Manulife
US REIT

First & Foremost

ANNUAL REPORT 2017

Mission

To provide Unitholders with sustainable distributions while maintaining an appropriate capital structure

Contents

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US REIT

First Pure-play U.S. Office REIT Listed in Asia

ABOUT MANULIFE US REIT

Manulife US Real Estate Investment Trust (MUST or the REIT) is a Singapore real estate investment trust (REIT) listed on the Singapore Exchange Securities Trading Limited (the SGX-ST) since 20 May 2016

Its investment strategy is principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States (U.S.), as well as real estate-related assets. MUST's portfolio comprises five prime, freehold, quality office properties strategically located in Los Angeles, Irvine, Atlanta, Secaucus and Jersey City with a combined asset value of US$1.3 billion as at 31 December 2017.

The REIT is managed by Manulife US Real Estate Management Pte. Ltd. (the Manager) which is wholly owned by the Sponsor, The Manufacturers Life Insurance Company (Manulife), part of the Manulife Group. The Sponsor's parent company, Manulife Financial Corporation (MFC), is a leading international financial services group providing forward-thinking solutions to help people with big financial decisions. It operates as John Hancock in the U.S., and Manulife elsewhere providing financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions.

Distribution per Unit (DPU)

5.77

US cents

As the first pure-play U.S. office REIT listed in Asia, Manulife US REIT has paved the way for investors to participate in the growth of the largest real estate market in the world. Our superior portfolio of freehold Trophy and Class A assets are strategically located in key U.S. markets with strong fundamentals.

MICHELSON, IRVINE, CALIFORNIA, TROPHY

First Mover Advantage

LEADING THE WAY AS THE FIRST PURE-PLAY U.S. OFFICE REIT IN ASIA

Occupancy Rate as at 31 December 2017

95.9%

Manulife US REIT targets to double its Assets under Management (AUM) to US$2.6 billion in the next two years by searching for yield-accretive deals either from third parties or its Sponsor. MUST will maintain the optimal occupancy levels of the properties through proactive leasing.

PLAZA, SECAUCUS, NEW JERSEY, CLASS A

First Class Strategy

TARGETING YIELD-ACCRETIVE ACQUISITIONS IN KEY U.S. MARKETS

Weighted Average Lease Expiry (WALE) as at 31 December 2017

5.7 Years

Manulife US REIT provides resilient distributions with visible growth. With an efficient tax structure, the key objectives are to provide Unitholders with stable distributions and to achieve long-term growth in DPU and Net Asset Value (NAV) through prudent capital management.

FIGUEROA, LOS ANGELES, CALIFORNIA, CLASS A

First Things First

DELIVERING SOLID RESULTS AND STABLE DISTRIBUTIONS TO UNITHOLDERS

FY2017
FINANCIAL HIGHLIGHTS

Capital Management

Gearing Ratio
33.7 %

Average Cost of Debt
2.83 % Per Annum

Average Debt Maturity
3.4 Years

Interest Cover Ratio
5.5 Times

Distributable Income
US$ **46.7** million
▲ 24.9% above projection[1]

Net Property Income
US$ **58.4** million
▲ 20.0% above projection[1]

Portfolio Valuation
US$ **1,312.8** million
▲ 57.4% vs 31 December 2016

Net Asset Value
US$ **0.82**[2] per Unit
▼ 5.7% vs 31 December 2016

1 The Prospectus disclosed a full year profit projection for the period from 1 January 2017 to 31 December 2017.
2 Lower NAV per Unit mainly due to the enlarged total number of issued Units in relation to the Rights Issue.

LETTER TO UNITHOLDERS

Hsieh Tsun-Yan
Chairman

Jill Smith
Chief Executive Officer

Dear Unitholders

On behalf of the Board of Directors of Manulife US Real Estate Management Pte. Ltd., the Manager of Manulife US REIT, we are pleased to present MUST's annual report for its full financial year ended 31 December 2017 (FY2017).

FY2017 was a momentous year for MUST. Our principle aim was to enhance Unitholders' value through the inorganic growth of our Initial Public Offering (IPO) portfolio[1] and we achieved this through two yield-accretive acquisitions, Plaza and Exchange. Both Class A, these new properties are located just minutes away from New York City (NYC) and they have already made a financial contribution to MUST in FY2017. Creation of value for investors - through acquisitions, the underlying strength of the portfolio, outperformance of DPU and increased valuations all led to the growth of AUM and elevated MUST amongst its REIT peers in Singapore.

In addition, we are pleased to publish MUST's inaugural Sustainability Report, which can be found on pages 50 to 67 of this annual report. This report provides details of MUST's sustainability approach, activities and performance in FY2017 against FY2016. It affirms our commitment to the responsible management of Environmental, Social and Governance (ESG) factors material to the REIT, thereby ensuring long-term value creation for Unitholders, employees and other stakeholders.

First Amongst Equals – Creating Value

In FY2017, MUST recorded a strong financial and operating performance underpinned by the inherent strength of our initial portfolio which recorded higher rental and other income, lower property expenses, as well as income contributions from Plaza and Exchange.

As at 31 December 2017, the high quality IPO portfolio's fair value had increased by US$28.4 million as compared to 31 December 2016. Similarly, the newly acquired properties, Plaza and Exchange, recognised a fair value increase of US$20.5 million. Together, the properties' fair value increased by US$48.9 million. As a result, the acquisitions of US$430.1 million for Plaza and Exchange and valuation growth of US$48.9 million increased the AUM by 57.4% from US$833.8 million in FY2016 to US$1.3 billion in FY2017.

The REIT registered a Net Property Income (NPI) of US$58.4 million and distributable income of US$46.7 million for FY2017 which outperformed projections[2] by 20.0% and 24.9%, respectively. In line with the strong performance, the REIT has declared distributions of 5.77 US cents per Unit for FY2017.

As at end January 2018, MUST's unit price stood at US$0.98, an increase of 28.4% from US$0.763[3] at the beginning of 2017 and the market capitalisation increased 94.4% to US$1.0 billion. Unitholders who have invested with MUST from 1 January 2017 to 31 January 2018 would have enjoyed a substantial total shareholder return of 36.7%.

First Mover Advantage – Leading the Way

MUST's strong portfolio continued to record a high occupancy rate of 95.9% as at 31 December 2017 and achieved a positive rental reversion of 12.2% for the same period. Overall, the

1 IPO portfolio comprised of Michelson, Peachtree and Figueroa.
2 The Prospectus disclosed a full year projection for the period from 1 January 2017 to 31 December 2017.
3 Adjusted for Rights Issue.

portfolio had a strong tenant profile and a long WALE of 5.7 years as at 31 December 2017. Given our presence in key U.S. locations, we are confident that the portfolio will continue to perform well and we intend to grow the REIT in a sustainable manner maintaining our first mover advantage.

First Things First – Prudent Capital Management

As at 31 December 2017, the REIT had 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 for financing future capital expenditure and leasing costs. In addition, the REIT has a 3-year US$10.0 million committed revolving credit facility for working capital purposes and a separate 1-year uncommitted US$120.0 million revolving credit facility to provide bridge financing for future acquisitions.

The REIT maintained a low gearing of 33.7%, with 100%[4] fixed rate loans and an average debt maturity of 3.4 years. The weighted interest cost of debt as at 31 December 2017 was 2.83% per annum. Moving forward, we will continue to optimise our capital structure and increase the REIT's financial flexibility through various sources of funding such as launching a Euro medium-term note programme, creating a distribution reinvestment plan and potentially unencumbering the property level mortgages.

While global economic conditions in general are showing signs of improvement and the U.S. economy in particular has recorded robust data supporting growth, uncertainty remains, and as the U.S. government has provided its fair share of surprises in 2017, we continue to mitigate such uncertainties with prudence and vigilance.

US Tax Act

In December 2017, the U.S. Government announced tax changes reforming the U.S. Internal Revenue Code and the resulting enactment of the US Tax Act[5]. To address the revised Act, Manulife US REIT has undergone some restructuring, details of which were set out in its SGX 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 cost of the restructuring to have a material impact on the consolidated net tangible assets or DPU of Manulife US REIT, absent any additional guidance or negative applications of relevant tax laws. We will update Unitholders if there is a material impact on the REIT and / or its Unitholders arising from the above.

U.S. Outlook

Buoyed by the encouraging outlook for the U.S. economy, the scale and diversity of the U.S. office market still offers plenty of acquisition opportunities. This will allow the Manager to further fortify the portfolio, diversify trade sectors, expand the tenant base, and generate stable and visible cash flows. The U.S. Department of Commerce reported that the annualised real Gross Domestic Product (GDP) growth rate for 4Q2017 was 2.6%, an increase of 0.8% compared to the same period a year ago.

4 Excludes Good News Facilities.
5 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 Cut and Jobs Act of 2017".

LETTER TO UNITHOLDERS

The GDP growth rate reflected solid consumer and government spending. The U.S. economy generated 148,000 non-farm jobs in December 2017, primarily in the health care, construction and manufacturing sectors. During 2017, 2.1 million jobs were created, an average of 175,000 jobs per month. All told, the recent trend of employment growth is supportive of continued healthy absorption in the office market.

First Class Strategy – Targeting Yield-Accretive Acquisitions in Key U.S. Markets

MUST is committed to delivering resilient distributions with visible growth. These goals can be achieved through three key strategies and MUST will be supported by its Sponsor that has more than 80 years of real estate experience, over 600 real estate professionals in 23 offices globally.

Firstly, the Manager will continue to differentiate itself by acquiring yield-accretive Trophy and Class A assets in key U.S. locations from third parties or from our Sponsor, with the intention of doubling MUST's AUM to US$2.6 billion in two years. Acquisitions will have to meet our key criteria such as a long WALE, high occupancy, a live-work-play / highly amenitised environment, strong economic fundamentals plus Trophy or Class A assets.

Secondly, we will further unlock organic growth through proactive management by enhancing our properties while maintaining optimal occupancy. To that end, we will commence an accelerated programme of Asset Enhancement Initiatives (AEI) in Figueroa and Exchange in 2Q and 3Q2018 respectively, keeping our properties fresh, relevant and exciting for tenants way into the future.

Lastly, we will continue to optimise the capital structure and increase financial flexibility. With the prudence, expertise and commitment of the Manager, we are confident that MUST will grow steadily and be in a position to deliver further value to our Unitholders.

Note of Appreciation

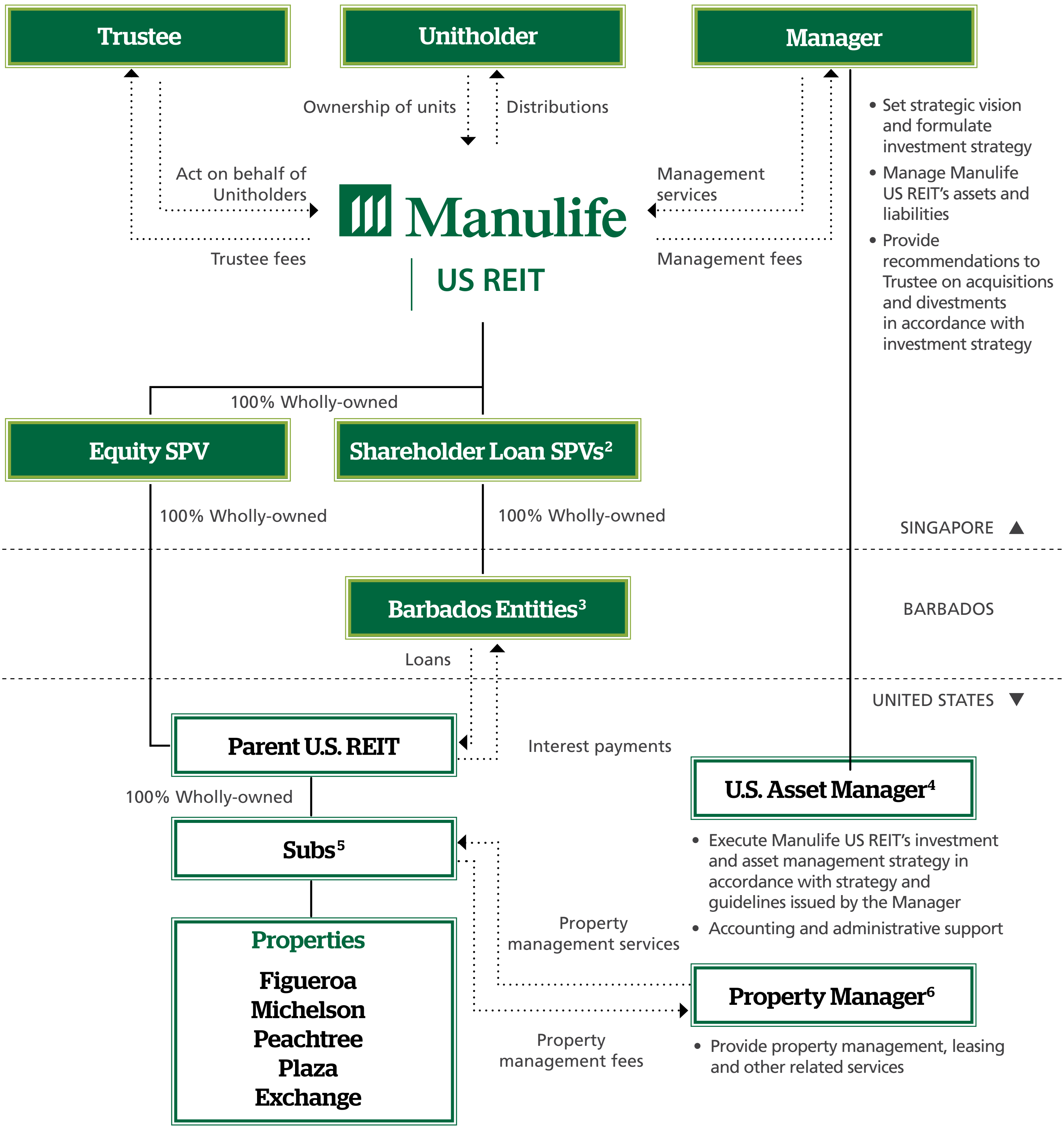
All in all, it has been a bountiful year for MUST and we wish to express our gratitude to our fellow Directors, management and employees for their valuable advice, energy and dedication to help MUST achieve yet another milestone in its REIT journey.

We are also deeply appreciative of the support shown by the investment community, our Unitholders, business partners, advisors and tenants for their unwavering support over the year.

Hsieh Tsun-Yan
Chairman

Jill Smith
Chief Executive Officer

TRUST & TAX STRUCTURE[1]



1 As at 1 January 2018. Please refer to the SGX announcement dated 2 January 2018 titled "Redemption of Preferred Shares by U.S. REITs and Proposed Establishment of Wholly-Owned Entities" for details of the restructuring undertaken by MUST.
2 There are three wholly-owned Shareholder Loan SPVs, each of which has made equity investments in two wholly-owned Barbados entities which had formed a Barbados Limited Partnership.
3 The Barbados Limited Partnerships have extended loans to the Parent U.S. REIT and the interest income on the loans is taxed in Barbados.
4 The U.S. Asset Manager is a subsidiary of the Property Manager.
5 Each Sub holds an individual property.
6 The Property Manager has entered into a master property management agreement with the Parent U.S. REIT and a property management agreement with each Sub.

CREATING VALUE

MUST is committed to delivering value for its Unitholders. In its second year of listing, the REIT acquired two prime properties minutes away from New York City, at a total purchase price of US$430.1 million. In FY2017, MUST delivered distributions that surpassed projections for all its quarterly results.

During the year, Figueroa and Peachtree completed a multi-year lift lobby and restroom refurbishment programme. Through proactive asset enhancement and leasing strategies, the portfolio achieved a high occupancy of 95.9% and WALE of 5.7 years as at 31 December 2017.

The REIT ended the year on a high, producing a 57.4% increase in its AUM from US$833.8 million as at 31 December 2016 to US$1.3 billion. Unitholders were also rewarded with a Total Shareholder Return (TSR) of 36.7% for FY2017.

Key Strategy

INORGANIC GROWTH
Acquire yield-accretive assets either from third parties or Sponsor

ORGANIC GROWTH
Increase distributions through proactive leasing while maintaining optimal occupancy levels

CAPITAL MANAGEMENT
Optimise capital structure and increase financial flexibility

MISSION
To provide Unitholders with sustainble distributions while maintaining an appropriate capital structure

PERFORMANCE

Acquisitions
Acquired two yield-accretive assets at a purchase price of US$430.1 million

Portfolio
- High occupancy of 95.9% exceeds U.S. market 87.2%[1]
- Long WALE of 5.7 years

DPU
DPU outperformed projection[2] in all quarters
- 1Q2017: +8.6%
- 2Q2017: +7.5%
- 3Q2017: +9.6%
- 4Q2017: +7.6%[3]

Valuation
Portfolio valuation increased by US$48.9 million

VALUE CREATION

AUM
AUM increased by 57.4%
- FY2016: US$833.8 million
- FY2017: US$1.3 billion

Market Cap[4]
Market Cap increased by 94.4%
- 3 Jan 2017: US$521.1 million
- 31 Jan 2018: US$1.0 billion

Total Shareholder Return[4]
TSR of 36.7%[5] from 3 Jan 2017 to 31 Jan 2018

Unit Price[4]
Unit price increased by 28.4%
- 3 Jan 2017: US$0.763[3]
- 31 Jan 2018: US$0.980

1 Source: CoStar Office National Report (9 January 2018); Class A office only.
2 The Prospectus disclosed a full year projection for the period from 1 January 2017 to 31 December 2017.
3 Adjusted for Rights Issue.
4 Based on MUST opening price on 3 January 2017 and closing price on 31 January 2018.
5 Source of TSR: Bloomberg.

KEY EVENTS

2018

2 — **February 2018**

- Announced 4Q2017 DPU of 1.42 US cents which outperformed projection by 7.6%

2017

11 — **November 2017**

- Completed the acquisition of Exchange
- Announced 3Q2017 DPU of 1.60 US cents which outperformed projection by 9.6%
- Held U.S. site visit for Media and Analysts
- Held retail Investor Day 2017
- Volunteered at St. Luke's Hospital helping patients with occupational therapy activities

10 — **October 2017**

- Partnered with YWCA Singapore accompanying a group of elderly on the "Duck and Hippo" tour around Singapore

9 — **September 2017**

- Announced second acquisition of Exchange in Jersey City, New Jersey for US$315.1 million
- Awarded Green Star in GRESB assessment 2017
- Held first Extraordinary General Meeting on 19 September 2017

8 — **August 2017**

- Announced 2Q2017 DPU of 1.58 US cents which outperformed projection by 7.5%

7 — **July 2017**

- Completed the acquisition of Plaza
- Awarded Best Annual Report for First-Year Listed Companies at the Singapore Corporate Awards 2017

6 — **June 2017**

- Ranked 11th among 43 REITs and Business Trusts in the Governance Index for Trusts (GIFT) 2017
- Announced maiden acquisition of Plaza in Secaucus, New Jersey for US$115.0 million

5 — **May 2017**

- Announced 1Q2017 DPU of 1.65 US cents which outperformed projection by 8.6%

4 — **April 2017**

- Held first Annual General Meeting on 24 April 2017

3 — **March 2017**

- Included in the GPR/APREA Investable REIT 100 Index

2 — **February 2017**

- Announced 4Q2016 DPU of 1.54 US cents which outperformed forecast by 3.6%

BOARD OF DIRECTORS

1.

2.

3.

4.

5.

6.

7.

1. Hsieh Tsun-Yan

Chairman
Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Science in Mechanical Engineering, University of Alberta
- Master of Business Administration, Harvard Business School

Date of Appointment as Director
- 17 June 2015

Length of Service as Director (as at 31 December 2017)
- 2 years and 6 months

Board Committee Served on
- Nominating and Remuneration Committee (Member)

Present Directorships in other Listed Companies
- Manulife Financial Corporation, Canada
- Singapore Airlines Limited (Executive Committee)

Present other Principal Commitments
- LinHart Group, Singapore (Lead Counsellor and Chairman)
- The Manufacturers Life Insurance Company (Director)
- National University of Singapore (NUS) Business School (Management Advisory Board Member)
- NUS Business School and Lee Kuan Yew School of Public Policy, Singapore (Provost's Chair Professor)
- The Institute of Policy Studies, Singapore (Academic Panel Member)
- Singapore Institute of Management (Governing Council Vice Chairman)
- Duke-NUS Graduate Medical School, Singapore (Governing Board Member)

Past Directorships or Principal Commitments held over the Preceding Three Years
- Singapore International Foundation (Board of Governors, Executive Committee Member)
- Singapore Institute of Management Pte. Ltd. (Director)

Experience
- Over 30 years of experience in international business, leadership development and corporate transformation
- Previously Director at McKinsey & Company

2. Lau Chun Wah @ Davy Lau

Independent Non-Executive Director
Lead Independent Director

Academic and Professional Qualifications

- Bachelor of Arts, Tokyo University of Foreign Studies
- Master of Economics, Hitotsubashi University

Date of Appointment as Director

- 17 June 2015

Length of Service as Director (as at 31 December 2017)

- 2 years and 6 months

Board Committee Served on

- Nominating and Remuneration Committee (Chairman)

Present Directorships in other Listed Companies

NIL

Present other Principal Commitments

- DGL Group Inc., BVI (Chairman and Director)
- United World College of South East Asia, Singapore (Board of Governors)
- United World College of South East Asia – East, Singapore (Board of Governors)
- IVC Global Partners Pte Ltd, Singapore (Director)
- Gooute Pte Ltd, Singapore (Director)
- Sentiens Asia Pte Ltd, Singapore (Director)
- Make-A-Wish Foundation (Singapore) Limited (Director)
- Hong Kong-ASEAN Economic Cooperation Foundation, Hong Kong (Director)

Past Directorships or Principal Commitments held over the Preceding Three Years

- Make-A-Wish Foundation (Singapore) Limited (Advisory Board Member)
- iMediaHouse.com Ltd (Director)
- Strategic Investment Partners Inc (Director)
- eZoo School of Music & Fine Arts Pte. Ltd. (Director)
- Ocean Rich Group Ltd, BVI (Director)
- AL Group Limited (Director)

Experience

- Over 20 years of experience in investments, advisory and executive search

3. Ho Chew Thim

Independent Non-Executive Director

Academic and Professional Qualifications

- Bachelor of Accountancy (First Class Honours), University of Singapore
- Institute of Singapore Chartered Accountants, Fellow Member
- CPA Australia, Fellow Member

Date of Appointment as Director

- 17 June 2015

Length of Service as Director (as at 31 December 2017)

- 2 years and 6 months

Board Committee Served on

- Audit and Risk Committee (Chairman)

Present Directorships in other Listed Companies

- Yongmao Holdings Limited (Director)
- Mencast Holdings Ltd (Director)
- China Kunda Technology Holdings Limited (Director)
- Hengyang Petrochemical Logistics Limited (Director)
- DeClout Limited (Director)
- Procurri Corporation Limited (Director)

Present other Principal Commitments

NIL

Past Directorships or Principal Commitments held over the Preceding Three Years

NIL

Experience

- Over 40 years of experience in finance, treasury, corporate planning and investments

BOARD OF DIRECTORS

4. Ms Veronica Julia McCann

Independent Non-Executive Director

Academic and Professional Qualifications
- CIMA, University of Central London
- Chartered Institute of Management Accountants, Fellow Member
- Chartered Global Management Accountants, Member

Date of Appointment as Director
- 17 June 2015

Length of Service as Director (as at 31 December 2017)
- 2 years and 6 months

Board Committees Served on
- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

Present Directorships in other Listed Companies

NIL

Present other Principal Commitments
- British Chamber of Commerce Singapore (Treasurer)
- Advanced Materials Technologies Pte. Ltd. (Director)

Past Directorships or Principal Commitments held over the Preceding Three Years
- Commerz Securities Hong Kong Limited (Director)
- Commerzbank Asset Management Asia Limited (Director)
- Commerz Asset Management Asia Pacific Pte Ltd (Director)

Experience
- Over 30 years of experience in banking and finance
- Previously Chief Financial Officer Asia and Deputy Chief Executive, Singapore at Commerzbank AG

5. Dr Choo Kian Koon

Independent Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Science in Estate Management, University of Singapore
- Master of Philosophy in Environmental Planning, University of Nottingham
- Doctor of Philosophy (Urban Planning) with Certificate of Achievement in Urban Design, University of Washington
- Singapore Institute of Planners, Affiliate Member
- Singapore Institute of Surveyors and Valuers, Fellow

Date of Appointment as Director
- 9 June 2017

Length of Service as Director (as at 31 December 2017)
- 6 months

Board Committee Served on
- Audit and Risk Committee (Member)

Present Directorships in other Listed Companies
- Pan Hong Holdings Group Ltd. (Director)

Present other Principal Commitments
- VestAsia Group Pte. Ltd. (Chairman and Director)
- Department of Real Estate, National University of Singapore (Adjunct Associate Professor)

Past Directorships or Principal Commitments held over the Preceding Three Years
- Ascendas Hospitality Fund Management Pte Ltd, manager of Ascendas Hospitality Real Estate Investment Trust (Director)
- Ascendas Hospitality Trust Management Pte Ltd, trustee-manager of Ascendas Hospitality Business Trust (Director)

Experience
- Over 40 years of experience in property industry
- Previously Senior Vice President at CapitaLand and supervised the establishment of CapitaLand Mall Trust and CapitaLand Commercial Trust

6. Kevin John Eric Adolphe

Non-Executive Director

Academic and Professional Qualifications
- Bachelor of Commerce, University of Toronto
- Chartered Accountant, Canadian and Ontario Institutes of Chartered Accountants

Date of Appointment as Director
- 30 March 2015

Length of Service as Director (as at 31 December 2017)
- 2 years and 9 months

Board Committee Served on
NIL

Present Directorships in other Listed Companies
NIL

Present other Principal Commitments
- The Manufacturers Life Insurance Company (Executive Vice President)
- Manulife Asset Management Private Markets (Canada) Corp. (Director)
- Manulife Real Estate Funds (Director)
- Manulife Private Funds (Canada) Inc. (Director)
- NAL Resources Management Limited (Director)
- Hancock Capital Investment Management, LLC (Director)
- Hancock Natural Resource Group, Inc. (Director)
- Rogers Bank (Director)

Past Directorships or Principal Commitments held over the Preceding Three Years
NIL

Experience
- Over 20 years in banking, finance and asset management
- President & Chief Executive Officer of Manulife Asset Management Private Markets & President & Chief Executive Officer, Manulife Real Estate

7. Michael Floyd Dommermuth

Non-Executive Director

Academic and Professional Qualifications
- B.S. Mathematics, Management Science, Carnegie-Mellon University, USA

Date of Appointment as Director
- 30 March 2015

Length of Service as Director (as at 31 December 2017)
- 2 years and 9 months

Board Committee Served on
NIL

Present Directorships in other Listed Companies
NIL

Present other Principal Commitments
- Manulife Asset Management (Hong Kong) Limited (Director)
- PT Manulife Aset Manajemen Indonesia (Director)
- Manulife Asset Management (Singapore) Pte. Ltd. (Director)
- Manulife Asset Management (Taiwan) Company Ltd. (Director)
- Manulife Financial Investment Ltd. (Director)
- Manulife Asset Management (Japan) Ltd. (Director)
- Manulife TEDA Fund Management Co., Ltd. (Director)

Past Directorships or Principal Commitments held over the Preceding Three Years
- Manulife Asset Management Services Berhad (Director)
- Manulife Asset Management (Thailand) Company Limited (Director)

Experience
- Over 20 years in asset management, investments and investment operations
- Executive Vice President, Head of Wealth & Asset Management, Asia, Manulife Asset Management

MANAGEMENT

TEAM

First Amongst Equals

The key executives gathered regularly to discuss and brainstorm strategies for the REIT. During these sessions, pertinent issues such as challenges in the market, performance of the portfolio and human capital were covered.

Jill Smith

Chief Executive Officer

Ms Jill Smith is the Chief Executive Officer (CEO) of the Manager. She works with the Board to determine the strategy of the REIT. Ms Smith is also responsible for the overall day-to-day management and operations of the REIT, and works closely with the Manager's investment, asset management, financial, operations plus legal and compliance teams to meet the REIT's strategic, investment and operational objectives.

Ms Smith has over 40 years of experience as an investment management professional in Asia and Europe. She has extensive experience in portfolio management, business development and management, as well as in sales and marketing. Previously to joining the Manager, Ms Smith held several senior executive positions within Manulife Asset Management. She was Senior Managing Director, Chief Executive Officer and Chief Investment Officer for Manulife Asset Management (Singapore) Pte. Ltd. Ms Smith was previously a Director of several Manulife overseas entities.

Prior to joining Manulife in 2007, Ms Smith was with Western Asset Management (Singapore), Rothschild Asset Management (Singapore) and Lazard Investors (Singapore). Before moving to Singapore in 1993, Ms Smith held a number of senior positions with leading U.K. financial companies.

Ms Smith holds a Bachelor of Arts (Honours) in Sociology and a Postgraduate Certificate of Education, both from Durham University, UK.

Jagjit Obhan

Chief Financial Officer

Mr Jagjit Obhan is the Chief Financial Officer of the Manager. He reports to the CEO and is responsible for finance, capital management, treasury and accounting operations for the REIT.

Mr Obhan has over 20 years of experience in audit, banking, corporate finance, real estate and regulatory reporting. Mr Obhan has worked at Manulife for over 12 years in a variety of managerial positions.

Prior to joining the Manager in 2015, Mr Obhan was a Managing Director and Head of Third Party Finance for Manulife Asset Management Private Markets, where he was responsible for finance, treasury and reporting functions for real estate, private debt and commercial mortgage funds.

Mr Obhan also held the position of Chief Accountant for Manulife Investment Division and led Manulife Bank's external and board reporting function.

Before joining Manulife, Mr Obhan worked in the Royal Bank of Canada and Ernst and Young.

Mr Obhan holds a Bachelor of Commerce (Honours) and Chartered Professional Accountant and Chartered Accountant designations from Chartered Professional Accountants of Ontario, Canada. He holds an Executive Master of Business Administration from a joint J.L. Kellogg School of Management (Northwestern University) and York University programme.

Jennifer Schillaci

Chief Investment Officer
(effective 17 January 2018)

Ms Jennifer Schillaci is the Chief Investment Officer of the Manager. She reports to the CEO, and together with the other members of the management team, executes the investment programme. In addition, Ms Schillaci directs the asset management, property management and acquisition teams in the U.S.

Ms Schillaci has more than 14 years of experience at Manulife Financial Corporation (Manulife). Before joining the Manager, she was a Managing Director and Senior Portfolio Manager in Manulife Real Estate, the global real estate investment and management arm of Manulife, where she was primarily responsible for the investment strategy and portfolio management, including acquisitions, dispositions and financing, of both the Manulife Canadian Property Portfolio and the Manulife Canadian Real Estate Investment Fund (private REITs for institutional investors).

Previously, Ms Schillaci was an Investment Director with Manulife Real Estate where she was responsible for the successful execution of acquisition targets, concentrating primarily on west coast markets of the U.S., as well as the disposition of non-core assets plus the monitoring and analysis of the company's real estate investment performance. Prior to this role, she was the Leasing Manager responsible for negotiating and executing office leases for Manulife's real estate portfolio.

Ms Schillaci holds a Bachelor of Commerce (Honours) degree from the University of Toronto and holds the Chartered Financial Analyst designation.

Jeffrey Wolfe

Chief Investment Officer
(till 17 January 2018)

Mr Jeffrey Wolfe is the Chief Investment Officer of the Manager. He reports to the CEO, and together with the management team, executes the investment programme and directs the asset management, property management and acquisition teams in the U.S.

Mr Wolfe has over 30 years of experience in all aspects of U.S. real estate investment. He has transaction and third-party advisory experience, including establishing portfolio strategies for clients and managing real estate investments to optimise their performance. His background includes investing through multiple market cycles in both equity real estate and mortgage loans, with senior roles in portfolio management, asset management, acquisitions, appraisal and credit analysis.

Prior to joining the Manager, Mr Wolfe was the Portfolio Manager for Manulife's global real estate portfolio. He was also formerly a Managing Director of John Hancock Real Estate (John Hancock), where he acquired office and industrial properties in the U.S. on behalf of John Hancock and third party investment clients.

Mr Wolfe holds a Bachelor of Science (Honours) in Finance from Boston College. He is a Chartered Financial Analyst (CFA), and also holds the MAI designation (for commercial real estate appraisers).

Caroline Fong

Head of Investor Relations

Ms Caroline Fong is the Head of Investor Relations for the Manager. She reports to the CEO and is responsible for managing the expectations and relationships of the investment and media community with the REIT.

Ms Fong has over 13 years of experience in investor relations, capital markets and research. Prior to joining MUST, Ms Fong was Associate Director, Investor Relations and Corporate Finance in Temasek Holdings and Head of Investor Relations and Corporate Communications in ESR-REIT. At ESR-REIT, Ms Fong was instrumental in profiling the REIT to be the best performing industrial REIT and second best performing SREIT in 2013.

