Manulife
US REIT

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Second Quarter and Half Year Ended 30 June 2018

TABLE OF CONTENTS

Introduction

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

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

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

Manulife US REIT portfolio comprises of the following seven office properties (the "**Properties**") in the United States, with an aggregate net lettable area of 3,736,983 square feet ("**sq ft**"), as follows:

- Figueroa is a 35-storey Class A office building with 701,977 sq ft of net lettable area ("**NLA**"), located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues;
- Michelson is a 19-storey Trophy office building with 532,663 sq ft of NLA, located in Irvine, Orange County, within the Greater Los Angeles market;
- Peachtree is a 27-storey Class A office building with 557,589 sq ft of NLA, located in the heart of Midtown, Atlanta;
- Plaza is an 11-storey Class A office building with 461,525 sq ft of NLA, located in Secaucus, New Jersey;
- Exchange is a 30-storey Class A office building with 730,823 sq ft of NLA, located in Jersey City, Hudson County, New Jersey;
- Penn is a 13-storey Class A office building with 277,315 sq ft of NLA, located in Washington, D.C.; and
- Phipps is a 19-storey Trophy office building with 475,091 sq ft of NLA, located in the heart of Buckhead, Atlanta.

Penn and Phipps were acquired on 22 June 2018 (U.S. Time) and financed by a combination of preferential offering of 227,935,981 new Units at the issue price of US$0.865 per new unit raising gross proceeds of approximately US$197.2 million (the "**Preferential Offering**") and debt financing. These acquisitions have significantly increased Manulife US REIT's NLA by approximately 25.2% to 3,736,983 sq ft and demonstrated growth, financial strength and scalability of Manulife US REIT and strong support from the sponsor. These acquisitions also provided diversification benefits to the portfolio.

Manulife US REIT is presenting its financial results for the second quarter ended 30 June 2018 ("**2Q 2018**") and for the financial period from 1 January 2018 to 30 June 2018 ("**1H 2018**").

Distribution Policy

Manulife US REIT intends to make distributions to the Unitholders on a semi-annual basis. Manulife US REIT's distribution policy is to distribute at least 90% of its annual distributable income. The actual level of distribution will be determined at the discretion of the Board of Directors of the Manager.

SUMMARY OF MANULIFE US REIT GROUP RESULTS

	2Q 2018 US$'000	2Q 2017 US$'000	Change %	1H 2018 US$'000	1H 2017 US$'000	Change %
Gross Revenue(1)	32,521	19,906	63.4	63,674	39,739	60.2
Net Property Income(2)	20,377	12,789	59.3	40,027	25,552	56.6
Net Income for the period(3)	19,007	21,245	(10.5)	30,541	29,750	2.7
Income available for distribution to Unitholders	16,505	9,987	65.3	32,138	20,400	57.5
Distribution per Unit ("DPU") (cents)	1.30	1.57(4)	(17.2)(5)	2.53	3.22(4)	(21.4)(5)
DPU (Restated for Preferential Offering and Rights Issue)(6) (cents)	1.30	1.44	(9.7)(5)	2.53	2.95	(14.2)(5)
For information only **Adjusted DPU(7) (cents)**	1.53	1.45	5.5	3.03	2.96	2.4

Footnotes:

(1) Gross revenue of US$32.5 million for 2Q 2018 and US$63.7 million for 1H 2018 was higher than 2Q 2017 and 1H 2017 by 63.4% and 60.2% respectively, largely due to the revenue contribution from the acquisitions of Plaza, Exchange, Penn and Phipps.

(2) Net property income of US$20.4 million for 2Q 2018 and US$40.0 million for 1H 2018 was higher than 2Q 2017 and 1H 2017 by 59.3% and 56.6%, respectively, largely due to net property income contribution from the acquisitions of Plaza, Exchange, Penn and Phipps.

(3) Net income for 2Q 2018 was lower than 2Q 2017 largely due to lower net fair value gain on investment properties and higher finance expenses on new loans secured to partially fund the acquisitions. Net income for 1H 2018 was higher than 1H 2017 mainly due to higher net property income, partially offset by the higher finance expenses and lower net fair value gain on investment properties.

(4) Advanced distribution was paid out based on distributable income from 1 January 2017 to 28 June 2017 over 631,365,359 Units. The distributable income from 29 June 2017 to 30 June 2017 was paid out with 2H 2017 distribution based on 1,033,722,152 Units (including Rights Issue). Accordingly, 2Q 2017 and 1H 2017 DPU are comprised of distributable income paid from 1 January 2017 to 28 June 2017 over 631,365,359 Units, and distributable income paid from 29 June 2017 to 30 June 2017 over 1,033,722,152 Units.

