Manulife US REIT

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Third Quarter Ended 30 September 2019

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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 portfolio comprises of the following eight office properties (the "**Properties**") in the United States, with an aggregate net lettable area of 4,163,997 square feet ("**sq ft**"), as follows:

- Figueroa (acquired on Listing Date) is a 35-storey Class A office building with 702,621 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 (acquired on Listing Date) is a 19-storey Trophy office building with 532,933 sq ft of NLA, located in Irvine, Orange County, within the Greater Los Angeles market;
- Peachtree (acquired on Listing Date) is a 27-storey Class A office building with 557,758 sq ft of NLA, located in the heart of Midtown, Atlanta;
- Plaza (acquired on 19 July 2017) is an 11-storey Class A office building with 461,525 sq ft of NLA, located in Secaucus, New Jersey;
- Exchange (acquired on 31 October 2017) is a 30-storey Class A office building with 736,383 sq ft of NLA, located in Jersey City, Hudson County, New Jersey;
- Penn (acquired on 22 June 2018) is a 13-storey Class A office building with 277,597 sq ft of NLA, located in Washington, D.C.;
- Phipps (acquired on 22 June 2018) is a 19-storey Trophy office building with 475,199 sq ft of NLA, located in the heart of Buckhead, Atlanta; and
- Centerpointe (acquired on 10 May 2019) is a 2-tower, 11-storey Class A office building with 419,981 sq ft of NLA, located in Fairfax, Virginia.

On 30 October 2019, Manulife US REIT announced the completion of the acquisition of 400 Capitol Mall in California ("**Capitol**") for purchase price of US$198.8 million. Capitol is a 29-storey top Class A office building with 500,662 sq ft of NLA, located in Sacramento, California. The acquisition was financed by a combination of loan and an equity fund raising ("**Equity Fund Raising**") comprising a private placement (the "**Capitol Private Placement**") and a preferential offering (the "**Capitol Preferential Offering**"). This acquisition increased the portfolio NLA by approximately 12.0% and provides diversification benefits to the portfolio.

Manulife US REIT is presenting its financial results for the third quarter ended 30 September 2019 ("**3Q 2019**").

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

	3Q 2019	3Q 2018	Change	YTD Sep 2019	YTD Sep 2018	Change
	US$'000	US$'000	%	US$'000	US$'000	%
Gross Revenue(1)	45,732	40,379	13.3	129,071	104,053	24.0
Net Property Income(2)	28,123	25,147	11.8	80,465	65,174	23.5
Net Income for the period(3)	13,027	13,470	(3.3)	29,671	44,011	(32.6)
Income available for distribution to Unitholders	20,753	19,257	7.8	60,720	51,395	18.1
Distribution per Unit ("DPU") (cents)	1.48(4)	1.51	(2.0)	4.52	4.04(5)	11.9
<u>For information only</u> Adjusted DPU(6) (cents)	1.48	1.52	(2.6)	4.52	4.53(7)	(0.2)

<u>3Q 2019 and YTD Sep 2019 Distribution Breakdown</u>

On 30 September 2019, Manulife US REIT issued 91,325,000 new Units in connection with the Capitol Private Placement ("**Capitol Private Placement Units**") to partially fund the acquisition of Capitol. The Manager declared an advanced distribution for the period from 1 July 2019 to 29 September 2019 ("**Capitol Advanced Distribution**"), being the day immediately prior to the date on which the new Units were issued. This was to ensure that the total amount available for distribution, accrued by Manulife US REIT up to the day immediately prior to the date on which the new Units were issued, was only distributed to the existing Unitholders.

	3Q 2019			YTD Sep 2019		
	1 Jul 2019 to 29 Sep 2019	30 Sep 2019	1 Jul 2019 to 30 Sep 2019	1 Jan 2019 to 29 Sep 2019	30 Sep 2019	1 Jan 2019 to 30 Sep 2019
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Gross Revenue(1)	45,201	531	45,732	128,540	531	129,071
Net Property Income(2)	27,803	320	28,123	80,145	320	80,465
Net Income for the period(3)	12,880	147	13,027	29,524	147	29,671
Income available for distribution to Unitholders	20,530	223	20,753	60,497	223	60,720
DPU(8) (cents)	1.47(9)	0.01(10)	1.48	4.51	0.01	4.52

Footnotes:

(1) Gross revenue of US$45.7 million for 3Q 2019 and US$129.1 million for YTD Sep 2019 was higher than 3Q 2018 and YTD Sep 2018 by 13.3% and 24.0%, respectively, largely due to the revenue contribution from Centerpointe acquired in May 2019 for the entire 3Q 2019 and the revenue contribution from the Penn and Phipps properties for YTD Sep 2019 period, while revenue for these properties were only included from 22 June 2018 (acquisition date) to 30 September 2018 for YTD Sep 2018.

(2) Net property income of US$28.1 million for 3Q 2019 and US$80.5 million for YTD Sep 2019 was higher than 3Q 2018 and YTD Sep 2018 by 11.8% and 23.5%, respectively, largely due to net property income contribution from the acquisitions of Centerpointe, Penn and Phipps.