In addition, Ms Fong was formerly Head of Investor Relations for CapitaLand Mall Asia, where she was responsible for creating the narrative for the company's retail businesses in Singapore and four other countries. Early in her career, Ms Fong was Associate Director, Listings at the Singapore Exchange, where she advised companies on corporate governance and the regulatory framework for public-listed companies in Singapore.

Ms Fong holds a Masters in Finance and Investment from the University of Nottingham, UK and a Bachelor of Science (Honours) in Banking and Finance from the University of London, UK.

Daphne Chua

Head of Compliance

Ms Daphne Chua is the Head of Compliance for the Manager. She reports to the CEO and is responsible for making all regulatory filings on behalf of MUST, and assists the REIT in complying with the applicable provisions of the SFA and all other relevant legislations.

Ms Chua has over 19 years of experience in the field of compliance for a variety of global financial institutions and investment companies with operations in Singapore. She has also worked closely with various boards of Directors, senior management, independent and internal auditors, legal advisors and regulators, both in Singapore and internationally. In addition, Ms Chua has developed compliance and related policies and procedures for asset management, fund business units and other financial entities, by implementing local and international industry best practices.

Prior to joining the Manager in 2015, Ms Chua held a number of compliance positions including those for Manulife Asset Management (Singapore) Pte. Ltd., Credit Suisse Singapore Branch Private Banking, Prudential Fund Management Services Private Limited and Morgan Stanley in Singapore.

Ms Chua holds a Bachelor of Accountancy (with a Minor in Banking & Finance) (Honours) from Nanyang Technology University, Singapore.

Choong Chia Yee

Financial Controller

Mr Choong Chia Yee is the Financial Controller for the Manager. He is responsible for financial and management reporting, as well as day-to-day running of finance operations.

Mr Choong has over 19 years of experience in accounting, finance, strategic planning, budgeting, tax, initial public offering, audit, regulatory reporting and compliance. Prior to joining the Manager in November 2016, Mr Choong was Vice President, Finance at Mapletree Logistics Trust and he held several positions in CapitaLand Mall Asia. He has extensive experience of corporate entities that have widespread international operations.

Mr Choong holds a professional qualification from the Chartered Institute of Management Accountants, U.K. He also holds the designations of Chartered Global Management Accountant, Chartered Accountant of Singapore and Chartered Accountant of Malaysia.

FINANCIAL REVIEW

In FY2017, MUST delivered strong financial results on the back of good property performance and income contribution from Plaza and Exchange acquisitions. The REIT recorded distributable income of US$46.7 million, which outperformed its IPO projection by 24.9%. This translated into a DPU (restated for Rights Issue) of 5.53 US cents, which was 1.8% higher than DPU projection (restated for Rights Issue) of 5.43 US cents.

Consolidated Statement of Comprehensive Income	FY2017			FY2016[1]
	Actual	Projection[2]	Change	Actual[3]
	US$'000	US$'000	%	US$'000
Gross revenue	92,040	79,342	16.0	47,510
Property operating expenses	(33,689)	(30,723)	9.7	(17,538)
Net property income	**58,351**	**48,619**	**20.0**	**29,972**
Interest income	11	–	N.M.	–
Manager's base fee	(4,672)	(3,740)	24.9	(2,231)
Trustee's fee	(172)	(164)	4.9	(89)
Other trust expenses	(1,638)	(1,459)	12.3	(805)
Finance expenses	(9,506)	(9,323)	2.0	(5,098)
Net income before tax and fair value change in investment properties	**42,374**	**33,933**	**24.9**	**21,749**
Net fair value change in investment properties	31,395	(2,861)	N.M.	52,316
Net income for the year / period before tax	**73,769**	**31,072**	**>100**	**74,065**
Tax expense	(15,805)	(1,327)	>100	(22,391)
Net income for the year / period	**57,964**	**29,745**	**94.9**	**51,674**
Income available for distribution to Unitholders	**46,716**	**37,395**	**24.9**	**22,306**
Distribution per Unit (US cents)				
– Before reinstatement of Rights Issue	**5.77**[4]	**5.87**	**(1.7)**	**3.55**
– Restated for Rights Issue[5]	**5.53**[6]	**5.43**	**1.8**	**3.28**

	FY2017	FY2016[1]
Total operating expenses, including all fees, charges and reimbursable costs paid to the Manager and interested parties[7] (US$'000)	40,261	20,561
Net assets[8] (US$'000)	852,106	547,005
Total operating expenses as percentage of net assets (%)	4.7	3.8

1 FY2016 refers to the period from 20 May 2016 (Listing Date) to 31 December 2016.
2 The Prospectus disclosed a full year profit projection for the period from 1 January 2017 to 31 December 2017.
3 The actual results of FY2016 is for the reporting period 20 May 2016 (Listing Date) to 31 December 2016 (FY2016 - 226 days). However, FY2017 reporting period is from 1 January 2017 to 31 December 2017 (365 days). Accordingly, since the FY2017 reporting period is 139 days longer than FY2016, 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 FY2017 vs. FY2016.
4 DPU includes 3.20 US cents for the period from 1 January 2017 to 28 June 2017, calculated based on 631,365,359 Units and 2.57 US cents for the period from 29 June 2017 to 31 December 2017, calculated based on 1,033,722,152 Units.
5 DPU has been restated for Rights Issue, through which 299,288,423 units were issued on 25 October 2017.
6 Comprised of DPU (restated for Rights Issue) of 2.96 US cents for the period from 1 January 2017 to 28 June 2017 and 2.57 US cents for the period from 29 June 2017 to 31 December 2017.
7 Excludes net foreign exchange gains or losses and finance expenses.
8 Net assets as at 31 December 2017 and 31 December 2016.
N.M.: Not meaningful

Gross Revenue

Gross revenue of US$92.0 million was 16.0% higher than the IPO projection largely due to revenue contributions from Plaza and Exchange acquired in FY2017, and higher rental and other income from IPO portfolio. The higher rental and other income from IPO portfolio was driven by rental step-ups, rental reversions on new leases and renewals, and higher car park income.

The gross revenue was partially offset by lower recoveries income. Recoveries income from tenants is recognised when applicable recoverable property operating expenses are incurred. Since the recoverable property operating expenses were lower than projection, the recoveries income was also accordingly lower. Excluding recoveries, the rental and other income was higher than the IPO projection by 22.6%.

FY2017	Actual	Projection[2]	Change
	US$'000	US$'000	%
Rental income and other income[9]	70,354	57,369	22.6
Recoveries income[10]	21,686	21,973	(1.3)
Gross revenue	**92,040**	**79,342**	**16.0**

Net Property Income

The NPI of US$58.4 million was ahead of projection by 20.0% largely due to NPI contributions from Plaza and Exchange acquired in FY2017, and strong performance from IPO portfolio resulting from higher revenues and lower property operating expenses. The lower property expenses were driven by lower property taxes, lower utility expenses resulting from energy saving initiatives in Michelson and tighter management control on other property expenses. The NPI of the IPO properties exceeded IPO projection by 4.2%.

FY2017	Actual	Projection[2]	Change
	US$'000	US$'000	%
Net property income	58,351	48,619	20.0
Net property income on cash basis[11]	55,415	45,757	21.1

Management Fee

MUST's base management fee and performance management fee are based on its distributable income and DPU growth respectively, so as to better align the interests of the Manager and Unitholders. Under the Trust Deed, the Manager is entitled to receive a base fee of 10.0% per annum of the distributable income (Base Fee), as well as a performance fee of 25.0% of the difference in DPU in a financial year compared with the preceding financial year, multiplied by the weighted average number of issued Units (Performance Fee). The Performance Fee for FY2017 is based on the difference between actual DPU and projected DPU as stated in the Prospectus. There is no Performance Fee for FY2017.

Base Fee was 24.9% higher than projection due to higher than projected distributable income. The Manager has elected to receive Base Fee in Units.

Finance Expenses and Trust Expenses

Finance expenses of US$9.5 million were higher than projection by 2.0% largely due to finance expenses on new loan facilities secured for Plaza and Exchange acquisitions that were not included in the projection. The higher finance expenses were partially offset by lower interest cost on loan facilities secured for the IPO portfolio in FY2016 (refer to section on Prudent Capital Management). Trust expenses of US$1.6 million were 12.3% higher than projection largely due to audit and tax compliance costs related to new entities setup for Plaza and Exchange acquisitions, and tax restructuring costs.

9 Includes rental income, car park income and other income.
10 Recoveries income includes charges to tenants for reimbursements, at cost, of certain operating costs and real estate taxes and is estimated in accordance with individual tenant leases.
11 Excludes the effects of recognising accounting income on a straight line basis over the terms of the leases and tenant incentive amortisation. and includes rent free reimbursements, 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 MUST the free rent under existing lease arrangements and the rent free reimbursements are applied towards the distributable income.

FINANCIAL REVIEW

Net Income

Net income of US$58.0 million was ahead of projection by 94.9% mainly due to property fair value gain. The fair value gain was partially offset by deferred tax expense arising from fair value gain.

Distributable Income and DPU

The distributable income of US$46.7 million was also ahead of projection by 24.9% mainly due to income contribution from properties acquired in FY2017 and higher NPI on IPO portfolio. The Manager continues to pay 100% of distributable income to Unitholders.

DPU (restated for Rights Issue) of 5.53 US cents, was higher than DPU projection (restated for Rights Issue) of 5.43 US cents by 1.8%. This translated to a DPU yield of 5.9% at a Unit price of US$0.935 as at 9 February 2018, delivering a spread of 3.1% above the 10-year U.S. government bond yield.

DPU	FY2017	FY2016[1]
Actual before reinstatement of Rights Issue (US cents)	5.77	3.55
Projection before reinstatement of Rights Issue (US cents)	5.87	3.39
Variance (%)	(1.7)	4.8
Actual restated for Rights Issue (US cents)	5.53	3.28
Projection restated for Rights Issue (US cents)	5.43	3.13
Variance (%)	1.8	4.8

Assets

As at 31 December 2017, the total assets for MUST were US$1.4 billion, which was $494.0 million or 56.4% higher than FY2016. The increase in property portfolio value by 57.4% was driven by properties acquired in FY2017 and valuation gains on properties. The valuation gains were driven by strong property performance, favourable market fundamentals and acquiring Exchange at a discount to the appraised fair value from the Sponsor.

	Valuation as at 31 December 2017	Valuation as at 31 December 2016	Acquisition Price	2017 vs 2016 Change	2017 vs Acquisition Price Change	Cap Rates[12] as at 31 December 2017	Cap Rates[12] as at 31 December 2016
Property	US$ million	US$ million	US$ million	%	%	%	%
Figueroa	326.0	312.5	284.7	4.3	14.5	5.00	4.75
Michelson	342.0	334.6	317.8	2.2	7.6	5.25	5.25
Peachtree	194.2	186.7	175.0	4.0	11.0	6.00	6.00
Plaza	118.0	–	115.0	N.M.	2.6	6.50	–
Exchange	332.6	–	315.1	N.M.	5.6	5.00	–
Total	1,312.8	833.8	1,207.6	57.4	8.7		
Weighted Average						5.35	5.23

12 Based on overall cap rates used in Direct Capitalisation valuation approach.

Net Asset Value

The REIT's NAV per Unit was US$0.82 as at 31 December 2017. The NAV per Unit excluding distributable income was US$0.80 as at 31 December 2017. This was lower than the previous year of US$0.87 mainly due to the enlarged total number of issued Units in relation to the Rights Issue.

Proactive and Prudent Capital Management

The Manager has a proactive and prudent approach towards capital management, and endeavours to optimise the REIT's capital structure by employing an appropriate mix of debt and equity instruments to fund future acquisitions and asset enhancement initiatives within MUST's properties.

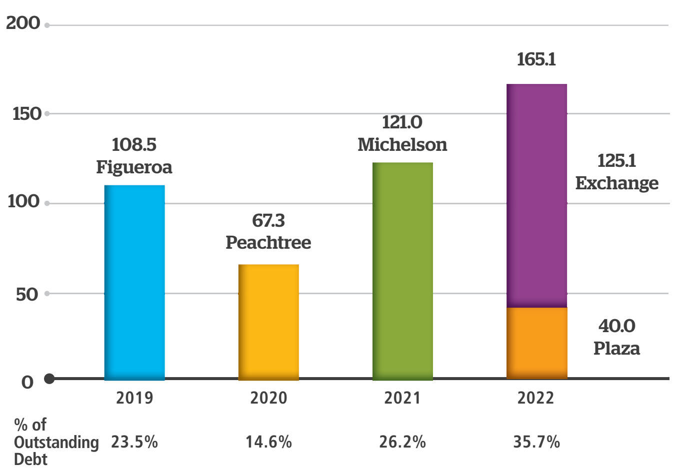
Key Financial Indicators	As at 31 December 2017	As at 31 December 2016
Gross borrowings	US$461.9 million	US$296.0 million
Gearing ratio[13]	33.7%	33.8%
Weighted average cost of debt	2.83% p.a.	2.46% p.a.
Weighted average debt maturity	3.4 years	3.6 years
Interest cover ratio[14]	5.5 times	5.3 times

Financing Acquisition Growth

During the year, MUST secured new mortgage facilities to finance the acquisitions of Plaza and Exchange. The new mortgage facilities comprised of aggregate principal amount of US$165.1 million (New Mortgage Facilities), as well as additional facilities for the REIT's budgeted capital expenditures and leasing costs of up to US$54.0 million (New Good News Facilities). The New Mortgage Facilities were 5-year fixed interest rate loans which extended the weighted average debt tenure of loans by approximately one year in line with our proactive capital management strategy.

MUST also secured a strategic acquisition line of credit of US$120.0 million to provide bridge financing to acquire assets while permanent financing is being secured. This strategic acquisition line of credit provides financial flexibility to acquire assets in a short period.

Debt Maturity Profile (US$ million)



Stable Cost of Debt with No Near Term Refinancing Risk

MUST has 100% fixed interest rate on the aggregate principal amount of US$461.1 million on the Mortgage Facilities. The REIT's debt maturity is well staggered, with no refinancing required until 2019.

Financial Flexibility

MUST has secured Good News Facilities to fund the REIT's budgeted capital expenditures and leasing costs of up to US$85.8 million at the prevailing market interest rates.

As at 31 December 2017, US$0.8 million have been drawn down on the Good News Facilities.

13 Based on gross borrowings as percentage of total assets.
14 Based on net income before finance expenses, taxes and net fair value change in investment properties, over finance expenses.

FINANCIAL REVIEW

Lower Gearing Provides More Debt Headroom

MUST gearing was 33.7% as at 31 December 2017, which is well below the regulatory limit of 45.0% under the revised Code of Collective Investment Schemes. The current gearing level is also below our internal target gearing of up to 40.0%.

Cash Flow and Liquidity

As at 31 December 2017, the REIT's cash and cash equivalent was US$49.7 million. The net cash generated from operating activities for FY2017 was US$43.8 million, largely from its NPI received, partially offset by net working capital requirements.

Net cash used in investing activities for FY2017 was US$434.3 million. The cash was largely used for the acquisitions of Plaza and Exchange.

Net cash from financing activities was US$401.7 million. Proceeds from the issuance of Units for, Private Placement and Rights Issue was US$288.5 million and net borrowings from external banks amounted to US$165.9 million.

Use of Proceeds

The use of proceeds raised from the IPO, Private Placement and Rights Issue is in accordance with the stated uses as disclosed in the Prospectus and announcements, and is set out below:

(i) Gross proceeds of US$519.2 million from IPO. 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.

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

	Intended Use of Proceeds 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**	–

	Intended Use of Proceeds 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**	–

OPERATIONAL REVIEW

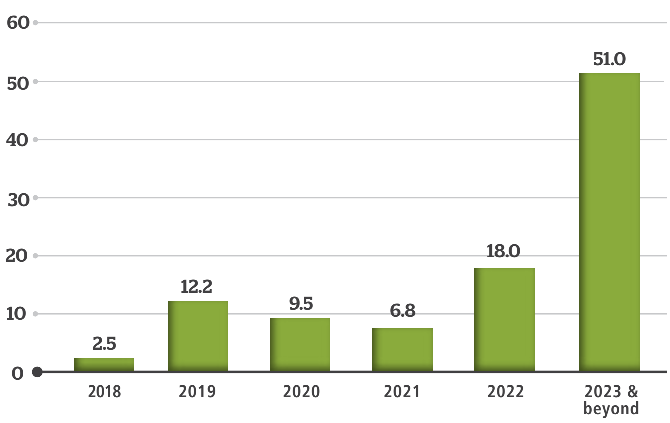
Portfolio Summary

Manulife US REIT's portfolio comprises five high-quality office buildings located in key U.S. markets with an aggregate Net Lettable Area (NLA) of 3.0 million sq ft. As at 31 December 2017, the portfolio had a WALE by NLA of 5.7 years and a committed occupancy rate of 95.9%.

Minimal Near-Term Lease Expiries

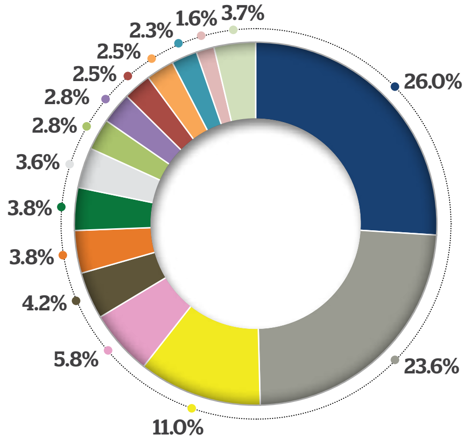
MUST actively manages its lease maturities to achieve a well spread lease expiry profile. Only 2.5% of leases expire in 2018 and 12.2% expire in 2019. Furthermore, 51.0% of all leases mature in 2023 and beyond. As a result, the portfolio has a WALE of 5.7 years by NLA and by gross rental income[1] as at 31 December 2017.

Lease Expiry Profile by Gross Rental Income as at 31 December 2017 (%)



Well-Diversified Tenant Mix

The portfolio has a diversified tenant mix, with representations from more than 15 different trade sectors. The top three sectors are Legal Services, Financial & Insurance, and Retail Trade & E-Commerce, which accounted for approximately 60.6% of the portfolio's gross rental income. The REIT's properties house some of the most prestigious global law firms. Both acquisitions in 2017 improved tenant diversity. In particular, the share of gross rental income derived from Legal Services was reduced from 44.1% as at 31 December 2016 to 26.0% as at 31 December 2017.



1 Reflects gross rental income from the leases as at the end of 31 December 2017.

OPERATIONAL REVIEW

Passing Rents

The average passing rent was US$38.36 psf as at 31 December 2017 as compared to US$38.84 psf as at 31 December 2016. This decrease was mainly attributed to the acquisition of Plaza, which had an average passing rent of US$30.09 psf, slightly offset by the addition of the acquisition of Exchange which had an average passing rent of US$39.73 psf as at 31 December 2017.

Positive Rental Reversions

The portfolio generated positive rental reversions, averaging 12.2% on approximately 18,010 sq ft of leases which were included in 2017. Rental reversions were positive in the portfolio and at individual properties ranging from 8.6% to 18.7%.

Strong Portfolio Occupancy Rate

As at 31 December 2017, the portfolio had a committed occupancy rate of 95.9%, and the committed occupancy rates for the individual properties ranged from 92.9% to 98.9%. The occupancy rates for the properties exceeded the market average in their respective markets. Please refer to the Independent Market Review, page 36, for details.

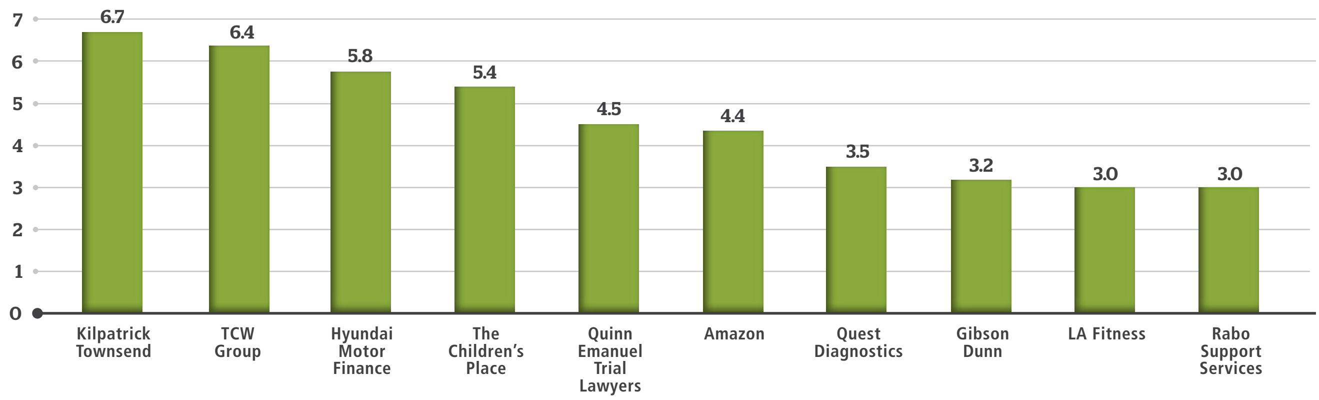
Tenant Retention

The REIT continued to attract and retain tenants in its buildings during 2017, achieving a tenant retention rate of 47.2%. Major renewals included Arch Insurance (Financial & Insurance) and Colliers (Real Estate).

Top 10 Tenants

The top 10 tenants contributed 45.9% of the portfolio's gross rental income as at 31 December 2017. These high-quality firms are the anchor tenants for the REIT's five properties.

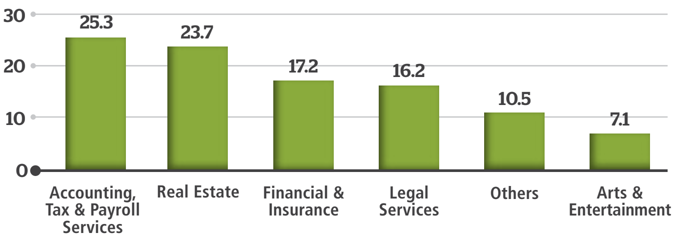
Top 10 Tenants Contribution by Gross Rental Income as at 31 December 2017 (%)



Trade Sectors of New Leases Signed in 2017

New leases signed in 2017 came from six different trade sectors, which are also major sectors in the existing portfolio. The new leases (including renewals) executed in FY2017 had a WALE by revenue of 5.9 years and accounted for 0.7% of gross revenue reported in FY2017.

Trade Mix of New Leases Signed by NLA (%)



Asset Enhancement Initiatives

During the year, the Manager evaluated AEIs that would, in the fullness of time increase revenues, lower expenses, or lead to higher property values. Capital improvement projects were also considered to maintain the properties' competitiveness in the market. While the properties are all in good condition and compete favorably in their respective markets, MUST initiated and completed several AEIs at the properties during 2017 to further improve their attractiveness to tenants.

At Figueroa, the REIT continued to take advantage of its adoption of a new measurement standard promulgated by the Building Owners and Managers Association (BOMA 2010). Over time, as tenants renew their leases, the BOMA 2010 measurement standard will be adopted, generating additional rent on the re-measured area. For leases executed in 2017, additional leasable area was added to the property based on the BOMA 2010 measurement standard. In addition, the Property Manager also engaged an architect to assist with the renovation of the main lobby that will commence in 2Q2018.

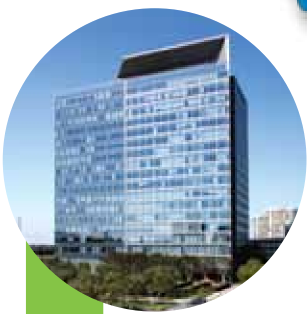
At Michelson, the Manager completed the final phase of an LED lighting refit programme for building common areas designed to improve lighting conditions and reduce electricity costs. Additional motorcycle parking was added and access card readers were updated for the safety of motorcyclists. For Peachtree, the Property Manager completed a multi-year lift lobby and restroom refurbishment programme by renovating and upgrading the finishes on the final multi-tenant floor in the building. The Property Manager also relocated and re-striped the motorcycle parking areas within the car park to improve vehicular flow and motorcycle visibility and safety.

Plaza and Exchange were acquired in 2H2017, so no material AEIs were completed at those properties. Plaza underwent a US$16.0 million renovation prior to MUST's acquisition. For Exchange, a lobby renovation project will commence in 3Q2018. The Manager will also continue the prior owner's programme of replacing the building's air conditioning units and renovating multi-tenant floors, restrooms and corridors.

PROPERTY SUMMARY

FIGUEROA

Location	865 S. Figueroa St, Los Angeles, CA
NLA	701,978 sq ft
Occupancy	92.9%
WALE by NLA	4.9 years
Latest Valuation	US$326.0 million (US$464 psf)



MICHELSON

Location	3161 Michelson Dr, Irvine, CA
NLA	532,663 sq ft
Occupancy	96.5%
WALE by NLA	4.4 years
Latest Valuation	US$342.0 million (US$642 psf)

PEACHTREE

Location	1100 Peachtree St, Atlanta, GA
NLA	556,587 sq ft
Occupancy	96.8%
WALE by NLA	5.8 years
Latest Valuation	US$194.2 million (US$349 psf)

PLAZA

Location	500 Plaza Dr, Secaucus, NJ
NLA	461,525 sq ft
Occupancy	98.9%
WALE by NLA	8.3 years
Latest Valuation	US$118.0 million (US$256 psf)

EXCHANGE

Location	10 Exchange Place, Jersey City, NJ
NLA	730,823 sq ft
Occupancy	95.7%
WALE by NLA	5.5 years
Latest Valuation	US$332.6 million (US$455 psf)

Note: Data as at 31 December 2017.

FIGUEROA

865 S. Figueroa St,
Los Angeles, CA

Property Valuation

US$ **326.0** million

Occupancy

92.9 %

WALE

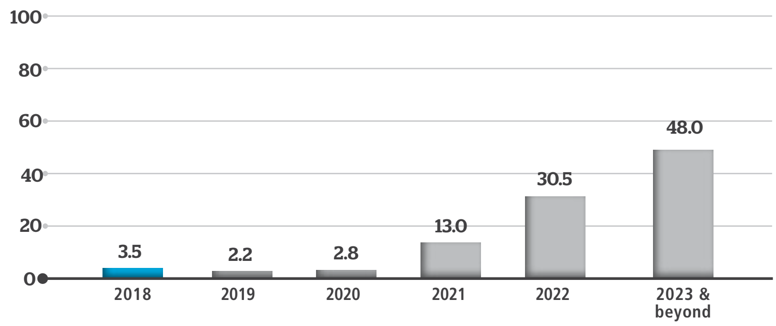
4.9 Years

FIGUEROA is a 35-storey Class A office building located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues. The property offers ample amenities, which include a restaurant, a coffee shop, an adjacent car park with 841 lots and a courtesy shuttle service which travels throughout the surrounding downtown area.

Land Tenure	Freehold
Purchase Price on 19 May 2016	US$284.7 million (US$410 psf)

As at 31 December 2017	
Net Lettable Area (sq ft)	701,978
Number of Tenants	28
Gross Revenue (US$ million)	29.8
Net Property Income (US$ million)	16.8

Property Lease Expiry Profile by NLA (%)



Top Three Tenants

Tenant Name	Percentage of Gross Rental Income (%)
TCW Group	27.3
Quinn Emanuel Trial Lawyers	19.4
Allen Matkins	8.6

MICHELSON

3161 Michelson Dr,
Irvine, CA

Property Valuation

US$ **342.0** million

Occupancy

96.5%

WALE

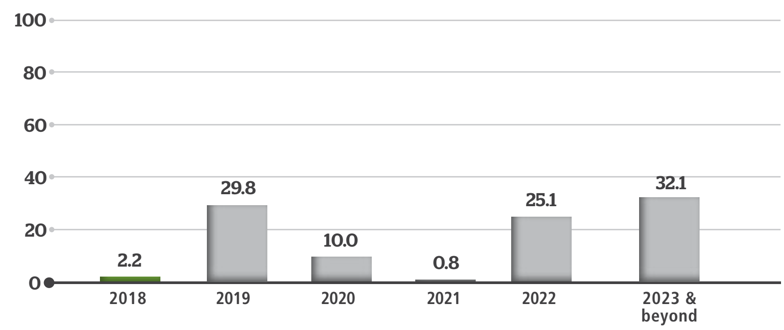
4.4 Years

MICHELSON is a 19-storey Trophy-quality office building located in Irvine, Orange County, California, within a mile of John Wayne International Airport. The property is surrounded by hotels, high-end residential properties, restaurants and other retail offerings. On-site amenities include a café, penthouse sky garden and a large car park with 2,744 lots.

Land Tenure	Freehold
Purchase Price on 19 May 2016	US$317.8 million (US$597 psf)

As at 31 December 2017	
Net Lettable Area (sq ft)	532,663
Number of Tenants	15
Gross Revenue (US$ million)	29.7
Net Property Income (US$ million)	21.1

Property Lease Expiry Profile by NLA (%)



Top Three Tenants

Tenant Name	Percentage of Gross Rental Income (%)
Hyundai Motor Finance	24.9
Gibson Dunn	13.8
LA Fitness	13.2

PEACHTREE

1100 Peachtree St
Atlanta, GA

Property Valuation
US$ **194.2** million

Occupancy
96.8%

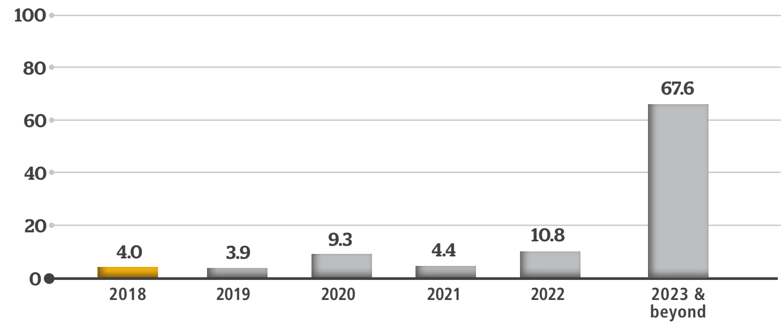
WALE
5.8 Years

PEACHTREE is a 27-storey Class A office building located in the heart of Midtown Atlanta, well-connected to two subway stations. On-site amenities include a conference centre, fitness centre, a high-end restaurant and reserved parking in an attached car park with 1,221 lots.

Land Tenure	Freehold
Purchase Price on 19 May 2016	US$175.0 million (US$315 psf)

As at 31 December 2017	
Net Lettable Area (sq ft)	556,587
Number of Tenants	25
Gross Revenue (US$ million)	20.6
Net Property Income (US$ million)	12.8

Property Lease Expiry Profile by NLA (%)



Top Three Tenants

Tenant Name	Percentage of Gross Rental Income (%)
Kilpatrick Townsend	42.7
IDI Logistics	9.1
Grant Thornton LLP	8.4

PLAZA

500 Plaza Dr,
Secaucus, NJ

Property Valuation

US$ **118.0** million

Occupancy

98.9%

WALE

8.3 Years

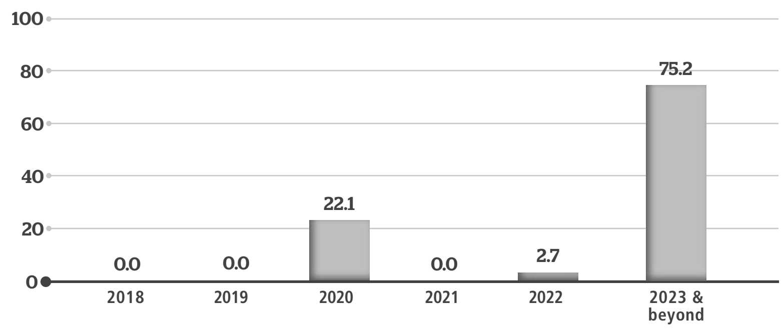
PLAZA is an 11-storey Class A office building located in the Meadowlands section of Secaucus, New Jersey, only three miles from Manhattan. The building was substantially renovated in 2016 with the addition of a conference centre, fitness centre, and café, as well as an additional car park.

Land Tenure	Freehold
Purchase Price on 19 July 2017	US$115.0 million (US$249 psf)

Acquired from Marus Partners CT Management, LLC c/o Marcus Partners

As at 31 December 2017	
Net Lettable Area (sq ft)	461,525
Number of Tenants	7
Gross Revenue (US$ million)	6.7
Net Property Income (US$ million)	4.2

Property Lease Expiry Profile by NLA (%)



Top Three Tenants

Tenant Name	Percentage of Gross Rental Income (%)
The Children's Place	43.3
Quest Diagnostics	28.1
AXA Advisors	22.4

EXCHANGE

10 Exchange Place, Jersey City, NJ

Property Valuation

US$ **332.6** million

Occupancy

95.7%

WALE

5.5 Years

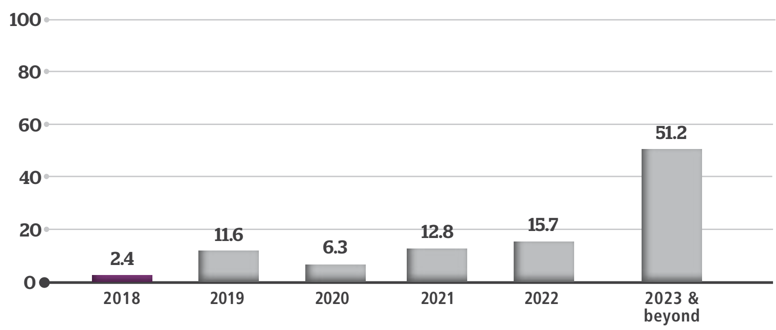
EXCHANGE is a 30-storey Class A office building located along the Hudson River in Jersey City, New Jersey. The property offers unobstructed views of the Manhattan skyline, convenient access to New York City via an adjacent subway station and nearby water ferry terminal, and an attached car park with 467 lots.