(5) 2Q 2018 and 1H 2018 DPU were lower than 2Q 2017 and 1H 2017 DPU largely due to the drag from the enlarged Unit base from the issuance of Preferential Offering and only 9 days of income contribution from the acquisitions of Penn and Phipps.

(6) DPU for 2Q 2017 and 1H 2017 have been restated for the preferential offering of which 227,935,981 Units were issued on 20 June 2018 ("Preferential Offering") and the rights issue, through which 299,288,423 Units were issued on 25 October 2017 ("Rights Issue").

(7) Adjusted DPU was calculated based on the weighted average number of Units in issue, which normalises the impact of the enlarged Unit base from Preferential Offering.

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

	Note	2Q 2018 US$'000	2Q 2017 US$'000	Change %	1H 2018 US$'000	1H 2017 US$'000	Change %
Consolidated Statement of Comprehensive Income							
Gross revenue		32,521	19,906	63.4	63,674	39,739	60.2
Property operating expenses		(12,144)	(7,117)	70.6	(23,647)	(14,187)	66.7
Net property income		**20,377**	**12,789**	**59.3**	**40,027**	**25,552**	**56.6**
Interest income		18	7	>100	20	7	>100
Manager's base fee	a	(1,651)	(999)	65.3	(3,214)	(2,040)	57.5
Trustee's fee		(55)	(39)	41.0	(108)	(76)	42.1
Other trust expenses	b	(622)	(393)	58.3	(1,115)	(713)	56.4
Finance expenses	c	(3,766)	(1,994)	88.9	(7,496)	(3,937)	90.4
Net income before tax and fair value change in investment properties		**14,301**	**9,371**	**52.6**	**28,114**	**18,793**	**49.6**
Net fair value change in investment properties	d	10,783	20,169	(46.5)	9,837	19,576	(49.7)
Net income for the period before tax		**25,084**	**29,540**	**(15.1)**	**37,951**	**38,369**	**(1.1)**
Tax expense	e	(6,077)	(8,295)	(26.7)	(7,410)	(8,619)	(14.0)
Net income for the period		**19,007**	**21,245**	**(10.5)**	**30,541**	**29,750**	**2.7**
Distribution Statement							
Net income for the period		19,007	21,245	(10.5)	30,541	29,750	2.7
Distribution adjustments	f	(2,502)	(11,258)	(77.8)	1,597	(9,350)	N.M.
Income available for distribution to Unitholders		**16,505**	**9,987**	**65.3**	**32,138**	**20,400**	**57.5**

N.M.: Not meaningful

Notes to Consolidated Statement of Comprehensive Income and Distribution Statement

a. Manager's base fees

The base fees for 2Q 2018 will be fully paid in the form of Units. The Manager had also elected to receive its base fees in the form of Units for the period from Listing Date to the end of 1Q 2018.

b. Other trust expenses

Other trust expenses consist of audit, tax compliance and other expenses.

c. Finance expenses

Finance expenses comprise of the following:

	2Q 2018 US$'000	2Q 2017 US$'000	Change %	1H 2018 US$'000	1H 2017 US$'000	Change %
Interest expense on loans and borrowings	3,522	1,841	91.3	6,796	3,660	85.7
Amortisation of upfront debt-related transaction costs(1)	240	126	90.5	461	221	>100
Dividends on preferred units	4	15	(73.3)	8	31	(74.2)
Redemption of preferred units(2)	-	-	-	218	-	N.M.
Commitment fees	-	12	(100.0)	13	25	(48.0)
Finance expenses	**3,766**	**1,994**	**88.9**	**7,496**	**3,937**	**90.4**

N.M.: Not meaningful

Footnotes:

(1) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
(2) 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 "U.S. Subs") were redeemed by the U.S. Subs as part of restructuring required to address the effect of new U.S. tax rules.

d. Net fair value change in investment properties

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

e. Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises mainly of withholding tax paid by Hancock S-REIT Parent Corp. and income tax in Barbados.

Deferred tax is recognised in respect of temporary differences between the carrying amounts used, mainly derived for financial reporting purposes, and the amounts used for taxation purposes. Tax expense is mainly related to deferred tax expenses arising from property fair value gains and tax depreciation.

f. Distribution adjustments

	2Q 2018 US$'000	2Q 2017 US$'000	Change %	1H 2018 US$'000	1H 2017 US$'000	Change %
Property related non-cash items[(1)]	(794)	(645)	23.1	(1,740)	(1,238)	40.5
Amortisation of upfront debt-related transaction costs[(2)]	240	126	90.5	461	221	>100
Manager's base fee paid/payable in Units	1,651	999	65.3	3,214	2,040	57.5
Property Manager's management fee paid/payable in Units	798	469	70.1	1,556	917	69.7
Trustee's fee	55	39	41.0	108	76	42.1
Net fair value change in investment properties	(10,783)	(20,169)	(46.5)	(9,837)	(19,576)	(49.7)
Deferred tax expense	5,808	7,699	(24.6)	6,822	8,023	(15.0)
Redemption of preferred units	-	-	-	218	-	N.M.
Other items[(3)]	523	224	>100	795	187	>100
Distribution adjustments	**(2,502)**	**(11,258)**	**(77.8)**	**1,597**	**(9,350)**	**N.M.**

