
MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements and Distribution Announcement
For the Second Quarter and Half Year Ended 30 June 2017

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

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Introduction

Manulife US Real Estate Investment Trust (“**Manulife US REIT**” or the “**Group**”) is a Singapore real estate investment trust constituted by the Trust Deed dated 27 March 2015 (as amended 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.

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

The Manulife US REIT portfolio comprises of the following three office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 1,786,774 square feet (“**sq ft**”), as follows:

- Figueroa is a 35-storey Class A office building with 698,249 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 555,922 sq ft of net lettable area, located in the heart of Midtown, Atlanta.

On 20 July 2017, Manulife US REIT announced it had completed the acquisition of 500 Plaza Drive (“**Plaza**”) in New Jersey for US\$115.0 million. This acquisition, which demonstrates growth and scalability, marked Manulife US REIT’s first acquisition. Plaza is a 11-storey Class A office building with 461,525 sq ft of net lettable area, located in Secaucus, New Jersey, connected to Midtown Manhattan via bus and train and is approximately three miles to New York City via Lincoln Tunnel. Plaza has also significantly increased Manulife US REIT’s NLA by approximately 25.9% to 2,245,473 sq ft.

Manulife US REIT is presenting its financial results for the second quarter ended 30 June 2017 (“**2Q 2017**”) and for the financial period from 1 January 2017 to 30 June 2017 (“**1H 2017**”) in respect of the above 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.

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SUMMARY OF MANULIFE US REIT GROUP RESULTS

	2Q 2017 ⁽¹⁾			1H 2017 ⁽¹⁾		
	1 April 2017 to 30 June 2017 ⁽¹⁾			1 January 2017 to 30 June 2017 ⁽¹⁾		
	Actual	Projection ⁽²⁾	Change	Actual	Projection ⁽²⁾	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue ⁽³⁾	19,906	19,970	(0.3)	39,739	40,060	(0.8)
Net Property Income ⁽⁴⁾	12,789	12,337	3.7	25,552	24,768	3.2
Net Income for the period ⁽⁵⁾	21,245	7,434	>100	29,750	15,191	95.8
Income available for distribution to Unitholders	9,987	9,346	6.9	20,400	19,049	7.1
Distribution per Unit ("DPU") (cents)						
- For the period	1.58 ⁽⁷⁾	1.47	7.5	3.23	2.99	8.0
- Annualised	6.32	5.88	7.5	6.46	5.98	8.0

2Q 2017 and 1H 2017 Distribution Breakdown

On 29 June 2017, Manulife US REIT issued 97,003,000 new units to partially fund the acquisition of Plaza. The Manager had declared an advanced distribution for the period from 1 January 2017 to 28 June 2017, being the day immediately prior to the date on which the new units were issued. This was to ensure that the total amount available for distribution, accrued by Manulife US REIT up to the day immediately prior to the date on which the new units were issued, was only distributed to the Existing Unitholders.

	2Q 2017 ⁽¹⁾			1H 2017 ⁽¹⁾		
	1 April 2017 to 28 June 2017	29 June 2017 to 30 June 2017	1 April 2017 to 30 June 2017	1 Jan 2017 to 28 June 2017	29 June 2017 to 30 June 2017	1 Jan 2017 to 30 June 2017
	Actual	Actual	Actual	Actual	Actual	Actual
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Gross Revenue ⁽³⁾	19,469	437	19,906	39,302	437	39,739
Net Property Income ⁽⁴⁾	12,508	281	12,789	25,271	281	25,552
Net Income for the period ⁽⁵⁾	20,778	467	21,245	29,283	467	29,750
Income available for distribution to Unitholders	9,768	219	9,987	20,181	219	20,400
Distribution per Unit ("DPU") (cents)⁽⁶⁾						
- For the period	1.55 ⁽⁸⁾	0.03 ⁽⁹⁾	1.58 ⁽⁷⁾	3.20 ⁽⁸⁾	0.03 ⁽⁹⁾	3.23
- Annualised	N.M.	N.M.	6.32	N.M.	N.M.	6.46

N.M.: Not meaningful

Footnotes:

- (1) No comparative for Consolidated Statement of Comprehensive Income and Distribution Statement, 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) Projected results for 2Q 2017 and 1H 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.
- (3) Gross revenue for 2Q 2017 and 1H 2017 was below projection due to lower recoveries income. Recoveries income from tenants is recognised when applicable recoverable property operating expenses are incurred. Since recoverable property operating expenses were lower than projection, recoveries income was also lower than projection.

