

**MANULIFE US REAL ESTATE INVESTMENT TRUST**  
**Unaudited Financial Statements Announcement**  
**For the First Quarter Ended 31 March 2018**

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

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**Introduction**

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

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

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

Manulife US REIT portfolio comprises of the following five office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 2,984,578 square feet (“**sq ft**”), as follows:

- Figueroa is a 35-storey Class A office building with 701,978 sq ft of net lettable area, located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues;
- Michelson is a 19-storey Trophy office building with 532,663 sq ft of net lettable area, located in Irvine, Orange County, within the Greater Los Angeles market;
- Peachtree is a 27-storey Class A office building with 557,589 sq ft of net lettable area, located in the heart of Midtown, Atlanta;
- Plaza is an 11-storey Class A office building with 461,525 sq ft of net lettable area, located in Secaucus, New Jersey; and
- Exchange is a 30-storey Class A office building with 730,823 sq ft of net lettable area, located in Jersey City, Hudson County, New Jersey.

Manulife US REIT is presenting its financial results for the first quarter ended 31 March 2018 (“**1Q 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.

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**SUMMARY OF MANULIFE US REIT GROUP RESULTS**

	<b>1Q 2018 US\$'000</b>	<b>1Q 2017 US\$'000</b>	<b>Change %</b>
Gross Revenue <sup>(1)</sup>	31,153	19,833	57.1
Net Property Income <sup>(2)</sup>	19,650	12,763	54.0
Net Income for the period <sup>(3)</sup>	11,534	8,505	35.6
Income available for distribution to Unitholders <sup>(4)</sup>	15,633	10,413	50.1
<b><u>Distribution per Unit ("DPU") (cents)</u></b> <sup>(4)</sup>			
- Before reinstatement of Rights Issue	1.51	1.65	(8.5) <sup>(6)</sup>
- Restated for Rights Issue <sup>(5)</sup>	1.51	1.52	(0.7) <sup>(7)</sup>

**Footnotes:**

- (1) Gross revenue of US\$31.2 million for 1Q 2018 was higher than 1Q 2017 by 57.1%, largely due to the revenue contribution from the acquisitions of Plaza and Exchange partially offset by lower income from Michelson and Figueroa.
- (2) Net property income of US\$19.7 million for 1Q 2018 was higher than 1Q 2017 by 54.0%, largely due to higher net property income contribution from Plaza and Exchange.
- (3) Net income for 1Q 2018 was higher than 1Q 2017 mainly due to higher net property income.
- (4) No distribution has been declared for the quarter ended 31 March 2018. Manulife US REIT will be declaring distributions on a semi-annual basis.
- (5) DPU has been restated for the Rights Issue, through which 299,288,423 Units were issued on 25 October 2017 ("Rights Issue").
- (6) This is largely due to the enlarged Unit base in relation to the Rights Issue.
- (7) 1Q 2018 DPU of US 1.51 cents is 0.7% lower than 1Q 2017 DPU (restated for Rights Issue) largely due to lower income from Figueroa and Michelson resulting from lower occupancies in these properties and higher income taxes in 1Q 2018 compared to 1Q 2017. This was offset by strong earnings from Plaza and Exchange properties acquired on 19 July 2017 and 31 October 2017, respectively, and therefore providing further diversification benefits to the portfolio.

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

	Note	Group		
		1Q 2018 US\$'000	1Q 2017 US\$'000	Change %
<b><u>Consolidated Statement of Comprehensive Income</u></b>				
Gross revenue		31,153	19,833	57.1
Property operating expenses		(11,503)	(7,070)	62.7
<b>Net property income</b>		<b>19,650</b>	<b>12,763</b>	<b>54.0</b>
Interest income		2	-	N.M.
Manager's base fee	a	(1,563)	(1,041)	50.1
Trustee's fee		(53)	(37)	43.2
Other trust expenses	b	(493)	(320)	54.1
Finance expenses	c	(3,730)	(1,943)	92.0
<b>Net income before tax and fair value change in investment properties</b>		<b>13,813</b>	<b>9,422</b>	<b>46.6</b>
Net fair value change in investment properties	d	(946)	(593)	59.5
<b>Net income for the period before tax</b>		<b>12,867</b>	<b>8,829</b>	<b>45.7</b>
Tax expense	e	(1,333)	(324)	>100
<b>Net income for the period</b>		<b>11,534</b>	<b>8,505</b>	<b>35.6</b>
<b><u>Distribution Statement</u></b>				
Net income for the period		11,534	8,505	35.6
Distribution adjustments	f	4,099	1,908	>100
<b>Income available for distribution to Unitholders</b>		<b>15,633</b>	<b>10,413</b>	<b>50.1</b>

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**Notes to Consolidated Statement of Comprehensive Income and Distribution Statement**

**a. Manager's base fees**

The base fees for 1Q 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 2017.