N.M.: Not meaningful

Footnotes:

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

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

		Group		Trust	
	Note	As at 30 Jun 2018 US$'000	As at 31 Dec 2017 US$'000	As at 30 Jun 2018 US$'000	As at 31 Dec 2017 US$'000
Current assets					
Cash and cash equivalents		48,918	49,674	4,954	4,953
Prepaid expenses		416	815	11	8
Trade and other receivables		5,174	5,913	18,438	15,995
		54,508	56,402	23,403	20,956
Non-current assets					
Investment properties	a	1,723,700	1,312,800	-	-
Investment in subsidiaries		-	-	935,537	751,259
		1,723,700	1,312,800	935,537	751,259
Total assets		**1,778,208**	**1,369,202**	**958,940**	**772,215**
Current liabilities					
Trade and other payables		17,019	18,238	1,651	912
Security deposits		397	127	-	-
Rent received in advance		545	867	-	-
		17,961	19,232	1,651	912
Non-current liabilities					
Loans and borrowings		658,190	458,369	-	-
Security deposits		1,578	1,721	-	-
Preferred units		102	571	-	-
Deferred tax liabilities		44,025	37,203	-	-
		703,895	497,864	-	-
Total liabilities		**721,856**	**517,096**	**1,651**	**912**
Net assets attributable to Unitholders		**1,056,352**	**852,106**	**957,289**	**771,303**
Represented by:					
Unitholders' funds		1,056,352	852,106	957,289	771,303
Net assets attributable to Unitholders		**1,056,352**	**852,106**	**957,289**	**771,303**

Notes to Consolidated Statements of Financial Position

a. Investment properties

Investment properties are stated at fair value based on 30 June 2018 appraisals conducted by Colliers International Valuation and Advisory Services, LLC and 31 December 2017 appraisals conducted by CBRE, Inc., Colliers International Valuation and Advisory Services, LLC and Cushman & Wakefield of New Jersey, Inc. These include Penn and Phipps which were acquired on 22 June 2018 (U.S. Time).

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

	Group	
	As at 30 Jun 2018 US$'000	**As at 31 Dec 2017 US$'000**
Secured loans and borrowings		
Amount repayable after one year[(1)]	662,400	461,900
Less: Unamortised upfront debt-related transaction costs[(2)]	(4,210)	(3,531)
Total secured loans and borrowings	**658,190**	**458,369**

Footnotes:

(1) Includes US$661.6 million (2017: US$461.1 million) of initial funding and US$0.8 million (2017: US$0.8 million) of good news facilities drawn to fund capital expenditure and leasing costs.

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

Details of loans and borrowings, and collaterals

1. Property Financing

As of 30 June 2018, Manulife US REIT has loan facilities of US$747.4 million consisting of an initial funding of US$661.6 million as well as good news facilities of up to US$85.8 million ("Mortgage Facilities").

The Mortgage Facilities are secured by, amongst other collateral: (i) a first mortgage on each Figueroa, Michelson, Peachtree, Plaza, Exchange, Penn and Phipps respectively (each, the "Property"); (ii) an assignment each of the U.S. Sub'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 U.S. Sub's rights to all goods, building and other materials, supplies, inventory, equipment, machinery, fixtures, furniture and other personal property, together with all payments and other rents and security deposits in respect of the relevant Properties.

2. Revolving Credit Facilities

As at 30 June 2018, Manulife US REIT has a US$10.0 million revolving credit facility with DBS Bank Ltd. ("US$10 million Revolving Credit Facility") and a separate 1-year uncommitted US$200.0 million revolving credit facility with DBS Bank Ltd. ("US$200 million Revolving Credit Facility", together with the US$10 million Revolving Credit Facility, the "Revolving Credit Facilities"). The facility amount of the US$200 million Revolving Credit Facility had been increased from US$120.0 million to US$200.0 million.

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 and MUSREIT (Barbados) 1 LP ("Barbados LP1") to any other subsidiaries of Manulife US REIT; and

(ii) the US$200 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, and an assignment of all inter-company loans from Beta 2, Beta 3, Barbados LP1, MUSREIT (Barbados) 2 LP, MUSREIT (Barbados) 3 LP and any future loan subsidiaries to any other subsidiaries of Manulife US REIT.