Land Tenure	Freehold
Purchase Price on 31 October 2017	US$315.1 million (US$431 psf)

Acquired from John Hancock Life Insurance Company (U.S.A.)

As at 31 December 2017	
Net Lettable Area (sq ft)	730,823
Number of Tenants	25
Gross Revenue (US$ million)	5.2
Net Property Income (US$ million)	3.5

Property Lease Expiry Profile by NLA (%)



Top Three Tenants

Tenant Name	Percentage of Gross Rental Income (%)
Amazon	17.4
Rabo Support Services	11.8
Chubb	10.5

INDEPENDENT MARKET REVIEW

by JLL as at 31 December 2017

U.S. Economy Overview

The U.S. economy continued to demonstrate sustained growth over the course of 2017, with labor market, productivity and sentiment indicators all highly positive. Over the past 12 months, the economy saw nearly 2.1 million net new jobs added, even as unemployment neared a cyclical low of 4.1 percent and job creation outpaced the expansion of the labor force. Job openings have stabilized at record highs, currently surpassing 6.0 million, indicative of the strong demand from employers for skilled talent.

Similarly, GDP has risen at annual rates above 3.0 percent for two consecutive quarters, with personal consumption and rising business investment keeping growth robust – and potentially receiving a further boost by corporate tax reform. In real terms, GDP is up 2.3 percent over the year, with further growth in Q4 likely to bring 2017 year-end gains to near 3.0 percent. The Federal Reserve estimates 2.5 percent growth in 2018, with fiscal stimulus playing a role in the continued economic expansion.

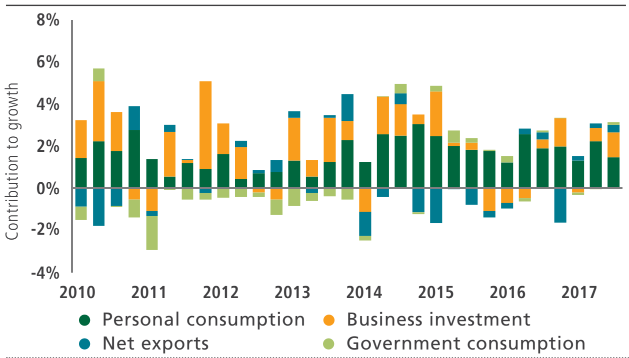
Sentiment indicators are also at favorable levels. In November, the Consumer Confidence Index peaked at 128.6 points, its highest figure since the early 2000s, and despite a small dip in December is still well above its pre-recession highs. The ISM Index, which has been more volatile, is also solidly at optimistic territory at 59.7 percent and nearly all sectors posted expansion. Combined with consistent consumer spending, this has helped to solidify logistics and warehousing as some of the strongest real estate asset classes with a knock-on effect of improving office leasing from tenants specializing in e-commerce and retail.

Heading into 2018, the economy will power forward, but may do so at a slower rate given shifting dynamics. Employers will be challenged by talent shortages that have firmed in nearly all primary and secondary markets, where unemployment is consistently below 5.0 percent and in many cases below 4.0 or even 3.5 percent.

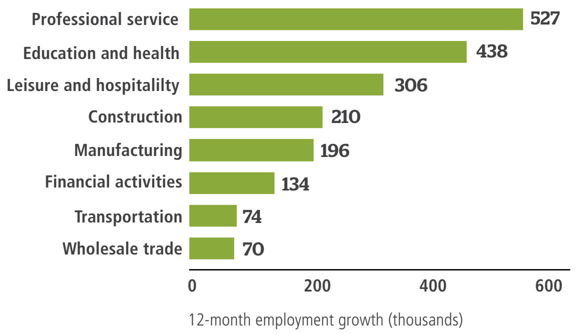
The main drivers of growth in this cycle – professional services, education, health, leisure, hospitality, trade and transportation – will continue to lead, joined by finance, advanced manufacturing and construction, the latter of which is currently seeing a boost as housing starts rise. On the other hand, tech has been particularly hampered by labor shortages, particularly in certain markets where income has failed to keep pace with rapidly rising housing costs. Geographies with inbound domestic migration, particularly mid-sized metro areas in the South and West such as Austin, Charlotte, Denver, Nashville and Raleigh-Durham, will register the fastest growth in the coming years, although they are also more cyclical.

Changes in economic activity will likely result in a similar cooling of the office market; difficulty in increasing headcount is already beginning to affect occupancy growth as corporates relocate into efficient new supply rather than in-market or in-building expansion. At the same time, talent shortages should support wage growth, which has been weaker than expected during the recovery. Given the strong demand for goods, services and employees across sectors, forecasts for 2018 expect a continuation of the trends seen in 2017.

GDP Growth Accelerating, Led by Personal Consumption

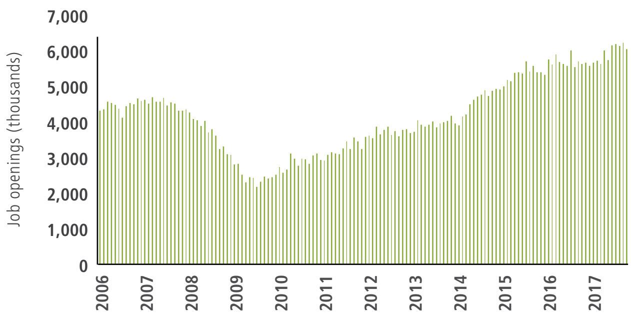


Business Services Sector Leading Job Growth



Consumer Confidence is Surging

Job Openings at Record Highs



U.S. Office Overview

The U.S. office market entered a new phase of the cycle in 2017, characterized by shifting supply-and-demand fundamentals, steady asking rent growth and new opportunities opening up for tenants in what has in recent years been a constrained environment. Fundamentals remain positive and organic growth continues as the economy powers on, keeping prospects for 2018 optimistic.

Most notable in recent quarters has been the gradual slowing of net absorption. In 2017, the office market recorded 36.4 million square feet of occupancy growth, 12.9 percent less than the 41.8 million square feet in 2016. This marks the third consecutive year of slowing absorption, driven by a combination of reduced expansionary activity among large users; movement into newer, more efficient space; and give-backs of commodity blocks faster than the market can absorb.

As a result, vacancy has increased to 14.9 percent and is set to rise even more in 2018 and 2019 as deliveries outpace net absorption. Flight-to-quality is accelerating the rise in vacancy in Class A space, although it remains tighter than that of Class B vacancy. Throughout 2017, Class A vacancy inched up 70 basis points to 14.8 percent, whereas Class B vacancy has ranged between 15.1 and 15.3 percent since late 2015.

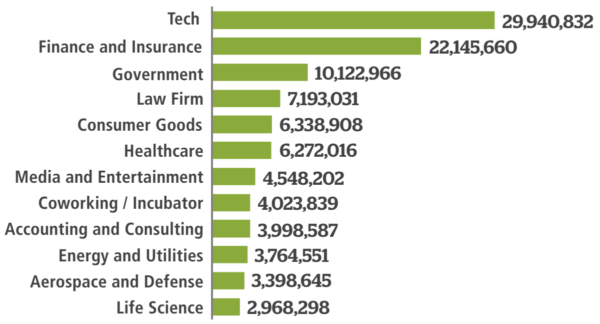
Developers are taking note of this upward trend in vacancy and scaled back on construction starts. In 2016, developers broke ground on 60.8 million square feet of new office product, leading to construction volumes peaking at 110.5 million square feet at the end of the year. In 2017, construction starts dropped sharply by 29.4 percent to 42.9 million square feet, ultimately leading to construction activity falling below the 100-million-square-foot mark for the first time since 2015. As another 57 million square feet is expected to hit the market in 2018, in addition to the 57.8 million square feet delivered in 2017, this level of restraint will continue over the near-term outside of select pockets.

This injection of new supply is also providing landlords with a short-term bump in asking rents. New supply averages $56.16 per square foot, a 43 percent premium compared to existing Class A space; this has contributed to a 3.8 percent increase in asking rents over the year, 20 basis points greater than the market as a whole. Growth has been most acute for quality space in the suburbs, where greater volumes of new, non-pre-leased supply are coming on line.

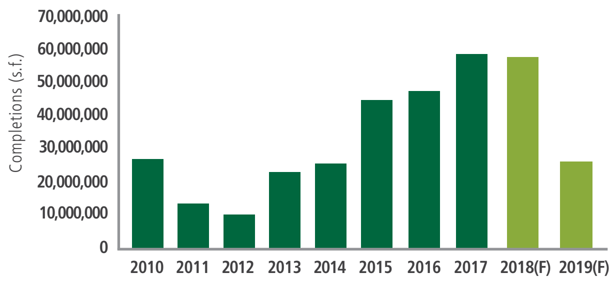
Landlords are taking advantage of the faster flight to quality in suburban geographies to push rents higher. Coupled with pricing discounts compared to core product, suburban assets in targeted locations have become some of the most attractive office investment opportunities nationally, particularly as investors seek to diversify holdings and barriers to entry remain high for top-tier assets.

2018 will see continued net growth for the U.S. office market, even though occupancy growth will stay at its newer and slower pace. Leasing activity has yet to show a sign of slowing and GDP growth will be close to 2017 levels, keeping demand for space buoyant, while more balanced conditions will ease the cost and space burdens on tenants.

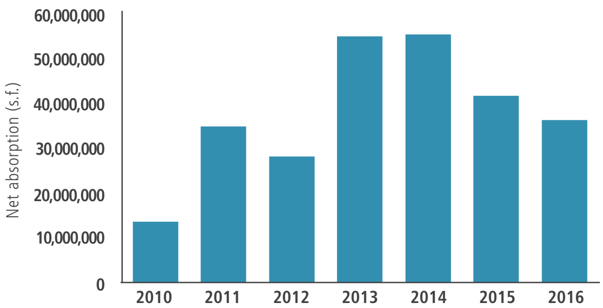
Tech, Finance and Insurance Dominated 2017 Leasing (s.f.)



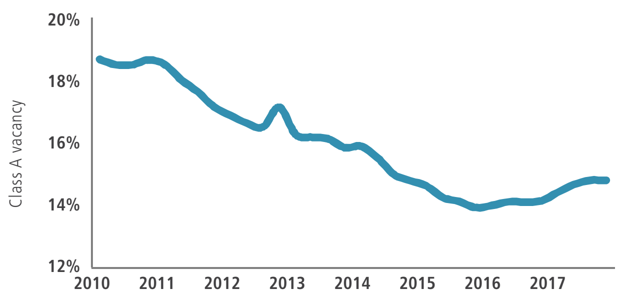
2018 will See a Similar Amount of New Supply as 2017



Absorption at Lowest Level since 2012



Class A Vacancy is Now on the Rise



INDEPENDENT
MARKET REVIEW

ATLANTA (MIDTOWN)

Local Economy

Atlanta's economy is the 10th largest in the country and consistently ranks among the most diverse given its high concentration of corporate headquarters and particular strengths in professional services, finance, consumer products, logistics, entertainment and health, with an emerging tech presence as well. The region's status as key air and freight rail hub, low costs of living, pro-business governance and quality education and health institutions all contribute to its sustained growth and target for corporate relocations and expansion.

Atlanta's status as one of the country's fastest-growing major markets has yet to abate. It has posted 548,600 net new jobs since 2010, while its population has surged by 9.5 percent to 5.8 million over the same time period. Unemployment has declined to 4.2 percent, slightly above other large geographies and indicative of some slack left in the local labor market before reaching effective full employment as well as sustained inbound domestic migration.

Office Market Trends

After recording more than 3.2 million square feet of occupancy losses during the recession, Atlanta has absorbed 7.7 million square feet of space during its recovery, bringing vacancy down by 350 basis points to 17.5 percent. In line with national trends, the area's urban core has been one of its strongest and most in-demand locations for tenant activity, expansion and migration.

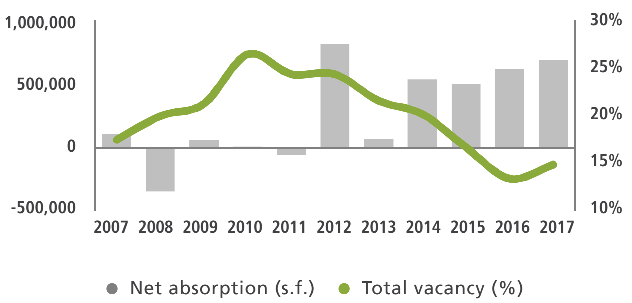
A rapid expansion in residential population, coupled with anchors such as Georgia Tech, has attracted corporations such as NCR – which is building its new headquarters and relocating from the city's northeastern suburbs – and Honeywell, as employers take advantage of Midtown's young, educated workforce. Midtown's fringe also offers one of the few areas of creative space favorable for tenants in Atlanta's burgeoning media and tech industries.

Deals from high-profile tenants in both traditional sectors such as law (King & Spalding, Eversheds Sutherland) and emerging ones such as coworking and tech (WeWork, Amazon and SalesLoft) all contributed to the more than 800,000 square feet in leasing activity in Midtown in 2017. This momentum translated into continued rapid rent growth of nearly 8.5 percent for Class A product, in turn highlighting the potential for investment. Lionstone's acquisition of 271 17th Street NW for $182 million was Midtown's major office transaction in 2017, speaking to the submarket's institutional appeal and growing geographical breadth.

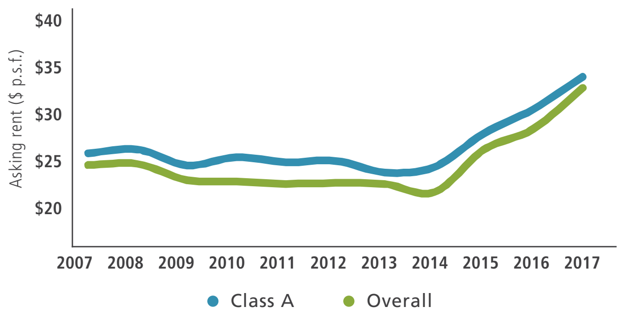
Outlook

Midtown's sustained growth will keep it in close competition with Buckhead, which has traditionally been a highly desirable submarket in the Atlanta metro area. A greater number of available development sites, a more even distribution of office and residential construction and consistent population growth are creating a truly mixed-use environment that will attract and retain tenants and employees. Increases in vacancy will largely come as a result of new blocks hitting the market rather than movement or give-backs of space, and this growth will keep rents buoyant.

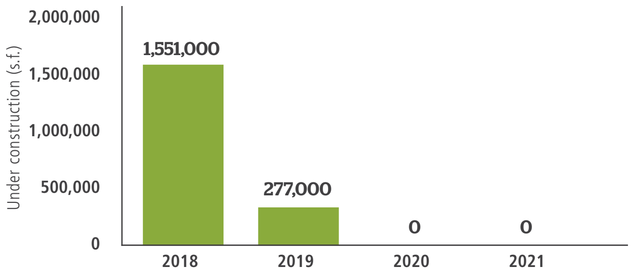
Midtown's Strong Occupancy Growth Continues



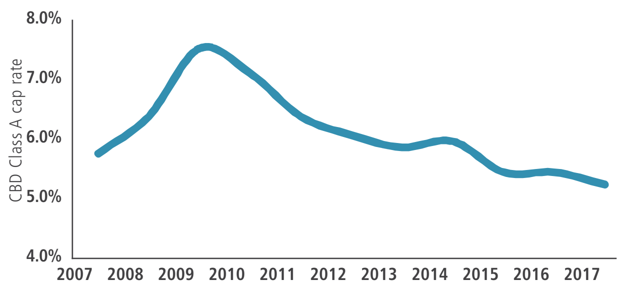
Midtown's Average Asking Rents are Spiking



Midtown's Pipeline is High, as is Preleasing



Cap Rate Compression Driven by Sustained Growth



HUDSON WATERFRONT AND THE MEADOWLANDS (NEW JERSEY)

Local Economy

New Jersey's post-recession recovery remains muted, with slower job growth than neighboring New York City and shifting tenant preferences to more urban, walkable and amenitized locations. This demographic shift has played into the hands of the Hudson Waterfront, enabling the submarket to command a premium for office rents and fuel multifamily development.

Job and economic growth in New Jersey in recent years has been predominately in skilled sectors such as life sciences, professional services and finance, as well as a robust logistics and warehousing sector. However, high costs of living and doing business, as well as demographic shifts, are highlighting the state's talent shortages outside of New York City-proximate submarkets such as the Hudson Waterfront and Newark.

Office Market Trends

Among large office markets nationally, New Jersey's has been subdued. Since 2013, occupancy growth has totaled 2.7 million square feet (1.7 percent of inventory), helping to bring vacancy down by 80 basis points to 24.1 percent.

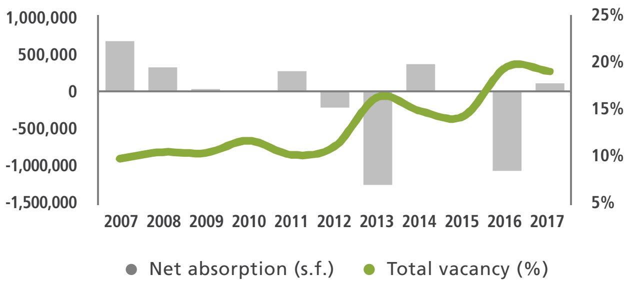
As with many suburban-heavy markets across the country, this growth has been heavily bifurcated between gains found in mixed-use micromarkets and traditional office campuses, the latter of which has generally struggled. Despite negative net absorption in 2016 and rising vacancy, the Hudson Waterfront has recorded consistent rent growth of 2.7 percent per year since 2014, although slowing of late. Mid-sized deals from tenants such as Tory Burch and L'Oreal were responsible for the majority of leasing in the submarket throughout the year. On the other hand, activity in the Meadowlands is slow, but vacancy continues to inch downward, and is well below its recession high of 30.5 percent.

Investor sentiment remains relatively positive, particularly for quality assets. In total, the Hudson Waterfront and Meadowlands submarkets recorded $480.6 million of office sales in 2017, 89.5 percent of which came from Manulife US REIT acquisitions of Exchange Place Centre and 500 Plaza Drive. This comes after a strong 2016, during which sales totaled $647.4 million on the back of sales of high-value properties such as Waterfront Corporate Center, 70/90 Hudson Street and 30 Montgomery Street.

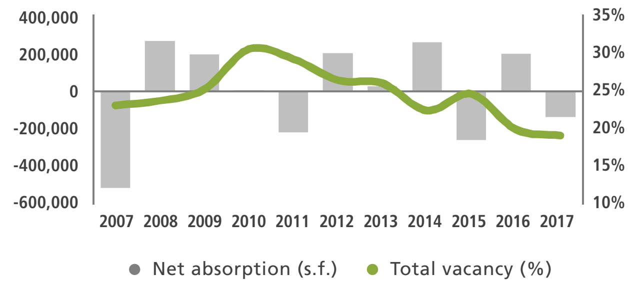
Outlook

New Jersey's office market is expected to remain divergent between transit-oriented submarkets such as the Hudson Waterfront and Metropark and campus-heavy geographies. Vacancy is expected to stay elevated outside of select pockets, with rent growth muted on aggregate. The state's aggressive incentives program will bring some inbound demand to the market, particularly in areas with good transit access to New York City, while organic growth will come from high-growth knowledge industries such as pharmaceuticals and health care. However, the market faces challenges as tenant preferences change and back-office operations shift to lower-cost, out-of-state secondary markets.

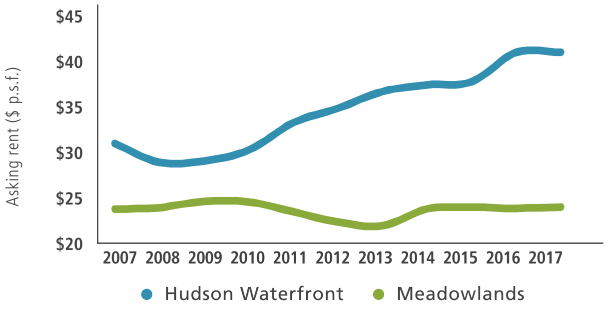
Hudson Waterfront's Vacancy is Stabilizing



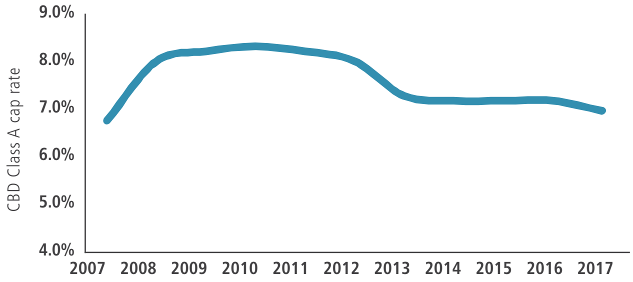
Meadowlands' Vacancy Falling



Hudson Waterfront's Rents Rising Despite Vacancy



Cap Rates Have Only Slightly Fallen



INDEPENDENT
MARKET REVIEW

LOS ANGELES (DOWNTOWN)

Local Economy

Traditionally powered by entertainment, media, tourism, professional services, law and finance, Los Angeles is currently witnessing a very strong boom in the creative industries, not just in film and television production, but also content creation, tech and advanced engineering and research. Its tech cluster, known as Silicon Beach, has emerged as one of the most high-profile hubs of innovation in the world and has moved beyond a lower-cost alternative to the Bay Area to become a recognized concentration of talent and output that ties together tech with media, communications and entertainment. Major technology companies have opened or expanded offices in the city in recent years, most notably YouTube, Snap, Facebook, Salesforce and Electronic Arts.

Los Angeles' creative and entrepreneurial workforce has also made it a leading destination for coworking operators, with the market seeing over 1.5 million square feet of growth over the past 24 months by the likes of WeWork, Spaces and CTRL.

Office Market Trends

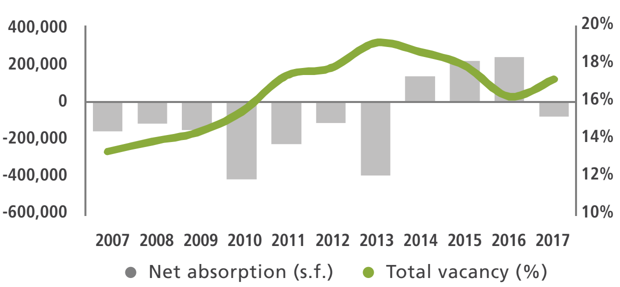
Over the course of the current cycle, Los Angeles' office market has been notable for growth being concentrated in emerging micromarkets and creative-style buildings. In 2017, however, the market has begun to cool as a dearth of quality space in key submarkets has placed pressure on vacancy and rents, constraining occupiers in the process. Class A rents have spiked by 37.9 and 9.3 percent in Playa Vista and Santa Monica, respectively, pushing activity to alternative locations such as Culver City. Downtown will see some benefits from this migration, although growth in the submarket will remain driven largely by non-office asset types, notably multifamily and retail in off-core locations such as the Arts District and spillover to the north and west. Downtown's multifamily boom continued throughout 2017, which will further broaden the local talent pool.

The delivery of the Wilshire Grand injected the first new speculative inventory in Downtown in more than 15 years, with a number of tenants taking on the building's 300,000 square feet of office space. Similar to the broader region, Downtown registered a relatively muted year in terms of office leasing and investment. No large (> 100,000 s.f.) leases came to fruition in 2017, although a range of users completed a total of 535,000 square feet of transaction activity.

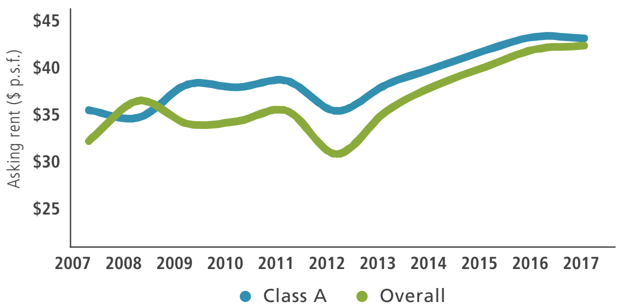
Outlook

Downtown's growth has been a defining feature of the current cycle in Southern California and will continue to be so as population growth remains steady and walkable, mixed-use environments become increasingly commonplace. The office market will remain secondary to the Westside, but is likely to benefit from cost differentials and being one of the region's transportation and arts hubs, luring start-ups and users looking for less-traditional locations and workspaces. Extensions of the Metro system will further improve transportation connectivity to Downtown.

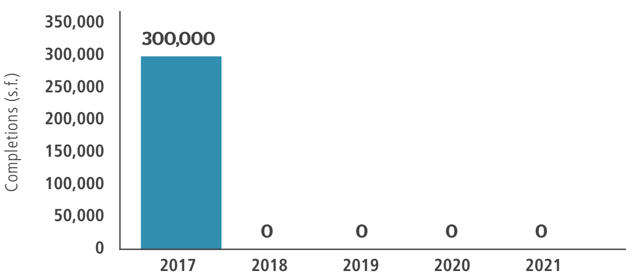
Delivery of the Wilshire Grand has Pushed Up Vacancy



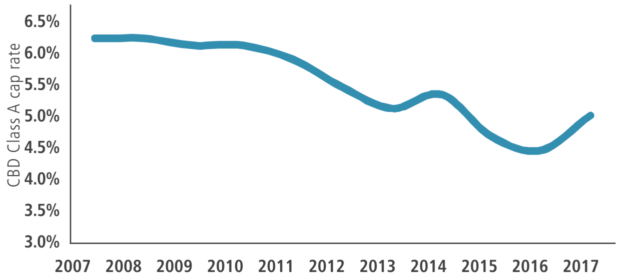
After a Strong Recovery, Rent Growth Beginning to Cool



No Construction is Underway in Downtown LA



Cap Rates Inching Upwards after Sustained Declines



ORANGE COUNTY (IRVINE)

Local Economy

After being hit hard during the recession, Orange County has made a rapid comeback to be a leading mid-sized office market nationally. The nearly 200,000 jobs lost during the recession have all been recovered and current employment is 5.4 percent above its previous peak in 2006. With population growth since 2010 also totaling 5.4 percent, Orange County wdemonstrating the growth of the local economy.

Orange County continues to maintain its status as a driver of the larger Southern California economy. Over the past three years, it has been responsible for one-fifth of regional employment, with growth in tech and advanced manufacturing and development being notable bright spots. A county-wide unemployment rate of 2.8 percent has resulted in slowing job creation, however, which will place further upward pressure on wages.

Office Market Trends

Orange County's office market tends to follow the national economic cycle relatively closely. From 2007 to 2011, the market saw occupancy losses totaling nearly 6.4 million square feet, driving vacancy past 20 percent and rents down 27.5 percent. Since then, 8.4 million square feet of net absorption has dropped vacancy to 12.9 percent, while demand and restrained speculative development have enabled rents to reach their pre-recession peak.

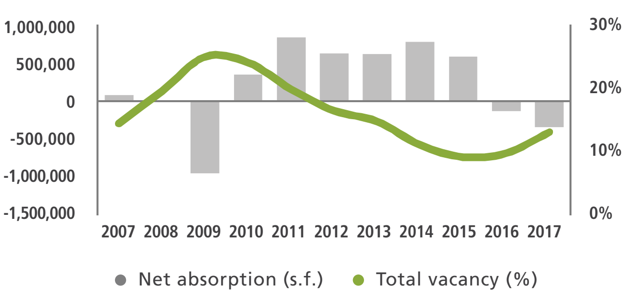
Like many other suburban geographies nationally, Orange County's performance over the course of the current cycle has been bifurcated, with activity concentrated in specific submarkets and asset classes. Flight-to-quality, rightsizing and proximity to economic drivers, namely tech, media and finance, have dominated much of the market's movement in recent quarters. A diversified set of tenants, including Toshiba, Pathway Capital, Jacobs, Pepperdine University and Qualcomm, represented top transactions over the past four quarters.

The Airport Area, of which Irvine is a component, continues to command an 11.5 percent rent premium, while Irvine ranks as the third-most expensive submarket in the county, with Class A asking rents of $41.76 per square foot. Irvine has also been an epicenter of development in Orange County: Trammell Crow's Boardwalk project was one of the largest completions in 2017. As a result of new supply and hiring constraints, vacancy is likely to continue its slowly upward movement, but is low by historic and county standards.

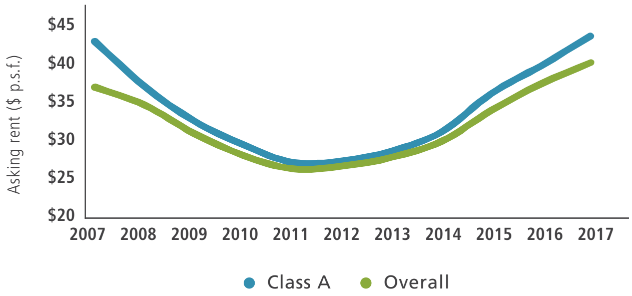
Outlook

Orange County will remain one of the strongest secondary markets nationally heading into 2018. A tenant base comprised of growing, knowledge-intensive industries that are expanding organically, rather than rightsizing, will keep demand for quality space high. Orange County remains susceptible to volatility due to a heavy exposure to the financial sector, although a lack of overbuilding during the current cycle and momentum in emerging industries will help to insulate the market.

