife US REIT; and (iii) an assignment of certain bank accounts by the Trustee.

In addition:

- (i) the US\$10 million Revolving Credit Facility is secured by an assignment of all inter-company loans from Beta to any other subsidiaries of Manulife US REIT; and
- (ii) the US\$120 million Revolving Credit Facility is secured by the shares of Manulife US REIT's wholly owned subsidiary, Manulife US REIT Beta 2 (Singapore) Pte. Ltd. ("Beta 2"), Manulife US REIT Beta 3 (Singapore) Pte. Ltd. ("Beta 3") and all other direct subsidiaries wholly owned by Manulife US REIT from time to time ("Future Beta Subsidiaries"), and an assignment of all inter-company loans from Beta 2, Beta 3 and any Future Beta Subsidiary to any other subsidiaries of Manulife US REIT.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

1 (c) Consolidated Statement of Cash Flows

	Group	
	4Q 2017 US\$'000	4Q 2016 US\$'000
Cash flows from operating activities		
Net income for the period before tax	26,025	28,381
Adjustments for:		
Amortisation	(1,134)	(995)
Interest income	(4)	-
Finance expenses	3,215	2,033
Manager's base fee paid/payable in Units	1,464	972
Property Manager's management fee paid/payable in Units	707	484
Fair value change in investment properties	(12,984)	(19,445)
Unrealised transaction (gains)/losses effect of foreign exchange	(6)	28
Operating income before working capital changes	17,283	11,458
Changes in working capital:		
Trade and other receivables	(2,898)	1,178
Prepaid expenses	131	(333)
Trade and other payables	(1,690)	(4,794)
Security deposits	89	(7)
Rent received in advance	(169)	(2,156)
Cash from operating activities	12,746	5,346
Tax paid	(393)	-
Interest paid	(3,248)	(2,170)
Net cash from operating activities	9,105	3,176
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities	(316,458)	-
Payment for capital expenditure and other costs related to investment properties	(4,320)	(160)
Interest received	4	-
Net cash used in investing activities	(320,774)	(160)
Cash flows from financing activities		
Proceeds from issuance of Units	208,005	-
Payment of transaction costs relating to issuance of Units	(6,163)	-
Proceeds from issuance of preferred units	164	-
Proceeds from loans and borrowings	125,900	-
Payment of transaction costs relating to loans and borrowings	(1,726)	-
Net cash from financing activities	326,180	-
Net increase in cash and cash equivalents	14,511	3,016
Cash and cash equivalents at beginning of the period	35,198	35,450
Effect of exchange rate fluctuations on cash held in foreign currency	(35)	(33)
Cash and cash equivalents at the end of the period	49,674	38,433

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

1 (c) Consolidated Statement of Cash Flows

	Group	
	FY 2017 US\$'000	FY 2016 ⁽¹⁾ US\$'000
Cash flows from operating activities		
Net income for the year/period before tax	73,769	74,065
Adjustments for:		
Amortisation	(3,537)	(3,339)
Interest income	(11)	-
Finance expenses	9,506	5,098
Manager's base fee paid/payable in Units	4,672	2,231
Property Manager's management fee paid/payable in Units	2,172	1,136
Fair value change in investment properties	(31,395)	(52,316)
Unrealised transaction (gains)/losses effect of foreign exchange	(110)	28
Operating income before working capital changes	55,066	26,903
Changes in working capital:		
Trade and other receivables	(3,606)	(2,307)
Prepaid expenses	(131)	(683)
Trade and other payables	861	(8,518)
Security deposits	186	8
Rent received in advance	801	66
Cash from operating activities	53,177	15,469
Tax paid	(993)	-
Interest paid	(8,432)	(4,441)
Net cash from operating activities	43,752	11,028
Cash flows from investing activities		
Acquisition of investment properties and related assets and liabilities	(425,003)	(758,360)
Payment for capital expenditure and other costs related to investment properties	(9,294)	(523)
Interest received	11	-
Net cash used in investing activities	(434,286)	(758,883)
Cash flows from financing activities		
Proceeds from issuance of Units	a, b 288,517	519,201
Payment of transaction costs relating to issuance of Units	a, b (8,094)	(27,237)
Proceeds from issuance of preferred units	164	409
Proceeds from loans and borrowings	205,900	592,000
Repayment of loans and borrowings	(40,000)	(296,000)
Payment of transaction costs relating to loans and borrowings	(2,288)	(2,060)
Distributions to Unitholders	(42,493)	-
Net cash from financing activities	401,706	786,313
Net increase in cash and cash equivalents	11,172	38,458
Cash and cash equivalents at beginning of the year/period	38,433	8
Effect of exchange rate fluctuations on cash held in foreign currency	69	(33)
Cash and cash equivalents at the end of the year/period	49,674	38,433