1 (c) Consolidated Statement of Cash Flows

	Note	Group 2Q 2018 US$'000	Group 2Q 2017 US$'000	Group 1H 2018 US$'000	Group 1H 2017 US$'000
Cash flows from operating activities					
Net income for the period before tax		25,084	29,540	37,951	38,369
Adjustments for:					
Amortisation		(794)	(645)	(1,740)	(1,238)
Interest income		(18)	(7)	(20)	(7)
Finance expenses		3,766	1,994	7,496	3,937
Manager's base fee paid/payable in Units		1,651	999	3,214	2,040
Property Manager's management fee paid/payable in Units		798	469	1,556	917
Net fair value change in investment properties		(10,783)	(20,169)	(9,837)	(19,576)
Unrealised transaction gains effect of foreign exchange		50	(20)	11	(70)
Operating income before working capital changes		**19,754**	**12,161**	**38,631**	**24,372**
Changes in working capital:					
Trade and other receivables		(1,644)	(2,467)	739	(2,401)
Prepaid expenses		842	352	399	547
Trade and other payables		651	495	(1,732)	224
Security deposits		139	(4)	127	63
Rent received in advance		(808)	(119)	(322)	626
Cash from operating activities		**18,934**	**10,418**	**37,842**	**23,431**
Tax paid		(10)	(596)	(173)	(596)
Interest paid		(3,361)	(1,935)	(6,673)	(3,110)
Net cash from operating activities		**15,563**	**7,887**	**30,996**	**19,725**
Cash flows from investing activities					
Acquisition of investment properties and related assets and liabilities		(391,801)	-	(391,801)	-
Payment for capital expenditure and other costs related to investment properties		(2,039)	(2,442)	(4,619)	(2,886)
Interest received		18	7	20	7
Net cash used in investing activities		**(393,822)**	**(2,435)**	**(396,400)**	**(2,879)**
Cash flows from financing activities					
Redemption of preferred units[(1)]	a	-	-	(687)	-
Proceeds from issuance of Units[(2)]	b	197,165	80,512	197,165	80,512
Payment of transaction costs relating to issuance of Units	b	(4,566)	(1,248)	(4,566)	(1,248)
Proceeds from loans and borrowings	c	200,500	-	200,500	-
Payment of transaction costs relating to loans and borrowings		(1,195)	-	(1,195)	-
Distributions to Unitholders		-	-	(26,567)	(22,289)
Net cash from financing activities		**391,904**	**79,264**	**364,650**	**56,975**
Net increase/(decrease) in cash and cash equivalents		**13,645**	**84,716**	**(754)**	**73,821**
Cash and cash equivalents at beginning of the period		**35,289**	**27,596**	**49,674**	**38,433**
Effect of exchange rate fluctuations on cash held in foreign currency		(16)	14	(2)	72
Cash and cash equivalents at the end of the period		**48,918**	**112,326**	**48,918**	**112,326**

Notes to Consolidated Statement of Cash Flows

a. 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 “U.S. Subs”) were redeemed by the U.S. Subs in 1Q 2018 as part of restructuring required to address the effect of new U.S. tax rules.

b. On 20 June 2018, an aggregate of 227,935,981 Units were issued at US$0.865 per Unit and amounted to US$197.2 million from Preferential Offering. The use of proceeds raised from the Preferential Offering is in accordance with the stated uses as disclosed in the announcement made on 16 May 2018, and is set out below:

	Intended use of proceeds US$ million	Actual use of proceeds US$ million	Balance of proceeds US$ million
To partially fund the acquisitions of Penn and Phipps	191.1	192.3	(1.2)
To pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by Manulife US REIT in connection with the Preferential Offering	6.1	4.9	1.2
Total	**197.2**	**197.2**	**-**

Please refer to the announcement made on 25 June 2018 on completion of acquisitions of Penn and Phipps and Preferential Offering use of proceeds.

c. Proceeds from Mortgage Facilities used to partially fund the acquisitions of Penn and Phipps.

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

	2Q 2018			2Q 2017		
	Units in issue and to be issued	**Retained earnings**	**Total**	**Units in issue and to be issued**	**Retained earnings**	**Total**
Group	**US$’000**	**US$’000**	**US$’000**	**US$’000**	**US$’000**	**US$’000**
At beginning of the period	**754,714**	**84,680**	**839,394**	**486,586**	**48,124**	**534,710**
Operations						
Net income for the period	-	19,007	19,007	-	21,245	21,245
Net increase in net assets resulting from operations	**-**	**19,007**	**19,007**	**-**	**21,245**	**21,245**
Unitholders’ transactions						
New Units issued(1)	197,165	-	197,165	80,512	-	80,512
Issuance costs(2)	(4,566)	-	(4,566)	(1,773)	-	(1,773)
Manager’s acquisition fee paid in Units(3)	2,903	-	2,903	-	-	-
Manager’s base fee paid/payable in Units	1,651	-	1,651	999	-	999
Property Manager’s management fees paid/payable in Units	798	-	798	469	-	469
Distributions(4)	-	-	-	(9,723)	(10,481)	(20,204)
Net increase/(decrease) in net assets resulting from Unitholders’ transactions	**197,951**	**-**	**197,951**	**70,484**	**(10,481)**	**60,003**
At end of the period	**952,665**	**103,687**	**1,056,352**	**557,070**	**58,888**	**615,958**