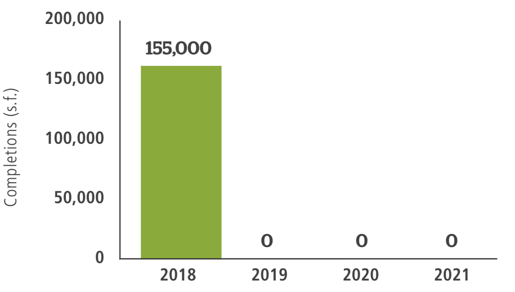
Vacancy is Rising and at Par with the County Average



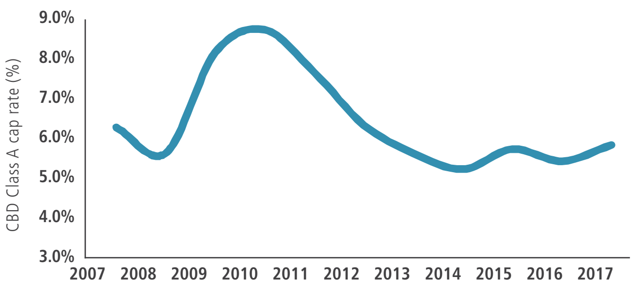
New Supply is Pushing Up Asking Rents Markedly



Only One Building is Currently Under Construction



Cap Rates have Likely Reached Cyclical Low



RECENT LEASING ACTIVITY

ATLANTA (MIDTOWN)

Tenant	Address	Class	Lease type	Size (s.f.)
King & Spalding	1180 Peachtree St NE	A	Renewal	340,000
Eversheds Sutherland	999 Peachtree Street NE	A	Renewal	188,823
Keysight	771 Spring Street NW	A	Renewal	50,686
Bain	1180 Peachtree St NE	A	Relocation	50,000
Cushman & Wakefield	1180 Peachtree St NE	A	Relocation	50,000
WeWork	1372 Peachtree St NE	B	Expansion in market	39,000
SalesLoft	1180 W Peachtree St	A	Expansion in market	30,524
Riskalyze	10 10th Street NW	A	New to market	30,000
Amazon	271 17th Street NW	A	New to market	23,000

LOS ANGELES (DOWNTOWN)

Tenant	Address	Class	Lease type	Size (s.f.)
Marsh & McLennan	633 W 5th Street	A	Renewal	71,094
Bank of America	350 S Grand Avenue	A	Renewal	51,954
Spaces	515 S Flower Street	A	Expansion in building	50,970
U.S. Census Bureau	555 W 5th Street	A	New to market	35,958
Cushman & Wakefield	900 Wilshire Boulevard	A	Expansion in market	35,456
SCAG	900 Wilshire Boulevard	A	Relocation	34,456
Tokio Marine	801 S Figueroa Street	A	New to market	32,172
Am. Contractors Indemnity Co.	801 S Figueroa Street	A	Relocation	32,172
Metrolink	900 Wilshire Boulevard	A	Relocation	30,000

NEW JERSEY (HUDSON WATERFRONT AND THE MEADOWLANDS)

Tenant	Address	Class	Lease type	Size (s.f.)
Tory Burch	499 Washington Boulevard	A	New to market	93,000
L'Oréal	111 Town Square Place	A	New to market	60,000

ORANGE COUNTY (IRVINE)

Tenant	Address	Class	Lease type	Size (s.f.)
Toshiba	5231/5241 California Avenue	B	Relocation	96,352
Pathway Capital	18565-18575 Jamboree Road	A	Relocation	63,879
Jacobs	2600 Michelson Drive	A	Relocation	60,012
Pepperdine University	18111 Von Karman Avenue	A	Renewal	54,703
Squar Milner	18500 Von Karman Avenue	A	Relocation	43,068
Oracle	17901 Von Karman Avenue	A	Renewal	40,304
Veritone	575 Anton Boulevard	A	Renewal	38,875
Home Franchise Concepts	19000 MacArthur Boulevard	A	Relocation	38,807
Regus	17875 Von Karman Avenue	A	Expansion in market	34,216

RECENT OFFICE SALES

ATLANTA (MIDTOWN)

Building	RBA (s.f.)	Sales price ($)	Price ($ ps.f.)	Buyer	Seller
271 17th Street	541,870	$182,000,000	$341	Lionstone	CBREI

LOS ANGELES (DOWNTOWN)

Building	RBA (s.f.)	Sales price ($)	Price ($ ps.f.)	Buyer	Seller
California Market Center	2,081,275	$440,000,000	$211	Brookfield	Jamison
Fine Arts Building	115,902	$42,875,000	$370	Manchester	Sorgente

NEW JERSEY (HUDSON WATERFRONT AND THE MEADOWLANDS)

Building	RBA (s.f.)	Sales price ($)	Price ($ ps.f.)	Buyer	Seller
Exchange Place Centre	731,000	$315,100,000	$431	MUST	John Hancock
500 Plaza Drive	461,525	$115,000,000	$249	MUST	PGIM/Marcus
Skyline Corporate Center	278,456	$29,500,000	$106	125 Chubb LLC	SL Green
150 Meadowlands Pkwy	212,666	$21,000,000	$99	Alma	Rialto

ORANGE COUNTY (IRVINE)

Building	RBA (s.f.)	Sales price ($)	Price ($ ps.f.)	Buyer	Seller
Centerview	656,000	$200,000,000	$305	Emmes	Shorenstein
18301 Von Karman Avenue	225,729	$85,800,000	$380	Monster Energy	Greenlaw
18881 Von Karman Avenue	234,694	$64,470,508	$275	Muller	Rockwood
5 Peters Canyon Road	156,451	$41,650,000	$266	GEM	TA
Centerpointe	105,295	$27,000,000	$256	Keleman Caamano	CIP
18831 Von Karman Avenue	65,274	$24,500,000	$375	Kirin Hopkins	Great Far East
Von Karman Corp. Plaza	65,274	$24,500,000	$375	Kirin Hopkins	Great Far East
16802 Aston Street	65,108	$18,900,000	$290	Kirin Hopkins	Hines
Skypark Business Center	81,651	$17,900,000	$219	Koll	Irvine Company

ACTIVE DEVELOPMENT PIPELINE

ATLANTA (MIDTOWN)

Building	Developer	Spec/BTS	Completion	RBA (s.f.)	Anchor
Coda	Portman	Speculative	2018	645,000	Georgia Tech
NCR HQ (Phase 1)	Cousins	BTS	2018	485,000	NCR
725 Ponce de Leon Ave NE	New City	Speculative	2018	421,000	-
NCR HQ (Phase 2)	Cousins	BTS	2019	277,000	NCR

ORANGE COUNTY (IRVINE)

Building	Developer	Spec/BTS	Completion	RBA (s.f.)	Anchor
2722 Michelson Drive	LBA	Speculative	2018	155,000	-

INVESTOR RELATIONS

The Manager places high importance on maintaining proactive engagement with all stakeholders.

U.S. Site Visit

Retail Investor Day 2017

In 2017, regular meetings, conferences, as well as other Investor Relations (IR) activities were organised to provide investors, fund managers, analysts and media a better understanding of the REIT's performance and growth strategies. These activities have also increased awareness of MUST's portfolio within the media and investment community.

In 2017, the Manager engaged more than 1,000 retail and institutional investors within Asia through conferences, teleconferences, meetings and roadshows in Hong Kong, Kuala Lumpur, Singapore and Tokyo. To reach out to more investors, the Manager took part in conferences and IR events such as SGX-Maybank Singapore Corporate Day in Bangkok and OCBC October Trading Spotlight Presentation in Singapore.

As the first U.S. office REIT listed in Asia, the Manager believes in active engagement with the investment community to provide insights of the U.S. office market. This year, the REIT acquired two assets in New Jersey, minutes from New York City, and organised a U.S. site visit for targeted media and analysts to visit the properties and its surrounding amenities. They also met with the REIT's sponsor from Toronto and the U.S. real estate acquisition team. Local appraisers and leasing agents provided the group with the demand and supply situation and key drivers in the U.S. office market.

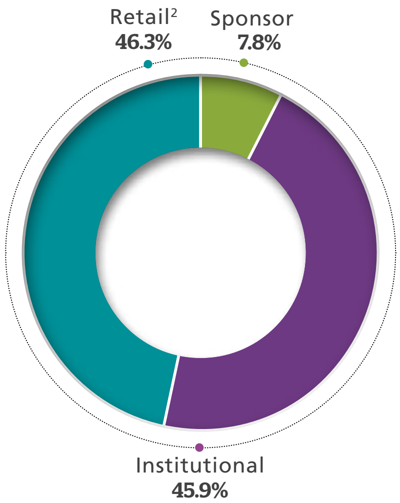
During the year, we embarked on a journey to provide accessibility to our portfolio by showcasing videos of all our properties, which can be accessed from MUST's website at http://investor.manulifeusreit.sg/videos.html

MUST's first Extraordinary General Meeting was held on 19 September 2017 for the acquisition of Exchange and the Rights Issue. The meeting provided Unitholders with details of the proposed acquisition and the opportunity to raise any questions. Retail Investor Day 2017 was held on 28 November 2017 to foster stronger relations with Unitholders. The event received overwhelming interest and was attended by close to 370 investors, an increase of 85.0% from Investor Day 2016. A mini quiz was included in the presentation to encourage interaction with the attendees. Unitholders also relished the opportunity to mingle with the senior management team for open discussions.

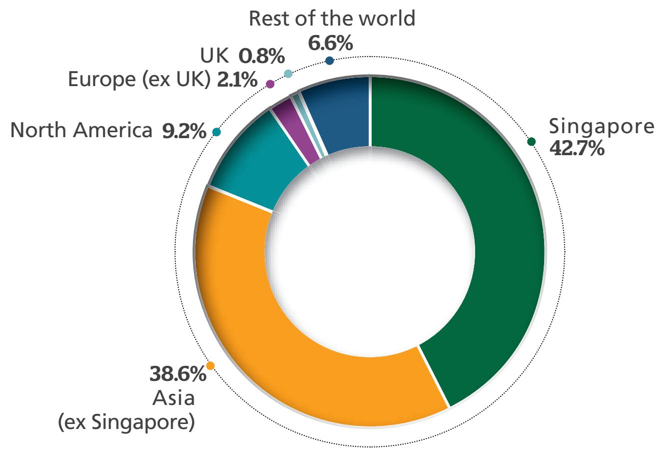
This year, the REIT was included in the GPR/APREA Investable REIT 100 Index, ranked 11th among 43 REITs and Business Trusts in the Governance Index for Trusts 2017, and awarded the best Annual Report for First Year Listed Companies at the Singapore Corporate Awards 2017. MUST participated in the Global Real Estate Standards Board (GRESB) annual benchmarking assessment in 2017, and was awarded the rank of Green Star. Manulife US REIT has been included in various indices and is a constituent of one of the FTSE index.

The Manager remains committed to upholding high standards of corporate governance and transparency. Corporate and financial announcements, including press releases, presentations, annual and sustainability reports will continue to be uploaded onto SGXNet in a timely and widely accessible manner. The announcements are concurrently made available on the REIT's website at www.manulifeusreit.sg, where there is an 'Email Alerts' function that enables investors to subscribe for regular updates from the REIT.

Unitholders by Type[1]



Unitholders by Geography[1, 3]



1 As at 31 December 2017.
2 Includes high net worth.
3 Excludes unidentified and unanalysed holdings.

Inclusion in Key Indices

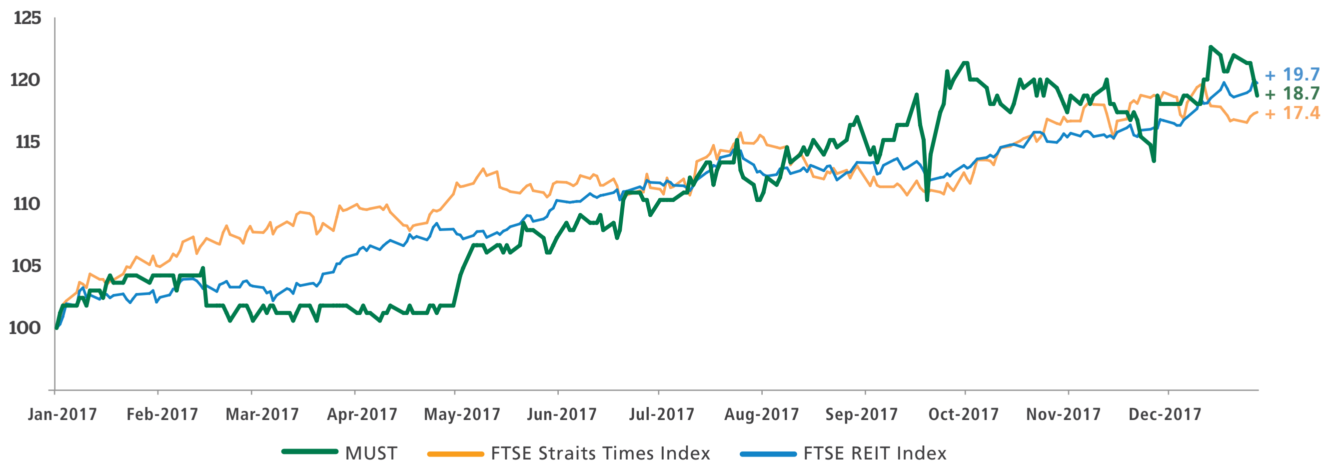
- GPR General (World) Index
- GPR General ex-US Index
- GPR General Far East Index
- GPR General Far East ex-Japan Index
- GPR General Singapore Index
- GPR General Quoted (World) Index
- GPR General Quoted ex-US Index
- GPR General Quoted Far East Index
- GPR General Quoted Far East ex-Japan Index
- GPR General Quoted Singapore Index
- GPR/APREA Composite Index
- GPR/APREA Composite Singapore Index
- GPR/APREA Composite REIT Index
- GPR/APREA Composite REIT Singapore Index
- GPR/APREA Investable REIT 100 Index
- GPR/APREA Investable REIT 100 Singapore Index
- SGX Real Estate Index
- SGX S-REIT Index

INVESTOR
RELATIONS

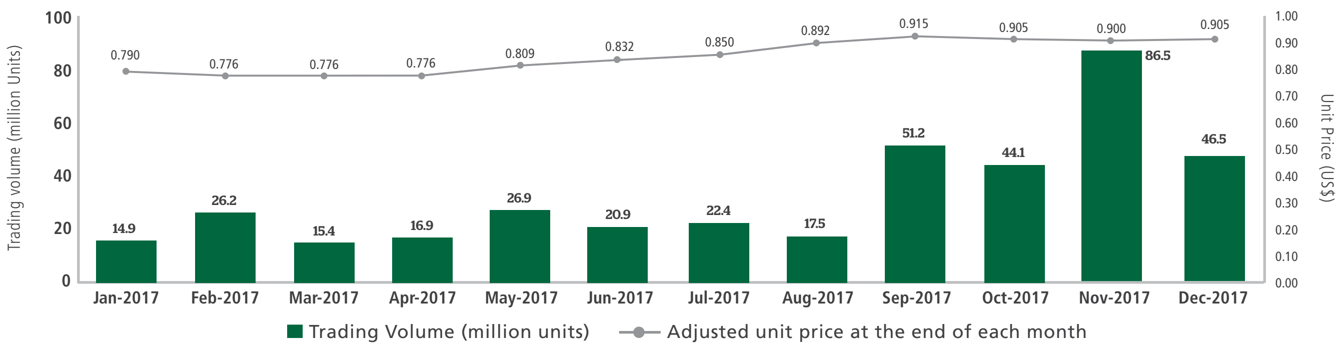
FY2017 IR CALENDAR

Date	Event	Organised by
4 Jan 2017	Pulse of Asia Conference in Singapore	DBS
13 Feb 2017	FY2016 Results Announcement	MUST
13 Feb 2017	FY2016 Media and Analysts Briefing	MUST
13 Feb 2017	FY2016 post Results Investor Luncheon	Deutsche Bank
15 Feb 2017	Non-Deal Roadshow in Kuala Lumpur	RHB
24 Apr 2017	First Annual General Meeting	MUST
2 May 2017	1Q2017 Results Announcement	MUST
2 May 2017	1Q2017 post Results Investor Luncheon	Religare
22 May 2017	Manulife US REIT IPO 1st Anniversary	MUST
13 Jun 2017	RHB Trading Representatives Luncheon	RHB
20 Jun 2017	Conference Call with Media and Analysts post Plaza Acquisition	MUST
8 Aug 2017	2Q2017 Results Announcement	MUST
8 Aug 2017	2Q2017 Media and Analysts Briefing	MUST
8 Aug 2017	2Q2017 post Results Investor Luncheon	RHB
15 – 16 Aug 2017	Non-Deal Roadshow in Tokyo	Daiwa & Okasan Securities
25 Aug 2017	SGX-Maybank Singapore Corporate Day in Thailand	SGX-Maybank
4 Sep 2017	Media and Analysts Briefing post Exchange Acquisition	DBS
6 – 8 Sep 2017	Roadshows in Singapore and Hong Kong	DBS
19 Sep 2017	First Extraordinary General Meeting	MUST
4 Oct 2017	OCBC October Trading Spotlight Presentation	OCBC
3 Nov 2017	3Q2017 Results Announcement	MUST
12 – 17 Nov 2017	U.S. Site Visit	MUST
28 Nov 2017	Retail Investor Day 2017	MUST
6 Feb 2018	4Q2017 Results Announcement	MUST
6 Feb 2018	4Q2017 Media and Analysts Briefing	MUST
6 Feb 2018	4Q2017 post Results Investor Luncheon	UOB
8 Feb 2018	UOB Kay Hian Remisiers Presentation	UOB
8 - 9 Feb 2018	Non-Deal Roadshow in Bangkok	DBS
12 -13 Feb 2018	Non-Deal Roadshow in Hong Kong	DBS

Relative Performance for the Period 3 January to 29 December 2017 (%)



MUST's Monthly Trading Performance



Unit Price Performance[1]	
Opening Unit Price as at 3 January 2017[2] (US$)	0.763
Closing Unit Price as at 29 December 2017 (US$)	0.905
High (US$)	0.935
Low (US$)	0.762
Average Daily Trading Volume in FY2017 (million units)	1.5
Total Trading Volume in FY2017 (million units)	373.8
Market Capitalisation as at 29 December 2017 (US$ million)	935.5
Number of Units in Issue as at 29 December 2017 (million units)	1,033.7

1 Adjusted for Rights Issue.
2 Same as closing price as at 31 December 2016.

Analysts Coverage

1. DBS Bank
2. Deutsche Bank
3. KGI Securities
4. Lim & Tan Securities
5. RHB Research
6. UOB Kay Hian

IR Contact

For any feedback and inquiries, please contact:

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Head of Investor Relations
Email: carol_fong@manulifeusreit.sg
Website: www.manulifeusreit.sg

Form W-8Ben Enquiries

Toll free: 1800-238-0222
From Overseas: +65-6238-0222
Monday to Friday,
excluding public holidays (9.00am to 6.00pm)
Email: usreitinquiry@manulifeusreit.sg

ENTERPRISE RISK MANAGEMENT

All of MUST's activities involve elements of risk-taking. The objective is to balance the REIT's level of risk with its business, growth and profitability goals, in order to achieve consistent and sustainable performance over the long-term that benefits MUST and its Unitholders.

The Manager employs an enterprise-wide approach to all risk-taking and risk management activities supporting the business objectives. Under the Enterprise Risk Management (ERM) framework, risk management strategies are established for each of the principal risks. The Manager embeds a strong risk culture and a common approach to risk management integral to the REIT's risk management practices. This allows individuals and groups to make better risk-return decisions that align with the REIT's overall risk appetite, strategic objectives and our Unitholders' requirements.

These ERM practices are influenced and impacted by internal and external factors, which can significantly impact the levels and types of risks MUST might face in its pursuit to strategically optimise risk-taking and risk management. The Manager's ERM Framework incorporates relevant impacts and mitigating actions as appropriate.

The Board is responsible for the governance of risk across the REIT and ensuring sound risk management and internal control systems. This includes the overall risk strategy based on risk appetite, risk identification, risk measurement and assessment, risk monitoring and reporting, risk control and mitigation. The Board is supported by the Audit and Risk Committee (ARC) for the oversight of risk management and delegates this through a governance framework that is centred on the three lines of defence model:

- MUST's first line of defence includes the management team and respective leaders of the Manager (also referred to as business units and functional support groups). They are ultimately accountable for the risks they assume and for the day-to-day management of the risks and related controls.

- The second line of defence includes the oversight functions such as the Legal and Compliance teams. The ARC also contributes to the oversight of risk-taking and risk mitigation activities.

- The third line of defence comprises the outsourced Internal Audit team from the Sponsor, which provides independent assurance that controls are adequate, effective and appropriate in relative to the risk inherent in the business, and that risk mitigation programmes and risk oversight functions are effective in managing risks.

Risk-taking activities are managed within the REIT's overall risk appetite and approved by both the ARC and the Board. Risk appetite defines the amount and types of risks MUST is willing to assume, which comprises risk philosophy, risk appetite statements and risk limits and tolerances.

This requires business units and functional support groups to identify and assess key and evolving risks arising from their activities on an ongoing basis. A standard inventory of risks is used in all aspects of risk identification, measurement and assessment, and monitoring and reporting.

Risk limits and tolerances are reviewed on an annual basis to ensure that they remain appropriate taking into consideration MUST's overall risk objectives and risk management plans, business strategy and changing external environment.

Risk reduction strategies and activities are defined individually for each risk and can include full or partial risk offset, full risk elimination or risk reduction within limits. Financial risk mitigation tactics include ensuring aggregate risk exposures remain within MUST's risk appetite and limits. In addition, another tactic is to follow MUST's approved plans so as to reduce aggregate risk exposure and keep them within risk limits.

The identification and assessment of external environment for emerging risks plays a pivotal role in the ERM Framework. The ability to detect and adapt to changes in the environment may not only prevent problems arising but also help the Manager identify new opportunities.

The risk reporting will be presented to the ARC and the Board to highlight but not limited to the risk profile, risk

ERM Framework

dashboard on high risks, unresolved major risk issues and new or emerging risks. The following describes the risk management strategies to identify certain key risks.

Economic Risk

MUST may be adversely affected by economic and real estate market conditions in the U.S. These conditions may have a negative impact on the ability of tenants to pay their rents in a timely manner or to continue their leases. This in effect may reduce MUST's cash flow, which may cause a decline in rents and market value of the properties. The Manager manages this by adopting a disciplined approach towards financial management and monitors economic developments closely.

Regulatory and Compliance Risks

MUST is required to comply with applicable and relevant legislations and regulations that include the SGX-ST Listing Rules, International Financial Reporting Standards, Securities and Futures Act, Code of Investment Scheme, U.S. and Singapore tax laws, regulations and rulings. The Manager has established a compliance monitoring programme to assist in ensuring compliance with regulatory requirements, company policies and procedures. Changes in legislations and regulations including amendments to laws and regulations, legal judgments and their interpretation may impact MUST's distributable income. The Manager actively monitors regulatory changes and its impact to the REIT, and implements appropriate strategies to mitigate the impact.

Fraud and Bribery Risks

The Manager is committed to the highest standards of integrity and has no tolerance for any fraud and bribery in its business conduct. The Manager has a Code of Business Conduct and Ethics in place that affirms the Manager's commitment to ethical conduct and its practice of complying with all the applicable laws, so as to avoid actual or potential conflicts of interest. In addition, it has a whistleblowing policy that serves to encourage its employees and any other individuals to raise concerns about possible improprieties in matters of financial reporting and other malpractices in confidence via various channels.

Liquidity and Funding Risks

The Manager closely monitors and actively manages the REIT's debt maturity profile, operating cash flow and the availability of funding. To manage this liquidity risk, the Manager establishes reasonable levels of banking facilities by ensuring that sufficient funds are available to meet its capital, refinancing and operating needs.

Interest Rate Risk

MUST's substantial portion of borrowings are fixed rate interest-bearing borrowings. As such, MUST is not exposed to significant cash flow risk.

Leasing Risk

MUST is subject to the risk of non-renewal, non-replacement of leases and decrease in demand for office space. Any downturn in the businesses, bankruptcy or insolvency of a tenant may result in such tenant deciding not to renew its lease at the end of a lease cycle or to terminate the lease before it expires. The Manager establishes a diversified tenant base, while continuously monitoring lease expiry profile and proactive tenant engagement. The Manager has also established leasing guidelines to ensure lease concentration risk is mitigated.

Credit Risk

Credit risk is the risk of financial loss to MUST should a tenant fail to meet its contractual obligations and arises principally from rental arrears. Some of the factors that affect the ability of tenants to meet their obligations under the leases include poor economies in which they have business operations, competition and their financial position. The Manager manages credit risk through staggered lease maturities and diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of the gross revenue. In addition, MUST also obtains security deposits and letters of credit from the tenants.

Property Management Risk

The Manager has established processes and procedures that seek to ensure that the buildings operate efficiently and are well-maintained in managing the risk that arises from the operations and management of the buildings, which includes Building Safety Solution and Life Safety System. The Manager is committed to creating and cultivating environment-friendly, safe and healthy workplaces.

Investment Risk

Acquisition of properties contributes to the growth objectives of MUST. The risks involved in investment activities are managed through a rigorous and disciplined set of evaluation processes which includes but is not limited to meeting investment criteria, discounted cash flow assessment, yield accretion test, due diligence reviews and independent valuations. All investment decisions are reviewed and approved by the Board.

Information Technology, Business Disruption and System Failure Risks

The Manager has an enterprise-wide business continuity and disaster recovery programme. This includes policies, plans and procedures that seek to minimise the impact of natural or man-made disasters, and is designed to ensure that key business functions can continue normal operations in the event of a major disruption. The business continuity team also establishes and conducts regular testing.

SUSTAINABILITY REPORT

Contents

SUSTAINABILITY REPORT

About This Report

Manulife US REIT (MUST or the REIT) is a Singapore Real Estate Investment Trust (REIT) managed by Manulife US Real Estate Management Pte. Ltd. (the Manager), established with the investment strategy principally to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States (U.S.), as well as real estate-related assets. The Manager is wholly owned by The Manufacturers Life Insurance Company (the Sponsor) which is part of the Manulife Group. John Hancock Life Insurance Company (U.S.) (JHUSA) has been appointed as the property manager (the Property Manager) for the properties.

The REIT's inaugural Sustainability Report is an affirmation of commitment to sustainability. It addresses the REIT's sustainability approach, activities and performance from 1 January to 31 December 2017, with comparative data for the same period in 2016. This report has been prepared by the Manager in compliance with the SGX-ST Listing Rules 711A and 711B, with reference to the Global Reporting Initiative (GRI) Standards (2016), and includes consideration of the GRI Construction and Real Estate Sector Disclosures. The GRI Content Index and the relevant references are presented on pages 66 to 67 and should be read together with MUST's Annual Report 2017. A pdf version can be downloaded from http://www.manulifeusreit.sg.

Please forward any inquiries, comments or feedback on the REIT's sustainability performance and / or inaugural Sustainability Report to usreitinquiry@manulifeusreit.sg as the Manager continues its effort to improve its reporting.

Reporting Scope

This report focuses on the activities of the REIT, the Manager and the underlying properties in the U.S.: Figueroa, Peachtree and Michelson. Data from the recent acquisitions of Plaza and Exchange will be included in 2018's Sustainability Report.

Board Statement

The Board is pleased to present the REIT's first Sustainability Report. This report describes how business has been conducted over the last financial year to ensure long-term value creation for Unitholders, employees and other stakeholders. In addition, it sets out the intention and direction for sustainability in the future.

The Board oversees the direction of sustainability for MUST as well as the management of sustainability related performance. The Manager has initiated and directed the development of the Sustainability Report, including the identification of the REIT's material Environmental, Social and Governance (ESG) factors. The Board is supported by the Sustainability Committee, made up of senior management from both the Manager and the REIT's Property Manager.

This Sustainability Report is aligned to the SGX-ST Listing Rules 711A and 711B and references the internationally recognised GRI Standards (2016).

2017 SUSTAINABILITY HIGHLIGHTS

Investments	Participation in the Global Real Estate Standards Board (GRESB), achieving a score of 76
Approach	Alignment of sustainability efforts with the United Nations Sustainable Development Goals (SDGs)
Properties	4.6% reduction in energy intensity 4.9% reduction in Greenhouse Gas (GHG) emission intensity 8.8% reduction in water intensity Energy efficiency ratings for all properties: • Figueroa ENERGY STAR • Michelson ENERGY STAR, LEED™ Gold • Peachtree ENERGY STAR • Plaza ENERGY STAR • Exchange ENERGY STAR
Outreach	Effective engagement of key stakeholders such as investors, tenants and local communities
Employees (Full-time and contract) as at 31 December 2017	Doubled staff strength to 13 employees Average 31.2 training hours per employee Diversification of employees with 61.5% female and 38.5% male
Regulatory Governance	No incident of non-compliance with laws and regulations resulting in fines or sanctions

SUSTAINABILITY REPORT

Objectives

The Manager aims to improve its sustainability performance in these aspects:

Aspects	Targets
Investments	• Improve GRESB scores in 2018
Properties	• Maintain or reduce water consumption and intensity • Maintain or reduce energy consumption and intensity • Maintain or reduce GHG emission and intensity • Achieve LEED Gold certification for Exchange
Outreach	• Increase investors' engagement activities in 2018 • Maintain or improve our tenant satisfaction surveys score • Increase donations • Increase employee volunteer hours committed
Employees (Full-time and contract)	• Maintain high participation for Employee Engagement Survey
Regulatory Governance	• Maintain zero incidents of non-compliance with relevant laws and regulations in 2018

Sustainability Approach

The Manager believes that integrating sustainable and responsible ESG practices are key to the successful investment management process and day-to-day operations of the REIT and its properties. With this in mind, in 2017, the Manager established a Sustainability Committee and laid out its aspiration to offer a sustainable property portfolio and implemented a best-in-class approach to sustainability. During 2017, a sustainability governance structure and various processes were established to allow for effective monitoring and management of sustainability performance at both the REIT and property level.

Aligned to the sustainability strategies and activities of its Sponsor, the Manager holds the conviction that a strong and effective sustainability strategy can deliver a number of benefits. Unitholders have an interest in this area as empirical evidence suggests that sustainability management contributes to stable long-term returns. Tenants too, are increasingly appreciative of green buildings and the social and wellness facilities provided at the REIT's properties. In order to maintain and strengthen its workforce, the Manager believes that employees' loyalty can be enhanced by providing a conducive working environment and various talent retention initiatives.

Being a respected employer and landlord as well as a proactive community partner builds a trusted brand. Additionally, reducing the impact on the environment protects the planet and at the same time drives cost savings related to energy and water use, GHG emissions and waste management.

To emphasise the REIT's commitment to sustainability, MUST participated in the GRESB annual benchmarking assessment in 2017. The Manager is delighted to announce that the REIT received a score of 76, which was higher than the global GRESB average of 63. MUST's portfolio attained scores higher than the GRESB average across all aspects, and performed better than its peer group in the following categories: Policy and Disclosure, Monitoring and Environmental Management Systems (EMS), and Performance Indicators.

In 2017, the REIT's property management team worked hard and its efforts paid off as the REIT recorded a 4.6% decrease in energy intensity, a 4.9% decrease in GHG emissions intensity and 8.8% decrease in water consumption intensity. The Manager will continue to consider ESG aspects in its investment decisions and aim to seek green building certifications for its new properties. Currently, all five of the properties are certified ENERGY STAR. In addition, Michelson attained a Leadership in Energy and Environmental Design (LEED) Gold certification and the intention is to obtain LEED certification in the newly acquired property, Exchange.

The Manager has continuously engaged investors, tenants, and the local community to determine and meet their sustainability needs and concerns. For example, state of the art energy storing systems have been operational at Michelson. Electric vehicle charging stations were recently installed at Figueroa, Michelson and Peachtree and Exchange intends to follow suit.

During 2017, the Manager met with more than 1,000 investors, analysts and media as part of its engagement initiatives. Other stakeholder engagement initiatives include tenant satisfaction surveys, which are undertaken in alternate years. In 2016, 76.0% of the tenants in MUST's portfolio completed the survey. The Manager is looking forward with interest to the results of the 2018 survey.

Since the REIT's IPO in May 2016, the Manager has almost doubled its full-time and contract staff to 13 as at 31 December 2017. Most of the key executives are long-serving employees with the Sponsor, averaging of over six years of service.

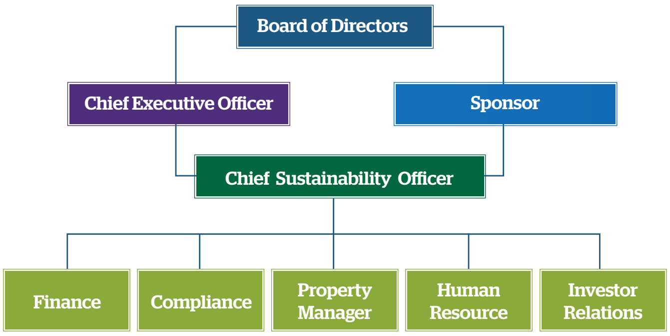
On the governance side, there has been no incidence of non-compliance with any relevant laws or regulations over the last year and the target is to continue this spotless performance.

The Manager, with the continued support of the Sponsor, look forward to building on these achievements and extending its sustainability efforts in 2018 and beyond.

Sustainability Governance

MUST took its first step to formalise its commitment to sustainability by establishing a Sustainability Steering Committee (SSC) that includes senior management, representatives from the Manager and the REIT's Property Manager. The SSC is headed by the Chief Sustainability Officer, Ms Caroline Fong, who leads sustainability strategies and action plans, sets achievement targets, oversees and reviews monitoring processes and drives sustainability performance. The committee does not work in isolation, instead, it engages the employees, key stakeholders and the Property Manager who is governed by a range of policies on sustainbility management. In addition, the SSC shares the REIT's sustainability performance with the Board on a regular basis.

Sustainability Steering Committee Chart



The Property Manager, JHUSA Sustainable Real Estate Policy

The REIT's Property Manager has a long track record of managing sustainability and has been measuring and reporting energy consumption and carbon emissions for more than 10 years. Its vision is to drive leadership in sustainable real estate practices across its global organisation and to provide healthy and efficient workplaces for its tenants and community partners, while enhancing long-term returns.

Sustainable property management is guided through a Sustainable Real Estate Policy. This policy outlines five sustainability commitment areas.

To help the Property Manager meet its commitments, it has a suite of sustainability practices and checklists. The Engineering and Technical Services team provides expert guidance on operational practices and capital investments and handles the Property Manager's sustainability programmes. The Executive Sustainability Steering Committee, which is made up of senior real estate representatives from key departments and regions, oversees progress towards achieving Manulife Real Estate sustainability vision and strategy, and ensures that it adheres to commitments, corporate policies and practices. To find out more, please refer to Manulife Real Estate's Sustainability Report (https://manulifereal estate.com/social-responsibility).

Entities within the Manulife Group take part in, and are members of the following global initiatives at an organisational level:

- Manulife Real Estate is a member of GRESB and participates in the assessment for all portfolios and funds, including MUST.
- Manulife Asset Management, including Manulife Real Estate, are signatories to the Principles for Responsible Investment.
- Manulife Financial Corporation takes part in the Carbon Disclosure Project.
- Manulife Financial Corporation is included in the Dow Jones Sustainability Index.

SUSTAINABILITY REPORT

Materiality

Materiality Assessment

In May 2017, the Manager, in accordance with the GRI Materiality Principle, carried out a materiality assessment in conjunction with an external consultant. The first part of the assessment identified various ESG factors that might be material through evaluating the business in the wider sustainability context as well as within the real estate and REIT industry. The next step was to prioritise the potential material factors, and this was conducted via a workshop with the SSC members. The material ESG factors were then submitted to and approved by the Board.

The Manager interacts on a regular basis with a variety of communities, including stakeholders, Unitholders, tenants and local communities. These are integrated into the materiality assessment to determine how the Manager can improve its engagements with these groups. More details can be found in page 59 under "Engaging Communities".

The GRI's Reporting Principles were adopted in this materiality assessment and throughout the development of this report.