Footnote:

(1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 ("FY 2016"). These figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

Notes to Consolidated Statement of Cash Flows

- a. An aggregate of 97,003,000 units issued at US\$0.830 per unit and amounting to US\$80.5 million were issued on 29 June 2017 from Private Placement. An aggregate of 299,288,423 units issued at US\$0.695 per unit and amounting to US\$208.0 million were issued on 25 October 2017 from Rights Issue.
- b. The use of proceeds raised from the initial public offering, from the Private Placement and from the Rights Issue is in accordance with the stated uses as disclosed in the Prospectus, and is set out below:
- (i) Gross proceeds of US\$519.2 million from initial public offering
- The proceeds have been materially disbursed for the purchase consideration of investment properties and the transaction costs. The monies used for general working capital purposes were for property operating expenses, finance expenses and trust expenses.
- (ii) Gross proceeds of US\$80.5 million from Private Placement on 29 June 2017⁽¹⁾

	Intended use of proceeds stated in Placement Announcement US\$ million	Actual use of proceeds US\$ million	Balance of proceeds US\$ million
To partly fund the acquisition of Plaza	75.0	75.5	(0.5)
To pay the fees and expenses in connection with the acquisition of Plaza and the Private Placement	5.4	5.0	0.4
General corporate and/or working capital	0.1	-	0.1
Total	80.5	80.5	-

Footnote:

- (1) Please refer to the announcement made on 20 July 2017 on completion of acquisition of Plaza and Private Placement use of proceeds.

- (iii) Gross proceeds of US\$208.0 million from Rights Issue on 25 October 2017⁽¹⁾

	Intended use of proceeds stated in Announcement US\$ million	Actual use of proceeds US\$ million	Balance of proceeds US\$ million
To partly fund the acquisition of Exchange	200.7	201.0	(0.3)
To pay the fees and expenses in connection with the acquisition of Exchange and Rights Issue	7.3	7.0	0.3
Total	208.0	208.0	-

Footnote:

- (1) Please refer to the announcement made on 1 November 2017 on completion of acquisition of Exchange and Rights Issue use of proceeds.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

Group	4Q 2017			4Q 2016		
	Units in issue and to be issued	Retained earnings	Total	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the period	558,628	68,159	626,787	491,964	33,720	525,684
Operations						
Net income for the period	-	18,943	18,943	-	17,954	17,954
Net increase in net assets resulting from operations	-	18,943	18,943	-	17,954	17,954
Unitholders' transactions						
New Units issued ⁽¹⁾	208,005	-	208,005	-	-	-
Issue costs ⁽²⁾	(6,163)	-	(6,163)	-	-	-
Manager's acquisition fee paid in Units ⁽³⁾	2,363	-	2,363	-	-	-
Manager's base fee paid/payable in Units	1,464	-	1,464	2,231	-	2,231
Property Manager's management fees paid/payable in Units	707	-	707	1,136	-	1,136
Net increase in net assets resulting from Unitholders' transactions	206,376	-	206,376	3,367	-	3,367
At end of the period	765,004	87,102	852,106	495,331	51,674	547,005