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

	2Q 2018			2Q 2017		
	Units in issue and to be issued	**Retained earnings/ (Accumulated losses)**	**Total**	**Units in issue and to be issued**	**Accumulated losses**	**Total**
Trust	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At beginning of the period	**754,714**	**(9,562)**	**745,152**	**486,586**	**(3,712)**	**482,874**
Operations						
Net income for the period	-	14,186	14,186	-	9,666	9,666
Net increase in net assets resulting from operations	**-**	**14,186**	**14,186**	**-**	**9,666**	**9,666**
Unitholders' transactions						
New Units issued(1)	197,165	-	197,165	80,512	-	80,512
Issuance costs(2)	(4,566)	-	(4,566)	(1,773)	-	(1,773)
Manager's acquisition fee paid in Units(3)	2,903	-	2,903	-	-	-
Manager's base fee paid/payable in Units	1,651	-	1,651	999	-	999
Property Manager's management fees paid/payable in Units	798	-	798	469	-	469
Distributions(4)	-	-	-	(9,723)	(10,481)	(20,204)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**197,951**	**-**	**197,951**	**70,484**	**(10,481)**	**60,003**
At end of the period	**952,665**	**4,624**	**957,289**	**557,070**	**(4,527)**	**552,543**

Footnotes:

(1) In 2Q 2018, 227,935,981 Units were issued on 20 June 2018 from the Preferential Offering. In 2Q 2017, 97,003,000 Units were issued on 29 June 2017 from the Private Placement.
(2) The issuance costs were for the underwriting fees and professional fees incurred as a result of the Preferential Offering and the Private Placement exercises which were completed on 20 June 2018 and 29 June 2017 respectively.
(3) Manulife US REIT issued 3,341,968 new Units as full payment of acquisition fee to the Manager in respect of the acquisitions of Penn and Phipps from John Hancock Life Insurance Company (U.S.A.), an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company ("Sponsor"). The acquisition fee is based on 0.75% of the acquisition price of Penn and Phipps as the acquisitions constituted as an interested person transaction.
(4) For 2Q 2017, the amount comprises of advanced distribution paid to Unitholders for the period 1 January 2017 to 28 June 2017.

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

	1H 2018			**1H 2017**		
Group	**Units in issue and to be issued US$'000**	**Retained earnings US$'000**	**Total US$'000**	**Units in issue and to be issued US$'000**	**Retained earnings US$'000**	**Total US$'000**
At beginning of the period	**765,004**	**87,102**	**852,106**	**495,331**	**51,674**	**547,005**
Operations						
Net income for the period	-	30,541	30,541	-	29,750	29,750
Net increase in net assets resulting from operations	**-**	**30,541**	**30,541**	**-**	**29,750**	**29,750**
Unitholders' transactions						
New Units issued[1]	197,165	-	197,165	80,512	-	80,512
Issuance costs[2]	(4,566)	-	(4,566)	(1,773)	-	(1,773)
Manager's acquisition fee paid in Units[3]	2,903	-	2,903	-	-	-
Manager's base fee paid/payable in Units	3,214	-	3,214	2,040	-	2,040
Property Manager's management fees paid/payable in Units	1,556	-	1,556	917	-	917
Distributions[4]	(12,611)	(13,956)	(26,567)	(19,957)	(22,536)	(42,493)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**187,661**	**(13,956)**	**173,705**	**61,739**	**(22,536)**	**39,203**
At end of the period	**952,665**	**103,687**	**1,056,352**	**557,070**	**58,888**	**615,958**