(3) Net income for 3Q 2019 was lower than 3Q 2018 largely due to fair value loss on derivatives which has no impact on the distributable income to the Unitholders. In addition, the finance expenses were higher than same period last year due to new loan secured to partially fund the acquisition of Centerpointe, higher interest costs related to Figueroa mortgage refinancing at market rate which was higher than the rate on previous loan and additional borrowings to fund capital expenditures and leasing costs as well as higher tax expense.
Net income for YTD Sep 2019 was lower than YTD Sep 2018 largely due to the net fair value loss on investment properties resulting from the capital expenditures and leasing costs increasing more than the increase in appraised fair values and fair value loss on derivatives. The fair value change in investment properties and derivatives have no impact on the distributable income to the Unitholders. In addition, the finance expenses were higher than YTD Sep 2018 due to new loans secured to partially fund the acquisitions in 2018 and 2019, higher interest costs related to Figueroa mortgage refinancing at market rate which was higher than the rate on previous loan and additional borrowings to fund capital expenditures and leasing costs partially offset by lower tax expense.

(4) The DPU for 3Q 2019 comprises of distributable income for the period from 1 July 2019 to 29 September 2019 over 1,401,067,898 Units and distributable income for 30 September 2019 over enlarged Unit base of 1,565,248,428 Units, which was resulted from the issuance of Capitol Private Placement Units and new Units issued pursuant to Capitol Preferential Offering ("**Capitol Preferential Offering Units**") on 30 September 2019 and 18 October 2019 respectively, to partially finance the acquisition of Capitol.

(5) The distributable income for YTD Sep 2018 was calculated based on the enlarged Unit base, which resulted from the preferential offering to partially fund Penn and Phipps acquisitions under which 227,935,981 Units were issued on 20 June 2018 (the "**Penn and Phipps Preferential Offering Units**"). As such, there was a drag on YTD Sep 2018 DPU due to issuance of the Penn and Phipps Preferential Offering Units while income contribution from Penn and Phipps properties was only from 22 June 2018 to 30 September 2018.

(6) Adjusted DPU was calculated based on the weighted average number of Units in issue.

(7) Adjusted DPU normalises the impact of enlarged Unit base resulting from the Penn and Phipps Preferential Offering Units on YTD Sep 2018 DPU.

(8) Manulife US REIT announced the Capitol Advanced Distribution on 19 September 2019 for the distribution period from 1 July 2019 to 29 September 2019. The next distribution following the Capitol Advanced Distribution will comprise distributable income for the period from 30 September 2019 to 31 December 2019. Calendar year semi-annual distributions will resume thereafter.

(9) DPU was calculated based on 1,401,067,898 Units (excluding Capitol Private Placement Units and Capitol Preferential Offering Units).

(10) DPU was calculated based on 1,565,248,428 Units (including Capitol Private Placement Units and Capitol Preferential Offering Units).

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

	Note	3Q 2019 US$'000	3Q 2018 US$'000	Change %	YTD Sep 2019 US$'000	YTD Sep 2018 US$'000	Change %
Consolidated Statement of Comprehensive Income							
Gross revenue		45,732	40,379	13.3	129,071	104,053	24.0
Property operating expenses		(17,609)	(15,232)	15.6	(48,606)	(38,879)	25.0
Net property income		**28,123**	**25,147**	**11.8**	**80,465**	**65,174**	**23.5**
Interest income		116	94	23.4	310	114	>100
Manager's base fee	a	(2,075)	(1,926)	7.7	(6,072)	(5,140)	18.1
Trustee's fee		(67)	(64)	4.7	(196)	(172)	14.0
Other trust expenses	b	(695)	(512)	35.7	(2,039)	(1,627)	25.3
Finance expenses	c	(6,831)	(5,857)	16.6	(18,885)	(13,353)	41.4
Net income before tax and fair value changes		**18,571**	**16,882**	**10.0**	**53,583**	**44,996**	**19.1**
Fair value change in derivatives	d	(1,721)	-	N.M.	(2,645)	-	N.M.
Net fair value change in investment properties	e	(908)	(929)	(2.3)	(15,799)	8,908	N.M.
Net income for the period before tax		**15,942**	**15,953**	**(0.1)**	**35,139**	**53,904**	**(34.8)**
Tax expense	f	(2,915)	(2,483)	17.4	(5,468)	(9,893)	(44.7)
Net income for the period		**13,027**	**13,470**	**(3.3)**	**29,671**	**44,011**	**(32.6)**
Distribution Statement							
Net income for the period		13,027	13,470	(3.3)	29,671	44,011	(32.6)
Distribution adjustments	g	7,726	5,787	33.5	31,049	7,384	>100
Income available for distribution to Unitholders		**20,753**	**19,257**	**7.8**	**60,720**	**51,395**	**18.1**

N.M.: Not meaningful

Notes to Consolidated Statement of Comprehensive Income and Distribution Statement

a. Manager's base fee

The Manager's base fee is based on 10% of distributable income. The Manager has elected to receive 100% of its base fee in the form of units for 3Q 2019.

b. Other trust expenses

Other trust expenses consist of audit, tax compliance and other expenses. The other trust expenses have increased compared to last year mainly due to additional administrative and professional fees arising from the newly acquired properties and higher distribution costs incurred in relation to advanced distributions.

c. Finance expenses

Finance expenses comprise of the following:

	3Q 2019 US$'000	3Q 2018 US$'000	Change %	YTD Sep 2019 US$'000	YTD Sep 2018 US$'000	Change %
Interest expense on loans and borrowings	6,383	5,529	15.4	17,769	12,325	44.2
Amortisation of upfront debt-related transaction costs[1]	375	315	19.0	1,012	776	30.4
Dividends on preferred units	4	-	N.M.	12	8	50.0
Redemption of preferred units[2]	-	-	-	-	218	(100)
Commitment and financing fees	69[3]	13	>100	92[3]	26	>100
Finance expenses	**6,831**	**5,857**	**16.6**	**18,885**	**13,353**	**41.4**