Trust	4Q 2017			4Q 2016		
	Units in issue and to be issued	Retained earnings	Total	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the period	558,628	(5,957)	552,671	491,964	(1,546)	490,418
Operations						
Net income for the period	-	12,256	12,256	-	11,149	11,149
Net increase in net assets resulting from operations	-	12,256	12,256	-	11,149	11,149
Unitholders' transactions						
New Units issued ⁽¹⁾	208,005	-	208,005	-	-	-
Issue costs ⁽²⁾	(6,163)	-	(6,163)	-	-	-
Manager's acquisition fee paid in Units ⁽³⁾	2,363	-	2,363	-	-	-
Manager's base fee paid/payable in Units	1,464	-	1,464	2,231	-	2,231
Property Manager's management fees paid/payable in Units	707	-	707	1,136	-	1,136
Net increase in net assets resulting from Unitholders' transactions	206,376	-	206,376	3,367	-	3,367
At end of the period	765,004	6,299	771,303	495,331	9,603	504,934

Footnotes:

- (1) 299,288,423 units were issued on 25 October 2017 for Rights Issue.
- (2) The issue costs for 4Q 2017 were for the underwriting fees and professional fees incurred in relation to Rights Issue exercise.
- (3) Manulife US REIT issued 2,609,700 new units as full payment of acquisition fee to the Manager in respect of the acquisition of Exchange from John Hancock Life Insurance Company (U.S.A.), an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company ("Sponsor"). The acquisition fee is based on 0.75% of the acquisition price of Exchange as the acquisition constituted as an interested person transaction.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

Group	FY 2017			27 March 2015 to 31 December 2016 ⁽¹⁾		
	Units in issue and to be issued	Retained earnings	Total	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the year/ Date of Constitution	495,331	51,674	547,005	-	-	-
Operations						
Net income for the year/period	-	57,964	57,964	-	51,674	51,674
Net increase in net assets resulting from operations	-	57,964	57,964	-	51,674	51,674
Unitholders' transactions						
New Units issued ⁽²⁾	288,517	-	288,517	519,201	-	519,201
Issue costs ⁽³⁾	(8,094)	-	(8,094)	(27,237)	-	(27,237)
Manager's acquisition fee paid in Units ⁽⁴⁾	2,363	-	2,363	-	-	-
Manager's base fee paid/payable in Units	4,672	-	4,672	2,231	-	2,231
Property Manager's management fees paid/payable in Units	2,172	-	2,172	1,136	-	1,136
Distributions ⁽⁵⁾	(19,957)	(22,536)	(42,493)	-	-	-
Net increase in net assets resulting from Unitholders' transactions	269,673	(22,536)	247,137	495,331	-	495,331
At end of the year/period	765,004	87,102	852,106	495,331	51,674	547,005

Trust	FY 2017			27 March 2015 to 31 December 2016 ⁽¹⁾		
	Units in issue and to be issued	Retained earnings	Total	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the year/ Date of Constitution	495,331	9,603	504,934	-	-	-
Operations						
Net income for the year/period	-	19,232	19,232	-	9,603	9,603
Net increase in net assets resulting from operations	-	19,232	19,232	-	9,603	9,603
Unitholders' transactions						
New Units issued ⁽²⁾	288,517	-	288,517	519,201	-	519,201
Issue costs ⁽³⁾	(8,094)	-	(8,094)	(27,237)	-	(27,237)
Manager's acquisition fee paid in Units ⁽⁴⁾	2,363	-	2,363	-	-	-
Manager's base fee paid/payable in Units	4,672	-	4,672	2,231	-	2,231
Property Manager's management fees paid/payable in Units	2,172	-	2,172	1,136	-	1,136
Distributions ⁽⁵⁾	(19,957)	(22,536)	(42,493)	-	-	-
Net increase in net assets resulting from Unitholders' transactions	269,673	(22,536)	247,137	495,331	-	495,331
At end of the year/period	765,004	6,299	771,303	495,331	9,603	504,934

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

Footnotes:

- (1) The comparative figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) 97,003,000 units were issued on 29 June 2017 from Private Placement and 299,288,423 units were issued on 25 October 2017 for Rights Issue.
- (3) The issue costs for FY 2017 were for the underwriting fees and professional fees incurred in relation to Private Placement and Rights Issue exercises.
- (4) Manulife US REIT issued 2,609,700 new units as full payment of acquisition fee to the Manager in respect of the acquisition of Exchange from John Hancock Life Insurance Company (U.S.A.), an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company ("Sponsor"). The acquisition fee is based on 0.75% of the acquisition price of Exchange as the acquisition constituted as an interested person transaction.
- (5) Distributions for FY2017 were for the period from 20 May 2016 to 31 December 2016 and 1 January 2017 to 28 June 2017 were paid in March 2017 and August 2017, respectively.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

	4Q 2017 Units	4Q 2016 Units
Units in issue:		
At beginning of the period	729,971,765	625,539,600
Manager's acquisition fee paid in Units ⁽²⁾	2,609,700	-
Manager's base fee paid in Units	1,260,880	1,532,552
Property Manager's management fees paid in Units	591,384	790,507
Rights Issue Units ⁽³⁾	299,288,423	-
Total issued Units as at end of the period	1,033,722,152	627,862,659
Units to be issued:		
Manager's base fee payable in Units ⁽⁴⁾	1,585,034	1,171,541
Property Manager's management fees payable in Units ⁽⁴⁾	765,458	584,803
Total issuable Units as at end of the period	2,350,492	1,756,344
Total Units issued and to be issued as at end of period	1,036,072,644	629,619,003

	FY 2017 Units	27 March 2015 to 31 December 2016⁽¹⁾ Units
Units in issue:		
At beginning of the year/Date of Constitution	627,862,659	-
New units issued at Initial public offering	-	625,539,600
Manager's acquisition fee paid in Units ⁽²⁾	2,609,700	-
Manager's base fee paid in Units	4,781,742	1,532,552
Property Manager's management fees paid in Units	2,176,628	790,507
Private Placement Units ⁽⁵⁾	97,003,000	-
Rights Issue Units ⁽³⁾	299,288,423	-
Total issued Units as at end of the year/period	1,033,722,152	627,862,659
Units to be issued:		
Manager's base fee payable in Units ⁽⁴⁾	1,585,034	1,171,541
Property Manager's management fees payable in Units ⁽⁴⁾	765,458	584,803
Total issuable Units as at end of the year/period	2,350,492	1,756,344
Total Units issued and to be issued as at end of year/period	1,036,072,644	629,619,003

Footnotes:

(1) The comparative figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.

(2) New Units issued to the Manager as payment for acquisition fee in respect of the acquisition of Exchange.

(3) Relates to Rights Issue Units issued on 25 October 2017.

(4) There are 2,350,492 units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the 4Q 2017 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2017 of US\$0.9236. 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 2017 or (ii) the closing price on the day of issuance of units in payment of property management fees.

(5) Relates to Private Placement Units issued on 29 June 2017.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

Manulife US REIT did not hold any treasury units as at 31 December 2017 and 31 December 2016. The total number of issued units in Manulife US REIT as at 31 December 2017 and 31 December 2016 were 1,033,722,152 and 627,862,659, respectively.

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

Not applicable.

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

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 consistent with those used in the audited financial statements for the financial period ended 31 December 2016 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised International Financial Reporting Standards (“IFRS”) (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2017.

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

The Group adopted the revised IFRS and interpretations that are effective for application from 1 January 2017. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

6. Earnings per Unit (“EPU”) and Distribution per Unit (“DPU”)

	4Q 2017	4Q 2016
EPU⁽²⁾		
Weighted average number of Units in issue and issuable	953,386,542	627,881,750
Basic and diluted EPU before reinstatement of Rights Issue ⁽²⁾⁽³⁾ (cents)	1.99	2.86
Basic and diluted EPU restated for Rights Issue ⁽⁵⁾ (cents)	1.99	2.64
DPU⁽⁴⁾		
Number of Units in issue at end of period	1,033,722,152	627,862,659
DPU before reinstatement of Rights Issue ⁽⁴⁾ (cents)	1.42	1.54
DPU restated for Rights Issue ⁽⁵⁾ (cents)	1.42	1.42