**b. Other trust expenses**

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

**c. Finance expenses**

Finance expenses comprise of the following:

	<b>1Q 2018 US\$'000</b>	<b>1Q 2017 US\$'000</b>	<b>Change %</b>
Interest expense on loans and borrowings	3,274	1,819	80.0
Amortisation of upfront debt-related transaction costs <sup>(1)</sup>	221	95	>100
Dividends on preferred units	4	16	(75.0)
Redemption of preferred units <sup>(2)</sup>	218	-	N.M.
Commitment fees	13	13	-
<b>Finance expenses</b>	<b>3,730</b>	<b>1,943</b>	<b>92.0</b>

N.M.: Not meaningful

**d. Net fair value change in investment properties**

The fair value loss of US\$0.9 million largely relates to straight line rent accounting adjustments.

**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 tax depreciation.

**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 "Sub-U.S. REITs") were redeemed by the Sub-U.S. REITs as part of restructuring required to address the effect of new U.S. tax rules.

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**f. Distribution adjustments**

	<b>1Q 2018 US\$'000</b>	<b>1Q 2017 US\$'000</b>	<b>Change %</b>
Property related non-cash items <sup>(1)</sup>	(946)	(593)	59.5
Amortisation of upfront debt-related transaction costs <sup>(2)</sup>	221	95	>100
Manager's base fee paid/payable in Units	1,563	1,041	50.1
Property Manager's management fee paid/payable in Units	758	448	69.2
Trustee's fee	53	37	43.2
Net fair value change in investment properties	946	593	59.5
Deferred tax expense	1,014	324	>100
Redemption of preferred units	218	-	N.M.
Other items	272 <sup>(3)</sup>	(37)	N.M.
<b>Distribution adjustments</b>	<b>4,099</b>	<b>1,908</b>	<b>&gt;100</b>

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.

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

	Note	Group		Trust	
		As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000	As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000
<b>Current assets</b>					
Cash and cash equivalents		35,289	49,674	4,862	4,953
Prepaid expenses		1,257	815	11	8
Trade and other receivables		3,530	5,913	1,714	15,995
		<b>40,076</b>	<b>56,402</b>	<b>6,587</b>	<b>20,956</b>
<b>Non-current assets</b>					
Investment properties	a	1,315,380	1,312,800	-	-
Investment in subsidiaries		-	-	739,368	751,259
		<b>1,315,380</b>	<b>1,312,800</b>	<b>739,368</b>	<b>751,259</b>
<b>Total assets</b>		<b>1,355,456</b>	<b>1,369,202</b>	<b>745,955</b>	<b>772,215</b>
<b>Current liabilities</b>					
Trade and other payables		15,964	18,238	803	912
Security deposits		425	127	-	-
Rent received in advance		1,353	867	-	-
		<b>17,742</b>	<b>19,232</b>	<b>803</b>	<b>912</b>
<b>Non-current liabilities</b>					
Loans and borrowings		458,590	458,369	-	-
Security deposits		1,411	1,721	-	-
Preferred units		102	571	-	-
Deferred tax liabilities		38,217	37,203	-	-
		<b>498,320</b>	<b>497,864</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>516,062</b>	<b>517,096</b>	<b>803</b>	<b>912</b>
<b>Net assets attributable to Unitholders</b>		<b>839,394</b>	<b>852,106</b>	<b>745,152</b>	<b>771,303</b>
<b>Represented by:</b>					
Unitholders' funds		839,394	852,106	745,152	771,303
<b>Net assets attributable to Unitholders</b>		<b>839,394</b>	<b>852,106</b>	<b>745,152</b>	<b>771,303</b>

**Notes to Consolidated Statements of Financial Position**

**a. Investment properties**

Investment properties are stated at fair value based on 31 December 2017 appraisals conducted by CBRE, Inc., Colliers International Valuation and Advisory Services, LLC and Cushman & Wakefield of New Jersey, Inc and after capitalisation of capital expenditures, tenant improvement allowances and leasing costs.