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 LLC, Hancock S-REIT SECA LLC and Hancock S-REIT JCITY LLC were redeemed on 1 January 2018 as part of restructuring required to address the effect of new U.S. Tax Act rules.
(3) This includes the financing fees on trust-level committed lines of credit.

d. Fair value change in derivatives

The Group has entered into interest rate swaps to hedge against the floating interest rates. For accounting purposes, the derivatives are carried at fair value on the balance sheet with changes in fair value recognised in profit or loss. No hedge accounting has been elected on the derivatives. The fair value change in derivatives will not be taxable or tax-deductible and has no impact on the distributable income to the Unitholders.

e. Net fair value change in investment properties

Manulife US REIT obtains independent appraisals on a semi-annual basis and recognises change in fair value gains or losses in profit or loss. In 3Q 2019, the properties were recorded at carrying value comprising of fair value based on 30 June 2019 appraisals plus capitalisation of capital expenditures and leasing costs (including tenant improvement allowances).

The change in fair value recorded in 3Q 2019 largely relates to straight line rent accounting adjustments. The fair value change in investment properties has no impact on the distributable income to the Unitholders.

f. Tax expense

Tax expense consists of current tax and deferred tax expenses. Current tax expense comprises mainly of withholding tax and income tax paid or payable.

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 in 3Q 2019 is mainly due to deferred tax expense arising from tax depreciation.

g. Distribution adjustments

	3Q 2019 US$'000	3Q 2018 US$'000	Change %	YTD Sep 2019 US$'000	YTD Sep 2018 US$'000	Change %
Property related non-cash items[(1)]	(908)	(929)	(2.3)	(2,291)	(2,669)	(14.2)
Amortisation of upfront debt-related transaction costs[(2)]	375	315	19.0	1,012	776	30.4
Manager's base fee paid/payable in Units	2,075	1,926	7.7	6,072	5,140	18.1
Property Manager's management fee paid/payable in Units	1,101	984	11.9	3,086	2,540	21.5
Trustee's fee	67	64	4.7	196	172	14.0
Fair value change in derivatives	1,721	-	N.M.	2,645	-	N.M.
Net fair value change in investment properties	908	929	(2.3)	15,799	(8,908)	N.M.
Deferred tax expense	2,276	2,304	(1.2)	4,211	9,126	(53.9)
Redemption of preferred units	-	-	-	-	218	(100)
Other items[(3)]	111	194	(42.8)	319	989	(67.7)
Distribution adjustments	**7,726**	**5,787**	**33.5**	**31,049**	**7,384**	**>100**

N.M.: Not meaningful

Footnotes:

(1) This includes straight line rent adjustments and amortisation of tenant improvement allowances, leasing commissions and free rent incentives.
(2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
(3) This includes non-tax deductible items and other adjustments including rent free reimbursements. The rent free reimbursements were in relation to the vendors of Exchange and Centerpointe that had granted rent free periods to certain tenants under the existing lease arrangements. As part of the terms of the acquisitions, the vendors 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 Sep 2019 US$'000	As at 31 Dec 2018 US$'000	As at 30 Sep 2019 US$'000	As at 31 Dec 2018 US$'000
Current assets					
Cash and cash equivalents		111,567	54,093	82,205	4,224
Prepayment	a	8,373	998	63	8
Trade and other receivables		7,796	9,074	16,481	25,105
Other asset	b	2,926	-	-	-
		130,662	64,165	98,749	29,337
Non-current assets					
Investment properties	c	1,879,346	1,738,700	-	-
Investment in subsidiaries		-	-	1,131,088	921,048
		1,879,346	1,738,700	1,131,088	921,048
Total assets		**2,010,008**	**1,802,865**	**1,229,837**	**950,385**
Current liabilities					
Trade and other payables	d	45,766	16,826	22,574	802
Loans and borrowings	e	75,894	109,889	7,000	-
Security deposits		280	489	-	-
Rent received in advance		4,589	1,662	-	-
		126,529	128,866	29,574	802
Non-current liabilities					
Loans and borrowings		648,680	557,311	141,150	-
Financial derivatives	f	2,645	-	2,645	-
Security deposits		2,425	1,619	-	-
Preferred units		102	102	-	-
Deferred tax liabilities		55,115	50,904	-	-
		708,967	609,936	143,795	-
Total liabilities		**835,496**	**738,802**	**173,369**	**802**
Net assets attributable to Unitholders		**1,174,512**	**1,064,063**	**1,056,468**	**949,583**
Represented by:					
Unitholders' funds		1,174,512	1,064,063	1,056,468	949,583
Net assets attributable to Unitholders		**1,174,512**	**1,064,063**	**1,056,468**	**949,583**

Notes to Consolidated Statements of Financial Position

a. Prepayment
This includes the $6.0 million of deposit paid for the acquisition of Capitol.

b. Other asset
This relates to the funds held in escrow specifically to reimburse a certain tenant in Centerpointe for tenant improvement costs to be incurred by the tenant in accordance with the lease agreement.

c. Investment properties
Investment properties are stated at fair value based on 30 June 2019 appraisals plus capitalisation of capital expenditures and leasing costs (including tenant improvement allowances). Colliers International Valuation & Advisory Services, LLC was the appraiser for all properties (including Centerpointe which was acquired on 10 May 2019, U.S. Time) except for Exchange, which was appraised by Newmark Knight Frank Valuation & Advisory, LLC.