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SUMMARY OF MANULIFE US REIT GROUP RESULTS (cont'd)

- (4) Net property income of US\$12.8 million for 2Q 2017 and US\$25.6 million for 1H 2017 was ahead of projection by 3.7% and 3.2%, respectively, largely due to higher rental and other income. The higher rental and other income were largely due to rental escalations and higher car park income.
- (5) Net income for 2Q 2017 and 1H 2017 was ahead of projection mainly due to higher net property income and lower finance expenses as well as property fair value gains, net of tax.
- (6) Manulife US REIT has announced an advanced distribution on 19 June 2017 for the distribution period from 1 January 2017 to 28 June 2017 ("Advanced Distribution"). The next distribution following the Advanced Distribution will comprise Manulife US REIT's distributable income for the period 29 June 2017 to 31 December 2017. Semi-annual distributions will resume thereafter.
- (7) Includes US 1.55 cents for the period from 1 April 2017 to 28 June 2017, calculated based on 631,365,359 units and US 0.03 cents from 29 to 30 June 2017 (2 days) calculated based on 728,368,359.
- (8) Distribution per unit is calculated based on 631,365,359 units.
- (9) Distribution per unit is calculated based on 728,368,359 units.

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

	Note	Group	
		2Q 2017 ⁽¹⁾	1H 2017 ⁽¹⁾
		US\$'000	US\$'000
<u>Consolidated Statement of Comprehensive Income</u>			
Gross revenue		19,906	39,739
Property operating expenses		(7,117)	(14,187)
Net property income		12,789	25,552
Interest income		7	7
Manager's base fee	a	(999)	(2,040)
Trustee's fee		(39)	(76)
Other trust expenses	b	(393)	(713)
Finance expenses	c	(1,994)	(3,937)
Net income before tax and fair value change in investment properties		9,371	18,793
Fair value change in investment properties	d	20,169	19,576
Net income for the period before tax		29,540	38,369
Tax expense	e	(8,295)	(8,619)
Net income for the period		21,245	29,750
<u>Distribution Statement</u>			
Net income for the period		21,245	29,750
Distribution adjustments	f	(11,258)	(9,350)
Income available for distribution to Unitholders		9,987	20,400

Footnote:

(1) No comparative figures have been presented as Manulife US REIT was dormant from its date of 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 audit, tax compliance and other expenses.

c. Finance expenses

Finance expenses comprise of the following:

	2Q 2017 ⁽¹⁾ US\$'000	1H 2017 ⁽¹⁾ US\$'000
Interest expense on loans and borrowings	1,841	3,660
Amortisation of upfront debt-related transaction costs ⁽²⁾	126	221
Accrued dividends on preferred units	15	31
Commitment fees	12	25
Finance expenses	1,994	3,937

d. Fair value change in investment properties

Manulife US REIT obtains independent appraisals on a semi-annual basis and recognise change in fair value from previous appraised fair value as gains or losses in income. The fair value gain largely relates to increase in appraised fair value of investment properties for 1H 2017.

e. 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 is mainly related to deferred tax expenses arising from property fair value gains and tax depreciation.