	1H 2018			**1H 2017**		
Trust	**Units in issue and to be issued US$'000**	**Retained earnings US$'000**	**Total US$'000**	**Units in issue and to be issued US$'000**	**Retained earnings/ (Accumulated losses) US$'000**	**Total US$'000**
At beginning of the period	**765,004**	**6,299**	**771,303**	**495,331**	**9,603**	**504,934**
Operations						
Net income for the period	-	12,281	12,281	-	8,406	8,406
Net increase in net assets resulting from operations	**-**	**12,281**	**12,281**	**-**	**8,406**	**8,406**
Unitholders' transactions						
New Units issued[1]	197,165	-	197,165	80,512	-	80,512
Issuance costs[2]	(4,566)	-	(4,566)	(1,773)	-	(1,773)
Manager's acquisition fee paid in Units[3]	2,903	-	2,903	-	-	-
Manager's base fee paid/payable in Units	3,214	-	3,214	2,040	-	2,040
Property Manager's management fees paid/payable in Units	1,556	-	1,556	917	-	917
Distributions[4]	(12,611)	(13,956)	(26,567)	(19,957)	(22,536)	(42,493)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**187,661**	**(13,956)**	**173,705**	**61,739**	**(22,536)**	**39,203**
At end of the period	**952,665**	**4,624**	**957,289**	**557,070**	**(4,527)**	**552,543**

Footnotes:

(1) In 1H 2018, 227,935,981 Units were issued on 20 June 2018 from the Preferential Offering. In 1H 2017, 97,003,000 Units were issued on 29 June 2017 from the Private Placement.
(2) The issuance costs were for the underwriting fees and professional fees incurred as a result of the Preferential Offering and the Private Placement exercises which were completed on 20 June 2018 and 29 June 2017 respectively.
(3) Manulife US REIT issued 3,341,968 new Units as full payment of acquisition fee to the Manager in respect of the acquisitions of Penn and Phipps from John Hancock Life Insurance Company (U.S.A.), an indirect, wholly-owned subsidiary of The Manufacturers Life Insurance Company ("Sponsor"). The acquisition fee is based on 0.75% of the acquisition price of Penn and Phipps as the acquisitions constituted as an interested person transaction.
(4) For 1H 2018, the amount comprises of distribution paid to Unitholders for the period 29 June 2017 to 31 December 2017. For 1H 2017, the amount comprises of distribution paid to Unitholders for the period 20 May 2016 to 28 June 2017.

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

	2Q 2018 Units	2Q 2017 Units	1H 2018 Units	1H 2017 Units
Units in issue:				
At beginning of the period	1,036,072,644	629,610,788	1,033,722,152	627,862,659
Manager's base fee paid in Units	1,689,003	1,242,547	3,274,037	2,414,088
Property Manager's management fees paid in Units	818,456	512,024	1,583,914	1,088,612
Manager's acquisition fee paid in Units[1]	3,341,968	-	3,341,968	-
Preferential Offering and Private Placement Units[2]	227,935,981	97,003,000	227,935,981	97,003,000
Total issued Units as at end of the period	1,269,858,052	728,368,359	1,269,858,052	728,368,359
Units to be issued:				
Manager's base fee payable in Units[3]	1,908,367	1,106,774	1,908,367	1,106,774
Property Manager's management fees payable in Units[3]	922,851	520,135	922,851	520,135
Total issuable Units as at end of the period	2,831,218	1,626,909	2,831,218	1,626,909
Total Units issued and to be issued as at end of the period	**1,272,689,270**	**729,995,268**	**1,272,689,270**	**729,995,268**

Footnotes:

(1) New Units issued to the Manager as payment for acquisition fee in respect of the acquisitions of Penn and Phipps.
(2) Relates to the Preferential Offering and the Private Placement Units issued on 20 June 2018 and 29 June 2017 respectively.
(3) There are 2,831,218 Units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the 2Q 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2018 of US$0.8648. Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 30 June 2018 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

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

Manulife US REIT did not hold any treasury units as at 30 June 2018 and 31 December 2017. The total number of issued Units in Manulife US REIT as at 30 June 2018 and 31 December 2017 were 1,269,858,052 and 1,033,722,152, respectively.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation consistent with those used in the audited financial statements for the financial year ended 31 December 2017 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised International Financial Reporting Standards ("IFRS") (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2018.

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

The Group adopted the revised IFRS and interpretations that are effective for application from 1 January 2018. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

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

	2Q 2018	2Q 2017	1H 2018	1H 2017
EPU(1)				
Weighted average number of Units in issue and issuable	1,076,054,490	691,044,208(3)	1,060,002,918	688,939,230(3)
Basic and diluted EPU (cents)(2)	1.77	3.07(3)	2.88	4.32(3)
DPU(4)				
Number of Units in issue at end of the period	1,269,858,052	728,368,359	1,269,858,052	728,368,359
DPU (cents)	1.30	1.57(5)	2.53	3.22(5)
DPU (cents) (Restated for Preferential Offering and Rights Issue)	1.30	1.44(3)	2.53	2.95(3)

Footnotes:

(1) The computation of basic EPU is based on the weighted number of Units for the respective reporting periods. This comprises of:
  (i) The weighted average number of Units in issue includes the Preferential Offering and Private Placement Units for the respective reporting periods; and
  (ii) The estimated weighted average number of Units issuable as payment of Manager's base fees and Property manager's management fees for the respective reporting periods.