Stakeholder Inclusiveness	Engaging stakeholders is imperative for the success of the performance of the REIT as well as the sustainability performance. See p.59 for details.
Sustainability Context	As a Singapore REIT with properties in the U.S., sustainability context is international. Sustainability issues are tracked through community engagement and the REIT is involved in global movements and benchmarking such as GRESB.
Materiality	Identifying what is material in terms of sustainability is necessary for a targeted and strategic sustainability approach. See p.54 for details.
Completeness	Relevant business activities are described in this report. See more on the report boundary on p.54.
Balance	This report bears the concept of balance and has been kept in mind to ensure transparency and fairness.
Comparability	The use of GRI Standards enables some level of standardisation in the report, allowing comparability versus peers.
Accuracy and Reliablility	Various levels of checking of information and processes are put in place to ensure accuracy and reliability of information.
Timeliness	Sustainability performance is in line with annual financial reporting.
Clarity	Considerable thought has been given to the structure, layout and phrasing of the report.

Material ESG Factors

1. Economic Performance

2. Investment Management
3. Energy, Emissions and Water

4. Engaging Communities
5. Talent Retention
6. Training, Education and Leadership
7. Diversity and Equal Opportunity

8. Regulatory Compliance

Material factors were not considered in isolation, but selected based on their contribution to both the improvement of the REIT's sustainability performance and global sustainability efforts. The Manager has considered some of the United Nations' SDGs for the REIT's materiality assessment as below:

SDGs	**Goal 5:** Achieve gender equality and empower all women and girls	**Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy	**Goal 8:** Promote inclusive and sustainable economic growth, employment and decent work	**Goal 12:** Ensure sustainable consumption and production patterns	**Goal 17:** Revitalise the global partnership for sustainable development
How MUST Supports These Goals	The Manager and the Sponsor highly value diversity and equal opportunity in the work place and as a result, the employees in the Manager meet these objectives.	MUST aims to support the clean energy industry by encouraging the use of electric vehicles and exploring opportunities for renewable energy use.	The Manager strives to support and nurture employees in a number of ways and also focuses on more vulnerable parts of society in terms of Corporate Social Responsibility (CSR).	Consumption of natural resources occurs through electricity and water usage, renovation and maintenance of properties. Both the Manager and the REIT's Property Manager work to find opportunities to reduce the use of natural resources.	Entities within Manulife Group works with a number of organisations to support and further the real estate industry's sustainability agenda.

SUSTAINABILITY REPORT

Investment Management

Investment decisions are important as they impact the distributions to our Unitholders. The Chief Investment Officer (CIO) works with the management team to execute the investment programme of the Manager. The CIO, together with the U.S. acquisition teams, are responsible for identifying and evaluating potential investments with the view of enhancing the REIT's portfolio. When evaluating a potential investment, the team is guided by an internal investment checklist and policies to determine its impact on the overall portfolio. All acquisitions have to be vetted by the management team and ultimately approved by the Board of Directors.

ESG aspects in acquisitions are addressed through the following:

(1) Sustainability in Investment and Due Diligence Checklist which covers:
- Environmental risks and building efficiency

(2) The Asset Management Sustainability Checklist considers sustainability performance and programmes including:
- Green building certification
- Performance versus targets and / or benchmarks
- Sustainability awards and recognition
- Overview of proposed sustainability programmes or initiatives
- Summary of any green lease clauses or agreements with tenants regarding sustainability collaboration
- Details of any energy, water or waste audits or energy recommissioning studies

Although properties are not exclusively selected for their environmental and social attributes, the Manager recognises that a sustainable portfolio can have a positive impact on the REIT's financial performance. The latest study conducted in the North America and published in the Journal of Portfolio Management showed that LEED™ and ENERGY STAR certified buildings in the U.S. achieved on average higher net rents, higher tenant satisfaction, lower energy consumption, lower rent concessions, lower vacancy and higher renewal rates.

Through a vertically integrated platform, the CIO works with the Property Manager to continuously review and recommend ongoing capital and operational improvement plans through Asset Enhancement Initiatives (AEI). These plans relate to operational efficiency of the building while maintaining the quality of maintenance and services. AEIs also help to maintain high tenant retention and occupancy levels which in turn deliver higher rental income.

The Property Manager also initiates creative enhancements in its properties to cater to different users' needs. For example, Light Emitting Diode (LED) lights were installed in Michelson's common areas to improve the lighting conditions and reduce electricity costs. During the year, Peachtree and Figueroa completed its multi-year lift lobby and restroom refurbishment programme. In Peachtree, a conference centre was also upgraded. Other initiatives included restroom enhancements for greater accessibility, nursing rooms to support working mothers, and converting a car park space into a gym to promote an active and healthy lifestyle. The improvements in lift lobbies and corridors also created a pleasant and welcoming environment for tenants.

FY2017 Performance and Target

GRESB Score	Target
• Used as a reflection of ESG integration in the investment management processes. A score of 76 was received.	• Improve GRESB scores compared to prior year

GRESB

GRESB is an investor-led initiative that assesses the ESG performance of real estate companies and funds. In 2017, The REIT took part in the GRESB Benchmark assessment and received a "Green Star" ranking with a score of 76, higher than the global average of 63. This performance was driven by better scores in the following categories: Policy and Disclosure, Monitoring and Environmental Management Systems (EMS), and Performance Indicators.

Energy, Emissions and Water

The Manager aims to minimise the environmental impacts of MUST's properties through efficient operations. The property management team is responsible for actively overseeing environmental performance and providing feedback to the Manager. The Engineering and Technical Services team also provides expert guidance on improving the sustainability efforts for the properties.

There are several initiatives in place to monitor the environmental performance:

- Third party systems to report on energy, GHG emissions, water consumption, and waste production and diversion
- Environmental Inspection Reports by relevant regulatory bodies
- Energy, water and indoor air quality audits conducted by third parties
- Annual GRESB property survey
- Green building certification and renewal processes

Energy Efficiency

The Property Manager, on behalf of the REIT, is constantly looking for opportunities to increase energy efficiency. A decrease in energy usage may lead to substantial cost savings for tenants as well as reduces GHG emissions. In addition, eco-efficient buildings are increasingly in demand by tenants, especially in those areas where the REIT's properties are located, prioritising environmental criteria in their rental consideration.

Case Study: Michelson

At Michelson, Tesla was contracted to install and connect a series of high-tech batteries to the property's main power supply. The batteries are charged at night when utility rates are low, and discharged during the day as supplemental power, when utility rates are at peak levels. This project reduces demand for electricity during peak hours, and reduces operating cost by US$120,000 annually. Lighting upgrades to energy efficient lightbulbs are continuously underway and options are being considered in regards to the installation of on-site renewable energy.

Figueroa	Michelson	Peachtree
• Installed Variable Frequency Drive (VFD), Direct Digital Controls (DDC), Demand Flow and auto power sweep at 6pm in the building to reduce energy consumption • Installed eight electric charging stations for vehicles	• Refitted LED in the car park, including the pole lights, building stairwells and all multi-tenant corridors • Installed Pony chiller which is a smaller chiller that provides after hours Heating, Ventilation and Air Conditioning (HVAC) • Operated battery storage which reduced peak electricity usage • Upgraded the Energy Management System to increase the efficiency of HVAC system • Installed energy efficiency software for HVAC system • Converted Central to Variable Flow (added VFD to condenser water pump)	• Upgraded the Energy Management system to increase the efficiency of HVAC system • Converted the building's interior and exterior lightings to highly efficient options or LED • Installed the Heat Return Unit (HRU) system which takes the warm exhaust from the building and uses it to heat the outside air before it is pumped into the building • Installed VFDs for fan motors on cooling tower and domestic water pumps • Completed elevator modernisation in 2016 / 2017 • Painted the garage ceiling white for reflective purpose, thereby requiring less lighting around the exterior of the parking floors • Installed LED on top floor of parking garage

SUSTAINABILITY REPORT

Greenhouse Gas Emissions

A decrease in energy consumption could reduce GHG emissions. Emissions are managed by striving for energy efficiency and, where appropriate, considering cleaner energy from renewable sources. To encourage low-carbon travel, eight electric vehicle charging stations were installed at Figueroa. In addition, bike racks were also installed to promote health & well-being.

Water Efficiency

To reduce water usage at the properties, low-flow fixtures, meters for water subsystems and rain sensors for irrigation have been installed. At Michelson, an innovative water reuse system that uses reclaimed water from the City of Irvine for use in restrooms, irrigation systems and cooling tower was installed. In addition, the collection and reuse of grey water and native landscaping have been instigated to reduce water demand. At Peachtree, common area restrooms are all hands free and low-flush toilets were installed.

Waste Management

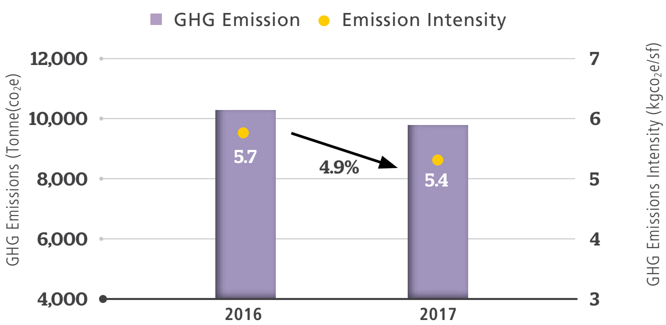
Facilities are provided in the REIT's properties to encourage recycling. Figueroa participates in annual e-waste removal of tenants' computers and small electronics and recycles tenants' paper and cardboard products daily. Michelson holds an E-Waste Event annually in April, in honour of Earth Day, where tenants participate in a computer and electronics recycling programme. At Peachtree, the Property Manager works collaboratively with tenants to improve waste and recycling methods and reduce their environmental impact. To increase awareness of available recycling programmes, tenants in Peachtree are provided regularly with educational information, including live seminars on best-in-class recycling practices. Quarterly performance results via waste diversion reports allow tenants to understand their performance and set targets for further improvements.

Certifications and Energy Ratings

Green building certifications provide assurance to tenants and stakeholders that a building performs at a high-level of sustainability. In 2017, Figueroa, Michelson and Peachtree received ENERGY STAR certifications. For commercial real estate, ENERGY STAR is a market differentiator. Studies find that ENERGY STAR certified buildings command a premium of up to 16.0% for sale prices and rental rates. The average ENERGY STAR score for the above properties was 88 in 2016. This means that the majority of our properties perform better than 75.0% of similar buildings in the U.S. In addition, Michelson has a LEED™ Gold certification, demonstrating best-in-class sustainability performance across numerous sustainability aspects. LEED is the most widely used green building rating system in the world and provides a framework to create healthy, highly efficient and cost-saving green buildings. LEED certification is a globally recognised symbol of sustainability achievement

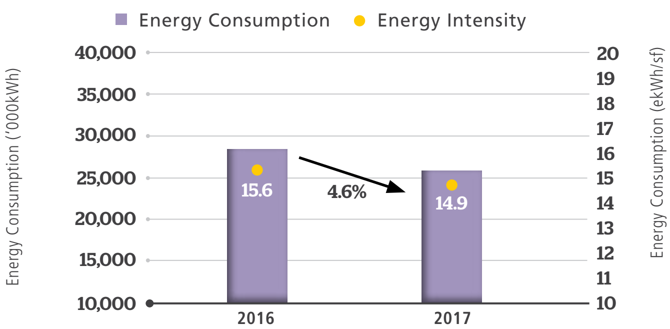
Property	Certification
Figueroa	ENERGY STAR
Michelson	ENERGY STAR LEED™ Gold
Peachtree	ENERGY STAR
Plaza	ENERGY STAR
Exchange	ENERGY STAR Target to achieve LEED™ Gold

2016 - 2017 GHG Emissions and Intensity



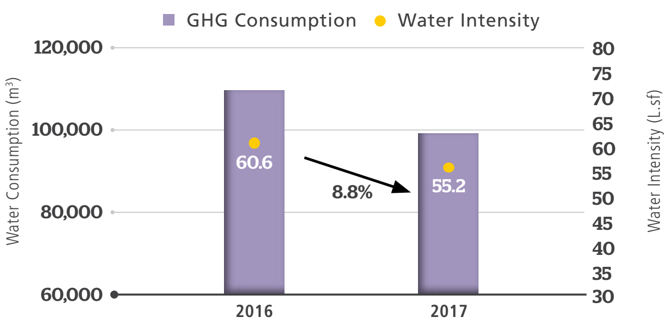
GHG emission intensity was calculated by dividing total GHG emission/total gross floor area

2016 - 2017 Energy Consumption and Intensity



Energy intensity was calculated by dividing total energy consumption/total gross floor area

2016 - 2017 Water Consumption and Intensity



Water intensity was calculated by dividing total water consumption/total gross floor area

The bulk of the REIT's properties' energy consumption arose from purchased grid electricity in 2017. Electrical energy consumption amounted to 26,912 equivalent kilowatt hours (ekWh), representing a 4.6% year-on-year decrease from 28,219 ekWh in 2016. Overall building energy intensity also decreased to 14.9 ekWh/m^2 in 2017 from 15.6 equivalent kilowatt hour per m^2 (ekWh/m^2) in 2016.

Consistent with the decrease in energy consumption and intensity, the REIT's indirect GHG emissions and intensity from electrical energy decreased in 2017 to approximately 9,780 metric tonnes of carbon dioxide equivalent (tCO_2e) and 5.4 tCO_2e /m^2, respectively. Indirect GHG emissions and intensity from electrical energy was approximately 10,300 metric tCO_2e and 5.7 tCO_2e/m^2 in 2016.

Water consumption has decreased over the past year from 109,250m^3 in 2016 to 99,600m^3 in 2017 and water consumption intensity decreased 8.8%.

Energy, Water and Waste Reduction Efforts – The Manager

The Manager extends its commitment to sustainability at its Singapore office through various initiatives. Employees are encouraged to switch off electronic devices when they are not in use. Lights and air conditioners are also turned off automatically at default times every night and over weekends to reduce energy consumption. Recycling facilities for cans, glass, plastic and coffee capsules have been introduced to employees in 2017. The Manager also promote environmental awareness by distributing eco-friendly corporate gifts such as cotton bags to investors.

FY2017 Performance and Targets

Energy, Emissions and Water for FY2017 versus FY2016	Targets
Energy consumption and energy intensity • Energy consumption reduced by 4.6% • Energy intensity reduced by 4.6%	• Maintain or reduce energy consumption and intensity
GHG emission and GHG emission intensity • GHG emission reduced by 4.8% • GHG emission intensity reduced by 4.9%	• Maintain or reduce GHG emission and intensity
Water consumption and water intensity • Water consumption reduced by 8.8% • Water intensity reduced by 8.8%	• Maintain or reduce water consumption and intensity

Engaging Communities

The Manager believes that community engagement plays an important role in sustainability and has initiated various activities for its stakeholders in 2017.

Tenant Community

The REIT maintains high occupancy at all of its properties through various tenant engagement activities. Maintaining close relationships and listening to tenants' views enable the Manager to provide high quality services and facilities in the properties.

Apart from enhancing equipment and facilities to reduce energy and water consumption, the Property Manager partners with tenants to promote environmental sustainability awareness. Initiatives include sharing building performance results with tenants, offering sustainability tips and holding events and educational sessions. Greater collaboration on sustainability is an essential, mutually beneficial activity that supports tenants' business objectives and increases their satisfaction with the properties and services. In addition, tenant appreciation events are held to encourage interaction between the Property Manager and tenants. These events include food festivals such as "Ice cream social", "In-N-Out Burger", "Holiday Brunch"and golf tournaments.

Kingsley Associates has been engaged to conduct tenant satisfaction surveys in alternate years at all MUST's properties to better understand and serve its tenants. The survey gathered information on tenants' overall satisfaction, perception of property, satisfaction with management, leasing and maintenance, renewal intentions and likelihood of property recommendations. The overall satisfaction rate on the most recent survey which was completed in 2016 was 97.0%. The next survey will take place in 2018.

SUSTAINABILITY REPORT

Investment Community

The investment community is mainly made up of institutional and retail investors, analysts and media. The main objective of the REIT is to provide Unitholders with regular distributions and achieve long-term growth in Distribution per Unit and Net Asset Value through prudent capital management.

Key Engagement Initiatives

Events	• AGM 2016 / EGM 2017 • Investor Day 2017 • IPO 1st Anniversary • U.S. Site Visits
Meetings	• Quarterly Results Briefings / Luncheons / Calls • Acquisition Briefings / Luncheons / Calls • Media Interviews • Local and Overseas Roadshows
Publications	• Annual Report • SGX Announcements • Investor Presentations • Press Releases • Investor Pack • Factsheet • Newspaper Advertisements
Website	• Dedicated customer service hotline for general enquiries • Dedicated email and contact number on website for investor relations inquiries • Property videos on website for investor education

Local Community

The Manager demonstrates good corporate citizenship by supporting charitable causes. It is a humbling and fulfilling experience for the team when it comes together outside the work environment to give back to the society. In addition, it creates a valuable form of team bonding. Individual employees are encouraged to utilise up to two days of volunteering leave per year for their community involvement. The Manager is particularly proud to align its CSR programmes with Manulife's research series on Aging Asia by supporting the needs of the elderly in Singapore.

In 2017, the Manager partnered with the Young Women's Christian Association (YWCA) of Singapore in order to sponsor and accompany a group of elderly for a "Duck and Hippo" tour. 14 elderly members participated and paired up with our employees to take a water cruise along iconic and historic landmarks in Singapore. The tour was organised with the intention to uplift the emotional and social well-being of these elderly members.

"Duck and Hippo" Tour

Retail Investor Day 2017

Employees also brought joy to patients at St Luke's Hospital where they worked together to make colourful and unique fridge magnets moulded out of clay. This activity was targeted at patients of over 40 years. Participants benefitted from the interaction, creativity of the activity, and exercising of motor skills, cognitive abilities and concentration.

In addition, the Manager collaborated with The Art Faculty by Pathlight to commission an artwork of the REIT's properties to be featured on its Chinese New Year (CNY) red packets. The Art Faculty by Pathlight is a platform that promotes and showcases the special talents of people with autism and related challenges.

The Manager also contributed to global poverty alleviation programmes. Employees participated in Soles4Souls shoe drive hosted by Million Lighting Pte Ltd and donated 66 pairs of new or lightly worn footwear to the organisation. The donated footwear was distributed to those in need in developing nations by providing relief in times of a disaster.

In FY2017, the Manager donated a total of S$13,900 in terms of cash plus gifts to voluntary welfare organisations in Singapore.

CNY Red Packets - In collaboration with The Art Faculty by Pathlight

FY2017 Performance and Targets

Engaging Communities	Targets
Tenant Community • 76.0% tenants completed the Tenant Satisfaction surveys • Overall score of 97.0%	• Maintain or improve tenants' participation • Maintain or improve survey scores
Investment Community • Met with more than 1,000 investors	• Maintain or increase number of engagement activities
Local Community • S$13,900 raised in 2017 (S$10,700 raised in 2016) • 98 volunteer hours in 2017 (52 volunteer hours in 2016)	• Increase amount raised • Increase volunteer hours

Talent Retention

The Manager is aligned to Manulife Group's vision to be an employer of choice and believes that happy employees are likely to have higher levels of productivity. Retaining talent is essential in the maintenance of skills and intellectual capital, productivity levels and containing costs. The Manager strives to develop talent and ensure that all employees are exposed to career growth opportunities.

Employee Well-being

The Manager focuses on initiatives to promote work-life balance by investing in employee well-being as it is an important aspect of retaining valuable talent. A range of exercise activities and health screening programmes are offered to employees. Other initiatives included a weekly fruit day and a salad vending machine was made available to employees in the office building. Employees and their family members are also entitled to discounts on Manulife's insurance policies.

Effective team building encourages communication, team work and trust among employees. The Manager organises regular lunches and dinners not only to celebrate successes and festivals but also to facilitate communication within the team. The Manager also participated in "Eat With Your Family Day 2017", an event held in May, to encourage employees to head home early to spend quality time and bond with their families. Employee engagement surveys are carried out every other year, and pulse surveys are conducted in the intervening periods to evaluate the Manager's performance in this aspect.

Remuneration Policy

The Manager's compensation programme is intended to be well-balanced, competitive, performance based and aligned with the achievement of each employee's short, medium and long-term goals. While the approach reflects a pay-for performance culture, it is also designed to attract, motivate and retain high-performing and high-potential employees in their respective field of expertise. Employees are also incentivised through annual bonus awards that are tied to a variety of financial and non-financial measures and key staff are eligible for a Long-Term Incentive Scheme. All aspects of compensation are reviewed against independent market surveys on a regular basis so that the REIT maintains its attractiveness as a choice employer and attracts the best talent.

FY2017 Performance and Targets

Talent Retention	Targets
• Out of the 12 full-time employees, one resigned	• Maintain or increase the number of full-time employees
• 100% of employees completed the Employee Engagement Survey	• Maintain employees' participation

Training, Education and Leadership

The Manager is aligned to the Training and Development Policy within Manulife Group that is made available in the employee handbook. Employees are required to attend mandatory and voluntary training programmes to cultivate technical skills, leadership, strategic planning, creative thinking and problem solving skills. In 2017, employees also attended additional courses provided by third party vendors, organisations and institutions, such as Bloomberg, Yardi (accounting), Institute of Singapore Chartered Accountants, Singapore Association of the Institute of Chartered Secretaries and Administrators and the Singapore Red Cross Academy.

The Manager supports the youth and contributes to the talent pool by providing undergraduates and fresh graduates with internship opportunities. Through such programmes, interns gained invaluable skill sets and experiences that they can apply in their future careers. Key executives also conducted a 'live' investor meeting where they shared MUST's financial results and strategy, to a group of final year real estate students from National University of Singapore (NUS). In addition, the CEO shared with the postgraduates from NUS on the challenges and opportunities in the financial market place.

In FY2017, the key executives gathered regularly to discuss and brainstorm strategies for the REIT. During these sessions, pertinent issues such as challenges in the market, performance of the portfolio and human capital were discussed.

"Work Life Coaching" is provided to all employees who participate in a semi-annual performance and career review where they are given feedback and opportunities to build on their past performance. These sessions aim to identify employees' skill gaps and provide additional training when required. The Manager believes in two-way communication with its staff and encourages employees to offer feedback on their career goals and all other aspects of their work during these sessions. At any time, staff including their immediate family members with personal issues are able to receive professional advice from external consultants through phones, emails or face-to-face sessions.

In addition, employees are required to complete several mandatory training programmes to ensure good compliance and governance. These include the Code of Business Conduct and Ethics Training and Certification, Investment Division Annual Associate Compliance Anti-Money Laundering and Anti-Terrorist Financing Training, New Information Classification Standard and New Information Protection Training.

In FY2017, the average training hours per employee was 31.2 hours, almost double the training hours per employee a year ago.

FY2017 Performance and Target

Training Hours	Target
• Average training hours per employee was 31.2 hours	• Maintain or improve average training hours per employee

Diversity and Equal Opportunity

Diversity ensures a healthy mix of opinions, ideas, knowledge and skills in the workplace. The Manulife Group and the Manager encourage a diversified workplace. The Sponsor has implemented a number of initiatives to demonstrate its commitment in providing a diversified workplace and equal opportunities to all employees. This in turn motivates and increases the employees' productivity and loyalty.

In 2017, the Global Women's Alliance (GWA) at Manulife launched "Humans of Manulife" to showcase the diverse background of employees within the organisation. GWA also organised events throughout the year to educate, inspire and support fellow colleagues. Stories and journeys of individuals are showcased monthly to encourage and motivate employees to excel in their current role.

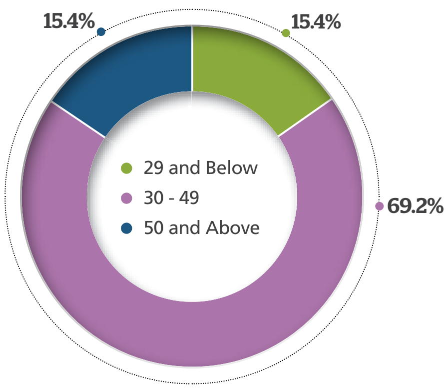
The Manager aligns with the Manulife Group's Diversity and Equal Opportunities Policies and the Manager reports its diversity statistics to its Board on a regular basis.

These policies are stated in the employee handbook. The Manager's employees are assessed and their remuneration packages are based on their performance.

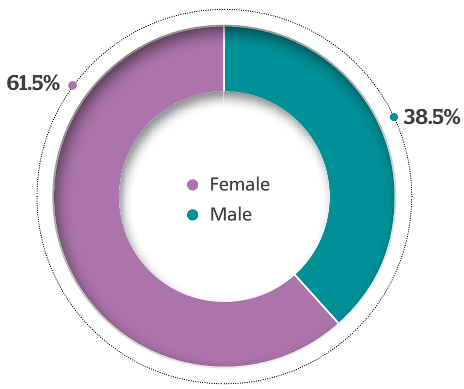
The Manager does not tolerate any form of discrimination in the workplace. Furthermore, equal employment opportunities are offered to individuals across different ages, genders and ethnic groups.

As at 31 December 2017, the Manager had 13 full-time and contract employees with tertiary qualifications and above. The team embraced several generational bands, with ages in all five decades from 20 to 60 years old. There is a healthy gender balance of employees from three ethnicities (Chinese, Asian and Caucasian) with 61.5% females and 38.5% males. The team is made up of 46.2% executives and 53.8% non-executives.

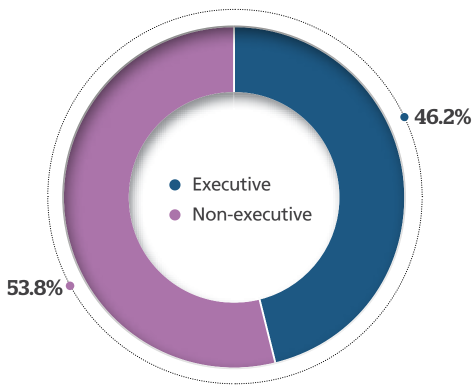
Employee Diversity by Age



Employee Diversity by Gender



Employee Diversity by Type



FY2017 Performance and Target

Diversity		Target
Age	• 29 and below: 15.4% • 30 to 49: 69.2% • 50 and above: 15.4%	• Continue to hire employees with diversified age, gender and type
Gender	• Female: 61.5% • Male: 38.5%	
Type	• Executive: 46.2% • Non-executive: 53.8%	

Regulatory Compliance

Singapore REITs are highly regulated and the Board of Directors and Management act in the best interests of the Unitholders while simultaneously ensuring compliance with local laws and regulations. The Sponsor is a SEC registered company and the Manager aligns its governance to these high standards. The Manager's compliance team works closely with the Sponsor's legal and compliance teams and external legal counsel in Singapore and U.S. to ensure that the REIT and the Manager operate within its regulatory ambit. Breaches in regulations are likely to lead to costly fines as well as creating reputational risk.

The Manager safeguards Unitholders' interest by complying with relevant rules and regulations. As at 31 December 2017, six out of 12 full-time employees are appointed representatives under the Securities and Futures Act (SFA) of Singapore. They are responsible for functions ranging from management, investment, finance to investor relations. All marketing materials are reviewed by the compliance team to ensure adherence to relevant rules and regulations and that information presented therein are not misleading to potential investors and stakeholders. As a landlord, the Manager is required to ensure that tenants are who they claim to be and that they are not conducting illicit activities or are captured on any global or regulatory watch-lists. On the health and safety front, the Manager is actively working with the Property Manager to ensure that its properties are safe for tenants, visitors and other users.

Regulation comes in many forms and there are a number of policies and practices in place to help the REIT and Manager comply:

Corporate Policies and Processes	Objectives	Availability
Insider Trading Policy	The policy provides guidance for the directors, officers and employees in the context of dealing in the Units of MUST.	Internal Policy
Global Privacy Risk Management Policy	The policy describes the framework within which MUST manages privacy risk when handling personal information.	Internal Policy
Information Risk Management Policy	The policy aids in identifying, assessing, rectifying, reporting and managing significant information risks in support of and in alignment with operational risk management.	Internal Policy
Independent Nominating and Remuneration Committee	To ensure long-term effectiveness of the Manager and its Board by making recommendations on the composition of the Board.	Internal Process
Conflict of Interest and Interested Person Transaction process	Compliance with Capital Markets Services Licence (CMSL) requirements for Real Estate Investment Trust Management under the Securities and Futures Act (SFA) of Singapore.	Internal Process
Disclosure of interests		
Fit and Proper declaration		
Global Business Continuity Policy	These policies outline the process in the event of any disaster.	Internal Policy
Global Disaster Recovery Policy		
Enterprise Risk Policy	The policy provides a structured approach to implementing risk taking and risk management activities at an enterprise level.	Internal Policy
Whistleblowing Mechanism	The mechanism is to encourage stakeholders and any other persons to raise concerns about possible improprieties in matters of financial reporting and other malpractices (including fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual and concealment of any of the aforementioned) in confidence.	Available on MUST website (http://www.manulifeusreit.sg/whistle-blowing-policy.html)

Corporate Policies and Processes	Objectives	Availability
Anti-Fraud Policy	The policy describes a framework within which MUST strives to: (1) prevent, identify, and detect fraud; and (2) ensure that adequate controls are in place to accomplish those objectives.	Internal Policy
Anti-Money Laundering and Anti-Terrorist Financing Policy	The policy outlines the responsibilities, accountabilities and processes to ensure that MUST effectively mitigates the risks associated with money laundering and terrorist financing activities.	Internal Policy
Code of Business Conduct and Ethics	The code affirms MUST's commitment to ethical conduct and its practice of complying with all applicable laws and avoiding potential or actual conflicts of interest.	Internal Policy
Personal Data Protection Act (PDPA)	To ensure MUST's compliance with the PDPA	The PDPA is available on https://www.pdpc.gov.sg/legislation-and-guidelines
Social Media Policy	To minimise reputational, business, compliance and legal risks associated with social media usage, employees are required to adhere to the social media policy.	Internal Policy
Timely disclosure of information	To minimise reputational and business risk and compliance with marketing and exchange regulations.	Internal Process
Review accuracy of information on corporate website		
Review accuracy of all marketing collaterals before publication		
Health & Safety Policy	The policy serves to ensure safety of all users of our properties and to ensure compliance with the WSHA.	Internal Policy
Workplace Safety and Health Act (WSHA)		Internal Process The WSHA is available on https://sso.agc.gov.sg/Act/WSHA2006

Mandatory and voluntary trainings are provided to employees to ensure that they comprehend what is expected of them and their reporting obligations. Orientation and induction programmes are conducted for new hires. Emails are sent regularly to Board of Directors and employees to remind them of their reporting obligations and on any related or applicable regulatory updates.

For tenants, health and safety issues can be raised during tenant engagement meetings held by the Property Manager. In addition, educational sessions for tenants and building users, grievance mechanisms (i.e. feedback channels) and anonymous whistle-blowing channels are available.

To ensure compliance with relevant rules and regulations, the compliance team is actively involved in all business activities. Periodic submission of data to respective regulators and application and review of licences are also tracked. In addition, the internal audit team reviews processes and procedures to ensure compliance and the Manager follows an established and comprehensive ERM framework where regular reports are submitted to the Board. Please see the Corporate Governance report on page 70 and the ERM framework for more information.

FY2017 Performance and Target

Number of Fines or Sanctions for Non-compliance	Target
• No incident of non-compliance with laws and regulations resulting in fines or sanctions in the year ended 31 December 2017	• Zero incidents of non-compliance with relevant laws and regulations in the next year

GRI Content Index

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Manulife US REIT
102-2	Activities, brands, products, and services	About Manulife US REIT, p.1 Operational Review, p.27
102-3	Location of headquarter	Singapore
102-4	Location of operations	Portfolio Summary, p.30
102-5	Ownership and legal form	Tax and Trust Structure, p.13
102-6	Markets served	Portfolio Summary, p.30
102-7	Scale of the organisation	Financial Highlights, p.8 Financial Review, p.22 Portfolio Summary, p.30
102-8	Information on employees and other workers	Talent Retention, p.61
		Manulife US REIT did not have any significant variation in employment numbers
102-9	Supply chain	Engaging Communities, p.59
102-10	Significant changes to organisation and its supply chain	Manulife US REIT did not have any significant variation in employment numbers
102-11	Precautionary principle or approach	Manulife US REIT does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Manulife US REIT supports the UN SDGs and takes part in GRESB
102-13	Membership of associations	REITAS
		The Property Manager, JHUSA Sustainable Real Estate Policy, p.53
Strategy		
102-14	Statement from senior decision-maker	Board Statement, p.51 Sustainability Approach, p.52
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Board Statement, p.51 Sustainability Approach, p.52
Governance		
102-18	Governance structure	Sustainability Governance, p.53
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement, p.54
102-41	Collective bargaining agreements	Manulife US REIT does not have any collective bargaining agreements in place
102-42	Identifying and selecting stakeholders	Stakeholder Engagement, p.54
102-43	Approach to stakeholder engagement	Materiality Assessment, p.54 Stakeholder Engagement, p.54
102-44	Key topics and concerns raised	Materiality Assessment, p.54 Stakeholder Engagement, p.54

GRI Standards (2016)		Notes/Page number(s)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Highlights, p.8 Financial Review, p.22
102-46	Defining report content and topic boundaries	Materiality Assessment, p.54
102-47	List of material topics	Materiality Assessment, p.54
102-48	Restatements of information	No restatements, as this is Manulife US REIT's inaugural report
102-49	Changes in reporting	No changes in reporting, as this is Manulife US REIT's inaugural report
102-50	Reporting period	1 January 2017 – 31 December 2017
102-51	Date of most recent report	This is Manulife US REIT's inaugural report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this report, p.51
102-54	Claims of reporting in accordance with GRI Standards	About this report, p.51
102-55	GRI content index	GRI Index, 66
102-56	External assurance	Manulife US REIT has not sought external assurance for this reporting period and may consider it for future periods.
Management Approach		
103-1	Explanation of the material topic and its boundary	Materiality Assessment, p.54 Sustainability Governance, p.53 Please refer to section on each material factor
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
Material Topics		
Economic Performance		
201-1	Direct economic value generated and distributed	Financial Highlights, p.8 Letter to Unitholders, p.10
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Regulatory Compliance, p.64
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Regulatory Compliance, p.64
Employment		
401-1	New employee hires and employee turnover	Talent Retention, p.61
Training and Education		
404-1	Average hours of training per year per employee	Talent Retention, p.61
Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Regulatory Compliance, p.64
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance, p.64

CORPORATE GOVERNANCE

As at 31 December 2017

The Manager has general powers of management over the assets of MUST. The Manager's main responsibility is to manage the REIT's assets and liabilities for the benefit of Unitholders. The Manager sets the strategic direction of the REIT and gives recommendations to DBS Trustee Limited (the Trustee), on the acquisition, divestment, development and / or enhancement of assets of MUST in accordance with its stated investment strategy.