As at 31 December 2018, appraisals for all properties were conducted by Colliers International Valuation & Advisory Services, LLC.

d. Trade and other payables
This includes distribution payable as at 30 September 2019 for Capitol Advanced Distribution announced on 19 September 2019.

e. Loans and borrowings
This relates to the mortgage loan facility for Peachtree property which is maturing in 3Q 2020. On 12 July 2019, the Group refinanced the Figueroa mortgage loan of US$110.0 million with a term loan drawn under the Trust-level Credit Facilities.

f. Financial derivatives
This relates to the fair value of interest rate swaps entered into by the Group for hedging purposes.

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

As at 30 September 2019, the Group had gross borrowings of US$729.1 million comprising of (i) US$579.1 million drawn from property-level mortgage facilities, and (ii) US$150.0 million drawn from Trust-level Credit Facilities.

The average interest rate on borrowings as at 30 September 2019 was 3.43% and aggregate leverage (as defined in the Property Funds Appendix) was 36.3%. 95.5% of the gross borrowings had fixed interest rates, which reduces short-term cash flow volatility from floating interest rate movements.

24.1% of the Group’s properties are unencumbered, providing additional financial flexibility to Manulife US REIT. In addition, the Group has unutilised committed facilities of US$103.3 million and has access to an uncommitted facility of US$200.0 million to provide bridge financing for acquisitions.

As at 30 September 2019, the weighted average debt maturity is 2.8 years.

	Group	
Secured loans and borrowings	**As at 30 Sep 2019 US$'000**	**As at 31 Dec 2018 US$'000**
Amount repayable in one year or less	76,000(1)	110,000(2)
Less: Unamortised upfront debt-related transaction costs(3)	(106)	(111)
	75,894	109,889
Amount repayable after one year(4)	653,119	560,800
Less: Unamortised upfront debt-related transaction costs(3)	(4,439)	(3,489)
	648,680	557,311
Total secured loans and borrowings	**724,574**	**667,200**

Footnotes:

(1) The amount comprises of the following:
  a. initial mortgage loan of US$67.0 million and US$2.0 million of good news facilities drawn down in relation to the Peachtree property; and
  b. US$7.0 million drawn down from Trust-level revolving credit facilities to fund capital expenditure and leasing costs.

(2) This mortgage loan facility is related to the Figueroa property which has been refinanced on 12 July 2019.

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

(4) Includes US$629.6 million (2018: US$553.6 million) of fixed rate borrowings to fund acquisitions and US$23.5 million (2018: US$7.2 million) of floating rate good news facilities drawn to fund capital expenditure and leasing costs.

<u>Details of loans and borrowings, and collaterals</u>

1. Property Financing

As of 30 September 2019, Manulife US REIT has loan facilities of US$629.4 million consisting of US$553.6 million of fixed rate borrowings drawn to fund properties acquired, as well as good news facilities of up to US$75.8 million ("**Mortgage Facilities**") available to fund future capital expenditures and leasing costs on a floating rate basis. Of the Mortgage Facilities of US$629.4 million, the total amount drawn as at 30 September 2019 was US$579.1 million.

The Mortgage Facilities are secured by, amongst other collateral: (i) a first mortgage on each of Michelson, Peachtree, Plaza, Exchange, Penn and Phipps respectively (each, the "**Property**"); (ii) an assignment of each of the U.S. Subs' 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. Subs' 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. Trust-level Credit Facilities

On 2 May 2019, the Trustee entered into a loan agreement with Bank of China Limited, Singapore Branch, BNS Asia Limited, DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank, Singapore Branch as lenders for an aggregate principal amount of up to US$193.0 million consisting of:

(i) a term loan facility of US$110.0 million for the purpose of refinancing the Mortgage Facility related to Figueroa property. This US$110.0 million term loan facility was fully drawn on 10 July 2019 on floating rate basis. The Group entered into interest rate swaps to hedge the floating rate to fixed rate at 3.25%;

(ii) a term loan facility of US$33.0 million which was fully drawn on 9 May 2019 on floating rate basis for the purpose of refinancing the loans utilised to part finance the acquisition of Centerpointe. The Group entered into interest rate swap to hedge the floating rate to a fixed rate at 3.77%; and

(iii) a revolving loan facility of US$50.0 million for general corporate and working capital purposes of Manulife US REIT and its subsidiaries of which US$7.0 million has been drawn down as at 30 September 2019.

(collectively, the "**Trust-level Credit Facilities**").

The Trust-level Credit Facilities mature on 9 May 2024.

The Trust-level Credit Facilities are secured by, among others, share charges over the Singapore subsidiaries of Manulife US REIT, assignments of certain bank accounts, and assignments of (i) certain inter-company loans within the Group, and (ii) certain share pledges over shares in the relevant US Subs which hold Figueroa property and Centerpointe property respectively.

Manulife US REIT also has a committed US$10.0 million revolving credit facility with DBS Bank Ltd. ("**US$10.0 million Revolving Credit Facility**") and a separate uncommitted US$200.0 million revolving credit facility with DBS Bank Ltd. ("**US$200.0 million Revolving Credit Facility**", together with the US$10.0 million Revolving Credit Facility, the "**DBS Revolving Credit Facilities**").

There are no amounts outstanding on the DBS Revolving Credit Facilities as at 30 September 2019.

The DBS Revolving Credit Facilities are secured by (i) share charges over certain of Manulife US REIT's wholly owned subsidiaries, (ii) an assignment of all inter-company loans from the Trustee to any other subsidiaries of Manulife US REIT; (iii) an assignment of certain bank accounts by the Trustee; and/or (iv) an assignment of certain inter-company loans within the Group.