	FY 2017	FY 2016⁽¹⁾
EPU⁽²⁾		
Weighted average number of Units in issue and issuable	736,687,229	626,503,320
Basic and diluted EPU before reinstatement of Rights Issue ⁽²⁾⁽³⁾ (cents)	7.87	8.25
Basic and diluted EPU restated for Rights Issue ⁽⁵⁾ (cents)	7.31	7.62
DPU⁽⁴⁾		
Number of Units in issue at end of year/period	1,033,722,152	627,862,659
DPU before reinstatement of Rights Issue ⁽⁴⁾ (cents)	5.77	3.55
DPU restated for Rights Issue ⁽⁵⁾ (cents)	5.53 ⁽⁶⁾	3.28

Footnotes:

- (1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 (“FY 2016”). These figures were extracted from Manulife US REIT’s results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) The computation of basic EPU is based on the weighted number of units for the respective reporting periods. This comprises of:
 - (i) The weighted average number of units in issue for the respective reporting periods; and
 - (ii) 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 at the end of the respective reporting periods.
- (4) The computation of DPU is based on number of units in issue as at end of the respective reporting periods.
- (5) The EPU and DPU have been restated for the Rights Issue, through which 299,288,423 units were issued on 25 October 2017.
- (6) Comprised of DPU (adjusted for Rights Issue) of US 2.96 cents for the period from 1 January 2017 to 28 June 2017 and US 2.57 cents DPU for the period from 29 June 2017 to 31 December 2017.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

	Group		Trust	
	As at 31 Dec 2017	As at 31 Dec 2016	As at 31 Dec 2017	As at 31 Dec 2016
Number of Units in issue and to be issued at end of period	1,036,072,644	629,619,003	1,036,072,644	629,619,003
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.82 ⁽²⁾	0.87	0.74	0.80
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.80 ⁽²⁾	0.83	0.72	0.77

Footnote:

- (1) NAV and NTA is the same as there is no intangible asset as at 31 December 2017 and 31 December 2016.
(2) Lower NAV and NTA per Unit mainly due to the enlarged total number of issued units in relation to the Rights Issue.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

<u>Consolidated Statement of Comprehensive Income</u>	4Q 2017	4Q 2016	Change	FY 2017	FY 2016⁽¹⁾	Change⁽²⁾
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross revenue	29,264	19,314	51.5	92,040	47,510	93.7
Property operating expenses	(10,846)	(6,945)	56.2	(33,689)	(17,538)	92.1
Net property income	18,418	12,369	48.9	58,351	29,972	94.7
Interest income	4	-	N.M.	11	-	N.M.
Manager's base fee	(1,464)	(972)	50.6	(4,672)	(2,231)	>100
Trustee's fee	(53)	(37)	43.2	(172)	(89)	93.3
Other trust expenses	(649)	(391)	66.0	(1,638)	(805)	>100
Finance expenses	(3,215)	(2,033)	58.1	(9,506)	(5,098)	86.5
Net income before tax and fair value change in investment properties	13,041	8,936	45.9	42,374	21,749	94.8
Net fair value change in investment properties	12,984	19,445	(33.2)	31,395	52,316	(40.0)
Net income for the period/year before tax	26,025	28,381	(8.3)	73,769	74,065	(0.4)
Tax expense	(7,082)	(10,427)	(32.1)	(15,805)	(22,391)	(29.4)
Net income for the period/year	18,943	17,954	5.5	57,964	51,674	12.2
<u>Distribution Statement</u>						
Net income for the period	18,943	17,954	5.5	57,964	51,674	12.2
Distribution adjustments	(4,302)	(8,242)	(47.8)	(11,248)	(29,368)	(61.7)
Income available for distribution to Unitholders	14,641	9,712	50.8	46,716	22,306	>100

N.M.: Not meaningful

Footnotes:

- (1) The comparative figures were for the period from 20 May 2016 to 31 December 2016 ("FY 2016"). These figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) The actual results of FY 2016 are for the reporting period 20 May 2016 (Listing Date) to 31 December 2016 (FY 2016 - 226 days). However, FY 2017 reporting period is from 1 January 2017 to 31 December 2017 (365 days). Accordingly, since the FY 2017 reporting period is 139 days longer than FY 2016, the reporting periods are not comparable. In addition, there were acquisitions of Plaza and Exchange in 2017 which were not included last year. Therefore, it is not meaningful to perform year over year analysis of FY 2017 vs. FY 2016. Please refer to Section 9 for a comparison of the actual results for 4Q 2017 and FY 2017 against its projection results derived from the Projection Year 2017 as disclosed in the Prospectus.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

4Q 2017 vs 4Q 2016

Gross revenue of US\$29.3 million was US\$10.0 million or 51.5% higher than 4Q 2016. The gross revenue growth was mainly attributed to contributions from the acquisitions of Plaza and Exchange and higher rental and other income from the IPO portfolio.

Property operating expenses increased by US\$3.9 million mainly due to the enlarged portfolio.

As a result, net property income of US\$18.4 million was 48.9% higher than 4Q 2016.

Finance expense increased by US\$1.2 million or 58.1% mainly due to incremental borrowings used to partially fund the acquisitions.

Net fair value gains of US\$13.0 million in investment properties largely arose from Exchange appraisals coming in higher than acquisition cost.

Net income of US\$18.9 million and distributable income of US\$14.6 million were higher than 4Q 2016 largely due to higher net property income from the enlarged portfolio.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

9. Variance between Actual and Projection

Consolidated Statement of Comprehensive Income and Distribution Statement

<u>Consolidated Statement of Comprehensive Income</u>	4Q 2017			FY 2017		
	Actual	Projection ⁽¹⁾	Change	Actual	Projection	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross revenue	29,264	19,555	49.6	92,040	79,342	16.0
Property operating expenses	(10,846)	(7,600)	42.7	(33,689)	(30,723)	9.7
Net property income	18,418	11,955	54.1	58,351	48,619	20.0
Interest income	4	-	N.M.	11	-	N.M.
Manager's base fee	(1,464)	(907)	61.4	(4,672)	(3,740)	24.9
Trustee's fee	(53)	(41)	29.3	(172)	(164)	4.9
Other trust expenses	(649)	(365)	77.8	(1,638)	(1,459)	12.3
Finance expenses	(3,215)	(2,347)	37.0	(9,506)	(9,323)	2.0
Net income before tax and fair value change in investment properties	13,041	8,295	57.2	42,374	33,933	24.9
Net fair value change in investment properties	12,984	(782)	N.M.	31,395	(2,861)	N.M.
Net income for the period/year before tax	26,025	7,513	>100	73,769	31,072	>100
Tax expense	(7,082)	(334)	>100	(15,805)	(1,327)	>100
Net income for the period/year	18,943	7,179	>100	57,964	29,745	94.9
Distribution Statement						
Net income for the period/year	18,943	7,179	>100	57,964	29,745	94.9
Distribution adjustments	(4,302)	1,886	N.M.	(11,248)	7,650	N.M.
Income available for distribution to Unitholders	14,641	9,065	61.5	46,716	37,395	24.9

N.M.: Not meaningful

Footnote:

- (1) Projected results for 4Q 2017 were derived by pro-rating the projected figures for the year from 1 January 2017 to 31 December 2017 as disclosed in the Prospectus.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

9. Variance between Actual and Projection (cont'd)

4Q 2017

Gross revenue of US\$29.3 million was 49.6% above the projection due to gross revenue contributions from Plaza and Exchange acquisitions, and higher rental and other income, partly offset by lower recoveries income on the IPO portfolio. Excluding recoveries income, gross revenue was 65.1% ahead of projection. The higher rental and other income on the IPO portfolio were largely due to rental step-ups and higher car park income.

Property operating expenses of US\$10.8 million was 42.7% above the projection largely due to inclusion of Plaza and Exchange property expenses which were not included in the projection.

Net property income of US\$18.4 million was 54.1% higher than the projection due to the contribution from Plaza and Exchange acquisitions, and higher net property income from the IPO portfolio driven by higher rental and other income.