The Manager provides, amongst others, the following services to the REIT:

- Investment: Formulating MUST's investment strategy, including determining the location, sub-sector type and other characteristics of MUST's property portfolio. Overseeing negotiations and providing supervision in relation to investments of MUST and making final recommendations to the Trustee.

- Asset management: Formulating MUST's asset management strategy, including determining the tenant mix, asset enhancement works and the rationalisation of operation costs. Providing supervision in relation to asset management of MUST and making final recommendations to the Trustee on material matters.

- Capital management: Formulating the plans for equity and debt financing for MUST's property acquisitions, distribution payments, expense payments and property maintenance payments. Executing the capital management plans, negotiating with financiers and underwriters and making final recommendations to the Trustee.

- Accounting: Preparing accounts, financial reports and annual reports for MUST on a consolidated basis.

- Compliance: Making all regulatory filings on behalf of MUST, and using its commercially reasonable best efforts to assist the REIT in complying with the applicable provisions of the relevant legislation pertaining to the location and operations of MUST, the Listing Manual of the SGX-ST (the Listing Manual), the Trust Deed, any tax ruling and all relevant contracts.

- Investor relations: Communicating and liaising with investors, analysts and the investment community.

The Manager has been issued a Capital Markets Services licence (CMS Licence) for REIT management pursuant to the Securities and Futures Act (SFA) on 2 July 2015 and is regulated by the Monetary Authority of Singapore (MAS).

This report describes the Manager's main corporate governance framework and practices with reference to the Code of Corporate Governance 2012 (CG Code). Any deviations from the principles and guidelines of the CG Code are explained.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and management remains accountable to the Board.

The Board is responsible for the overall corporate governance of the Manager, including establishing goals for management and monitoring the achievement of these goals. The Board seeks to ensure that the Manager manages the REIT's assets and liabilities for the benefit of Unitholders.

All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of the Directors.

The key roles of the Board are to:

- guide the corporate strategy and directions of the Manager;

- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise; and

- oversee the proper conduct of the Manager.

Two Board Committees, namely the Audit and Risk Committee (ARC) and Nominating and Remuneration Committee (NRC) have been constituted with written terms of reference to assist the Board in discharging its responsibilities.

Each of these Board Committees operates under delegated authority from the Board, with the Board retaining overall oversight. The Board may form other Board Committees as dictated by business imperatives. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

The Manager has also adopted a set of internal controls which establishes approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments. Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those limits to the Board Committees and management. Approval sub-limits are also provided at management level to optimise operational efficiency.

The Board has reserved authority to approve certain matters and these include, among others:

1. acquisitions and divestments;
2. equity fund raising and new debt financing;
3. income distributions and other returns to Unitholders; and
4. matters which involve a conflict of interest for a controlling Unitholder or a Director.

The Board meets at least once every quarter, to deliberate the strategies of the REIT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of the REIT. The Board or the relevant Board Committee will also review MUST's key financial risk areas and the outcome of such reviews will be disclosed in the annual report or where the findings are material, immediately announced via SGXNet.

The number of meetings of the Manager's Board, ARC and NRC held in FY2017 and the meeting attendance are as follows:

Name of Directors	Board		Audit and Risk Committee		Nominating and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr Hsieh Tsun-Yan	7	7	6	6*	3	3
Mr Lau Chun Wah @ Davy Lau	7	7	6	6*	3	3
Mr Ho Chew Thim	7	7	6	6	3	3*
Ms Veronica Julia McCann	7	7	6	6	3	3
Mr Kevin John Eric Adolphe	7	7	6	6*	3	3*
Mr Michael Floyd Dommermuth	7	7	6	6*	3	3*
Dr Choo Kian Koon (appointed with effect from 9 June 2017)	7	4	6	3	3	1*
Mr Pok Soy Yoong (resigned with effect from 3 May 2017)	7	2	6	3	3	2*

Note:
*Attendance by invitation

Upon appointment, each Director is provided with a formal letter of appointment setting out the Director's duties and obligations. The Manager has put in place an orientation programme to ensure that any newly-appointed Directors are familiar with MUST's business, strategies and directions and the regulatory environment in which MUST operates as well as the main corporate governance practices of the Manager. There was one new Director appointed to the Board for the financial year ended 31 December 2017. Dr Choo Kian Koon was appointed to replace outgoing Director Mr Pok Soy Yoong.

The Board receives regular updates on any new and material changes to applicable regulations. The management also arranges relevant training for Directors and Directors are also encouraged to put forward to the NRC training topics on which they would like to receive training.

BOARD COMPOSITION AND GUIDANCE

Principle 2

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board is represented by members with a broad range of commercial experience including expertise in funds management, audit and accounting and the real estate industry. Each Director of the Manager has been appointed on the basis of his / her professional experience and ability to contribute to the proper guidance of MUST. None of the Directors of the Manager are related to one another, any substantial shareholder of the Manager or any substantial Unitholder.

The Board comprises seven Non-Executive Directors, of whom four are Independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic planning process. This, together with a clear separation of the roles of the Chairman and the CEO, provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

Name of Directors	Position
Mr Hsieh Tsun-Yan	Chairman and Non-Executive Director and Nominating and Remuneration Committee Member
Mr Lau Chun Wah @ Davy Lau	Independent Non-Executive Director, Lead Independent Director and Chairman of the Nominating and Remuneration Committee
Mr Ho Chew Thim	Independent Non-Executive Director and Chairman of the Audit and Risk Committee
Ms Veronica Julia McCann	Independent Non-Executive Director, Audit and Risk Committee Member and Nominating and Remuneration Committee Member
Dr Choo Kian Koon	Independent Non-Executive Director and Audit and Risk Committee Member
Mr Kevin John Eric Adolphe	Non-Executive Director
Mr Michael Floyd Dommermuth	Non-Executive Director

The Board reviews and assesses the independence of each Director in accordance with the Securities and Futures (Licensing and Conduct of Business) Regulations (SF(LCB)R). Under the SF(LCB)R, an Independent Director means a Director who:

- is independent from management and business relationships with the Manager and the REIT;
- is independent from every substantial shareholder of the Manager and substantial Unitholder of the REIT; and
- has not served on the Board for a continuous period of nine years or longer.

Accordingly, the Board has reviewed and determined that each of the four aforementioned Independent Director satisfies the above criteria of independence as set out in the SF(LCB)R.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman of the Board and Chief Executive Officer (CEO) are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Hsieh Tsun-Yan, while the CEO is Ms Jillian Avis Kathryn Smith. The Chairman and the CEO are not immediate family members.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO of the Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

This provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

In accordance with Guideline 3.3 of the CG Code, Mr Lau Chun Wah @ Davy Lau had been appointed as the Lead Independent Director as the Chairman was not an Independent Director. The Lead Independent Director was available to the Board and Unitholders where they have concerns and for which contact through the normal channels of Chairman or CEO has failed to resolve or is inappropriate.

BOARD MEMBERSHIP

Principle 4

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

To ensure the long-term effectiveness of the Board, the Manager has established a NRC to make recommendations to the Board for the appointment and re-appointment of each Director. The NRC comprises three Directors, the majority of whom are independent. The Chairman of the NRC is the Lead Independent Director of the Manager.

As at 31 December 2017, the members of the NRC were:

1. Mr Lau Chun Wah @ Davy Lau (Chairman)
2. Mr Hsieh Tsun-Yan
3. Ms Veronica Julia McCann

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman of the Board) and senior management (in particular, the CEO). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

1. the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;
2. in light of such review and in consultation with management, the NRC assesses if there are any inadequate representations in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
3. external help (for example, the Singapore Institute of Directors, search consultants or advertisements) may be used to source for potential candidates if need be. Directors and management may also make suggestions;

4. the NRC meets the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is / are aware of the expectations and the level of commitment required; and

5. the NRC makes recommendations to the Board for approval.

The Board believes that it is not practicable to fix the amount of time that each Director should devote to the affairs of the Manager or impose a limit on the maximum number of listed company board representations each Director may hold. The effectiveness of the Board and contributions of each Director cannot be assessed solely on a quantitative basis. The limit on the number of listed company board representations should be considered on a case-by-case basis, as a person's available time and attention may be affected by different factors such as whether they are in full-time employment and the nature of their other responsibilities. A Director with multiple directorships is expected to ensure that sufficient attention can be given to the affairs of the Manager.

Each Director is or has been a senior executive and has knowledge about, and / or experience in, serving as Director of listed corporations. Further, each of the Directors confirms that he / she is able to devote sufficient time to discharge his / her duties as Director of the Manager.

The Board seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to MUST's business. The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, investment and accounting backgrounds. The Board recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision making through diversity of perspectives in its boardroom deliberations, the varied backgrounds of the Directors also enable management to benefit from their respective expertise and diverse backgrounds. The Board also considers gender an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members. The Board is committed to diversity and will continue to consider the differences in the skill sets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process.

BOARD PERFORMANCE

Principle 5

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

The NRC has developed a process for evaluating the performance of the Board as a whole, the respective Board committees, and of each Director.

On an annual basis, all Directors are requested to complete the Board Performance Questionnaire and all respective Board committee members are also requested to complete the ARC and NRC Performance Questionnaires. In addition, each Director is requested to rate their peers and themselves annually.

The NRC also assesses each Director on a continual basis to ensure that he / she is able to and has been adequately carrying out his / her duties as a Director of the Manager. In carrying out such assessments, the NRC takes into account different factors, including the contributions of each Director, his / her principal commitments and his / her attendance at Board meetings.

Based on the Board assessment exercise, the Board is of the view that it has met its performance objectives, and that each of its members is contributing to the overall effectiveness of the Board.

ACCESS TO INFORMATION

Principle 6

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis. Papers for the ARC, NRC and Board meetings (including complete and adequate background information and explanatory updates on the affairs of MUST) are sent in advance of the Board meetings so that the respective Board committees and Board members have sufficient time to review the information provided and enable them to make informed decisions to discharge their duties and responsibilities.

The Board has separate and independent access to senior management and the company secretaries at all times. The company secretaries attend to the administration of corporate secretarial matters and ensure all Board procedures and requirements of the Companies Act, Cap.50. and the Listing Manual of the SGX-ST are complied. The company secretaries also attend all Board and Board committee meetings. The appointment and removal of the company secretaries are subject to the approval of the Board as a whole. The Board also has access to independent professional advice where appropriate and when requested, at the Manager's expense.

The ARC has direct and unrestricted access to the external auditors and internal auditors. The ARC also meets (a) with the external auditors and (b) with the internal auditors, in each case without the presence of management, at least annually to discuss matters or concerns.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

DISCLOSURE ON REMUNERATION

Principle 9

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The role of the NRC is to make recommendations to the Board on all appointment and remuneration matters. The NRC also reviews and makes recommendations on succession plans for the Board and the executive officers.

The NRC's responsibilities in relation to remuneration matters also include, amongst others:

- reviewing and recommending to the Board a general framework of remuneration for the Board and the executive officers;
- reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the executive officers; and
- reviewing MUST's obligations arising in the event of termination of executive Directors' and executive officers' contracts of service and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Manager's compensation programme is well balanced, competitive, performance-based and aligned with the achievement of each employee's short, medium and long-term goals. On an annual basis, performance measures such as Financial Success, other Quantitative Measures of Success and a qualitative measure, Building for the Future, are set by the Manager. A performance scorecard monitors factors including distributable income, DPU, brand building, corporate governance and the development and implementation of infrastructure. At the end of each calendar year the performance scores are calculated and awards made accordingly. The Manager's NRC and Board review the performance measures and the outcome on an annual cycle. The performance conditions for 2017 were met. While the approach reflects a pay-for-performance culture, it is also designed to attract, motivate and retain high-performing and high-potential employees in their respective field of expertise. Employees are also incentivised through annual bonus awards that are tied to a variety of financial and non-financial measures and key staff are eligible for a Long Term Incentive Scheme. In this regard, the NRC had not engaged any external remuneration consultants.

The Long Term Incentive Scheme is designed to motivate the performance of management personnel, and promote greater alignment of interests with Unitholders. The key staff of the Manager are granted Restricted Share Units (RSUs) under the Long Term Incentive Scheme which has been linked to MUST Units from its listing in 2016 onwards. MUST RSUs are vested on a three year cycle. The RSUs entitles the holder to receive payment in cash linked to the value of the MUST Units at the time of vesting. No employee share option schemes or share schemes have been implemented by MUST. The Long Term Incentive Scheme has been put in place to increase the Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value.

Long-term incentives in the form of Stock Option Plans, which permit the option holder to purchase shares in MFC, were also granted by MFC to the Non-Independent Non-Executive Directors, Mr Kevin Adolphe and Mr Michael Dommermuth for FY2017. The stock options pursuant to the Stock Option Plans will vest over a period of four years and expire ten years later.

Deferred Share Units have also been granted by MFC to Mr Hsieh Tsun-Yan for FY2017. While such Deferred Share Units vest in full upon granting, eligible Directors may only exchange their Deferred Share Units for cash or shares in MFC within one year after stepping down from the Board. Where an eligible Director chooses to receive MFC shares in exchange for their Deferred Share Units, the MFC shares shall be issued from treasury shares and / or shares purchased from the open market. Therefore, no new shares in MFC are or will be issued to satisfy the grant of MFC shares in exchange for Deferred Share Units.

The Stock Option Plans and the Deferred Share Units granted by MFC to Mr Adolphe, Mr Dommermuth and Mr Hsieh have been granted as part of their remuneration package as employees and Director of the Sponsor group respectively. Accordingly, the Stock Option Plans and the Deferred Share Units will not result in a misalignment of interests of the Directors with the long-term interests of the Unitholders given that Mr Adolphe and Mr Dommermuth are both employed by the Sponsor group and Mr Hsieh is currently an Independent Director of MFC. Further, there is unlikely to be any potential misalignment of interests given that Mr Adolphe, Mr Dommermuth and Mr Hsieh act as Non-Independent Non-Executive Directors and do not hold executive positions in the Manager. As Non-Independent Directors, they would in any event have to abstain from approving and recommending any Interested Person Transactions and Interested Party Transactions (Related Party Transaction) with an entity within the Sponsor group, mitigating any potential misalignment of interests with those of Unitholders.

In determining the actual quantum of the variable component of remuneration paid to the Key Management Personnel, the NRC had taken into account the extent to which the performance conditions, as set out above, have been met. The NRC is of the view that remuneration is aligned to performance during FY2017.

The Manager is cognizant of the requirements under MAS' Notice to All Holders of a CMS Licence for Real Estate Investment Trust Management to disclose:

(a) the remuneration of the CEO and each individual Director on a named basis; and

(b) the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are Directors), on a named basis, in bands of S$250,000.

The Manager has assessed and decided not to disclose the dollar remuneration of the CEO and the aggregate total remuneration paid to the top five executive officers (which shall not include the CEO and executive officers who are Directors) for the following reasons:

- staff remuneration matters are highly confidential and sensitive;
- with keen competition for the limited talent pool in the Singapore REIT management industry, such disclosure may result in talent retention issues;
- the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the alignment of remuneration paid to the CEO and the top five executive officers and the performance of the REIT;
- remuneration of the Manager's CEO and employees is paid out of the fees which the Manager receives from the REIT and not by the REIT.

The Directors' fees for the financial year ended 31 December 2017 are set out in the table below. Non-Executive Directors who are full-time employees of the Manulife Group do not receive any Directors' fees. The Directors' fees comprise a base retainer as a Director, an additional fee for serving on any Board committees and an attendance fee for participation in meetings.

Name of Directors	Fees for FY2017 (S$)
Mr Hsieh Tsun-Yan	85,000
Mr Lau Chun Wah @ Davy Lau	80,000
Mr Ho Chew Thim	85,000
Ms Veronica Julia McCann	85,000
Dr Choo Kian Koon[1]	46,428
Mr Pok Soy Yoon[2]	32,142

1 Dr Choo Kian Koon was appointed as an Independent Non-Executive Director and as a member of the Audit and Risk Committee with effect from 9 June 2017.
2 Mr Pok Soy Yoong resigned as an Independent Non-Executive Director and as a member of the Audit and Risk Committee with effect from 3 May 2017.

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 for FY2017.

Remuneration Band and Names of CEO and Key Executives	Base Salary Inclusive of Employer's CPF	Variable or Performance-related Bonus Inclusive of Employer's CPF[1]	Benefits-in-kind	RSUs
S$750,001 to S$1,000,000				
Ms Jill Smith	57%	26%	3%	14%[3]
S$500,001 to S$750,000				
Mr Jeff Wolfe	43%	34%	13%	10%[3]
Mr Jag Obhan	36%	18%	39%[2]	7%[3]
S$250,000 to S$500,000				
Ms Caroline Fong	82%	14%	4%	NA[4]
Ms Daphne Chua	81%	17%	2%	NA[4]
Mr Choong Chia Yee	78%	18%	4%	NA[4]

1 The amounts disclosed relates to bonuses paid in 2017 for FY2016.
2 The benefits-in-kind relates to expat benefits arrangement to the employee.
3 The payout relates to RSUs granted by Manulife Financial Corporation in 2015 in relation to work within the Manulife group prior to the listing of MUST. After the listing of MUST in 2016, RSUs granted to staff were linked to MUST Units.
4 No MUST RSUs were vested in 2017.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Management provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments so as to enable the Board to effectively discharge its duties.

The Board meets regularly, at least once every quarter to review the performance of MUST. The quarterly and full-year financial results of MUST are also reviewed by the Board before dissemination to Unitholders via SGXNet within the reporting deadlines stipulated in the Listing Manual of the SGX-ST, and where applicable, media releases and analysts' briefings. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of MUST's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Manager has put in place a system of internal controls including financial, operational, compliance and information technology controls and risk management processes to manage risk and safeguard the interests of Unitholders. The Manager employs an enterprise-wide approach to all risk-taking and risk management activities, adopting an Enterprise Risk Management (ERM) Framework which has been reviewed by the ARC and approved by the Board. Details of the Manager's ERM framework can be found in the "Enterprise Risk Management" section on pages 48 to 49 of this Annual Report.

The Board has received assurance from the CEO and Chief Financial Officer (CFO) of the Manager that:

a) the financial records of MUST have been properly maintained and the financial statements for the financial year ended 31 December 2017 give a true and fair view of the REIT's operations and finances; and

b) the REIT's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

Based on the risk management and internal controls systems established and maintained by the Manager, reviews conducted by the REIT's internal auditors and external auditors as well as management and the above assurance from the CEO and CFO; pursuant to Rule 1207(10) of the Listing Manual, the Board with the concurrence of the ARC, is of the opinion that the REIT's systems of internal controls were adequate and effective in addressing financial, operational, compliance and information technology risks for the financial year ended 31 December 2017.

Whistle-Blowing Policy

The Manager has put in place a whistle-blowing policy which serves to encourage its employees and any other persons to raise concerns about possible improprieties in matters of financial reporting and other malpractices (including fraud, corruption, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriage of justice, endangering the health and safety of an individual and concealment of any of the aforementioned) in confidence.

Concerns about illegal, unprofessional, fraudulent or other unethical behaviour may be referred to the ARC Chairman or the Ethics Hotline at www.manulifeethics.com. Any concerns which are not resolved by these channels may be raised with the Lead Independent Director of the Manager or Manulife's Global Compliance Chief or General Counsel may be contacted. Accounting and auditing complaints or concerns may be raised with the ARC Chairman. Following a review of the complaint or concern, the ARC Chairman, where appropriate, will take steps to have the matter investigated and, if warranted, will request that the Board and management implement corrective measures.

Dealings in Units

Each Director and the CEO of the Manager is to give notice to the Manager of any acquisition of Units or of changes in the number of Units which he / she holds or in which he / she has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he / she holds or in which he / she has an interest. All dealings in Units by the Directors and the CEO of the Manager will be announced via SGXNet.

The Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of the REIT's annual results and property valuations, and two weeks before the public announcement of the REIT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and

- at any time while in possession of price sensitive information.

The Directors and employees of the Manager are also prohibited from communicating price sensitive information to any person. Under the policy, Directors and employees of the Manager are also discouraged from trading on short-term or speculative considerations. In addition, the CEO and employees of the Manager are required to obtain pre-approvals before dealing in any Units under the Manager's internal policy.

Pursuant to Section 137ZC of the SFA, the Manager is required to, inter alia, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal.

Potential Conflicts of Interest

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- the Manager will not manage any other REIT which invests in the same type of properties as MUST;

- all executive officers are working exclusively for the Manager and do not hold other executive positions in other entities, save for any wholly-owned subsidiaries of the Manager;

- all resolutions in writing of the Directors in relation to matters concerning the REIT must be approved by at least a majority of the Directors (excluding any interested Director), including at least one Independent Director;

- at least half the Board comprises Independent Directors;

- in respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested Director;

- in respect of matters in which the Sponsor and / or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and / or its subsidiaries to the Board to represent their interests will abstain from deliberation and voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of the Sponsor and / or its subsidiaries;

- save as to resolutions relating to the removal of the Manager, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of the Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest; and

- it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of MUST with an interested person and / or, as the case maybe, an interested party (Related Party) of the Manager (Related Party), the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of MUST, has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the Independent Directors) will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of the REIT with a Related Party of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and / or which is in the interests of the Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

Related Party Transactions

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and
- will not be prejudicial to the interests of MUST and the Unitholders.

As a general rule, the Manager must demonstrate to its ARC that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) quotations from parties unrelated to the Manager; or
- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Related Party Transactions which are entered into by MUST and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by MUST. The ARC shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. The Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with.

The following procedures will be undertaken with respect to Related Party Transactions:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the value of the REIT's net tangible assets will be subject to review by the ARC at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of the REIT's latest audited net tangible assets will be subject to the review and prior approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and not prejudicial to the interests of MUST and its Unitholders and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of MUST's latest audited net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Where matters concerning MUST relate to transactions entered into or to be entered into by the Trustee for and on behalf of MUST with a Related Party of the Manager (which would include relevant Associates (as defined in the Listing Manual) thereof) or MUST, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;
- are not prejudicial to the interests of MUST and the Unitholders; and

- are in accordance with all applicable requirements of the Property Funds Appendix and / or the Listing Manual relating to the transaction in question.

The Trustee has the discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or the Trustee. If the Trustee is to sign any contract with a Related Party of the Manager or the Trustee, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

MUST will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing Manual if the value of such transaction, by itself or when aggregated with other Interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of MUST's latest audited net tangible assets.

The aggregate value of all Related Party Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the annual report of MUST for the relevant financial year.

The ARC will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the ARC.

AUDIT COMMITTEE

Principle 12

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The ARC is governed by a set of written terms of reference approved by the Board, setting out its scope of authority and responsibilities. The ARC is composed of three members, all of whom are Independent Directors resident in Singapore.

As at 31 December 2017, the members of the ARC were:

1. Mr Ho Chew Thim (Chairman)
2. Ms Veronica Julia McCann
3. Dr Choo Kian Koon

The role of the ARC is to monitor and evaluate the effectiveness of the Manager's internal controls. The ARC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The ARC's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to interested person transactions;
- reviewing transactions constituting Related Party Transactions;
- reviewing, on an annual basis, a report on the asset allocation conflict decisions pursuant to the sponsor allocation process;
- deliberating on conflicts of interest situations involving MUST, including situations where the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of MUST with a Related Party (as defined herein) of the Manager and where the Directors, controlling shareholder of the Manager and Associates are involved in the management of or have shareholding interests in similar or related business as the Manager, and in such situations, the ARC will monitor the investments by these individuals in MUST's competitors, if any, and will make an assessment whether there is any potential conflict of interest;

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;
- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with MUST;
- reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function in the overall context of MUST's risk management system;
- reviewing the statements included in MUST's annual report on the REIT's internal controls and risk management framework;
- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);
- monitoring the procedures in place to ensure compliance with applicable legislation, regulations, the Listing Manual and the Property Funds Appendix;
- reviewing the appointment, re-appointment or removal of external auditors;
- reviewing the nature and extent of non-audit services performed by external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without the presence of the executive officers, at least on an annual basis;
- assisting the Board to oversee the formulation, updating and maintenance work of adequate and effective risk management framework;
- reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;
- reviewing the financial statements and the internal audit report;
- reviewing and providing their views on all hedging policies and instruments to be implemented by MUST to the Board;
- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;
- investigating any matters within the ARC's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

During FY2017, the ARC reviewed and approved both the internal auditor's and external auditor's plans to ensure that the scope of audit was sufficient for purposes of reviewing the significant internal controls of MUST and the Manager. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal auditor and the external auditor were forwarded to the ARC. Significant issues were discussed at these meetings.

Taking cognizance that the external auditor should be free from any business or other relationships with MUST that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to MUST's relationships with them during FY2017. In determining the independence of the external auditor, the ARC reviewed all aspects of MUST's relationships with it including the processes, policies and safeguards adopted by MUST and the external auditor relating to audit independence. The ARC also considered the nature of the provision of the non-audit services in FY2017 and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of MUST's statutory financial audit.

In the review of the financial statements, the ARC has discussed with management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with management and the external auditor.

1. Valuation of Properties
   The ARC evaluated the qualifications, competence and independence of the valuers CBRE, Inc., Cushman & Wakefield of New Jersey, Inc. and Colliers International Valuation & Advisory Services, LLC. The ARC discussed the portfolio property valuation methodologies and assumptions used by the valuers with management.

2. Taxation
   The ARC discussed with management and auditors the deferred tax liabilities recorded in FY2017 and tax reform and restructuring matters in relation to the announcement by the U.S. Government on 22 December 2017 on tax changes reforming the United States Internal Revenue Code (IRC) and the resulting enactment of the US Tax Act[1].

   The above are included as key audit matters in the Auditor's Report (pages 86 to 87 of the Annual Report).

For FY2017, an aggregate amount of US$306,650 comprising non-audit service fees of US$82,649 and audit service fees of US$224,001 was paid / payable to MUST's external auditor. The non-audit fees were paid to the auditors for services rendered in relation to the acquisitions of Plaza and Exchange.

In FY2017, changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the ARC at its meetings

The Manager confirms, on behalf of MUST, that MUST has complied with Rule 712 and Rule 715 of the SGX Listing Manual in relation to the appointment of its auditing firm.

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".

INTERNAL AUDIT

Principle 13

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Manager outsourced its internal audit function to the Sponsor. The Sponsor's internal audit team follows the standards established by the Institute of Internal Auditors (IIA) for the professional practice of internal auditing. The internal audit team is staffed with qualified and competent individuals who are trained, supervised, coached and developed appropriately to be in compliance with the IIA standards.

The Internal Audit function reports directly to the ARC. The ARC comprising only Independent Directors exercises oversight over the internal audit activities of the Manager, including reviewing internal audit reports, reviewing the adequacy and effectiveness of the internal audit function, the appointment, re-appointment or removal of internal auditors and meeting with internal auditors without the presence of management.

The ARC has considered the appropriateness of using the Sponsor's internal audit team for the Internal Audit function and with respect to FY2017, the ARC has reviewed and is satisfied as to the independence, adequacy and effectiveness of the Internal Audit function.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

COMMUNICATION WITH SHAREHOLDERS

Principle 15

Companies should actively engage their shareholders and put in place an IR policy to promote regular, effective and fair communication with shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Manager is committed to promoting regular and effective communication with Unitholders in order to allow them to make informed and sound investment decisions. All announcements such as press releases, presentation slides, annual and sustainability reports and financial statements are uploaded onto SGXNet in a timely and accurate manner. These information are concurrently available at www.manulifeusreit.sg. In order to obtain regular updates, Unitholders may also subscribe to the email alert found on the website.

The Manager has a dedicated IR team that regularly interacts with Unitholders, analysts, fund managers and the media to engage and facilitate communication. In FY2017, the Manager met with over 1,000 retail and institutional investors within Asia through conferences, conference calls, meetings and non-deal roadshows in Bangkok, Hong Kong, Kuala Lumpur, Singapore and Tokyo.

MUST's distribution policy is to distribute at least 90.0% of its distributable income and distributions are paid on a semi-annual basis in which the Manager determines the actual level of distribution.

More information of the Manager's IR activities can be found on pages 44 to 47 of this Annual Report.

The Manager strongly believes in the principle of encouraging greater Unitholder participation and exercising their votes at the general meetings.

Annual reports and circulars are sent to Unitholders before the annual general meeting. When an extraordinary general meeting is convened, a copy of the circular will be sent to Unitholders containing matters that will be raised for Unitholders' consideration and approval. These notices are also advertised in the local papers and published on SGXNet. Unitholders are able to appoint proxies to vote on their behalf should they be unable to attend the meeting.

Unitholders are strongly encouraged to communicate their views on matters pertaining to the REIT. They are able to raise questions on the motions being considered at these meetings where representatives of the Directors (including Chairman of the Board, ARC and NRC) and senior management of the REIT will be present to address their questions and clarify any issues on the proposed resolutions. The external auditors are also present to address enquiries on the audit and financial statements of the REIT.

A distinctly separate issue is proposed as a separate resolution to protect the interests and rights of Unitholders. Each resolution proposed at a general meeting will be conducted through electronic voting to ensure full transparency in the voting process. Unitholders and their proxies present at these meetings are able to vote on all proposed resolutions at these meetings in which the voting and vote counting procedures are disclosed at these meetings

FINANCIAL CONTENTS

REPORT OF
THE TRUSTEE

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Manulife US Real Estate Investment Trust (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of units ("Unitholders") in the Trust. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Manulife US Real Estate Management Pte. Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 27 March 2015 (as amended and restated) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages 90 to 129, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
13 March 2018

STATEMENT BY THE MANAGER

In the opinion of the directors of Manulife US Real Estate Management Pte. Ltd. (the "Manager"), the manager of Manulife US Real Estate Investment Trust (the "Trust"), the accompanying financial statements set out on pages 90 to 129 comprising the Statements of Financial Position of the Trust and its subsidiaries (the "Group") and the Trust as at 31 December 2017, the Statements of Changes in Unitholders' Funds of the Group and the Trust, and the Consolidated Statement of Comprehensive Income, Distribution Statement, Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2017, Statement of Portfolio of the Group as at 31 December 2017 and notes to the financial statements are drawn up so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2017, the consolidated financial performance, distribution, consolidated cash flows, consolidated changes in unitholders' funds and portfolio holdings of the Group, and changes in unitholders' funds of the Trust, in accordance with the International Financial Reporting Standards and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 27 March 2015 (as amended and restated) and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

For and on behalf of the Manager,
Manulife US Real Estate Management Pte. Ltd.

Hsieh Tsun-Yan
Director

Singapore
13 March 2018

INDEPENDENT AUDITOR'S REPORT

to the Unitholders of Manulife US Real Estate Investment Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Manulife US Real Estate Investment Trust (the "Trust" or "Manulife US REIT") and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position of the Group and the Trust as at 31 December 2017, the Statements of Changes in Unitholders' Funds of the Group and the Trust, and the Consolidated Statement of Comprehensive Income, Distribution Statement, Consolidated Statement of Cash Flows of the Group for the year ended 31 December 2017, Statement of Portfolio of the Group as at 31 December 2017 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the Statement of Financial Position and the Changes in Unitholders' Funds of the Trust are properly drawn up in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2017, the consolidated financial performance, distribution, consolidated cash flows, consolidated changes in unitholders' funds and portfolio holdings of the Group, and changes in unitholders' funds of the Trust for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Investment properties

As at 31 December 2017, the carrying amount of investment properties was $1,312,800,000 which accounted for 95.9% of total assets. The valuation of the investment properties is significant to our audit due to the magnitude and the complexity of the valuation which is highly dependent on a range of estimates made by the Manager and the external appraisers engaged by the Manager. The more significant assumptions affecting the valuations include market rents, discount rates and capitalisation rates.

