

MANULIFE US REAL ESTATE INVESTMENT TRUST
 Unaudited Financial Statements Announcement
 For period from 20 May 2016 (Listing Date) to 30 September 2016

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DBS Bank Ltd. is the Sole Financial Adviser and Issue Manager for the Offering (the “**Sole Financial Adviser and Issue Manager**”). DBS Bank Ltd., China International Capital Corporation (Singapore) Pte. Limited, Credit Suisse (Singapore) Limited and Deutsche Bank AG, Singapore Branch are the Joint Bookrunners and Underwriters for the Offering (collectively, the “**Joint Bookrunners**”).

MANULIFE US REAL ESTATE INVESTMENT TRUST

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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 the following three office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 1,782,812 square feet (“**sq ft**”), as follows:

- Figueroa is a 35-storey Class A office building with 694,267 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.

As disclosed in the Prospectus, SGX-ST granted Manulife US REIT a waiver from compliance with Rule 705 (2) of the SGX-ST Listing Manual. This Rule requires the announcement of the financial statements for each of quarter of its financial year. Therefore, Manulife US REIT is presenting its first financial results for the period from the Listing Date to 30 September 2016.

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 or before 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

	20 May 2016 to 30 September 2016 ⁽¹⁾		
	Actual ⁽²⁾	Forecast ⁽³⁾	Change
	US\$'000	US\$'000	%
Gross Revenue ⁽⁴⁾	28,196	28,508	(1.1)
Net Property Income ⁽⁵⁾	17,603	17,339	1.5
Net Income for the period ⁽⁶⁾	33,720	9,468	256.1
Income available for distribution to Unitholders ⁽⁷⁾	12,594	11,909	5.8
Distribution per Unit ("DPU") (cents)⁽⁷⁾	2.01	1.90	5.8

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 the Listing Date. Therefore, the actual income derived from the properties for the current period was from the Listing Date to 30 September 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 the Listing Date to 30 September 2016 were derived by pro-rating the forecast figures and adjusting the anticipated lease incentives of Manulife US REIT for the period from 1 May 2016 to 31 December 2016 as disclosed in the Prospectus.

(4) The 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 the recoverable property operating expenses were lower than forecast, the recovery revenues were also lower.

(5) Net property income of US\$17.60 million was ahead of forecast by 1.5% largely due to lower property operating expenses.

(6) Net income was ahead of forecast by 256.1% mainly due to property fair value gains.

(7) No distribution has been declared for the financial period from the Listing Date to 30 September 2016. Manulife US REIT will be declaring distributions on a semi-annual basis. The First Distribution for Manulife US REIT will be for the period from the Listing Date to 31 December 2016.

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

	Note	Group 20 May 2016 to 30 September 2016 ⁽¹⁾ US\$'000
<u>Consolidated Statement of Comprehensive Income</u>		
Gross revenue		28,196
Property operating expenses		(10,593)
Net property income		17,603
Manager's base fee	a	(1,259)
Trustee's fee		(52)
Other trust expenses	b	(414)
Finance expenses	c	(3,065)
Net income before tax and fair value change in investment properties		12,813
Fair value change in investment properties		32,871
Net income for the period before tax		45,684
Tax expense	d	(11,964)
Net income for the period		33,720
<u>Distribution Statement</u>		
Net income for the period		33,720
Distribution adjustments	e	(21,126)
Income available for distribution to Unitholders		12,594

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 of the following:

	Group
	20 May 2016 to 30 September 2016⁽¹⁾ US\$'000
Interest expense on loans and borrowings	2,878
Amortisation of upfront debt-related transaction costs ⁽²⁾	162
Accrued dividends on preferred units	14
Commitment fees	11
Finance expenses	3,065

d. Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises any 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\$11.96 million 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

	Actual
	20 May 2016 to 30 September 2016⁽¹⁾
	US\$'000
<u>Distribution adjustments</u>	
Property related non-cash items ⁽²⁾	(2,344)
Amortisation of upfront debt-related transaction costs ⁽³⁾	162
Manager's base fee paid/payable in units	1,259
Property Management fee paid/payable in units	652
Trustee's fee	52
Fair value change in investment properties	(32,871)
Deferred tax expense	11,964
Distribution adjustments	(21,126)