(2) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue at the end of the respective reporting periods.

(3) 2Q 2017 and 1H 2017 figures have been restated for the Preferential Offering and Rights Issue, through which 227,935,981 Units were issued on 20 June 2018 and 299,288,423 Units were issued on 25 October 2017, respectively.

(4) The computation of DPU is based on number of Units in issue as at end of the respective reporting periods.

(5) 2Q 2017 and 1H 2017 DPU are comprised of distributable income paid from 1 January 2017 to 28 June 2017 over 631,365,359 Units, and distributable income paid from 29 June 2017 to 30 June 2017 over 1,033,722,152 Units.

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

	Group		Trust	
	As at 30 Jun 2018	**As at 31 Dec 2017**	**As at 30 Jun 2018**	**As at 31 Dec 2017**
Number of Units in issue and to be issued at end of period	1,272,689,270	1,036,072,644	1,272,689,270	1,036,072,644
NAV and NTA per Unit[1] (US$)	0.83	0.82	0.75	0.74
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US$)	0.80	0.80	0.73	0.72

Footnote:

(1) NAV and NTA is the same as there is no intangible asset as at 30 June 2018 and 31 December 2017.

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	2Q 2018 US$'000	2Q 2017 US$'000	Change %	1H 2018 US$'000	1H 2017 US$'000	Change %
Consolidated Statement of Comprehensive Income						
Gross revenue	32,521	19,906	63.4	63,674	39,739	60.2
Property operating expenses	(12,144)	(7,117)	70.6	(23,647)	(14,187)	66.7
Net property income	**20,377**	**12,789**	**59.3**	**40,027**	**25,552**	**56.6**
Interest income	18	7	>100	20	7	>100
Manager's base fee	(1,651)	(999)	65.3	(3,214)	(2,040)	57.5
Trustee's fee	(55)	(39)	41.0	(108)	(76)	42.1
Other trust expenses	(622)	(393)	58.3	(1,115)	(713)	56.4
Finance expenses	(3,766)	(1,994)	88.9	(7,496)	(3,937)	90.4
Net income before tax and fair value change in investment	**14,301**	**9,371**	**52.6**	**28,114**	**18,793**	**49.6**
Net fair value change in investment properties	10,783	20,169	(46.5)	9,837	19,576	(49.7)
Net income for the period before tax	**25,084**	**29,540**	**(15.1)**	**37,951**	**38,369**	**(1.1)**
Tax expense	(6,077)	(8,295)	(26.7)	(7,410)	(8,619)	(14.0)
Net income for the period	**19,007**	**21,245**	**(10.5)**	**30,541**	**29,750**	**2.7**
Distribution Statement						
Net income for the period	19,007	21,245	(10.5)	30,541	29,750	2.7
Distribution adjustments	(2,502)	(11,258)	(77.8)	1,597	(9,350)	N.M.
Income available for distribution to Unitholders	**16,505**	**9,987**	**65.3**	**32,138**	**20,400**	**57.5**

N.M.: Not meaningful

2Q 2018 vs 2Q 2017

Gross revenue of US$32.5 million was 63.4% higher than 2Q 2017. The gross revenue growth was mainly attributed to contributions from the acquisitions of Plaza, Exchange, Penn and Phipps.

Property operating expenses increased by US$5.0 million mainly due to incremental property expenses from the acquisitions of Plaza, Exchange, Penn and Phipps.

Net property income of US$20.4 million was 59.3% higher than 2Q 2017, driven by income contributions from the acquisitions.

Finance expenses of US$3.8 million increased by 88.9% mainly due to incremental borrowings used to partially fund the acquisitions of Plaza, Exchange, Penn and Phipps.

Net fair value gain in investment properties of US$10.8 million were recognised into income based on 30 June 2018 appraisals.

The tax expense was lower than 2Q 2017 largely due to lower deferred tax expense resulting from lower net fair value gain in investment properties.

Net income of US$19.0 million was lower than 2Q 2017 largely due to lower net fair value gain in investment properties.

Distributable income of US$16.5 million was 65.3% higher than 2Q 2017 largely due to higher net property income.

1H 2018 vs 1H 2017

Gross revenue of US$63.7 million was 60.2% higher than 1H 2017. The gross revenue growth was mainly attributed to contributions from the acquisitions of Plaza, Exchange, Penn and Phipps.

Property operating expenses of US$23.6 million increased by 66.7% mainly due to incremental property expenses from the acquisitions of Plaza, Exchange, Penn and Phipps.

Net property income of US$40.0 million was 56.6% higher than 1H 2017, driven by income contributions from the acquisitions.

Finance expenses of US$7.5 million increased by 90.4% mainly due to incremental borrowings used to partially fund the acquisitions of Plaza, Exchange, Penn and Phipps.