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant from its date of 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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f. Distribution adjustments

	2Q 2017⁽¹⁾	1H 2017⁽¹⁾
	US\$'000	US\$'000
Property related non-cash items ⁽²⁾	(645)	(1,238)
Amortisation of upfront debt-related transaction costs ⁽³⁾	126	221
Manager's base fee paid/payable in Units	999	2,040
Property Manager's management fee paid/payable in Units	469	917
Trustee's fee	39	76
Fair value change in investment properties	(20,169)	(19,576)
Deferred tax expense	7,699	8,023
Other items ⁽⁴⁾	224	187
Distribution adjustments	(11,258)	(9,350)

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.
- (4) This includes non-tax deductible items and adjustments.

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

	Note	Group		Trust	
		As at 30 June 2017 US\$'000	As at 31 Dec 2016 US\$'000	As at 30 June 2017 US\$'000	As at 31 Dec 2016 US\$'000
Current assets					
Cash and cash equivalents		112,326	38,433	83,274	4,085
Prepaid expenses		136	683	10	8
Trade and other receivables		4,708	2,307	11,653	13,056
		117,170	41,423	94,937	17,149
Non-current assets					
Investment properties	a	857,500	833,800	-	-
Investment in subsidiaries		-	-	478,824	488,086
		857,500	833,800	478,824	488,086
Total assets		974,670	875,223	573,761	505,235
Current liabilities					
Trade and other payables	b	31,385	9,824	21,218	301
Security deposits		177	136	-	-
Rent received in advance		692	66	-	-
		32,254	10,026	21,218	301
Non-current liabilities					
Loans and borrowings		294,407	294,186	-	-
Security deposits		1,230	1,208	-	-
Preferred units		407	407	-	-
Deferred tax liabilities		30,414	22,391	-	-
		326,458	318,192	-	-
Total liabilities		358,712	328,218	21,218	301
Net assets attributable to Unitholders		615,958	547,005	552,543	504,934
Represented by:					
Unitholders' funds		615,958	547,005	552,543	504,934
Net assets attributable to Unitholders		615,958	547,005	552,543	504,934

Notes to Consolidated Statements of Financial Position

a. Investment properties

Investment properties are stated at fair value based on 30 June 2017 and 31 December 2016 appraisals conducted by CBRE, Inc. ("CBRE"), respectively.

b. Trade and other payables

Includes distribution payable as at 30 June 2017 for Advanced Distribution announced on 19 June 2017.

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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 June 2017 US\$'000	As at 31 Dec 2016 US\$'000
<u>Secured loans and borrowings</u>		
Amount repayable after one year	296,000	296,000
Less: Unamortised upfront debt-related transaction costs ⁽¹⁾	(1,593)	(1,814)
Total secured loans and borrowings	294,407	294,186

Footnote:

(1) 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

Manulife US REIT has loan facilities of US\$327.8 million consisting of an initial funding of US\$296.0 million as well as good news facilities of up to US\$31.8 million ("Mortgage Facilities").

The Mortgage Facilities are secured by, among other collateral: (i) a first mortgage on each Figueroa, Michelson and Peachtree, respectively (the "**Property**"); (ii) an assignment 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 respective Property.

2. Revolving Credit Facility

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

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") 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 and any Future Beta Subsidiary to any other subsidiaries of Manulife US REIT.

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1 (c) Consolidated Statement of Cash Flows

	Group	
	2Q 2017 ⁽¹⁾ US\$'000	1H 2017 ⁽¹⁾ US\$'000
Cash flows from operating activities		
Net income for the period before tax	29,540	38,369
Adjustments for:		
Amortisation	(645)	(1,238)
Interest income	(7)	(7)
Finance expenses	1,994	3,937
Manager's base fee paid/payable in Units	999	2,040
Property Manager's management fee paid/payable in Units	469	917
Fair value change in investment properties	(20,169)	(19,576)
Unrealised translation gains effect of foreign exchange	(20)	(70)
Operating income before working capital changes	12,161	24,372
Changes in working capital:		
Trade and other receivables	(2,467)	(2,401)
Prepaid expenses	352	547
Trade and other payables	495	224
Security deposits	(4)	63
Rent received in advance	(119)	626
Cash from operating activities	10,418	23,431
Tax paid	(596)	(596)
Interest paid	(1,935)	(3,110)
Net cash from operating activities	7,887	19,725
Cash flows from investing activities		
Payment for capital expenditure and other costs related to investment properties	(2,442)	(2,886)
Interest received	7	7
Net cash used in investing activities	(2,435)	(2,879)
Cash flows from financing activities		
Proceeds from issuance of Units	80,512	80,512
Issuance costs	(1,248)	(1,248)
Distributions to Unitholders	-	(22,289)
Net cash from financing activities	79,264	56,975
Net increase in cash and cash equivalents	84,716	73,821
Cash and cash equivalents at beginning of the period	27,596	38,433
Effect of exchange rate fluctuations on cash held in foreign currency	14	72
Cash and cash equivalents at the end of period	112,326	112,326