Finance expense of US\$3.2 million was higher than the projection by 37.0% largely due to mortgage financing costs on Plaza and Exchange which were not included in the projection. This was partly offset by lower financing costs on IPO portfolio mortgages.

Fair value gain on investment properties of US\$13.0 million largely arose from the appraised fair value gain on Exchange.

Net income of US\$18.9 million was ahead of the projection largely due to fair value gains (net of deferred taxes), and higher net property income.

Distributable income of US\$14.6 million was ahead of projection by 61.5% largely due to higher net property income.

FY 2017

Gross revenue of US\$92.0 million was 16.0% higher than the projection due to gross revenue contribution from Plaza and Exchange acquisitions, and higher rental and other income from the IPO portfolio. Excluding recoveries income, the gross revenue was 22.6% ahead of projection. The higher rental and other income on the IPO portfolio were largely due to rental step-ups and higher car park income. This was partially offset by lower recoveries income driven by lower recoverable property expenses.

Property operating expense US\$33.7 million was 9.7% higher than the projection largely due to inclusion of property expenses related to Plaza and Exchange which were not included in the projection. This was partly offset by lower property expenses on the IPO portfolio.

Net property income of US\$58.4 million was 20.0% higher than the projection due to the contribution from Plaza and Exchange, and higher rental and other income and lower property expenses on IPO portfolio.

Finance expense of US\$9.5 million was 2.0% higher than the projection largely due to Plaza and Exchange mortgage financing costs not included in IPO projection. This was partially offset by lower interest costs on refinanced loan facilities and lower amortisation of financing costs on IPO portfolio.

Fair value gain of US\$31.4 million was recognised into income due to strong appraisal gains resulting from strong property performance and favourable market fundamentals.

Net income of US\$58.0 million was ahead of the projection largely due to fair value gains (net of deferred taxes), and higher net property income.

Distributable income of US\$46.7 million was ahead of the projection by 24.9% largely due to higher net property income.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

10. Commentary on the significant trends and 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

On 26 January 2018, the U.S. reported an annualised real GDP growth rate of 2.6% for 4Q 2017. This follows the 3.2% 3Q 2017 quarterly GDP rate. The GDP growth rate continues to reflect solid consumer and government spending. The U.S. unemployment rate was 4.1% in December 2017, down from 4.8% in January 2017. The U.S. economy generated 148,000 non-farm jobs in December 2017, primarily in the health care, construction and manufacturing sectors. During calendar year 2017, 2.1 million jobs were created - an average of 175,000 jobs per month. The recent trend of employment growth is supportive of continued healthy absorption in the office market.

The Federal Reserve (Fed) increased the Federal Funds rate by 25 bps in December 2017, marking its third such increase during the year. Fed officials have been balancing the risks of a strong labour market against weak inflation which has remained below their 2 percent target for most of the last five years. According to the minutes of the meeting of the Federal Open Market Committee, the Fed expects to raise rates three times in 2018 and twice in 2019. Policy makers also slightly raised their forecasts for 2018 GDP growth in response to the \$1.5 trillion tax cut bill passed by Congress in December 2017. Additionally, the Fed is expected to continue to reduce its balance sheet over this time frame. The REIT's current borrowings have not been impacted by the Fed increases as 99.8% are at fixed interest rates and no refinancing is required until 2019.

Office absorption during the last 12 months has been relatively stable, with CoStar reporting absorption of 67.3 million square feet in the period. Over the last 12 months, supply (deliveries) exceeded demand (net absorption) by 13.3 million square feet, causing the nation's vacancy rate to increase marginally by 10 bps to 10.1% at year end. According to CoStar data, annual U.S. rent growth is expected to remain in the 1.5% to 1.8% range through 2020. However, rent growth varies across the different U.S. markets. Los Angeles, Orange County, and Atlanta have all achieved above average growth, based on limited new supply and steady or growing demand, while rent growth in Northern New Jersey has lagged the national average.

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

With a portfolio occupancy of 95.9% based on committed leases, a weighted average lease expiry of 5.7 years as at 31 December 2017 and a limited percentage of leases expiring in 2018, 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, in addition to sustaining and enhancing environmental, social and governance (ESG) initiatives, and will be actively seeking investment opportunities that deliver long term value to Unitholders.