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 30 September 2016⁽¹⁾ US\$'000	As at 30 September 2016⁽¹⁾ US\$'000
Current assets			
Cash and cash equivalents		35,450	2,967
Prepaid expenses		350	19
Trade and other receivables		3,485	1,602
		39,285	4,588
Non-current assets			
Investment properties	a	813,200	-
Investment in subsidiaries		-	488,086
		813,200	488,086
Total assets		852,485	492,674
Current liabilities			
Trade and other payables		16,753	2,256
Security deposits		141	-
Rent received in advance		2,222	-
		19,116	2,256
Non-current liabilities			
Loans and Borrowings		294,102	-
Security deposits		1,210	-
Preferred units		409	-
Deferred tax liabilities		11,964	-
		307,685	-
Total liabilities		326,801	2,256
Net assets attributable to unitholders		525,684	490,418
Represented by:			
Unitholders' funds		525,684	490,418
Net assets attributable to unitholders		525,684	490,418

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 30 September 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 30 September 2016⁽¹⁾ US\$'000
<u>Secured loans and borrowings</u>	
Amount repayable within one year	-
Amount repayable after one year	296,000
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(1,898)
Total secured loans and borrowings	294,102

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

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 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, 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 million, and to fund future capital expenditures and leasing costs over the terms of the loans. No amounts of good news facility have been drawn down as at 30 September 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 million was 2.46% per annum.

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 30 September 2016.

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1 (c) Consolidated Statement of Cash Flows

	Group
Note	20 May 2016 to 30 September 2016⁽¹⁾ US\$'000
Cash flows from operating activities	
Net income before tax	45,684
Adjustments for:	
Amortisation of lease incentives	(2,344)
Finance expenses	3,065
Manager's base fee paid/payable in units	1,259
Property Management's base fee paid/payable in units	652
Fair value change in investment properties	(32,871)
Operating income before working capital changes	15,445
Changes in working capital:	
Trade and other receivables	(3,485)
Prepaid expenses	(350)
Trade and other payables	(3,724)
Security deposits	15
Rent received in advance	2,222
Cash generated from operating activities	10,123
Interest paid	(2,271)
Net cash generated from operating activities	7,852
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	(363)
Net cash used in investing activities	(758,723)
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 generated from financing activities	786,313
Net increase in cash and cash equivalents	35,442
Cash and cash equivalents at beginning of the period	8
Cash and cash equivalents at the end of period	35,450

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.

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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 US\$'000	Per Prospectus US\$'000	Variance 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.

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

	27 March 2015 to 30 September 2016⁽¹⁾	
Note	Group US\$'000	Trust US\$'000
At 27 March 2015 (Date of Constitution)⁽²⁾	-	-
Operations		
Net income/(loss) for the period	33,720	(1,546)
Unitholders' transactions		
Issue of new units:		
- Initial public offering ⁽³⁾	a 519,201	519,201
Issue costs	b (27,237)	(27,237)
Net increase in net assets resulting from Unitholders' transactions	491,964	491,964
Total Unitholders' funds as at end of the period	525,684	490,418

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.

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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 underwriting and selling commissions, professional and other fees, and miscellaneous issue expenses.

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

	27 March 2015 to 30 September 2016⁽¹⁾ Units
Units in issue:	
At 27 March 2015 (Date of Constitution)	-
New Units issued :	
- at Initial public offering ⁽²⁾	625,539,600
Total issued Units as at end of the period	625,539,600
Units to be issued:	
Manager's base fee payable in Units ⁽³⁾	1,532,552
Property Manager's management fees payable in Units ⁽³⁾	793,575
Total issuable Units as at end of the period	2,326,127
Total units issued and to be issued as at end of period	627,865,727

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 2,326,127 units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the period ended 30 September 2016 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 September 2016 of US\$0.822. 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 30 September 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 30 September 2016. The total number of issued units in Manulife US REIT was 625,539,600.