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

	Group	
	As at 31 Mar 2018 US\$'000	As at 31 Dec 2017 US\$'000
<b>Secured loans and borrowings</b>		
Amount repayable after one year <sup>(1)</sup>	461,900	461,900
Less: Unamortised upfront debt-related transaction costs <sup>(2)</sup>	(3,310)	(3,531)
<b>Total secured loans and borrowings</b>	<b>458,590</b>	<b>458,369</b>

**Footnotes:**

- (1) Includes US\$461.1 million of initial funding and 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 31 March 2018, Manulife US REIT has loan facilities of US\$546.9 million consisting of an initial funding of US\$461.1 million as well as good news facilities of up to US\$85.8 million ("Mortgage Facilities").

The Mortgage Facilities are secured by, amongst other collateral: (i) a first mortgage on each Figueroa, Michelson, Peachtree, Plaza and Exchange, respectively (the "Property"); (ii) an assignment each of the Sub-U.S. REIT's rights, title and interest in present and future leases, subleases, licenses and all other agreements relating to the management, leasing and operation of the respective Property; and (iii) an assignment of each of the Sub-U.S. REIT's 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 31 March 2018, Manulife US REIT had a 3-year US\$10.0 million revolving credit facility with DBS Bank Ltd. ("US\$10 million Revolving Credit Facility") and a separate 1-year uncommitted US\$120.0 million revolving credit facility with DBS Bank Ltd. ("US\$120 million Revolving Credit Facility", together with the US\$10 million Revolving Credit Facility, the "Revolving Credit Facilities").

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

In addition:

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



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**1 (c) Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>1Q 2018</b>	<b>1Q 2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Net income for the period before tax	12,867	8,829
Adjustments for:		
Amortisation	(946)	(593)
Interest income	(2)	-
Finance expenses	3,730	1,943
Manager's base fee paid/payable in Units	1,563	1,041
Property Manager's management fee paid/payable in Units	758	448
Net fair value change in investment properties	946	593
Unrealised transaction gains effect of foreign exchange	(39)	(50)
<b>Operating income before working capital changes</b>	<b>18,877</b>	<b>12,211</b>
<b>Changes in working capital:</b>		
Trade and other receivables	2,383	66
Prepaid expenses	(443)	195
Trade and other payables	(2,383)	(271)
Security deposits	(12)	67
Rent received in advance	486	745
<b>Cash from operating activities</b>	<b>18,908</b>	<b>13,013</b>
Tax paid	(163)	-
Interest paid	(3,312)	(1,175)
<b>Net cash from operating activities</b>	<b>15,433</b>	<b>11,838</b>
<b>Cash flows from investing activities</b>		
Payment for capital expenditure and other costs related to investment properties	(2,580)	(444)
Interest received	2	-
<b>Net cash used in investing activities</b>	<b>(2,578)</b>	<b>(444)</b>
<b>Cash flows from financing activities</b>		
Redemption of preferred units <sup>(1)</sup>	(687)	-
Distributions to Unitholders	(26,567)	(22,289)
<b>Net cash used in financing activities</b>	<b>(27,254)</b>	<b>(22,289)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,399)</b>	<b>(10,895)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>49,674</b>	<b>38,433</b>
Effect of exchange rate fluctuations on cash held in foreign currency	14	58
<b>Cash and cash equivalents at the end of the period</b>	<b>35,289</b>	<b>27,596</b>

**Footnote:**

- (1) 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") were redeemed by the Sub-U.S. REITs.

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

Group	1Q 2018			1Q 2017		
	Units in issue and to be issued	Retained earnings	Total	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At beginning of the period</b>	<b>765,004</b>	<b>87,102</b>	<b>852,106</b>	<b>495,331</b>	<b>51,674</b>	<b>547,005</b>
<b>Operations</b>						
Net income for the period	-	11,534	11,534	-	8,505	8,505
<b>Net increase in net assets resulting from operations</b>	<b>-</b>	<b>11,534</b>	<b>11,534</b>	<b>-</b>	<b>8,505</b>	<b>8,505</b>
<b>Unitholders' transactions</b>						
Manager's base fee paid/payable in Units	1,563	-	1,563	1,041	-	1,041
Property Manager's management fees paid/payable in Units	758	-	758	448	-	448
Distributions	(12,611)	(13,956)	(26,567)	(10,234)	(12,055)	(22,289)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(10,290)</b>	<b>(13,956)</b>	<b>(24,246)</b>	<b>(8,745)</b>	<b>(12,055)</b>	<b>(20,800)</b>
<b>At end of the period</b>	<b>754,714</b>	<b>84,680</b>	<b>839,394</b>	<b>486,586</b>	<b>48,124</b>	<b>534,710</b>