The Manager uses external appraisers to support its determination of the individual fair value of the investment properties. We assessed the Group's process relating to the selection of the external valuers, the determination of the scope of work of the valuers, and the review of the valuation reports issued by the external valuers. We considered the objectivity, independence and expertise of the external appraisers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity. We involved our internal real estate and valuation specialists to assist us in assessing the appropriateness of the valuation model and the reasonableness of the significant assumptions by reference to historical rates and benchmark market data. Our procedures also included validating the reliability of property related data used by the external appraisers. In addition, we discussed with the external appraisers the valuation techniques and basis for the significant assumptions used. We assessed the overall appropriateness of the movements in fair value of the investment properties and the associated deferred tax consequences arising from the fair value gains. We also assessed the adequacy of disclosures in Note 6 to the consolidated financial statements relating to the assumptions, given the estimation uncertainty and sensitivity of the valuations.

Taxation – US Tax Reform

On 22 December 2017, the U.S. House of Representatives and the Senate enacted the Tax Cuts and Jobs Act[1] ("the Act"). The Act provided for many changes including reducing the corporate income tax rate to 21%, creating a territorial tax system rather than a worldwide system, broadening the tax base and allowing for immediate capital expensing of certain qualified property.

While the effective date of the new corporate tax rate would not be applicable until 2018, the Group is required to calculate the effect on its deferred tax balances as at balance sheet date, and calculate its U.S. income tax payable for the year ended 31 December 2017 based on the tax law currently in effect. The Group and its tax advisors had considered the implications of the tax reform to date, and undertaken steps to address them. As at 31 December 2017, the Group has recognised deferred tax liabilities of $37,203,000. As disclosed in Note 11 and Note 18 to the consolidated financial statements, the interpretation of the Act involved significant judgement due to the complexity of the provisions and developments to the tax reform. Accordingly, we have identified this as a key audit matter.

Our audit procedures included, amongst others, a review by our internal tax specialists of the analysis and conclusions reached by the Manager and their tax advisors regarding the current transfer pricing arrangements, portfolio interest exemption, tax group structure and tax positions of the Group. We also involved our internal tax specialists in the assessment of fiscal developments in countries in which the Group operates, and in the recalculation of the amounts recognised as deferred tax, including the assessment of correspondences with the tax authorities obtained by the Manager.

We also assessed the adequacy of the Group's disclosures concerning income taxes included in Note 11 and 18 to the consolidated financial statements.

1 The "Tax Cuts and Jobs 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".

Other Information

The Manager is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of financial statements in accordance with the International Financial Reporting Standards ("IFRSs"), relevant provisions of the Trust Deed and relevant requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
13 March 2018

STATEMENTS OF
FINANCIAL POSITION
As at 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Trust 2017 US$'000	Trust 2016 US$'000
Current assets					
Cash and cash equivalents	4	49,674	38,433	4,953	4,085
Prepaid expenses		815	683	8	8
Trade and other receivables	5	5,913	2,307	15,995	13,056
		56,402	41,423	20,956	17,149
Non-current assets					
Investment properties	6	1,312,800	833,800	–	–
Investment in subsidiaries	7	–	–	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	8	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	10	458,369	294,186	–	–
Security deposits		1,721	1,208	–	–
Preferred units	9	571	407	–	–
Deferred tax liabilities	11	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' Fund		852,106	547,005	771,303	504,934
Net assets attributable to Unitholders		852,106	547,005	771,303	504,934
Units in issue and to be issued ('000)	12	1,036,073	629,619	1,036,073	629,619
Net asset value per Unit (US$) attributable to Unitholders	13	0.82	0.87	0.74	0.80

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

		Group	
	Note	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Gross revenue	14	92,040	47,510
Property operating expenses	15	(33,689)	(17,538)
Net property income		58,351	29,972
Interest income		11	–
Manager's base fee		(4,672)	(2,231)
Trustee's fee		(172)	(89)
Other trust expenses	16	(1,638)	(805)
Finance expenses	17	(9,506)	(5,098)
Net income before tax and fair value change in investment properties		42,374	21,749
Net fair value change in investment properties	6	31,395	52,316
Net income for the year/period before tax		73,769	74,065
Tax expense	18	(15,805)	(22,391)
Net income for the year/period attributable to Unitholders		57,964	51,674
Earnings per Unit (EPU) (cents)			
Basic and diluted EPU:			
– Before reinstatement of rights issue	19	7.87	8.25
– Restated for rights issue[1]	19	7.31	7.62

1 The figures have been restated for the effect of the renounceable 41-for-100 rights issue by Manulife US REIT, through which 299,288,423 Units were issued on 25 October 2017.

The accompanying notes form an integral part of the financial statements.

DISTRIBUTION STATEMENT

For the year ended 31 December 2017

	Group 1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Amount available for distribution to Unitholders at the beginning of the year/date of constitution	22,306	–
Net income for the year/period	57,964	51,674
Distribution adjustments (Note A)	(11,248)	(29,368)
Income available for distribution to Unitholders for the current year/period	46,716	22,306
Amount available for distribution to Unitholders	69,022	22,306
Distributions to Unitholders during the year/period		
– Distribution of US 3.55 cents per Unit for the period 20 May 2016 to 31 December 2016	(22,289)	–
– Distribution of US 3.20 cents per Unit for the period 1 January 2017 to 28 June 2017	(20,204)	–
Total distribution to Unitholders	(42,493)	–
Amount available for distribution to Unitholders at the end of the year/period	26,529	22,306
Distribution per Unit (DPU) (cents):		
– Before reinstatement of rights issue[1]	5.77	3.55
– Restated for rights issue[2]	5.53	3.28
Note A – Distribution adjustments comprise:		
– Property related non–cash items[3]	(3,537)	(3,339)
– Amortisation of upfront debt–related transaction costs[4]	570	307
– 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
– Trustee's fee	172	89
– Net fair value change in investment properties	(31,395)	(52,316)
– Deferred tax expense	14,812	22,391
– Other items[5]	1,286	133
Distribution adjustments	(11,248)	(29,368)

1 The DPU relates to the distributions in respect of the relevant financial year/period. The distribution relating to the period from 29 June 2017 to 31 December 2017 (2016: 20 May 2016 to 31 December 2016) will be paid subsequent to the reporting date.

2 The figures have been restated for the effect of the renounceable 41-for-100 rights issue by Manulife US REIT, through which 299,288,423 Units were issued on 25 October 2017.

3 This includes amortisation of tenant improvement allowance, leasing commissions and free rent incentives, and straight line rent adjustments.

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

5 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.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

For the year ended 31 December 2017

	Note	Units in issue and to be issued US$'000	Retained earnings US$'000	Total US$'000
		Attributable to Unitholders		
Group				
At 1 January 2017		495,331	51,674	547,005
Net income for the year		–	57,964	57,964
Net increase in net assets resulting from operations		–	57,964	57,964
Unitholders' transactions				
Issue of new Units:				
– Equity placement	12	80,512	–	80,512
– Rights issue	12	208,005	–	208,005
– Manager's acquisition fee paid in Units	12	2,363	–	2,363
– Manager's base fee paid/payable in Units		4,672	–	4,672
– Property Manager's management fee paid/payable in Units		2,172	–	2,172
Issue costs	12	(8,094)	–	(8,094)
Distributions	12	(19,957)	(22,536)	(42,493)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		269,673	(22,536)	247,137
At 31 December 2017		765,004	87,102	852,106
At 27 March 2015 (date of constitution)		–	–	–
Net income for the period		–	51,674	51,674
Net increase in net assets resulting from operations		–	51,674	51,674
Unitholders' transactions				
Issue of new Units:				
– Initial public offering	12	519,201	–	519,201
– Manager's base fee paid/payable in Units		2,231	–	2,231
– Property Manager's management fee paid/payable in Units		1,136	–	1,136
Issue costs	12	(27,237)	–	(27,237)
Net increase in net assets resulting from Unitholders' transactions		495,331	–	495,331
At 31 December 2016		495,331	51,674	547,005

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN UNITHOLDERS' FUNDS

For the year ended 31 December 2017

	Note	Units in issue and to be issued US$'000	Retained earnings US$'000	Total US$'000
Trust				
At 1 January 2017		495,331	9,603	504,934
Net income for the year		–	19,232	19,232
Net increase in net assets resulting from operations		–	19,232	19,232
Unitholders' transactions				
Issue of new Units:				
– Equity placement	12	80,512	–	80,512
– Rights issue	12	208,005	–	208,005
– Manager's acquisition fee paid in Units	12	2,363	–	2,363
– Manager's base fee paid/payable in Units		4,672	–	4,672
– Property Manager's management fee paid/payable in Units		2,172	–	2,172
Issue costs	12	(8,094)	–	(8,094)
Distributions	12	(19,957)	(22,536)	(42,493)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		269,673	(22,536)	247,137
At 31 December 2017		765,004	6,299	771,303
At 27 March 2015 (date of constitution)		–	–	–
Net income for the period		–	9,603	9,603
Net increase in net assets resulting from operations		–	9,603	9,603
Unitholders' transactions				
Issue of new Units:				
– Initial public offering	12	519,201	–	519,201
– Manager's base fee paid/payable in Units		2,231	–	2,231
– Property Manager's management fee paid/payable in Units		1,136	–	1,136
Issue costs	12	(27,237)	–	(27,237)
Net increase in net assets resulting from Unitholders' transactions		495,331	–	495,331
At 31 December 2016		495,331	9,603	504,934

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF
CASH FLOWS
For the year ended 31 December 2017

	Note	Group 1 January 2017 to 31 December 2017 US$'000	Group 27 March 2015 (date of constitution) to 31 December 2016 US$'000
Cash flows from operating activities			
Net income for the year/period before tax		73,769	74,065
Adjustments for:			
Amortisation	6	(3,537)	(3,339)
Interest income		(11)	–
Finance expenses	17	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
Net fair value change in investment properties	6	(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	(8,510)
Security deposits		186	8
Rent received in advance		801	66
Cash from operating activities		53,177	15,477
Tax paid		(993)	–
Interest paid		(8,432)	(4,441)
Net cash from operating activities		43,752	11,036
Cash flows from investing activities			
Acquisition of investment properties and related assets and liabilities		(425,003)	(758,360)
Payment for capital expenditure, acquisition fee 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	12	288,517	519,201
Payment of transaction costs relating to issuance of Units	12	(8,094)	(27,237)
Proceeds from issuance of preferred units	9	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	38,466
Cash and cash equivalents at beginning of the year/period		38,433	–
Effect of exchange rate fluctuations on cash held in foreign currency		69	(33)
Cash and cash equivalents at end of the year/period	4	49,674	38,433

The accompanying notes form an integral part of the financial statements.

STATEMENT OF PORTFOLIO

As at 31 December 2017

Description of Property	Tenure of Land	Occupancy Rates as at 31 December 2017 %	Occupancy Rates as at 31 December 2016 %	Fair Value as at 31 December 2017 US$'000	Fair Value as at 31 December 2016 US$'000	Percentage of Total Net Assets as at 31 December 2017 %	Percentage of Total Net Assets as at 31 December 2016 %
Group							
Commercial Office Properties							
Peachtree	Freehold	96.8	94.4	194,200	186,700	22.8	34.1
Figueroa	Freehold	92.9	97.5	326,000	312,500	38.3	57.1
Michelson	Freehold	96.5	99.1	342,000	334,600	40.1	61.2
Plaza	Freehold	98.9	–	118,000	–	13.9	–
Exchange	Freehold	95.7	–	332,600	–	39.0	–
Investment properties				1,312,800	833,800	154.1	152.4
Other assets and liabilities (net)				(460,694)	(286,795)	(54.1)	(52.4)
Net assets				852,106	547,005	100.0	100.0

The accompanying notes form an integral part of the financial statements.

These notes form an integral part of the financial statements.

1. GENERAL

Manulife US Real Estate Investment Trust (the "Trust" or "Manulife US REIT") is a Singapore real estate investment trust constituted pursuant to a trust deed dated 27 March 2015 (as amended and restated) (the "Trust Deed") made between Manulife US Real Estate Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust. The Trust and its subsidiaries are collectively referred to as the "Group" and individually as "Group entities".

The Trust was inactive from the date of its constitution to 20 May 2016 (the "Listing Date"). The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 May 2016.

The registered office and principal place of business of the Manager is located at 51 Bras Basah Road, #11-00 Manulife Centre, Singapore 189554.

The principal activity of the Trust is investment holding. The principal activities of the Trust's subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The primary objective of the Group is to provide Unitholders with regular and stable distributions and to achieve long-term growth in distributions and the net asset value per Unit, while maintaining an appropriate capital structure.

The consolidated financial statements relate to the Trust and its subsidiaries.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled under the Trust Deed to receive the following remuneration for the provision of asset management services:

Base fee

Pursuant to the Trust Deed, the Manager is entitled to a base fee of 10.0% per annum of Trust's annual distributable income (calculated before accounting for the base fee and the performance fee). The base fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

The Manager has elected to receive 100.0% of its base fee in the form of Units for the financial period from 20 May 2016 to 31 December 2016 and for the financial year ended 31 December 2017.

The portion of the base fee, payable either in the form of cash or Units, is payable quarterly in arrears. Where the base fee is payable in Units, Units will be issued based on the volume weighted average price for a Unit for all trades transacted on SGX-ST in the ordinary course of trading for a period of 10 business days (as defined in the Trust Deed) immediately preceding the relevant business day.

1. GENERAL (CONT'D)

(a) Manager's fees (cont'd)

Performance fee

Pursuant to the Trust Deed, the Manager is entitled to a performance fee of 25.0% of the difference in Distribution Per Unit ("DPU") in a financial period with the DPU in the preceding financial period (calculated before accounting for the performance fee, but after accounting for the base fee in each financial period) multiplied by the weighted average number of Units in issue for such financial period. The performance fee is payable if the DPU in any financial period exceeds the DPU in the preceding financial period, notwithstanding that the DPU in the financial period where the performance fee is payable may be less than the DPU in any preceding financial period. No performance fee is payable for the financial period from the Listing Date to 31 December 2016. For financial year ending 31 December 2017, the difference in DPU shall be the difference in actual DPU with the projected DPU as set out in the prospectus dated 12 May 2016.

The performance fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Acquisition fee

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 0.75% of the acquisition price of any real estate purchased, whether directly or indirectly through one or more subsidiaries, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate acquired) from related parties and 1.0% of the acquisition price for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion). Under Appendix 6 of the CIS Code (the "Property Funds Appendix"), in respect of any acquisition of real estate assets from interested parties, such a fee will be in the form of Units issued by Manulife US REIT at prevailing market price. Such Units may not be sold within one year from the date of their issuance. With respect to acquisitions from third parties, the acquisition fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager.

Divestment fee

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price of any real estate sold or divested, whether directly or indirectly through one or more subsidiaries, by the Trust (pro-rated if applicable to the proportion of the Trust's interest in the real estate sold or divested).

The divestment fee is payable to the Manager either in the form of cash or Units as the Manager may elect, in such proportions as may be determined by the Manager. Any payment to third party agents or brokers in connection with the disposal of any assets shall be paid to such persons out of the deposited property, and not out of the divestment fee received or to be received by the Manager.

(b) Trustee's fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the deposited property, subject to a minimum of S$10,000 per month, excluding out-of-pocket expenses and GST, in accordance with the Trust Deed. The Trustee's fee is accrued daily and will be paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee was paid a one-time inception fee.

1. GENERAL (CONT'D)

(c) Fees under the property management agreements

Under the property management agreement in respect of the properties, the property manager will provide property management services, lease management services and construction supervision services. The property manager is entitled to the following fees:

Property management fee

The Property Manager is entitled to a monthly property management fee from each Sub-U.S. REIT for each property equal to the Applicable Fee Percentage (as defined herein) of the gross income from such property for each month, if any, for such month, payable monthly in arrears. The "Applicable Fee Percentage" is 2.5% for properties with greater than 300,000 square feet of net lettable area and 3.0% for properties with up to 300,000 square feet of net lettable area. The Applicable Fee Percentage for a property shall be adjusted every five years to reflect market management fees paid by owners of properties similar to such property in the same submarket to managers affiliated with owners.

The Property Management Fee is payable to the Property Manager in the form of cash and/or Units as each Sub-U.S. REIT may elect, in such proportions as may be determined by each Sub-U.S. REIT.

Leasing Fee

The Property Manager is entitled to a leasing fee from each Sub-U.S. REIT equal to US$1.00 multiplied by the lettable square footage of any lease or amendment to a lease adding lettable space or extending the term (a "lease amendment") during the term of the applicable property management agreement or, as to any lease or lease amendment as to which the Property Manager shall have submitted a proposal and had direct communication with the tenant prior to expiration or earlier termination of the applicable property management agreement, if such lease or lease amendment is executed within six months thereafter; provided that no leasing fee shall be due and payable with respect to any lease amendment which merely confirms the exercise of any renewal, expansion or extension option contained in any lease and does not require material negotiation by the Property Manager, nor shall the Property Manager be entitled to any leasing fee as to any extension or renewal of a lease for a period less than one year. The leasing fee in connection with any lease or lease amendment shall be due and paid upon execution of the lease or lease amendment.

Construction Supervision Fee

The Property Manager is entitled to a construction supervision fee ("Construction Supervision Fee") from each Sub-U.S. REIT (or such Sub-U.S. REIT's taxable REIT subsidiary ("TRS") if in connection with services that are to be performed for such TRS) in connection with any construction project (including any series of related construction projects) the cost of which, excluding design fees and permit costs (the "Construction Cost"), is in excess of US$500,000 in any 12-month period, other than ordinary maintenance and repair and other than any costs incurred or improvements performed to leased premises pursuant to a lease equal to:

(i) 5.0% of the Construction Cost for any construction project (or series of related projects) between US$500,000 and US$1,000,000; and

(ii) 3.0% of the Construction Cost or any construction project (or series of related projects) in excess of US$1,000,000.

In addition, the Property Manager shall receive any construction, supervision or management fees that may be charged pursuant to a lease or otherwise relating to any alterations performed to any premises under a lease provided that the Construction Supervision Fee shall not be duplicative of any such fee.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollars ("US$" or "USD"), which is the functional currency of the Trust. All financial information presented has been rounded to the nearest thousand (US$'000), unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments and accounting estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following notes:

- Note 6 – Valuation of investment properties
- Note 18 – Provision of taxation

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses third party appraisal firms to perform valuations. The Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: for unadjusted prices quoted in active markets for identical assets or liabilities;

- Level 2: for inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: for inputs that are based on unobservable market data. These unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances (which might include the Group's own data).

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group consistently to the year presented in these financial statements.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss. Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. Any goodwill that arises is tested annually for impairment. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

When the acquisition of an investment property does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values at the date of purchase. Acquisition-related costs are capitalised to the investment property at the time the acquisition is completed.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The accounting policies of subsidiaries have been changed where necessary to align with the policies adopted by the Trust.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the financial information.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Trust.

Changes in the Trust's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Trust.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies

Foreign currency transactions and balances

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction. Foreign currency differences arising from settlement of monetary items or retranslation of monetary items at the end of reporting period are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to presentation currency at exchange rates at the dates of the transactions.

The exchange differences arising on the translation are recognised in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income and accumulated under foreign currency reserve in equity.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation, or both. Investment properties are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are measured at cost, including transaction costs, on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The Trust Deed requires the investment properties to be valued by independent registered valuers in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS.

Investment properties are subject to renovations or improvements at regular interval. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are written off to profit or loss. To the extent that lease commissions paid increase the future economic benefits of investment properties, they are capitalised as part of the assets.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property) is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments

Non-derivative financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfer nor retain substantially all the risks and rewards of ownership and do not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value and include any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

On de-recognition, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Loans and receivables comprise cash and cash equivalents and trade and other receivables. Cash and cash equivalents comprise cash at bank.

Non-derivative financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value and any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Other financial liabilities comprise trade and other payables, security deposits, loans and borrowings, and preferred units.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Preferred units

Preferred units are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of such units, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as finance expenses in profit or loss as accrued.

Preferred units are recognised initially at fair value and any directly attributable transaction costs.

3.5 Impairment

Non-derivative financial assets

Loans and receivables are assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss to the extent that carrying amount of asset does not exceed its amortised cost at reversal date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a prior loss should be reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.6 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of Units. These expenses are deducted directly against Unitholders' funds.

3.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rental income from operating leases

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. The difference between revenue recognised and the contractual cash received is included in the carrying value of the investment property and subsequently adjusted to fair value change in profit or loss. Tenant lease incentives are included in the cost basis of the investment property and recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

Recoveries from tenants are recognised as revenue in the period in which the applicable costs are incurred.

Lease cancellation fees are recognised as revenue on a straight-line basis over the remaining term of the lease once an agreement is reached with the tenant to terminate the lease and the collectability is reasonably assured.

Car park income

Car park income consists of monthly and hourly parking income. Monthly and hourly parking income are recognised on utilisation of car parking facilities. In addition, car park income represents the right to park in a determined amount of parking stalls on certain tenant leases.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Finance expenses

Finance expenses comprise interest expense on loans and borrowings, amortisation of transaction costs incurred on the borrowings, preferred units that are recognised in profit or loss and commitment fees. Borrowing costs are recognised in profit or loss using the effective interest method.

3.9 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised except for:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Tax (cont'd)

On 22 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 Act[1]. The US Tax Act included a number of changes such as reducing the corporate income tax rate to 21%. While the effective date of the new corporate tax rates would not be effective until 2018, the Group has calculated the effect on its deferred tax balances as of the enactment date.

3.10 Distribution Policy

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.

3.11 Leases – As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.7.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits which are subject to an insignificant risk of changes in value.

3.13 Segment reporting

An operating segment is a component of the Group:

(a) that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components,

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

The operating results are regularly reviewed by the Chief Executive Officer and the directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's investment properties are commercial office properties and are located in the United States. Therefore, the Manager considers that the Group operates within a single business segment and within a single geographical segment in United States. Accordingly, no segment information has been presented in these financial statements.

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".

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations have been issued as of the reporting date but are not yet effective for the financial year ended 31 December 2017 and which the Group had not early adopted.

IFRS 9 – Financial Instruments

IFRS 9 replaces the existing guidance in International Accounting Standard ("IAS") 39, Financial Instruments - Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has assessed the impact of IFRS 9 to its financial statements and has concluded that the revised guidance on classification will not impact the measurement of its financial instrument upon adoption of the standard. The impact will be limited to additional note disclosure.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a framework for determining when to recognise revenue and how much revenue to recognise. The objective of the standard establishes principles to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with an early adoption permitted. The Group has assessed the impact of IFRS 15 to its financial statements and has concluded that the pattern of revenue recognition will remain materially unchanged upon adoption of the standard. The impact will be limited to additional note disclosure.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

This standard is not expected to have any significant impact on the financial statements of the Group.

4. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Cash at bank	49,674	38,433	4,953	4,085

Cash at banks earns interest at floating rates based on daily bank deposit rates.

5. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Trade receivables	1,479	535	–	–
Other receivables	4,434	1,772	1,785	642
Dividends receivable	–	–	14,210	12,414
Total trade and other receivables	5,913	2,307	15,995	13,056

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances, if any. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Receivables that are past due but not impaired

The Group has trade receivables amounting to US$1,479,000 (2016: US$535,000) that are past the due date at the end of the reporting period, but not impaired.

The ageing of trade receivables at the end of the reporting date is as follows:

	Group	
	2017 US$'000	2016 US$'000
Past due 0 to 1 month	1,176	477
Past due 1 to 3 months	265	50
Past due 3 to 6 months	38	8
	1,479	535

The Group believes that no impairment losses are necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the Group and maintain security deposits or letter of credits for certain tenants as collateral.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired relate to creditworthy debtors and counterparties with good payment record.

6. INVESTMENT PROPERTIES

	Group 2017 US$'000	Group 2016 US$'000
Consolidated Statement of Financial Position		
As at 1 January 2017 / 27 March 2015 (date of constitution)	833,800	–
Acquisitions (including acquisition costs)[1]	435,924	777,622
Capital expenditure capitalised	8,144	523
Fair value changes in investment properties	34,932	55,655
As at 31 December	1,312,800	833,800
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	34,932	55,655
Net effect of amortisation and straight–lining	(3,537)	(3,339)
Net fair value changes recognised in the statement of comprehensive income	31,395	52,316

1 Includes acquisition fees

Investment properties comprise commercial office properties which are leased to external tenants.

The investment properties are pledged as security to secure bank loans (see Note 10). Details of the investment properties as at 31 December 2017 and 31 December 2016 which are all located in United States of America are set out below:

Description of property	Tenure	Location	Existing use	Group Appraised value 2017 US$'000	Group Appraised value 2016 US$'000
Atlanta					
Peachtree	Freehold	1100 Peachtree Street Atlanta, Fulton County, Georgia 30309	Commercial	194,200	186,700
Los Angeles					
Figueroa	Freehold	865 S. Figueroa Street Los Angeles, California 90017	Commercial	326,000	312,500
Irvine					
Michelson	Freehold	3161 Michelson Drive Irvine, Orange County, California 92612	Commercial	342,000	334,600
New Jersey					
Plaza	Freehold	500 and 600 Plaza Drive, Secaucus, Hudson County, New Jersey 07094	Commercial	118,000	–
New Jersey					
Exchange	Freehold	10 Exchange Place, Jersey City, Hudson County, New Jersey 07302	Commercial	332,600	–
Total				1,312,800	833,800

6. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value based on independent valuations. These independent valuations were undertaken by CBRE, Inc. for Peachtree, Figueroa and Michelson, Cushman & Wakefield of New Jersey, Inc. for Plaza and Colliers International Valuation & Advisory Services, LLC for Exchange as at the reporting date. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values were generally calculated using the income approach. The two primary income approaches that may be used are the Discounted Cash Flow (DCF) and the Direct Capitalisation Method (DCM). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine the fair value. DCM measures the relationship of value to the stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The Market Transaction or Direct Comparison Approach may also be used, which is based on sound considerations for similarity and comparability between properties. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

(ii) Level 3 fair value

Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Rental rate per square foot per year 2017: US$20.00 – US$45.60 (2016: US$18.00 – US$45.60)	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.
	Discount rate 2017: 6.50% – 7.50% (2016: 6.75% – 7.25%)	Higher discount rate or terminal yield would result in a lower fair value, while lower rates would result in a higher fair value.
	Terminal capitalisation rate 2017: 5.50% – 6.75% (2016: 5.50% – 6.25%)	

6. INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Level 3 fair value (cont'd)

Valuation techniques and significant unobservable inputs (cont'd)

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct capitalisation method	Rental rate per square foot per year 2017: US$20.00 – US$45.60 (2016: US$18.00 – US$45.60)	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.
	Capitalisation rate 2017: 5.00% – 6.50% (2016: 4.75% – 6.00%)	Higher capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
Market or Direct comparison approach	Price per square foot 2017: US$255 – US$587 (2016: US$315 – US$615)	Higher price per square foot would result in a higher fair value, while a lower price per square foot would result in a lower fair value.

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties:

Fair value of investment properties as at 31 December	Group 2017 US$'000	Group 2016 US$'000
Increase in discount and terminal capitalisation rate of 25 basis points	(61,130)	(38,244)
Decrease in discount and terminal capitalisation rate of 25 basis points	66,859	40,755

7. INVESTMENT IN SUBSIDIARIES

	Trust 2017 US$'000	Trust 2016 US$'000
Unquoted equity investment at cost	751,259	488,086

Details of the key subsidiaries of the Trust are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest held 2017 %	Effective equity interest held 2016 %
Direct subsidiaries:				
Manulife US REIT Alpha (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	100
Manulife US REIT Beta 2 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	–
Manulife US REIT Beta 3 (Singapore) Pte. Ltd.[1]	Singapore	Investment holding	100	–
Indirect subsidiaries:				
Hancock S-REIT Parent Corp.[2]	United States	Investment holding	100	100
Hancock S-REIT ATL Corp.[2]	United States	Property owner	100	100
Hancock S-REIT LA Corp.[2]	United States	Property owner	100	100
Hancock S-REIT Irvine Corp.[2]	United States	Property owner	100	100
Hancock S-REIT SECA Corp.[2]	United States	Property owner	100	–
Hancock S-REIT JCITY Corp.[2]	United States	Property owner	100	–
MUSREIT HoldCo (Barbados) 1 SRL[3]	Barbados	Investment holding	100	–
MUSREIT HoldCo (Barbados) 2 SRL[3]	Barbados	Investment holding	100	–
MUSREIT HoldCo (Barbados) 3 SRL[3]	Barbados	Investment holding	100	–
MUSREIT Intermediary (Barbados) 1 SRL[3]	Barbados	Investment holding	100	–
MUSREIT Intermediary (Barbados) 2 SRL[3]	Barbados	Investment holding	100	–
MUSREIT Intermediary (Barbados) 3 SRL[3]	Barbados	Investment holding	100	–

1 Audited by Ernst & Young LLP Singapore
2 Audited by Ernst & Young LLP Canada
3 Not required to be audited as the entity was newly incorporated in December 2017

8. TRADE AND OTHER PAYABLES

	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Trade payables	495	50	135	5
Amounts due to related parties (non-trade)	96	8	96	8
Accrued expenses	5,356	2,919	681	288
Property tax payable	2,786	1,110	–	–
Other payables	9,505	5,737	*	*
	18,238	9,824	912	301

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand in cash.

* Less than US$1,000

9. PREFERRED UNITS ISSUED

	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
As at 1 January 2017 / 27 March 2015 (date of constitution)	407	–	–	–
Issuance of preferred units (net of issue costs)	164	407	–	–
As at 31 December	571	407	–	–

In 2017, the indirect subsidiaries of the Trust issued 250 (2016: 500) preferred units with a par value of US$0.01 (2016: US$0.01) per preferred unit.

The preferred units rank senior to all units of the indirect subsidiaries. Each holder of the preferred units is entitled to receive cumulative preferential cash dividends (recorded as finance expense) at a rate of 12.0% per annum for preferred units issued in 2017 and 12.5% per annum for preferred units issued in 2016, on the subscription price of US$1,000 (2016: US$1,000) per preferred unit plus all accrued and unpaid dividends which is payable annually in arrears.

The preferred units are not convertible into, or exchangeable for, any other property or securities of the subsidiaries. The Board of Directors of the subsidiaries may, in its sole and absolute discretion, cause the subsidiaries to redeem units of the preferred units at US$1,000 per unit plus all accrued and unpaid dividends.

The preferred units have been classified as financial liabilities in accordance with IAS 32.

Subsequent to the year end, certain preferred units were redeemed. Please refer to subsequent event in Note 25.

10. LOANS AND BORROWINGS

	Group 2017 US$'000	Group 2016 US$'000
Secured bank loans	461,900	296,000
Less: Unamortised transaction costs	(3,531)	(1,814)
	458,369	294,186

The Trust, through its subsidiaries, has in place an aggregate of US$546.9 million (2016: US$327.8 million) loan facilities (the "Facilities") secured on the properties owned by the respective subsidiaries and the Trust has an aggregate of US$130.0 million (2016: US$10.0 million) revolving credit facilities. As at 31 December 2017 and 31 December 2016, the outstanding principal, interest rate and maturity of the Facilities are as set forth below:

	Nominal interest rate %	Term	Year of maturity	Face value 2017 US$'000	Carrying amount 2017 US$'000	Face value 2016 US$'000	Carrying amount 2016 US$'000
Group							
Michelson	2.52	5 years	2021	121,000	120,310	121,000	120,140
Figueroa	2.39	3 years	2019	108,000	107,686	108,000	107,496
Figueroa[1]	LIBOR + 1.50	3 years	2019	500	500	–	–
Peachtree	2.46	4 years	2020	67,000	66,668	67,000	66,550
Peachtree[1]	LIBOR + 1.50	4 years	2020	300	300	–	–
Plaza	3.60	5 years	2022	40,000	39,425	–	–
Exchange	3.48	5 years	2022	125,100	123,480	–	–
				461,900	458,369	296,000	294,186

1 Relates to good news facilities drawn to fund capital expenditures and leasing costs with variable interest rates.

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 have been obtained from Wells Fargo Bank, National Association and Royal Bank of Canada (for certain loan facilities) ("Mortgage Lenders").

The Mortgage Facilities are secured by, among other collateral:

(i) a first mortgage on each of Figueroa, Michelson, Peachtree, Plaza and Exchange, respectively (the "Property");

(ii) an assignment of 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.

10. LOANS AND BORROWINGS (CONT'D)

Property Financing (cont'd)

In addition, Hancock S-REIT Parent Corp., which directly holds each of the Sub-U.S. REITs, has granted a limited guarantee to the Mortgage Lenders in respect of certain obligations of the Sub-U.S. REITs under the Mortgage Facilities as well as a hazardous materials indemnity agreement.

Each of the Mortgage Facilities includes customary representations, warranties and covenants (including due-on-sale and due-on-encumbrance provisions) by the Sub-U.S. REITs in favour of the Mortgage Lenders. Each of the Mortgage Facilities is not cross-defaulted or cross-collateralise with the other Mortgage Facilities.