Footnote:

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

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Notes to Consolidated Statement of Cash Flows

- a. An aggregate of 97,003,000 units issued at US\$0.83 per unit and amounting to US\$80.5 million were issued on 29 June 2017 from private placement ("Private Placement").
- b. The use of proceeds raised from the initial public offering and from Private Placement is in accordance with the stated uses as disclosed in the Prospectus and announcement, and is set out below.
- (i) Gross proceeds of US\$519.2 million from initial public offering
The proceeds have been materially disbursed for purchase consideration of investment properties and 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 estimated 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.

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

Group	2Q 2017 ⁽¹⁾		
	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000
At beginning of the period	486,586	48,124	534,710
Operations			
Net income for the period	-	21,245	21,245
Net increase in net assets resulting from operations	-	21,245	21,245
Unitholders' transactions			
New Units issued ⁽²⁾	80,512	-	80,512
Issuance costs ⁽³⁾	(1,773)	-	(1,773)
Manager's base fee paid/payable in Units	999	-	999
Property Manager's management fees paid/payable in Units	469	-	469
Distribution ⁽⁴⁾	(9,723)	(10,481)	(20,204)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	70,484	(10,481)	60,003
At end of the period	557,070	58,888	615,958

Trust	2Q 2017 ⁽¹⁾		
	Units in issue and to be issued	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000
At beginning of the period	486,586	(3,712)	482,874
Operations			
Net income for the period	-	9,666	9,666
Net increase in net assets resulting from operations	-	9,666	9,666
Unitholders' transactions			
New Units issued ⁽²⁾	80,512	-	80,512
Issuance costs ⁽³⁾	(1,773)	-	(1,773)
Manager's base fee paid/payable in Units	999	-	999
Property Manager's management fees paid/payable in Units	469	-	469
Distribution ⁽⁴⁾	(9,723)	(10,481)	(20,204)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	70,484	(10,481)	60,003
At end of the period	557,070	(4,527)	552,543

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its date of constitution to the Listing Date.
- (2) 97,003,000 units were issued on 29 June 2017 from Private Placement.
- (3) The issuance costs for 2Q 2017 were for the underwriting fees and professional fees incurred as a result of Private Placement exercise which were completed on 29 June 2017.
- (4) Comprises of income available for distribution to Unitholders of US\$20,181,000 from the period 1 January 2017 to 28 June 2017, and remaining distributable income from previous distribution.

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

Group	1H 2017 ⁽¹⁾		
	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At beginning of the period	495,331	51,674	547,005
Operations			
Net income for the period	-	29,750	29,750
Net increase in net assets resulting from operations	-	29,750	29,750
Unitholders' transactions			
New Units issued ⁽²⁾	80,512	-	80,512
Issuance costs ⁽³⁾	(1,773)	-	(1,773)
Manager's base fee paid/payable in Units	2,040	-	2,040
Property Manager's management fees paid/payable in Units	917	-	917
Distributions ⁽⁴⁾	(19,957)	(22,536)	(42,493)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	61,739	(22,536)	39,203
At end of the period	557,070	58,888	615,958