Trust	1Q 2018			1Q 2017		
	Units in issue and to be issued	Retained earnings/ (Accumulated losses)	Total	Units in issue and to be issued	Retained earnings/ (Accumulated losses)	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At beginning of the period</b>	<b>765,004</b>	<b>6,299</b>	<b>771,303</b>	<b>495,331</b>	<b>9,603</b>	<b>504,934</b>
<b>Operations</b>						
Net loss for the period	-	(1,905)	(1,905)	-	(1,260)	(1,260)
<b>Net decrease in net assets resulting from operations</b>	<b>-</b>	<b>(1,905)</b>	<b>(1,905)</b>	<b>-</b>	<b>(1,260)</b>	<b>(1,260)</b>
<b>Unitholders' transactions</b>						
Manager's base fee paid/payable in Units	1,563	-	1,563	1,041	-	1,041
Property Manager's management fees paid/payable in Units	758	-	758	448	-	448
Distributions	(12,611)	(13,956)	(26,567)	(10,234)	(12,055)	(22,289)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>	<b>(10,290)</b>	<b>(13,956)</b>	<b>(24,246)</b>	<b>(8,745)</b>	<b>(12,055)</b>	<b>(20,800)</b>
<b>At end of the period</b>	<b>754,714</b>	<b>(9,562)</b>	<b>745,152</b>	<b>486,586</b>	<b>(3,712)</b>	<b>482,874</b>

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

	<b>1Q 2018 Units</b>	<b>1Q 2017 Units</b>
<b>Units in issue:</b>		
At beginning of the period	1,033,722,152	627,862,659
Manager's base fee paid in Units	1,585,034	1,171,541
Property Manager's management fees paid in Units	765,458	576,588
Total issued Units as at end of the period	1,036,072,644	629,610,788
<b>Units to be issued:</b>		
Manager's base fee payable in Units <sup>(1)</sup>	1,689,003	1,242,547
Property Manager's management fees payable in Units <sup>(1)</sup>	818,456	534,568
Total issuable Units as at end of the period	2,507,459	1,777,115
<b>Total Units issued and to be issued as at end of period</b>	<b>1,038,580,103</b>	<b>631,387,903</b>

**Footnote:**

(1) There are 2,507,459 Units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the 1Q 2018 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 March 2018 of US\$0.9256. 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 March 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 31 March 2018 and 31 December 2017. The total number of issued Units in Manulife US REIT as at 31 March 2018 and 31 December 2017 were 1,036,072,644 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.

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**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")**

	1Q 2018	1Q 2017
<b>EPU<sup>(1)</sup></b>		
<u>Weighted average number of Units in issue and issuable</u>		
- Before reinstatement of Rights Issue	1,034,611,860	628,523,385
- Restated for Rights Issue	1,034,611,860	680,064,407
<u>Basic and diluted EPU (cents)</u>		
- Before reinstatement of Rights Issue <sup>(1)(2)</sup>	1.11	1.35
- Restated for Rights Issue <sup>(3)</sup>	1.11	1.25
<b>DPU<sup>(4)</sup></b>		
Number of Units in issue at end of the period	1,036,072,644	629,610,788
<u>DPU (cents)</u>		
- Before reinstatement of Rights Issue <sup>(4)</sup>	1.51	1.65
- Restated for Rights Issue <sup>(3)</sup>	1.51	1.52

**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 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) The EPU and DPU have been restated for the Rights Issue, through which 299,288,423 Units were issued on 25 October 2017.
- (4) The computation of DPU is based on number of Units in issue as at end of the respective reporting periods.

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

	Group		Trust	
	As at 31 Mar 2018	As at 31 Dec 2017	As at 31 Mar 2018	As at 31 Dec 2017
Number of Units in issue and to be issued at end of period	1,038,580,103	1,036,072,644	1,038,580,103	1,036,072,644
NAV and NTA per Unit <sup>(1)</sup> (US\$)	0.81	0.82	0.72	0.74
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.79	0.80	0.70	0.72

**Footnote:**

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

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**8. Review of the Performance**