In December 2017, the U.S. Government announced tax changes reforming the United States Internal Revenue Code ("IRC") and the resulting enactment of the US Tax Act¹. The US Tax Act included a number of changes such as reducing the corporate income tax rate to 21%. In addition, one of the effects of the US Tax Act is that it impacts the deductibility of certain interest expenses for taxable years beginning after 31 December 2017.

To address such effects, the Manulife US REIT has undergone some restructuring, details of which were set out in its announcement dated 2 January 2018 titled "Redemption of Preferred Shares by U.S. REITs and Proposed Establishment of Wholly-Owned Entities".

The Manager presently does not expect the costs of the restructuring to have a material impact on the consolidated net tangible assets or distribution per unit of Manulife US REIT, absent any additional guidance or negative applications of relevant tax laws. However, legislative technical corrections, regulations or administrative guidance addressing the new provisions of the US Tax Act may be enacted or issued in the future. The Manager will update unitholders of Manulife US REIT if there is a material impact on Manulife US REIT and /or its unitholders arising from the above.

¹ The "US Tax Act" refers to the United States legislation titled An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, commonly known as "The Tax Cuts and Jobs Act of 2017".

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

11. Distribution

(a) Current financial period

Any distribution declared for the current period?

Yes – US 2.57 cents per Unit for the period from 29 June 2017 to 31 December 2017

Distribution period	Distribution for the period from 29 June 2017 to 31 December 2017
Distribution type/rate	Distribution of US 2.57 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.35 cents 2. Capital: US 1.22 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	14 February 2018
Payment Date	29 March 2018

Unitholders who do not submit required U.S. tax forms completely and accurately 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 by Friday, 9 March 2018 date. To ensure the forms can be validated by 9 March 2018, 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) calendar days before the validation deadline of 9 March 2018.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

11. Distribution (Cont'd)

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year? 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: US 1.92 cents 2. Capital: US 1.63 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

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.

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 8 and 9 above for the review of actual performance.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

17. Breakdown of Revenue

	FY 2017 US\$'000	20 May 2016 to 31 December 2016⁽¹⁾ US\$'000	Change %
Gross revenue reported for the first half year	39,739	-	N.M.
Net income reported for the first half year	29,750	-	N.M.
Gross revenue reported for the second half year	52,301	47,510	10.1 ⁽²⁾
Net income reported for the second half of the year	28,214	51,674	(45.4) ⁽²⁾

N.M.: Not meaningful

Footnotes:

- (1) The comparative figures were extracted from Manulife US REIT's results announcement for the period from 20 May 2016 to 31 December 2016. Manulife US REIT was dormant from its date of constitution (27 March 2015) to the Listing Date.
- (2) The second half results of FY 2016 are for the reporting period from 20 May 2016 (Listing Date) to 31 December 2016 (FY 2016 - 226 days). However, the second half of FY 2017 reporting period is from 1 July 2017 to 31 December 2017 (184 days). Accordingly, since the second half of FY 2017 reporting period is 42 days shorter than second half of FY 2016, the reporting periods are not comparable. In addition, there were acquisitions of Plaza and Exchange in 2017 which were not included last year. Therefore, it is not meaningful to perform year over year analysis of FY 2017 vs. FY 2016.

18. Breakdown of Total Distributions

	FY 2017 US\$'000	20 May 2016 to 31 December 2016 US\$'000
29 June 2017 to 31 December 2017 ⁽¹⁾	26,567	-
1 January 2017 to 28 June 2017 (paid)	20,204	-
20 May 2016 to 31 December 2016 (paid)	-	22,289

Footnote:

- (1) To be paid in FY 2018 and is computed based on US 2.57 cents multiplied by the actual number of units as at 31 December 2017.

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.

Hsieh Tsun Yan
Director

Ho Chew Thim
Director

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Fourth Quarter and Full Year Ended 31 December 2017

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

Victor Lai Kuan Loong
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
6 February 2018