Trust	1H 2017 ⁽¹⁾		
	Units in issue and to be issued US\$'000	Accumulated losses US\$'000	Total US\$'000
At beginning of the period	495,331	9,603	504,934
Operations			
Net income for the period	-	8,406	8,406
Net increase in net assets resulting from operations	-	8,406	8,406
Unitholders' transactions			
New Units issued ⁽²⁾	80,512	-	80,512
Issuance costs ⁽³⁾	(1,773)	-	(1,773)
Manager's base fee paid/payable in Units	2,040	-	2,040
Property Manager's management fees paid/payable in Units	917	-	917
Distributions ⁽⁴⁾	(19,957)	(22,536)	(42,493)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	61,739	(22,536)	39,203
At end of the period	557,070	(4,527)	552,543

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its date of constitution to the Listing Date.
- (2) 97,003,000 units were issued on 29 June 2017 from Private Placement.
- (3) The issuance costs for 1H 2017 were for the underwriting fees and professional fees incurred as a result of Private Placement exercise which was completed on 29 June 2017.
- (4) Comprises of income available for distribution to Unitholders of US\$20,181,000 from the period 1 January 2017 to 28 June 2017, and remaining distributable income from previous distribution.

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

	2Q 2017⁽¹⁾	1H 2017⁽¹⁾
	Units	Units
Units in issue:		
At beginning of the period	629,610,788	627,862,659
Manager's base fee paid in Units	1,242,547	2,414,088
Property Manager's management fees paid in Units	512,024	1,088,612
Private Placement Units ⁽³⁾	97,003,000	97,003,000
Total issued Units as at end of the period	728,368,359	728,368,359
Units to be issued:		
Manager's base fee payable in Units ⁽²⁾	1,106,774	1,106,774
Property Manager's management fees payable in Units ⁽²⁾	520,135	520,135
Total issuable Units as at end of the period	1,626,909	1,626,909
Total Units issued and to be issued as at end of period	729,995,268	729,995,268

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant from its constitution to the Listing Date.
- (2) There are 1,626,909 units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the 2Q 2017 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2017 of US\$0.9023. 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 June 2017 or (ii) the closing price on the day of issuance of units in payment of property management fees.
- (3) Relates to Private Placement Units issued on 29 June 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 does not hold any treasury units as at 30 June 2017. The total number of issued units in Manulife US REIT was 728,368,359.

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.

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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 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.

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

	2Q 2017⁽¹⁾	1H 2017⁽¹⁾
EPU⁽²⁾		
Weighted average number of Units in issue and issuable	632,377,592	630,451,317
Basic and diluted EPU ⁽²⁾⁽³⁾ (cents)	3.36	4.72
DPU⁽⁴⁾⁽⁵⁾		
Number of Units in issue at 28 June 2017	631,365,359	631,365,359
Number of Units in issue at 30 June 2017	728,368,359	728,368,359
DPU based on the number of Units in issue as at 28 June 2017 ⁽⁴⁾ (cents)	1.55	3.20
DPU based on the number of Units in issue as at 30 June 2017 ⁽⁵⁾ (cents)	0.03	0.03
	1.58	3.23

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its date of constitution to the Listing Date.
- (2) The computation of basic EPU is based on the weighted number of units for the respective reporting period. This comprises of:
- (i) The weighted average number of units in issue includes Private Placement Units of 97,003,000 for the respective reporting period; 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 period.

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

- (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 period.
- (4) The computation of DPU is based on distributable income from the period from 1 January 2017 to 28 June 2017 and the number of units in issue as at 28 June 2017.
- (5) The computation of DPU is based on distributable income for the period from 29 June 2017 to 30 June 2017 (2 days) and the number of units in issue as at 30 June 2017.

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

	Group		Trust	
	As at 30 June 2017	As at 31 Dec 2016	As at 30 June 2017	As at 31 Dec 2016
Number of Units in issue and to be issued at end of period	729,995,268	629,619,003	729,995,268	629,619,003
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.84	0.87	0.76	0.80
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.84	0.83	0.76	0.77

Footnote:

(1) NAV and NTA is the same as there is no intangible asset as at 30 June 2017 and 31 December 2016.