**Consolidated Statement of Comprehensive Income and Distribution Statement**

<u>Consolidated Statement of Comprehensive Income</u>	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	%
Gross revenue	31,153	19,833	57.1
Property operating expenses	(11,503)	(7,070)	62.7
<b>Net property income</b>	<b>19,650</b>	<b>12,763</b>	<b>54.0</b>
Interest income	2	-	N.M.
Manager's base fee	(1,563)	(1,041)	50.1
Trustee's fee	(53)	(37)	43.2
Other trust expenses	(493)	(320)	54.1
Finance expenses	(3,730)	(1,943)	92.0
<b>Net income before tax and fair value change in investment properties</b>	<b>13,813</b>	<b>9,422</b>	<b>46.6</b>
Net fair value change in investment properties	(946)	(593)	59.5
<b>Net income for the period before tax</b>	<b>12,867</b>	<b>8,829</b>	<b>45.7</b>
Tax expense	(1,333)	(324)	>100
<b>Net income for the period</b>	<b>11,534</b>	<b>8,505</b>	<b>35.6</b>
<u>Distribution Statement</u>			
Net income for the period	11,534	8,505	35.6
Distribution adjustments	4,099	1,908	>100
<b>Income available for distribution to Unitholders</b>	<b>15,633</b>	<b>10,413</b>	<b>50.1</b>

N.M.: Not meaningful

**1Q 2018 vs 1Q 2017**

Gross revenue of US\$31.2 million was 57.1% higher than 1Q 2017. The gross revenue growth was mainly attributed to contributions from the acquisitions of Plaza and Exchange partially offset by lower rental and other income resulting from lower occupancies in Michelson and Figueroa.

Property operating expenses increased by US\$4.4 million mainly due to the acquisitions of Plaza and Exchange.

As a result, net property income of US\$19.7 million was 54.0% higher than 1Q 2017.

Finance expenses increased by US\$1.8 million or 92.0% mainly due to incremental borrowings used to partially fund the Plaza and Exchange acquisitions.

Net fair value loss of US\$0.9 million in investment properties largely arose from straight line rent accounting adjustment.

The tax expense was higher than 1Q 2017 largely due to higher deferred tax expense.

Net income of US\$11.5 million and distributable income of US\$15.6 million were higher than 1Q 2017 largely due to higher net property income partly offset by the finance expenses used partially to fund the acquisitions and higher tax expense.

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**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**

The U.S. reported an annualised real GDP growth rate of 2.3% for the first quarter of 2018 on 27 April 2018. This follows the 2.9% quarterly GDP rate reported for the fourth quarter of 2017. The GDP growth rate decelerated slightly due to lowered consumer and government spending, which was offset by increased private inventory investment. The U.S. unemployment rate remained flat from the previous quarter at 4.1% in March 2018 and down from 4.5% in March 2017. The U.S. economy generated 103,000 non-farm jobs in March 2018, primarily in the health care, mining and manufacturing sectors. During the first quarter of 2018, approximately six hundred thousand jobs were created. The recent trend of employment growth is supportive of continued absorption in the office market.

The Federal Reserve (Fed) increased the Federal Funds rate by 25 bps in March 2018, marking the first increase in 2018 and off the back of three such hikes during 2017. Fed officials have been balancing the risks of a strong labour market against weak inflation, which has remained below their two percent target for most of the last five years. According to the minutes of the meeting of the Federal Open Market Committee (FOMC), the Fed expects to raise rates twice more in 2018 and three times in 2019. However, most FOMC members have been more hawkish about the Fed's rate path and four rate hikes in 2018 are more plausible now than they were at the end of 2017. The REIT's current borrowings have not been impacted by the increases as nearly all borrowings are at fixed interest rates and no refinancing is required until mid-2019.

Office absorption during the first quarter of 2018 has slowed, with JLL (*JLL United States Office Outlook Q1 2018*) reporting absorption of 3.7 million square feet in the period, as a result of reduced tech activity, skilled talent shortages and softness in the energy sector. The nation's vacancy rate remained stable at 14.8% at the quarter ended 31 March 2018. According to JLL, annual U.S. rent growth continues to climb, however concession packages are also increasing, which puts pressure on net effective rents. 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 has lagged the national average.

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

With a portfolio occupancy of 95.8% based on committed leases, a weighted average lease expiry of 5.7 years by net lettable area as at 31 March 2018 and a limited percentage of leases expiring in 2018, the Manager expects the portfolio to deliver a stable performance. Going forward, the Manager will continue to be focused on asset, lease and capital management, in addition to its commitment to sustaining and enhancing environmental, social and governance (ESG) initiatives, and will be actively seeking investment opportunities that deliver long term value to Unitholders.

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**11. Distribution**

**(a) Current financial period**

Any distribution declared for the current period? No

**(b) Corresponding period of the immediately preceding financial period**

Any distribution declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable** Not applicable

**(d) Book closure date** Not applicable

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

No distribution for the current financial period was declared.

**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 first quarter financial results of Manulife US REIT for the first quarter ended 31 March 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



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

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

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

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

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

By Order of the Board

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