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.

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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 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”)**

	20 May 2016 to 30 September 2016⁽¹⁾
EPU⁽²⁾	
Weighted average number of Units in issue	625,556,959
Basic and diluted EPU ⁽²⁾ (cents)	5.39
DPU⁽³⁾	
Number of Units in issue at end of period	627,865,727
DPU ⁽³⁾ (cents)	2.01

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 of 625,556,959 as at end of the period. This comprised:
- (i) The weighted average number of units in issue as at 30 September 2016 of 625,539,600; and
 - (ii) The weighted average number of units to be issued as payment of Manager’s base fees and property management fees incurred for the period from the Listing Date to 30 September 2016 of 17,359.
 - (iii) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue at the end of the period.
- (3) The computation of DPU is based on number of units of 627,865,727 as at end of the period. This comprised:
- (i) The number of units in issue as at 30 September 2016 of 625,539,600; and
 - (ii) The number of units to be issued to the Manager and Property Manager as satisfaction of Manager’s base fees and property management fees incurred of 2,326,127.

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

	As at 30 September 2016⁽¹⁾	
	Group	Trust
Number of Units in issue and to be issued at end of period	627,865,727	627,865,727
NAV and NTA per Unit ⁽²⁾ (US\$)	0.84	0.78

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 30 September 2016 of 627,865,727. NAV and NTA is the same as there is no intangible asset as at 30 September 2016.

8. Review of the performance for the period from 20 May 2016 (Listing Date) to 30 September 2016

Please refer to Section 9 on the review of the actual results for the period from Listing Date to 30 September 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

<u>Consolidated Statement of Comprehensive Income</u>	20 May 2016 to 30 September 2016 ⁽¹⁾		Change
	Actual ⁽²⁾	Forecast ⁽³⁾	
	US\$'000	US\$'000	%
Gross revenue	28,196	28,508	(1.1)
Property operating expenses	(10,593)	(11,169)	(5.2)
Net property income	17,603	17,339	1.5
Manager's base fee	(1,259)	(1,191)	5.7
Trustee's fee	(52)	(59)	(11.9)
Other trust expenses	(414)	(757)	(45.3)
Finance expenses	(3,065)	(3,340)	(8.2)
Net income before tax and fair value change in investment properties	12,813	11,992	6.8
Fair value change in investment properties	32,871	(2,041)	N.M.
Net income for the period before tax	45,684	9,951	N.M.
Tax expense	(11,964)	(483)	N.M.
Net income for the period	33,720	9,468	256.1
<u>Distribution Statement</u>			
Net income for the period	33,720	9,468	256.1
Distribution adjustments	(21,126)	2,441	N.M.
Income available for distribution to Unitholders	12,594	11,909	5.8

N.M.: Not meaningful

Footnotes:

- (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 current period was from Listing Date to 30 September 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 the Listing Date to 30 September 2016 were derived by pro-rating the forecast figures and adjusting the anticipated lease incentives of Manulife US REIT 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)

The gross revenue of US\$28.2 million was 1.1% below forecast due to lower recovery revenues. Recovery revenues from tenants are recognised when applicable recoverable property operating expenses are incurred. Since the recoverable property operating expenses were lower than forecast, the recovery revenues were also accordingly lower.

Property operating expenses of US\$10.59 million were 5.2% below forecast, largely driven by lower utility expenses and other property operating expenses.

Accordingly, the net property income of US\$17.60 million was ahead of forecast by 1.5% largely due to lower property operating expenses, partially offset by lower recovery revenues.

Interest expenses of US\$3.07 million were lower than forecast by 8.2% largely due to securing new loan facilities at lower interest cost and lower amortisation of financing costs.

Net fair value change in investment properties of US\$32.87 million was recognised in income based on 30 September 2016 independent appraisals. The increase in fair value of 4.6% over acquisition cost was largely due to increasing investment demand and favourable leasing activities.

Other trust expenses of US\$0.41 million were 45.3% lower than forecast largely due to disciplined expense management.