1 (c) Consolidated Statement of Cash Flows

		Group			
	Note	3Q 2019 US$'000	3Q 2018 US$'000	YTD Sep 2019 US$'000	YTD Sep 2018 US$'000
Cash flows from operating activities					
Net income for the period before tax		15,942	15,953	35,139	53,904
Adjustments for:					
Amortisation		(908)	(929)	(2,291)	(2,669)
Interest income		(116)	(94)	(310)	(114)
Finance expenses		6,831	5,857	18,885	13,353
Manager's base fee paid/payable in Units		2,075	1,926	6,072	5,140
Property Manager's management fee paid/payable in Units		1,101	984	3,086	2,540
Fair value change in derivatives		1,721	-	2,645	-
Net fair value change in investment properties		908	929	15,799	(8,908)
Unrealised transaction losses effect of foreign exchange		1	28	-	39
Operating income before working capital changes		**27,555**	**24,654**	**79,025**	**63,285**
Changes in working capital:					
Trade and other receivables		(680)	(1,977)	1,278	(1,238)
Prepayment		(7,783)	(1,401)	(7,375)	(1,002)
Other asset		1,575	-	(2,926)	-
Trade and other payables		(5,781)	4,449	3,502	2,717
Security deposits		197	(24)	394	103
Rent received in advance		166	1,987	2,927	1,665
Cash from operating activities		**15,249**	**27,688**	**76,825**	**65,530**
Tax paid		(9)	(7)	(753)	(180)
Interest paid		(6,176)	(5,152)	(17,422)	(11,825)
Net cash from operating activities		**9,064**	**22,529**	**58,650**	**53,525**
Cash flows from investing activities					
Acquisition of investment properties and related assets and liabilities		-	-	(119,804)	(391,801)
Payment for capital expenditure and other costs related to investment properties	a	(3,876)	(1,709)	(30,250)	(6,328)
Interest received		116	94	310	114
Net cash used in investing activities		**(3,760)**	**(1,615)**	**(149,744)**	**(398,015)**
Cash flows from financing activities					
Redemption of preferred units	b	-	-	-	(687)
Proceeds from issuance of Units	c	80,000	-	174,000	197,165
Payment of transaction costs relating to issuance of Units	c	(1,390)	-	(3,011)	(4,566)
Proceeds from loans and borrowings	d	121,350	-	173,619	200,500
Repayment of loans and borrowings	d	(115,300)	-	(115,300)	-
Payment of transaction costs relating to loans and borrowings		(1,453)	-	(1,957)	(1,195)
Distributions to Unitholders		(39,973)	(32,127)	(78,773)	(58,694)
Net cash from/(used in) financing activities		**43,234**	**(32,127)**	**148,578**	**332,523**
Net increase/(decrease) in cash and cash equivalents		**48,538**	**(11,213)**	**57,484**	**(11,967)**
Cash and cash equivalents at beginning of the period		**63,041**	**48,918**	**54,093**	**49,674**
Effect of exchange rate fluctuations on cash held in foreign currency		(12)	(1)	(10)	(3)
Cash and cash equivalents at the end of the period		**111,567**	**37,704**	**111,567**	**37,704**

Notes to Consolidated Statement of Cash Flows

a. This includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Michelson, Peachtree and Exchange.

b. The preferred units issued by each of Hancock S-REIT LA Corp., Hancock S-REIT Irvine Corp., Hancock S-REIT ATL LLC, Hancock S-REIT SECA LLC and Hancock S-REIT JCITY LLC were redeemed on 1 January 2018 as part of the restructuring required to address the effect of new U.S. Tax Act rules.

c. The use of proceeds raised from equity fund raising are set out below:

(i) On 9 May 2019, an aggregate of 114,078,000 new Units were issued at US$0.824 per Unit and amounted to US$94.0 million from the private placement announced on 29 April 2019 (the "**Centerpointe Private Placement**"). The use of proceeds raised from the Centerpointe Private Placement is in accordance with the stated uses as disclosed in the announcement made on 29 April 2019, 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 acquisition of Centerpointe	89.0	89.4	(0.4)
To pay the estimated fees and expenses in connection with the acquisition of Centerpointe and the Centerpointe Private Placement	5.0	4.6	0.4
Total	**94.0**	**94.0**	-

Please refer to the announcement made on 13 May 2019 on completion of acquisition of Centerpointe and the Centerpointe Private Placement use of proceeds.

(ii) On 19 and 20 September 2019, Manulife US REIT announced an Equity Fund Raising comprising the Capitol Private Placement and the Capitol Preferential Offering. An aggregate of 91,325,000 Capitol Private Placement Units were issued at US$0.876 per Unit on 30 September 2019 and amounted to US$80.0 million from the Capitol Private Placement. An additional 72,855,530 Capitol Preferential Offering Units were issued pursuant to the Capitol Preferential Offering at US$0.860 per Unit on 18 October 2019 and amounted to approximately US$62.7 million. The use of proceeds raised from the Equity Fund Raising is in accordance with the stated uses as disclosed in the announcement made on 20 September 2019, 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 acquisition of Capitol	135.4	136.0	(0.6)
To pay the estimated fees and expenses in connection with the acquisition of Capitol and the Equity Fund Raising	7.3	6.7	0.6
Total	**142.7**	**142.7**	-

Please refer to the announcement made on 30 October 2019 on completion of acquisition of Capitol and Equity Fund Raising use of proceeds.

d. The Mortgage Facilities related to the Figueroa property were refinanced on 12 July 2019 with credit facilities obtained by Manulife US REIT under the Trust-level Credit Facilities of US$110.0 million. YTD Sep 2019 proceeds from loans and borrowing of US$173.6 million comprise US$143.0 million from loan drawn under the Trust-level Credit Facilities used to partially fund the acquisition of Centerpointe, refinanced Figueroa property and US$30.6 million drawn from good news facilities or Trust-level Credit Facilities to fund capital expenditure and leasing costs. YTD Sep 2018 proceeds from Mortgage Facilities were used to partially fund the acquisitions of Penn and Phipps.