8. Review of the performance for the Second Quarter period from 1 April 2017 to 30 June 2017 and the Half Year period from 1 January 2017 to 30 June 2017.

Please refer to Section 9 on the review of the actual results for the Second Quarter period from 1 April 2017 to 30 June 2017 and the Half Year period from 1 January 2017 to 30 June 2017 against the projection as disclosed in the Prospectus.

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9. Variance between Actual and Projection

Consolidated Statement of Comprehensive Income and Distribution Statement

<u>Consolidated Statement of Comprehensive Income</u>	2Q 2017 ⁽¹⁾			1H 2017 ⁽¹⁾		
	Actual	Projection ⁽²⁾	Change	Actual	Projection ⁽²⁾	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross revenue	19,906	19,970	(0.3)	39,739	40,060	(0.8)
Property operating expenses	(7,117)	(7,633)	(6.8)	(14,187)	(15,292)	(7.2)
Net property income	12,789	12,337	3.7	25,552	24,768	3.2
Interest income	7	-	N.M.	7	-	N.M.
Manager's base fee	(999)	(935)	6.8	(2,040)	(1,905)	7.1
Trustee's fee	(39)	(41)	(4.9)	(76)	(82)	(7.3)
Other trust expenses	(393)	(364)	8.0	(713)	(729)	(2.2)
Finance expenses	(1,994)	(2,314)	(13.8)	(3,937)	(4,628)	(14.9)
Net income before tax and fair value change in investment properties	9,371	8,683	7.9	18,793	17,424	7.9
Fair value change in investment properties	20,169	(918)	N.M.	19,576	(1,572)	N.M.
Net income for the period before tax	29,540	7,765	>100	38,369	15,852	>100
Tax expense	(8,295)	(331)	>100	(8,619)	(661)	>100
Net income for the period	21,245	7,434	>100	29,750	15,191	95.8
<u>Distribution Statement</u>						
Net income for the period	21,245	7,434	>100	29,750	15,191	95.8
Distribution adjustments	(11,258)	1,912	N.M.	(9,350)	3,858	N.M.
Income available for distribution to Unitholders	9,987	9,346	6.9	20,400	19,049	7.1

N.M.: Not meaningful

Footnotes:

- (1) No comparative figures have been presented as Manulife US REIT was dormant since its date of constitution to the Listing Date.
- (2) Projected results for 2Q 2017 and 1H 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.

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

2Q 2017

Gross revenue of US\$19.9 million was 0.3% below projection due to lower recoveries income, partially offset by higher rental and other income. Excluding recoveries income, gross revenue was 1.8% ahead of projection due to higher rental and other income. The higher rental and other income were largely due to rental escalations and higher car park income. Recoveries income from tenants is recognised when applicable recoverable property operating expenses are incurred. Since recoverable property operating expenses were lower than projection, recoveries income was also accordingly lower than projection.

Property operating expenses of US\$7.1 million was 6.8% below projection largely due to lower property taxes, utilities expenses and other property expenses.

Net property income of US\$12.8 million was 3.7% higher than projection due to higher rental and other income, and lower property expenses.

Finance expense of US\$2.0 million was lower than projection by 13.8% largely due to lower interest costs on refinanced loan facilities and lower amortisation of financing costs.

Fair value gain in investment properties of US\$20.2 million were recognised into income based on 30 June 2017 appraisals.

Net income of US\$21.2 million was ahead of projection largely due to higher net property income, lower finance expenses and fair value gains (net of deferred tax).

Distributable income of US\$10.0 million was ahead of projection by 6.9% largely due to higher net property income and lower interest costs.

1H 2017

Gross revenue of US\$39.7 million was 0.8% below projection due to lower recoveries income, partially offset by higher rental and other income. Excluding recoveries income, gross revenue was 1.4% ahead of projection due to higher rental and other income. The higher rental and other income were largely due to rental escalations and higher car park income. Recoveries income from tenants is recognised when applicable recoverable property operating expenses are incurred. Since recoverable property operating expenses were lower than projection, recoveries income was also accordingly lower than projection.