Net fair value gain in investment properties of US$9.8 million were recognised into income based on 30 June 2018 appraisals.

The tax expense was lower than 1H 2017 largely due to lower deferred tax expense resulting from lower net fair value gain.

Net income of US$30.5 million and distributable income of US$32.1 million were higher than 1H 2017 largely due to higher net property income partly offset by higher finance expenses.

9. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

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

On 27 July 2018, the U.S. reported an annualised real GDP growth rate of 4.1% for the second quarter and a revised 2.2% quarterly GDP growth rate for the first quarter of 2018. The GDP growth rate accelerated due to higher consumer spending, exports and government spending. The U.S. unemployment rate decreased 0.1% from the previous quarter to 4.0% in June 2018. However, the June unemployment rate increased from 3.8% in May, the lowest rate in 18 years. The rise in the unemployment rate was largely driven by a 0.2% increase in the labor force participation rate, which could support further GDP growth. The U.S. economy generated 213,000 non-farm jobs in June 2018, primarily in the professional and business services, health care, and manufacturing sectors. During the second quarter of 2018, over six hundred thousand jobs were created.

Overarching the positive economic data is another, greater uncertainty: US trade policy. While words have started being converted into actions and there continues to be threats for additional protectionist policies, the tangible impact on GDP data has been limited. Going forward, sector-specific risks are increasing, and the higher degree of uncertainty could ultimately be reflected in more modest business investment and consumer spending than expected.

The Federal Reserve (Fed) increased the Federal Funds rate by 25 bps in June 2018, marking the second increase in 2018 and following three hikes in 2017. Rates are expected to rise twice more in 2018 and three times in 2019. However, the impact of trade policy on growth or a flattening yield curve (even in the presence of robust growth) may well cause a more dovish tone and could temper the pace of rate increases.

Office absorption during the second quarter of 2018 has slowed vs. the previous year, with JLL (JLL United States Office Outlook Q2 2018) reporting absorption of 7.6 million square feet in the period, as a result of skilled talent shortages and rightsizing. The nation's vacancy rate remained stable at 14.9% at the quarter ended 30 June 2018. According to JLL, quarterly U.S. rent growth was flat and concession packages continue to increase due to greater competition between landlords. Rent growth varies across the different U.S. markets. Los Angeles, Orange County, and Atlanta have all achieved above average growth in the past twelve months, based on limited new supply and steady or growing demand, while rent growth in Northern New Jersey and Washington, D.C. have lagged the national average.

With a committed occupancy of 96.0% and a weighted average lease expiry of 6.3 years by net lettable area as at 30 June 2018, the portfolio is well positioned. The Manager continues to be focused on asset, lease and capital management, in addition to its commitment to sustaining and enhancing environmental, social and governance (ESG) initiatives, and will be selectively seeking investment opportunities that deliver long term value to Unitholders.

11. Distribution

(a) Current financial period

Any distribution declared for the current period?	Yes – US 2.53 cents per Unit for the period from 1 January 2018 to 30 June 2018

Distribution period	Distribution for the period from 1 January 2018 to 30 June 2018
Distribution type/rate	Distribution of US 2.53 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.25 cents 2. Capital: US 1.28 cents
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Manulife US REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Manulife US REIT Units for Singapore income tax purpose.

Unitholders who have not submitted the required U.S. tax forms completely and accurately will be subject to 30% withholding taxes on the Distribution. The U.S. tax forms are required to be reviewed and validated by the appointed processing agent by Friday, 7 September 2018 date. To ensure the forms can be validated by 7 September 2018, Unitholders are reminded to submit the completed tax forms to Manulife US REIT's Unit Registrar – Boardroom Corporate & Advisory Services Pte Ltd no less than seven (7) calendar days before the validation deadline of 7 September 2018.

(b) Corresponding period of the immediately preceding financial period

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

Distribution period	Distribution for the period from 1 January 2017 to 28 June 2017
Distribution type/rate	Distribution of US 3.20 cents per Unit comprising of two components: 3. Tax-exempt income: US 1.66 cents 4. Capital: US 1.54 cents
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Manulife US REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Manulife US REIT Units for Singapore income tax purpose.

(c) Date payable 27 September 2018

(d) Book closure date 15 August 2018

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

Not applicable.

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

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

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of Manulife US Real Estate Management Pte. Ltd. (as manager of Manulife US Real Estate Investment Trust) (the “Manager”) hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial results of Manulife US REIT for the second quarter and half year ended 30 June 2018, to be false or misleading, in any material aspect.

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

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

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

Hsieh Tsun Yan Director	Ho Chew Thim Director

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of office rental revenue, changes in operating expenses, property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

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

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

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

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

By Order of the Board

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