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

	3Q 2019			3Q 2018		
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	**1,012,517**	**100,356**	**1,112,873**	**952,665**	**103,687**	**1,056,352**
Operations						
Net income for the period	-	13,027	13,027	-	13,470	13,470
Net increase in net assets resulting from operations	**-**	**13,027**	**13,027**	**-**	**13,470**	**13,470**
Unitholders' transactions						
New Units issued(1)	80,000	-	80,000	-	-	-
Issuance costs(2)	(1,390)	-	(1,390)	-	-	-
Manager's base fee paid/payable in Units	2,075	-	2,075	1,926	-	1,926
Property Manager's management fees paid/payable in Units	1,101	-	1,101	984	-	984
Distributions(3)	(11,756)	(21,418)	(33,174)	(16,254)	(15,873)	(32,127)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**70,030**	**(21,418)**	**48,612**	**(13,344)**	**(15,873)**	**(29,217)**
At end of the period	**1,082,547**	**91,965**	**1,174,512**	**939,321**	**101,284**	**1,040,605**

	3Q 2019			3Q 2018		
Trust	**Units in issue and to be issued US$'000**	**Retained earnings/ (Accumulated losses) US$'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	**1,012,517**	**(13,324)**	**999,193**	**952,665**	**4,624**	**957,289**
Operations						
Net income for the period	-	8,663	8,663	-	(2,222)	(2,222)
Net increase in net assets resulting from operations	**-**	**8,663**	**8,663**	**-**	**(2,222)**	**(2,222)**
New Units issued(1)	80,000	-	80,000	-	-	-
Issuance costs(2)	(1,390)	-	(1,390)	-	-	-
Manager's base fee paid/payable in Units	2,075	-	2,075	1,926	-	1,926
Property Manager's management fees paid/payable in Units	1,101	-	1,101	984	-	984
Distributions(3)	(11,756)	(21,418)	(33,174)	(16,254)	(15,873)	(32,127)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**70,030**	**(21,418)**	**48,612**	**(13,344)**	**(15,873)**	**(29,217)**
At end of the period	**1,082,547**	**(26,079)**	**1,056,468**	**939,321**	**(13,471)**	**925,850**

Footnotes:

(1) In 3Q 2019, 91,325,000 Capitol Private Placement Units were issued on 30 September 2019.
(2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the Capitol Private Placement.
(3) For 3Q 2019, the amount comprises of distribution paid to Unitholders for the period from 9 May 2019 to 30 June 2019 and Capitol Advanced Distribution payable to Unitholders for the period 1 July 2019 to 29 September 2019. For 3Q 2018, the amount comprises of distribution paid to Unitholders for the period from 1 January 2018 to 30 June 2018.

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

	YTD Sep 2019			YTD Sep 2018		
	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	**942,270**	**121,793**	**1,064,063**	**765,004**	**87,102**	**852,106**
Operations						
Net income for the period	-	29,671	29,671	-	44,011	44,011
Net increase in net assets resulting from operations	**-**	**29,671**	**29,671**	**-**	**44,011**	**44,011**
Unitholders' transactions						
New Units issued(1)	174,000	-	174,000	197,165	-	197,165
Issuance costs(2)	(3,011)	-	(3,011)	(4,566)	-	(4,566)
Manager's acquisition fee paid in Units(3)	-	-	-	2,903	-	2,903
Manager's base fee paid/payable in Units	6,072	-	6,072	5,140	-	5,140
Property Manager's management fees paid/payable in Units	3,086	-	3,086	2,540	-	2,540
Distributions(4)	(39,870)	(59,499)	(99,369)	(28,865)	(29,829)	(58,694)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**140,277**	**(59,499)**	**80,778**	**174,317**	**(29,829)**	**144,488**
At end of the period	**1,082,547**	**91,965**	**1,174,512**	**939,321**	**101,284**	**1,040,605**

	YTD Sep 2019			YTD Sep 2018		
	Units in issue and to be issued	Retained earnings/ (Accumulated losses)	Total	Units in issue and to be issued	Retained earnings	Total
Trust	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
At beginning of the period	**942,270**	**7,313**	**949,583**	**765,004**	**6,299**	**771,303**
Operations						
Net income for the period	-	26,107	26,107	-	10,059	10,059
Net increase in net assets resulting from operations	**-**	**26,107**	**26,107**	**-**	**10,059**	**10,059**
Unitholders' transactions						
New Units issued(1)	174,000	-	174,000	197,165	-	197,165
Issuance costs(2)	(3,011)	-	(3,011)	(4,566)	-	(4,566)
Manager's acquisition fee paid in Units(3)	-	-	-	2,903	-	2,903
Manager's base fee paid/payable in Units	6,072	-	6,072	5,140	-	5,140
Property Manager's management fees paid/payable in Units	3,086	-	3,086	2,540	-	2,540
Distributions(4)	(39,870)	(59,499)	(99,369)	(28,865)	(29,829)	(58,694)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	**140,277**	**(59,499)**	**80,778**	**174,317**	**(29,829)**	**144,488**
At end of the period	**1,082,547**	**(26,079)**	**1,056,468**	**939,321**	**(13,471)**	**925,850**

Footnotes:

(1) For YTD Sep 2019, 91,325,000 Capitol Private Placement Units and 114,078,000 Units pursuant to Centerpointe Private Placement were issued on 30 September 2019 and 9 May 2019 respectively. For YTD Sep 2018, 227,935,981 Penn and Phipps Preferential Offering Units were issued on 20 June 2018.