The average cost of debt funding of US$461.1 million (2016: US$296.0 million) under the Mortgage Facilities was 2.83% (2016: 2.46%) per annum.

As at 31 December 2017, US$0.8 million have been drawn down on the good news facilities.

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 Subsidiaries to any other subsidiaries of Manulife US REIT.

No amounts under the Revolving Credit Facilities remains outstanding as at 31 December 2017.

11. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Investment properties	37,203	22,391	–	–

Movements in deferred tax liabilities of the Group during the year/period are as follows:

	At 27 March 2015 US$'000	Recognised in Statement of Comprehensive Income (Note 18) US$'000	At 31 December 2016 US$'000	Recognised in Statement of Comprehensive Income (Note 18) US$'000	At 31 December 2017 US$'000
Deferred tax liabilities					
Investment properties					
– Change in fair value of investment properties	–	17,250	17,250	10,949	28,199
– Tax depreciation	–	5,141	5,141	3,863	9,004
	–	22,391	22,391	14,812	37,203

12. UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust			
	2017		2016	
	No of Units '000	US$'000	No of Units '000	US$'000
Units in issue				
As at 1 January 2017 / 27 March 2015 (date of constitution)	627,863	493,875	–*	–
Issuance of Units:				
– Initial public offering	–	–	625,540	519,201
– Equity placement	97,003	80,512	–	–
– Rights issue	299,288	208,005	–	–
– Manager's base fee paid in Units	4,782	4,180	1,533	1,259
– Property Manager's management fees paid in Units	2,176	1,949	790	652
– Acquisition fee paid in Units	2,610	2,363	–	–
– Issue costs	–	(8,094)	–	(27,237)
– Capital distribution	–	(19,957)	–	–
As at 31 December	1,033,722	762,833	627,863	493,875
Units to be issued				
Manager's base fee payable in Units	1,585	1,464	1,171	972
Property Manager's management fees payable in Units	766	707	585	484
	2,351	2,171	1,756	1,456
Total Units issued and to be issued as at 31 December	1,036,073	765,004	629,619	495,331

* Less than 1,000 Units

12. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

During the financial year ended 31 December 2017, the following Units were issued and to be issued:

- On 27 February 2017, the Trust issued 1,171,541 new Units at an issue price of US$0.8282 per Unit as satisfaction of the Manager's base fee payable in Units and 576,588 new Units at an issue price of US$0.840 per Unit as satisfaction of the Property Manager's management fee payable in Units for the period from 1 October 2016 to 31 December 2016.

- On 30 May 2017, the Trust issued 1,242,547 new Units at an issue price of US$0.8381 per Unit as satisfaction of the Manager's base fee payable in Units and 512,024 new Units at an issue price of US$0.875 per Unit as satisfaction of the Property Manager's management fee payable in Units for the period from 1 January 2017 to 31 March 2017.

- On 29 June 2017, the Trust issued 97,003,000 new Units at an issue price of US$0.830 per Unit in connection with the Private Placement.

- On 25 August 2017, the Trust issued 1,106,774 new Units at an issue price of US$0.9023 per Unit as satisfaction of the Manager's base fee payable in Units and 496,632 new Units at an issue price of US$0.945 per Unit as satisfaction of the Property Manager's management fee payable in Units for the period from 1 April 2017 to 30 June 2017.

- On 25 October 2017, the Trust issued 299,288,423 new Units at an issue price of US$0.695 per Unit in connection with the rights issue.

- On 8 November 2017, the Trust issued 2,609,700 new Units at an issue price of US$0.9056 per Unit as satisfaction of the Acquisition Fee in connection with the acquisition of the property located at 10 Exchange Place in Jersey City, Hudson County, New Jersey.

- On 30 November 2017, the Trust issued 1,260,880 new Units at an issue price of US$0.926 per Unit as satisfaction of the Manager's base fee payable in Units and 591,384 new Units at an issue price of US$0.926 per Unit as satisfaction of the Property Manager's management fee payable in Units for the period from 1 July 2017 to 30 September 2017.

- There were 1,585,034 Units to be issued in satisfaction of the Manager's base fee and 765,458 Units to be issued in satisfaction to Property Manager's management fee for the period from 1 October 2017 to 31 December 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.

During the financial period ended 31 December 2016, the following Units were issued and to be issued:

- 625,539,600 Units were issued at US$0.83 per Unit during the Group's initial public offering exercise.

- On 30 November 2016, the Trust issued 1,532,552 new Units at an issue price of US$0.822 per Unit as satisfaction of the Manager's base fee payable in Units and 790,507 new Units at an issue price of US$0.825 per Unit as satisfaction of the Property Manager's management fee payable in Units for the period from 20 May 2016 to 30 September 2016.

- There were 1,171,541 Units to be issued in satisfaction of the Manager's base fee and 584,803 Units to be issued in satisfaction to Property Manager's management fee for the period from 1 October 2016 to 31 December 2016 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2016 of US$0.8282. Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 31 December 2016 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

12. UNITS IN ISSUE AND TO BE ISSUED (CONT'D)

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and included the right to:

- Receive income and other distributions attributable to the Units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
- Attend all Unitholders' meetings. The Trustee or the Manager convenes a meeting or unless not less than 50 Unitholders or Unitholders representing not less than 10% of the total Units issued give written request for a meeting to be convened.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate or interest in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issuance of Units. Included in issue costs are US$82,649 (2016: US$607,835) of fees paid to the auditors of the Group.

13. NET ASSET VALUE PER UNIT

		Group		Trust	
	Note	2017	2016	2017	2016
Net asset value per Unit is based on:					
– Net assets (US$'000)		852,106	547,005	771,303	504,934
– Total Units issued and to be issued at 31 December ('000)	12	1,036,073	629,619	1,036,073	629,619

14. GROSS REVENUE

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Rental income	61,140	30,389
Car park income	8,338	4,526
Recoveries income	21,686	12,219
Others	876	376
	92,040	47,510

15. PROPERTY OPERATING EXPENSES

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Real estate taxes	10,894	5,641
Repairs and property maintenance expenses	8,579	4,450
Utilities	4,453	2,543
Property management fees and reimbursements	4,746	2,462
Other operating expenses	5,017	2,442
	33,689	17,538

16. OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Audit fees paid to:		
– Auditors of the Group	224	168
Valuation fees	28	59
Tax and legal expenses[1]	636	269
Investor relations and related expenses	343	155
Foreign exchange differences	(90)	102
Other expenses	497	52
	1,638	805

1 Includes US tax reform restructuring costs incurred in 2017.

17. FINANCE EXPENSES

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Interest expense on loans and borrowings	8,819	4,737
Amortisation of debt-related transaction costs	570	307
Accrued dividends on preferred units	66	30
Commitment fees	51	24
	9,506	5,098

18. TAX EXPENSE

The major components of tax expense for the year/period ended 31 December 2017 and 31 December 2016 are:

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Current tax expense		
Withholding tax	981	–
Income tax	12	–
Deferred tax expense/(income)		
Movement in temporary differences	15,928	22,391
Reduction in tax rate	(1,116)	–
	15,805	22,391
Reconciliation of effective tax rate		
Net income for the year/period before tax	73,769	74,065
Tax calculated using Singapore tax rate of 17% (2016: 17%)	12,541	12,591
Effect of different tax rate in foreign jurisdictions	3,264	9,800
	15,805	22,391

Provision for Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations in the jurisdictions in which the Group operates and the amount and timing of future taxable income. Given the span of tax regulations which may apply to the various taxable entities or persons within the Group, the cross-border and long-term nature and complexity of the contractual arrangements and the conditions to the tax rulings which have been obtained, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions recorded or require new or additional tax provisions to be recorded. The Group establishes provisions, based on reasonable estimates, for anticipated tax liabilities or possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations between the taxable entity or person involved and the relevant tax authority and anticipated future changes in the tax laws that may have a direct impact on any tax ruling or favourable tax treatment relied upon. Such instances may arise on a wide variety of issues depending on the conditions prevailing in the domicile of the respective entity or person involved.

On 22 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 Act[1]. The US Tax Act included a number of changes such as reducing the corporate income tax rate to 21%. While the effective date of the new corporate tax rates would not be effective until 2018, the Group has calculated the effect on its deferred tax balances as of the enactment date, and will continue to calculate its current year US income tax payable based on the law in effect in 2017.

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".

19. EARNINGS PER UNIT

Basic earnings per Unit is based on:

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Net income for the year/period	57,964	51,674

	Group	
	2017	2016
	Number of Units	
	'000	'000
Weighted average number of Units:		
– Before reinstatement of rights issue	736,687	626,503
– Restated for rights issue[1]	792,480	677,879

Basic EPS is calculated based on the weighted number of Units for the year/period. This is comprised of:

(i) The weighted average number of Units in issue for the year/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 year/period.

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the year/period.

1 The figures have been restated for the effect of the renounceable 41-for100 rights issue by Manulife US REIT, through which 299,288,423 Units were issued on 25 October 2017.

20. FINANCIAL RISK MANAGEMENT

Capital management

The Manager's objective when managing capital is to optimise Group's capital structure within the borrowing limits set out in the CIS Code by the MAS to fund future acquisitions and asset enhancement projects at the Trust's properties. To maintain or achieve an optimal capital structure, the Manager may issue new Units or source additional borrowing from both financial institutions and capital markets.

The Group has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Manager monitors the yield, which is defined as net property income from the property divided by the latest valuation for the property. The Manager also monitors the level of distributions made to Unitholders.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

The Group is subject to the aggregate leverage limit as defined in the Property Funds Appendix. The Property Funds Appendix stipulates that the total borrowings and deferred payments (collectively the "Aggregate Leverage") of a property fund shall not exceed 45.0% of the fund's deposited property.

The Manager actively monitors the term of each loan facility, the weighted average cost of debt, and variable debt as a proportion of overall debt outstanding. The Manager also monitors the debt covenants on an ongoing basis and ensures there is sufficient cash available to make the payments under the loan agreement.

The aggregate leverage ratio is calculated as total borrowings and deferred payments divided by total assets. The aggregate leverage ratio is 33.7% (2016: 33.8%) as at 31 December 2017. The Group has complied with the Aggregate Leverage limit of 45.0% during the financial year.

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Overview of risk management

The Group's activities expose it to market risk (including interest rate risk), credit risk and liquidity risk in the normal course of its business. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors of the Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. This is supported by comprehensive internal processes and procedures which are formalised in the Manager's organisational and reporting structure, operating manuals and delegation of authority guidelines.

Market risk

Foreign Currency risk

Foreign currency risk arises when transactions are denominated in currencies other than the functional currency of the Company, and such changes will impact the Company's profit.

The Company has transactional currency exposures arising from cash and cash equivalents and trade and other payables that are denominated in a currency other than its functional currency. These transactions are mainly denominated in Singapore Dollars (SGD). Where appropriate, based on the prevailing market conditions, the Group may adopt suitable hedging strategies to minimise any foreign exchange risk.

The Group's and Trust's exposure to currency risk are as follows:

	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
Cash and cash equivalents	583	1,659	568	1,646
Trade and other payables	(677)	(161)	(640)	(141)
Net (liabilities)/ assets	(94)	1,498	(72)	1,505

The following table demonstrates the sensitivity of the Group's and Trust's net income before tax to a reasonably possible change in the SGD exchange rates against the functional currency of the Group, with all other variables held constant.

	Increase/(Decrease) in net income before tax			
	Group		Trust	
	2017 US$'000	2016 US$'000	2017 US$'000	2016 US$'000
SGD – strengthened by 5%	(5)	75	(4)	75
SGD – weakened by 5%	5	(75)	4	(75)

Interest rate risk

As at 31 December 2017, the Group had $461.1 million (2016: $296.0 million) of fixed rate interest-bearing borrowings and $0.8 million (2016: NIL) of variable rate interest-bearing borrowings. The Group had not been exposed to significant cash flow risk.

20. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. In addition, tenants may experience financial difficulty and are unable to fulfil their lease commitments or tenants may fail to occupy and pay rent in accordance with lease agreements. The Group mitigates credit risk through staggered lease maturities, diversification of revenue sources by ensuring no individual tenant contributes a significant percentage of the Trust's gross revenue and obtaining security deposits or letter of credits from the tenants. The top tenant in 2017 accounted for 6.7% of total revenue (2016: 10.7%). At the end of the reporting period, approximately 58% (2016: 52%) of the Group's trade receivables were due from 3 major tenants.

Cash is placed with financial institutions which are regulated.

The Group believes that there is no credit risk inherent in the Group's trade receivables, based on historical payment behaviours and the security deposits held. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors the liquidity risk of the Group and maintains a level of cash and credit facilities deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The Group's credit facilities are set out in Note 10.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows Within 1 year US$'000	Cash flows Within 2 to 5 years US$'000	Cash flows More than 5 years US$'000
Group					
2017					
Non-derivative financial liabilities					
Trade and other payables and security deposits	20,086	20,086	18,365	578	1,143
Preferred units	571	750	750	–	–
Loans and borrowings	458,369	509,155	13,271	495,884	–
	479,026	529,991	32,386	496,462	1,143
2016					
Non-derivative financial liabilities					
Trade and other payables and security deposits	11,168	11,168	9,961	327	880
Preferred units	407	500	–	–	500
Loans and borrowings	294,186	322,571	7,379	315,192	–
	305,761	334,239	17,340	315,519	1,380
Trust					
2017					
Non-derivative financial liabilities					
Trade and other payables	912	912	912	–	–
2016					
Non-derivative financial liabilities					
Trade and other payables	301	301	301	–	–

21. FAIR VALUES OF ASSETS AND LIABILITIES

(a) Classification and fair value of financial instruments

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group								
2017								
Financial assets not measured at fair value								
Cash and cash equivalents	4	49,674	–	49,674				
Trade and other receivables^	5	4,884	–	4,884				
		54,558	–	54,558				
Financial liabilities not measured at fair value								
Trade and other payables	8	–	18,238	18,238				
Preferred units	9	–	571	571			750	750
Security deposits		–	1,848	1,848				
Loans and borrowings	10	–	458,369	458,369			451,509	451,509
		–	479,026	479,026				
2016								
Financial assets not measured at fair value								
Cash and cash equivalents	4	38,433	–	38,433				
Trade and other receivables^	5	2,150	–	2,150				
		40,583	–	40,583				
Financial liabilities not measured at fair value								
Trade and other payables	8	–	9,824	9,824				
Preferred units	9	–	407	407			500	500
Security deposits		–	1,344	1,344				
Loans and borrowings	10	–	294,186	294,186			287,472	287,472
		–	305,761	305,761				

^ Excluding GST receivables

21. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(a) Classification and fair value of financial instruments (cont'd)

	Note	Carrying amount			Fair value			
		Loans and receivables US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Trust								
2017								
Financial assets not measured at fair value								
Cash at bank	4	4,953	–	4,953				
Trade and other receivables^	5	14,966	–	14,966				
		19,919	–	19,919				
Financial liabilities not measured at fair value								
Trade and other payables	8	–	912	912				
2016								
Financial assets not measured at fair value								
Cash at bank	4	4,085	–	4,085				
Trade and other receivables^	5	12,899	–	12,899				
		16,984	–	16,984				
Financial liabilities not measured at fair value								
Trade and other payables	8	–	301	301				

^ Excluding GST receivables

22. COMMITMENTS

(a) Operating lease commitments - as lessor

Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2017 US$'000	2016 US$'000
Within 1 year	88,561	47,688
After 1 year but within 5 years	287,057	166,738
After 5 years	180,770	94,048
	556,388	308,474

The above operating lease receivables are based on the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

23. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following related party transactions were carried out at terms agreed between the parties during the financial year/period:

	Group	
	1 January 2017 to 31 December 2017 US$'000	27 March 2015 (date of constitution) to 31 December 2016 US$'000
Acquisition of investment properties from a related party	315,113	777,450
Rental received/receivable from a related party	465	276
Manager's acquisition fee paid	3,513	–
Manager's base fee paid/payable	4,672	2,231
Trustee's fee paid/payable	172	89
Property manager's management fee paid/payable	2,172	1,136
Reimbursements to a related party	1,584	1,530
Finance expenses paid/payable to a related party	–	1,306
Banking charges and fee expenses paid/payable to a related party	–	28
Settlement of liabilities including withholding taxes and issue costs for initial public offering by related parties	139	12,424

24. FINANCIAL RATIOS

	Group	
	1 January 2017 to 31 December 2017 %	27 March 2015 (date of constitution) to 31 December 2016 %
Ratio of expenses to weighted average net assets[1]		
Including performance component of the Manager's management fees	1.02	0.95
Excluding performance component of the Manager's management fees	1.02	0.95
Portfolio turnover rate[2]	–	–

1 The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore ("IMAS"). The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense. The Group did not incur any performance fee for the financial year ended 31 December 2017.

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value in accordance with the formulae stated in the CIS.

25. SUBSEQUENT EVENT

Distributions

On 6 February 2018, the Manager announced a distribution of US 2.57 cents per Unit for the period from 29 June 2017 to 31 December 2017 (2016: US 3.55 cents per Unit for the period from 20 May 2016 to 31 December 2016).

U.S Tax reform

On 22 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 Act[1]. 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.

Subsequent to the year end, the Group recorded redemption of certain preferred units and restructuring.

Preferred units redemption:

The preferred units issued by each of Hancock S-REIT LA Corp., Hancock S-REIT Irvine Corp., Hancock S-REIT ATL Corp., Hancock S-REIT SECA Corp. and Hancock S-REIT JCITY Corp. (collectively, the "Sub-U.S. REITs") have been redeemed by the Sub-U.S. REITs (the "Redemption"). The total redemption amount is approximately to US$0.7 million, which was funded from internal resources on 1 January 2018.

Restructuring:

On 1 January 2018, each of Manulife US REIT Beta (Singapore) Pte. Ltd., Manulife US REIT Beta 2 (Singapore) Pte. Ltd. and Manulife US REIT Beta 3 (Singapore) Pte. Ltd., all of which are wholly owned subsidiaries of Manulife US REIT, completed the process of its own restructuring (the "Restructuring"). Each of Manulife US REIT Beta (Singapore) Pte. Ltd., Manulife US REIT Beta 2 (Singapore) Pte. Ltd. and Manulife US REIT Beta 3 (Singapore) Pte. Ltd. has established directly and indirectly wholly-owned companies and a partnership in Barbados. The respective Barbados partnership has become the lender (loans were assigned on 1 January 2018) to Hancock S-REIT Parent Corp. in place of each of Manulife US REIT Beta (Singapore) Pte. Ltd., Manulife US REIT Beta 2 (Singapore) Pte. Ltd. and Manulife US REIT Beta 3 (Singapore) Pte. Ltd.

The Group 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.

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".

26. COMPARATIVE INFORMATION

The comparative figures for the Group and the Trust cover the financial period from 27 March 2015 (date of constitution) to 31 December 2016.

27. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Manager and the Trustee on 13 March 2018.

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year under the Listing Manual of the SGX-ST and Appendix 6 to the Code on Collective Investment Schemes (the Property Funds Appendix), are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$'000
Manulife US Real Estate Management Pte. Ltd.		
– Base fees	4,672	–
– Acquisition fees	3,513	–
John Hancock Life Insurance Company (U.S.A) ("JHUSA")		–
– Property management fees and leasing fees including reimbursable	3,756	–
– Rental and other related income	465	–
– Acquisition of property	315,113	–
– Reimbursement of withholding taxes paid by JHUSA to Inland Revenue Service on behalf of Manulife US REIT	139	–
DBS Trustee Ltd		
– Trustee fees	172	–

Save as disclosed above, there were no additional interested person transactions (excluding transactions less than S$100,000) and Manulife US REIT has not obtained a general mandate from Unitholders for interested person transactions.

The fees and charges payable by Manulife US REIT to the Manager under the Trust Deed and to JHUSA under the Master Property Management Agreement and the Property Management Agreements form part of the Exempted Agreements as set out in Manulife US REIT's Prospectus dated 12 May 2016, each of which constitutes an interested person transaction. Accordingly, such transactions are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Manulife US REIT.

Please also see Related Party Transactions in Note 23 to the Financial Statements.

SUBSCRIPTION OF MANULIFE US REIT UNITS

For the financial year ended 31 December 2017, an aggregate of 9,568,070 Units were issued and subscribed for in relation to the Manager's base fees, Manager's acquisition fees and Property Manager's management fees. On 27 February 2018, an aggregate of 2,350,492 Units were issued in relation to the payment of Manager's base fees and Property Manager's management fees for the fourth quarter of 2017.

STATISTICS OF
UNITHOLDINGS

As at 6 March 2018

ISSUED AND FULLY PAID UNITS

There were 1,036,072,644 Units issued in MUST as at 6 March 2018 (voting rights: one vote per Unit).

There is only one class of Units in MUST.

No treasury units and no subsidiary holdings held.

Market Capitalisation: US$932,465,380 based on market closing price of US$0.90 per Unit on 6 March 2018.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	8	0.16	204	0.00
100 – 1,000	288	5.67	240,129	0.02
1,001 – 10,000	2,255	44.40	12,061,885	1.16
10,001 – 1,000,000	2,501	49.24	115,820,621	11.18
1,000,001 AND ABOVE	27	0.53	907,949,805	87.64
TOTAL	**5,079**	**100.00**	**1,036,072,644**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	DBS NOMINEES (PRIVATE) LIMITED	369,025,639	35.62
2	RAFFLES NOMINEES (PTE.) LIMITED	145,596,459	14.05
3	CITIBANK NOMINEES SINGAPORE PTE LTD	103,884,040	10.03
4	HSBC (SINGAPORE) NOMINEES PTE LTD	62,918,245	6.07
5	DBSN SERVICES PTE. LTD.	50,546,243	4.88
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	47,310,200	4.57
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	47,264,884	4.56
8	DB NOMINEES (SINGAPORE) PTE LTD	28,815,226	2.78
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	9,381,941	0.90
10	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	6,380,550	0.62
11	PHILLIP SECURITIES PTE LTD	3,714,978	0.36
12	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,594,153	0.35
13	LIEW CHEE KONG	3,348,900	0.32
14	KGI SECURITIES (SINGAPORE) PTE. LTD.	2,727,981	0.26
15	UOB KAY HIAN PRIVATE LIMITED	2,711,468	0.26
16	OCBC SECURITIES PRIVATE LIMITED	2,479,451	0.24
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,190,547	0.21
18	ASDEW ACQUISITIONS PTE LTD	2,138,970	0.21
19	RHB SECURITIES SINGAPORE PTE. LTD.	2,137,710	0.21
20	STONE FOREST PTE LTD	2,000,000	0.19
	TOTAL	**898,167,585**	**86.69**

STATISTICS OF UNITHOLDINGS

As at 6 March 2018

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS

(As recorded in the Register of Substantial Unitholdings as at 6 March 2018)

Name of Substantial Unitholders	Direct Interest No. of Units	%[1]	Deemed Interest No. of Units	%[1]	Total Interest No. of Units	%[1]
Manulife (International) Limited	65,961,631	6.37	–	–	65,961,631	6.37
Manulife International Holdings Limited[2]	–	–	65,961,631	6.37	65,961,631	6.37
Manulife Financial Asia Limited[3]	1	N.M.[7]	83,249,209	8.04	83,249,210	8.04
Manulife Holdings (Bermuda) Limited[4]	–	–	83,249,210	8.04	83,249,210	8.04
The Manufacturers Life Insurance Company[5]	–	–	83,249,210	8.04	83,249,210	8.04
Manulife Financial Corporation[6]	–	–	83,249,210	8.04	83,249,210	8.04

Notes:

1 The percentage of unitholding is calculated based on the total number of 1,036,072,644 Units in issue as at 6 March 2018.

2 Manulife (International) Limited ("**MIL**") is a wholly-owned subsidiary of Manulife International Holdings Limited ("**MIHL**"). MIHL is therefore deemed interested in MIL's direct interest in 65,961,631 Units.

3 MIHL, Manufacturers Life Reinsurance Limited ("**MLRL**") and Manulife US Real Estate Management Pte. Ltd. ("**MUSREM**") are wholly-owned subsidiaries of Manulife Financial Asia Limited ("**MFAL**"). MFAL is therefore deemed interested in (i) MIHL's deemed interest in 65,961,631 Units; (ii) MLRL's direct interest in 14,677,878 Units; and (iii) MUSREM's direct interest in 2,609,700 Units.

4 MFAL is a wholly-owned subsidiary of Manulife Holdings (Bermuda) Limited ("**MHBL**"). MHBL is therefore deemed interested in (i) MFAL's direct interest in 1 Unit; and (ii) MFAL's deemed interest in 83,249,209 Units.

5 MHBL is a wholly-owned subsidiary of The Manufacturers Life Insurance Company (the "**Sponsor**"). The Sponsor is therefore deemed interested in MHBL's deemed interest in 83,249,210 Units.

6 The Sponsor is a wholly-owned subsidiary of Manulife Financial Corporation ("**MFC**"). MFC is therefore deemed interested in the Sponsor's deemed interest in 83,249,210 Units.

7 Not meaningful.

UNITHOLDINGS OF THE DIRECTORS OF THE MANAGER

(As recorded in the Register of Directors' Unitholdings as at 21 January 2018)

Directors	Direct interest No. of Units	%[1]	Deemed interest No. of Units	%[1]
Hsieh Tsun-Yan[2]	772,398	0.075	–	–
Ho Chew Thim	141,000	0.014	–	–
Kevin John Eric Adolphe	–	–	–	–
Lau Chun Wah @ Davy Lau	–	–	–	–
Michael Floyd Dommermuth	–	–	–	–
Dr Choo Kian Koon	–	–	–	–
Veronica Julia McCann[3]	345,450	0.033	–	–

Notes:

1 The percentage of unitholding is calculated based on the total number of 1,033,722,152 Units in issue as at 21 January 2018.

2 The 772,398 Units are jointly owned by Mr Hsieh Tsun-Yan and his spouse, Hsieh Siauyih Goon.

3 The 345,450 Units are jointly owned by Ms Veronica Julia McCann and her spouse, Steven John Baggott.

FREE FLOAT

Based on information available to the Manager as at 6 March 2018, 91.84% of the Units in MUST are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

MANULIFE US REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a
Trust Deed dated 27 March 2015 (as amended and restated))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Manulife US Real Estate Investment Trust ("**Manulife US REIT**", and the holders of units of Manulife US REIT, "**Unitholders**") will be held at NTUC Auditorium, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 on Monday, 23 April 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of DBS Trustee Limited, as trustee of Manulife US REIT (the "**Trustee**"), the Statement by Manulife US Real Estate Management Pte. Ltd., as manager of Manulife US REIT (the "**Manager**"), and the Audited Financial Statements of Manulife US REIT for the financial year ended 31 December 2017 together with the Auditors' Report thereon.

(Ordinary Resolution 1)

2. To re-appoint Ernst & Young LLP as the Auditors of Manulife US REIT and to hold office until the conclusion of the next AGM of Manulife US REIT, and to authorise the Manager to fix their remuneration.

(Ordinary Resolution 2)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following as an Ordinary Resolution, with or without any modifications:

3. That pursuant to Clause 5 of the trust deed constituting Manulife US REIT (as amended and restated) (the "**Trust Deed**") and listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Manager be authorised and empowered to:

(a) (i) issue units in Manulife US REIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(b) issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:

   (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed;

   (b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by the Unitholders in a general meeting of Manulife US REIT, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Manulife US REIT, or (ii) the date by which the next AGM of Manulife US REIT is required by applicable laws or regulations to be held, whichever is the earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of Manulife US REIT to give effect to the authority conferred by this Resolution.

(Ordinary Resolution 3)

(See Explanatory Note (i))

BY ORDER OF THE BOARD
Manulife US Real Estate Management Pte. Ltd.
(Company Registration No.: 201503253R)
As Manager of Manulife US REIT

Victor Lai Kuan Loong
Gwendolin Lee Soo Fern
Company Secretaries

Singapore
5 April 2018

EXPLANATORY NOTE:

(i) Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this AGM until (i) the conclusion of the next AGM of Manulife US REIT, or (ii) the date by which the next AGM of Manulife US REIT is required by applicable laws or regulations to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments (such as securities, warrants or debentures) convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any), of which up to twenty per cent (20%) may be issued other than on a pro rata basis to Unitholders (excluding treasury Units and subsidiary holdings, if any).

For determining the aggregate number of Units that may be issued, the percentage of issued Units (excluding treasury Units and subsidiary holdings, if any) will be calculated based on the issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisition or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

NOTES:

(1) A Unitholder who is not a relevant intermediary (as defined below) entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

(2) A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form.

"**relevant intermediary**" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Registered Office of Manulife US REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than seventy-two (72) hours before the time appointed for the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

MANULIFE US REAL ESTATE INVESTMENT TRUST
(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 27 March 2015 (as amended and restated))

IMPORTANT:
1. A relevant intermediary may appoint more than one proxy to attend and vote at the Annual General Meeting and vote (please see note 2 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF monies to buy Units of Manulife US REIT, this Report to Unitholders is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

PROXY FORM

ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name(s) and NRIC/Passport/Company Registration Number(s))

of ____ (Address)

being a Unitholder/Unitholders of Manulife US Real Estate Investment Trust ("**Manulife US REIT**", and the units of Manulife US REIT, the "**Units**"), hereby appoint(s):

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of Manulife US REIT to be held at NTUC Auditorium, Level 7, NTUC Centre, One Marina Boulevard, Singapore 018989 on Monday, 23 April 2018 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions	Number of Votes For(1)	Number of Votes Against(1)
	ORDINARY BUSINESS		
1	To receive and adopt the Trustee's Report, the Manager's Statement and the Audited Financial Statements of Manulife US REIT for the financial year ended 31 December 2017 together with the Auditors' Report thereon.		
2	To re-appoint Ernst & Young LLP as the Auditors of Manulife US REIT and to authorise the Manager to fix the Auditors' remuneration.		
	SPECIAL BUSINESS		
3	To authorise the Manager to issue Units and to make or grant convertible Instruments.		

(1) If you wish to exercise all your votes "For" or "Against", please tick (√) within the relevant boxes provided. Alternatively, please indicate the number of Units, as appropriate, in the boxes provided.

Dated this ____________ day of ____________ 2018

Total number of Units held

____
Signature of Unitholder(s)
or, Common Seal of Corporate Unitholder

* Delete where inapplicable

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes:

1. A unitholder of Manulife US REIT ("**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than one proxy to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

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   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Registered Office of Manulife US REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than **10.00 a.m. on 20 April 2018**, being not less than seventy-two (72) hours before the time appointed for the AGM.
4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of Manulife US REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this proxy form will be deemed to relate to all the Units held by the Unitholder.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointer is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Unitholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by CDP to the Manager.
10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided on a poll.
12. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the AGM and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.
13. CPF Approved Nominees acting on the request of the CPF/SRS investors who wish to attend the AGM are requested to submit in writing, a list with details of the CPF/SRS investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) shall reach Manulife US REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than **10.00 a.m. on 20 April 2018**, being not less than seventy-two (72) hours before the time appointed for holding the AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 April 2018.

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Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09326

MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
(as Manager of Manulife US Real Estate Investment Trust)
C/O Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

3rd fold and glue all sides firmly overleaf. Do not staple.

CORPORATE DIRECTORY

MANAGER

Manulife US Real Estate Management Pte. Ltd.
51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554
Tel: +65 6238 0222
Email: usreitinquiry@manulifeusreit.sg
Website: www.manulifeusreit.sg

BOARD OF DIRECTORS

Mr Hsieh Tsun-Yan
Chairman & Non-Executive Director

Mr Davy Lau
Independent Non-Executive Director, Lead Independent Director

Mr Ho Chew Thim
Independent Non-Executive Director

Ms Veronica McCann
Independent Non-Executive Director

Dr Choo Kian Koon
Independent Non-Executive Director

Mr Kevin Adolphe
Non-Executive Director

Mr Michael Dommermuth
Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Ho Chew Thim
Chairman

Dr Choo Kian Koon

Ms Veronica McCann

NOMINATING AND REMUNERATION COMMITTEE

Mr Davy Lau
Chairman

Mr Hsieh Tsun-Yan

Ms Veronica McCann

MANAGEMENT TEAM

Ms Jill Smith
Chief Executive Officer

Mr Jagjit Obhan
Chief Financial Officer

Ms Jennifer Schillaci
Chief Investment Officer

Ms Caroline Fong
Head of Investor Relations

Ms Daphne Chua
Head of Compliance

Mr Choong Chia Yee
Financial Controller

COMPANY SECRETARIES

Mr Lai Kuan Loong Victor

Ms Gwendolin Lee Soo Fern

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge
Mr Nelson Chen
Appointment Date: 13 May 2016

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

For updates or change of mailing address, please contact:

The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel: +65 6535 7511
Fax: +65 6535 0775
Email: cdp@sgx.com
Website: https://www1.cdp.sgx.com

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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Manulife

US REIT

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Management Pte. Ltd.
51 Bras Basah Road
#11-00 Manulife Centre
Singapore 189554
Email: usreitinquiry@manulifeusreit.sg

Manulife US REIT **FIRST & FOREMOST** Annual Report 2017