Property operating expenses of US\$14.2 million was 7.2% below projection largely due to lower property taxes, utilities expenses and other property expenses.

Net property income of US\$25.6 million was 3.2% higher than projection due to higher rental and other income, and lower property expenses.

Finance expense of US\$3.9 million was lower than projection by 14.9% largely due to lower interest costs on refinanced loan facilities and lower amortisation of financing costs.

The fair value of investment properties increased by US\$23.7 million or 2.8% since 31 December 2016, bringing total value of investment properties to US\$857.5 million. As a result, US\$19.6 million of fair value gain (net of accounting adjustments to cost of investment property) was recognised into income.

Net income of US\$29.8 million was ahead of projection largely due to higher net property income, lower finance expenses and fair value gains (net of deferred tax).

Distributable income of US\$20.4 million was ahead of projection by 7.1% largely due to higher net property income and lower interest costs.

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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

The U.S. reported an annualised real GDP growth rate of 2.6% for the second quarter of 2017, up substantially from the 1.2% reported for the first quarter and 1.6% for calendar year 2016. Since January, the unemployment rate has declined by 40 basis points (“bps”) to 4.4% in June 2017. The U.S. economy created 222,000 non-farm jobs in June, exceeding the 188,000 per month average year to date in 2017. This rate of employment growth is supportive of continued healthy absorption in the office market.

The Federal Reserve has increased interest rates by 25 bps three times in the last 12 months: in December 2016 and in March and June 2017. The REIT’s current borrowings have not been impacted by the increases as all borrowings are at fixed interest rates with no refinancing required until 2019.

U.S. office absorption has been relatively strong during the current business cycle, but the amount of new office construction has been increasing. According to JLL, in the second quarter of 2017: net absorption was 8.4 million square feet, new office completions totaled 11.7 million square feet, resulting in a 10 bps increase in the national vacancy rate to 14.8%. Rent growth has decelerated recently but was still robust, with JLL reporting 3.7% rent growth over the last 12 months for Class A office properties as of 2Q 2017.

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

With a portfolio occupancy of 95.9% based on in-place leases, weighted average lease expiry of 5.3 years as at 30 June 2017 and a limited percentage of leases expiring in 2017, the Manager expects the portfolio to deliver a stable performance. Going forward, the Manager will continue to be focused on asset, lease and capital management and will be actively seeking investment opportunities that deliver long term value to Unitholders.

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11. Distribution

(a) Current financial period

Any distribution declared for the current period? Yes – Advanced Distribution of US 3.20 cents per Unit for the period from 1 January 2017 to 28 June 2017

Distribution period	Distribution for the period from 1 January 2017 to 28 June 2017
Distribution type/rate	Distribution of US 3.20 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.66 cents 2. Capital: US 1.54 cents
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	28 June 2017
Payment Date	31 August 2017

Please refer to Advanced Distribution Book Closure Date announcement on 19 June 2017. Unitholders who have not submitted the required U.S. tax forms completely and accurately by Monday, 3 August 2017 date will be subject to 30% withholding taxes on the Distribution. The U.S. tax forms are required to be reviewed and validated by the appointed processing agent.

In connection with the Private Placement launched on 19 June 2017, the Manager had declared an Advanced Distribution of US 3.20 cents per unit for the period from 1 January 2017 to 28 June 2017, being the day immediately prior to the date on which the new units were issued. This was to ensure that the total amount available for distribution, accrued by Manulife US REIT up to the day immediately prior to the date on which the new units were issued, was only distributed to the Existing Unitholders, as a means to ensure fairness to these Unitholders.

(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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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 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 second quarter and half year ended 30 June 2017, 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

MANULIFE US REAL ESTATE INVESTMENT TRUST
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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

Victor Lai Kuan Loong
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
8 August 2017