(2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the Capitol Private Placement, the Centerpointe Private Placement and the Penn and Phipps Preferential Offering which were completed on 30 September 2019, 9 May 2019 and 20 June 2018 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 (the "**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 YTD Sep 2019, the amount comprises of distribution paid to Unitholders for the period from 1 July 2018 to 31 December 2018, distribution paid to Unitholders for the period from 1 January 2019 to 8 May 2019 in connection with the acquisition of Centerpointe (the "**Centerpointe Advanced Distribution**"), distribution paid to Unitholders for the period from 9 May 2019 to 30 June 2019, and Capitol Advanced Distribution payable to Unitholders for the period from 1 July 2019 to 29 September 2019. For YTD Sep 2018, the amount comprises of distribution paid to Unitholders for the period 29 June 2017 to 30 June 2018.

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

	3Q 2019 Units	3Q 2018 Units	YTD Sep 2019 Units	YTD Sep 2018 Units
Units in issue:				
At beginning of the period	1,397,573,469	1,269,858,052	1,276,324,424	1,033,722,152
Manager's base fee paid in Units	2,377,398	1,908,367	7,234,468	5,182,404
Property Manager's management fees paid in Units	1,117,031	922,851	3,431,006	2,506,765
Manager's acquisition fee paid in Units(1)	-	-	-	3,341,968
Private Placement and Preferential Offering Units(2)	91,325,000	-	205,403,000	227,935,981
Total issued Units as at end of the period	1,492,392,898	1,272,689,270	1,492,392,898	1,272,689,270
Units to be issued:				
Manager's base fee payable in Units(3)	2,283,420	2,405,314	2,283,420	2,405,314
Property Manager's management fees payable in Units(3)	1,211,405	1,229,840	1,211,405	1,229,840
Total issuable Units as at end of the period	3,494,825	3,635,154	3,494,825	3,635,154
Total Units issued and to be issued as at end of the period	**1,495,887,723**	**1,276,324,424**	**1,495,887,723**	**1,276,324,424**

Footnotes:

(1) New Units issued to the Manager as payment for acquisition fee in respect of the acquisitions of Penn and Phipps.

(2) For 3Q 2019 and YTD Sep 2019, 91,325,000 Capitol Private Placement Units and 114,078,000 Centerpointe Private Placement Units were issued on 30 September 2019 and 9 May 2019 respectively. For YTD Sep 2018, 227,935,981 Penn and Phipps Preferential Offering Units were issued on 20 June 2018.

(3) There are 3,494,825 Units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the 3Q 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 September 2019 of US$0.9088. Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 30 September 2019 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 September 2019 and 31 December 2018. The total number of issued Units in Manulife US REIT as at 30 September 2019 and 31 December 2018 were 1,492,392,898 and 1,276,324,424, 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 2018 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 2019.

The Group uses derivative financial instruments such as interest rate swaps to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, which is in line with the Code on Collective Investment Schemes ("CIS") issued by the Monetary Authority of Singapore ("MAS"), the Group does not hold or issue derivative financial instruments for trading purposes. The Group does not elect hedge accounting for its derivative financial instruments.

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 2019. 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")

	3Q 2019	3Q 2018	YTD Sep 2019	YTD Sep 2018
EPU(1)				
Weighted average number of Units in issue and issuable	1,399,857,556	1,270,974,658	1,342,219,410	1,134,564,035
Basic and diluted EPU (cents)(2)	0.93	1.06	2.21	3.88
DPU(3)				
Number of Units in issue at end of the period	1,492,392,898	1,272,689,270	1,492,392,898	1,272,689,270
DPU (cents)	1.48(4)	1.51	4.52(5)	4.04

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 computation of DPU is based on number of Units in issue as at end of the respective reporting periods.
(4) 3Q 2019 DPU is comprised of distributable income for the period from 1 July 2019 to 29 September 2019 over 1,401,067,898 Units related to Capitol Advanced Distribution, and distributable income for 30 September 2019 over 1,565,248,428 Units, which include 91,325,000 Capitol Private Placement Units and 72,855,530 Capitol Preferential Offering Units issued on 30 September 2019 and 18 October 2019 respectively.
(5) YTD Sep DPU is comprised of Centerpointe Advanced Distribution for the period from 1 January 2019 to 8 May 2019 over 1,280,114,375 Units, distributable income for the period from 9 May 2019 to 30 June 2019 over 1,397,573,469 Units, distributable income for the period from 1 July 2019 to 29 September 2019 over 1,401,067,898 Units related to Capitol Advanced Distribution, and distributable income for 30 September 2019 over 1,565,248,428 Units.

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

	Group		Trust	
	As at 30 Sep 2019	As at 31 Dec 2018	As at 30 Sep 2019	As at 31 Dec 2018
Number of Units in issue and to be issued at end of period	1,495,887,723	1,280,244,947	1,495,887,723	1,280,244,947
NAV and NTA per Unit(1) (US$)	0.79	0.83	0.71	0.74
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US$)	0.79	0.80	0.71	0.71

Footnote:

(1) NAV and NTA is the same as there is no intangible asset as at 30 September 2019 and 31 December 2018.