Tax expense of US\$11.96 million relating to deferred tax expenses arose from property fair value gains.

For the period from 20 May 2016 to 30 September 2016, net income of US\$33.72 million was ahead of forecast by 256.1% mainly due to property fair value gains.

The distributable income of US\$12.59 million was also ahead of forecast by 5.8% mainly due to higher net property income, lower interest expenses and other trust expense savings. The distributable income was partially offset this reporting period by free rent received by tenants.

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

U.S. economic growth increased substantially in the third quarter of 2016, with the U.S. Department of Commerce Bureau of Economic Analysis reporting annualised real GDP growth of 2.9% for the quarter, compared with only 0.8% in Q1 and 1.4% in Q2. However, some economists question whether the drivers of this growth (exports and inventories) are sustainable. The U.S. Department of Labor Bureau of Labor Statistics (“BLS”) reported that the U.S. economy created 156,000 non-farm jobs in September, resulting in a 12-month moving average of roughly 200,000 net new jobs created per month. This rate of employment growth is supportive of continued healthy absorption in the office market.

The Federal Reserve chose not to raise interest rates at its September meeting, although minutes from the meeting indicated that members agreed that the case for an increase in rates had strengthened. Based on their interpretation of the minutes, and the recently reported Q3 GDP figures, many market participants now believe the Federal Reserve may raise rates at its 13-14 December 2016 meeting.

Demand for commercial real estate in the U.S. generally remains strong, as investors world-wide continue to search for yield. According to the Q3 2016 “Office Outlook” report published by JLL (Jones Lang LaSalle Incorporated), the U.S. office vacancy rate declined by 10 bps during the third quarter as 12.8 million square feet of office space was absorbed and 12.5 million square feet was delivered. Gross leasing activity also increased during the quarter, with 59.9 million square feet of leases signed.

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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 (continued)

With respect to the three markets that Manulife US REIT has invested in, JLL's Q3 2016 "Office Outlook" report indicates the following:

- Atlanta – Rental rates have increased in each of the last ten quarters and in the third quarter posted an all-time high. Direct vacancy has reached a 14 year low, spurred on by strong absorption and a dearth of new construction. Job growth has been strong with much of the growth in the professional and business services sector.
- Los Angeles – Leasing activity during the third quarter pointed to strong tenant renewal activity, with a majority of tenants maintaining their same size and more tenants expanding their footprints than contracting. Year to date sales volume is more than twice that of 2015, as "Investors are increasingly recognising Los Angeles' underlying strengths and the region's affordability as a gateway market."
- Orange County – Leasing activity during the quarter was concentrated in small and medium sized deals, but the market continued to generate positive absorption. Rental rates have increased substantially over the past few years, but remain below the 2007 market peak. Orange County continues to generate new jobs, with 2.5% job growth over the last year.

With a portfolio occupancy of 97.0% based on committed leases and weighted average lease expiry of 6.1 years as at 30 September 2016, and no lease expiry in the next quarter, the Manager expects the portfolio to deliver a stable performance. Going forward, the Manager will be focusing on asset, lease and capital management and actively seeking investment opportunities that deliver long term value to unitholders.

11. Distribution

(a) Current financial period

Any distribution declared for the current period?	No
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(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the corresponding period of the immediately preceding financial year?	Not Applicable
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(c) Date payable:	Not applicable
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(d) Books Closure Date:	Not applicable
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12. If no distribution has been declared/(recommended), a statement to that effect

No distribution for the current financial period was declared. Manulife US REIT's first distribution after the Listing Date will be for the period from the Listing Date to 31 December 2016, and will be paid by the Manager of Manulife US REIT on or before 30 March 2017.

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- 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 705(5) of the Listing Manual**

The Board of Directors of Manulife US Real Estate Management Pte. Ltd. (as manager of Manulife US Real Estate Investment Trust) (the “Manager”) hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial results of Manulife US REIT for the period from 20 May 2016 (Listing Date) to 30 September 2016, to be false or misleading, in any material aspect.

- 15. 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.

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

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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)