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	3Q 2019 US$'000	3Q 2018 US$'000	Change %	YTD Sep 2019 US$'000	YTD Sep 2018 US$'000	Change %
Consolidated Statement of Comprehensive Income						
Gross revenue	45,732	40,379	13.3	129,071	104,053	24.0
Property operating expenses	(17,609)	(15,232)	15.6	(48,606)	(38,879)	25.0
Net property income	**28,123**	**25,147**	**11.8**	**80,465**	**65,174**	**23.5**
Interest income	116	94	23.4	310	114	>100
Manager's base fee	(2,075)	(1,926)	7.7	(6,072)	(5,140)	18.1
Trustee's fee	(67)	(64)	4.7	(196)	(172)	14.0
Other trust expenses	(695)	(512)	35.7	(2,039)	(1,627)	25.3
Finance expenses	(6,831)	(5,857)	16.6	(18,885)	(13,353)	41.4
Net income before tax and fair value changes	**18,571**	**16,882**	**10.0**	**53,583**	**44,996**	**19.1**
Fair value change in derivatives	(1,721)	-	N.M.	(2,645)	-	N.M.
Net fair value change in investment properties	(908)	(929)	(2.3)	(15,799)	8,908	N.M.
Net income for the period before tax	**15,942**	**15,953**	**(0.1)**	**35,139**	**53,904**	**(34.8)**
Tax expense	(2,915)	(2,483)	17.4	(5,468)	(9,893)	(44.7)
Net income for the period	**13,027**	**13,470**	**(3.3)**	**29,671**	**44,011**	**(32.6)**
Distribution Statement						
Net income for the period	13,027	13,470	(3.3)	29,671	44,011	(32.6)
Distribution adjustments	7,726	5,787	33.5	31,049	7,384	>100
Income available for distribution to Unitholders	**20,753**	**19,257**	**7.8**	**60,720**	**51,395**	**18.1**

N.M.: Not meaningful

3Q 2019 vs 3Q 2018

Gross revenue of US$45.7 million for 3Q 2019 was 13.3% higher than 3Q 2018 largely due to the contributions from the newly acquired Centerpointe on 10 May 2019. Property operating expenses of US$17.6 million for 3Q 2019 was also 15.6% higher than 3Q 2018 due to the enlarged portfolio. As a result, the net property income of US$28.1 million for 3Q 2019 was 11.8% higher than 3Q 2018.

Finance expenses of US$6.8 million for 3Q 2019 were 16.6% or US$1.0 million higher than 3Q 2018 largely due to new loan secured to partially fund the acquisition of Centerpointe, higher interest costs related to Figueroa mortgage refinanced at market rate which was higher than the rate on previous loan and additional borrowings to fund capital expenditures and leasing costs. Other trust expenses of US$0.7 million was also 35.7% or US$0.2 million higher than 3Q 2018 due to additional administrative and professional fees arising from the newly acquired properties and higher distribution costs incurred in relation to advanced distributions.

Unrealised fair value loss on derivatives of US$1.7 million was recognised in 3Q 2019 due to change in fair value resulting from movements in market interest rates.

The tax expense was higher than 3Q 2018 due to higher current taxes in U.S. and Barbados entities resulting from the increase in corporate tax rates in Barbados effective 1 January 2019 (as disclosed in the announcement made on 27 December 2018).

Therefore, 3Q 2019 net income of US$13.0 million was lower than 3Q 2018 due to the effects of the above. The income available for distribution to unitholders of US$20.8 million was 7.8% higher than 3Q 2018 largely due to higher net property income, partly offset by higher finance expenses, other trust expenses and current taxes.

YTD Sep 2019 vs YTD Sep 2018

Gross revenue of US$129.1 million for YTD Sep 2019 was 24.0% higher than YTD Sep 2018 largely due to the contributions from the newly acquired Centerpointe on 10 May 2019, and Penn and Phipps properties acquired on 22 June 2018. Property operating expenses of US$48.6 million for YTD Sep 2019 was also 25.0% higher than YTD Sep 2018 due to the enlarged portfolio. As a result, the net property income of US$80.5 million for YTD Sep 2019 was 23.5% higher than YTD Sep 2018.

Finance expenses of US$18.9 million for YTD Sep 2019 were 41.4% or US$5.5 million higher than YTD Sep 2018 largely due to new loans secured to partially fund the acquisitions in 2018 and 2019, higher interest costs related to Figueroa mortgage refinanced at market rate which was higher than the rate on previous loan and additional borrowings to fund capital expenditures and leasing costs. Other trust expenses of US$2.0 million was also 25.3% or US$0.4 million higher than YTD Sep 2018 due to additional administrative and professional fees arising from the newly acquired properties and higher distribution costs incurred in relation to advanced distributions.

Unrealised fair value loss on derivatives of US$2.6 million was recognised in YTD Sep 2019 due to change in fair value resulting from movements in market interest rates.

Unrealised fair value loss on investment properties of US$15.8 million recognised in YTD Sep 2019 was largely due to the capital expenditures and leasing costs increasing more than the increase in appraised fair values.

A tax expense of US$5.5 million was 44.7% lower than YTD Sep 2018 due to the reversal of deferred tax expenses resulting from the recognition of unrealised fair value loss on investment properties, partly offset by higher deferred tax expense from tax depreciation of investment properties and higher current taxes in U.S. and Barbados entities resulting from the increase in corporate tax rates in Barbados effective 1 January 2019 (as disclosed in the announcement made on 27 December 2018).

Therefore, YTD Sep 2019 net income of US$29.7 million was 32.6% lower than YTD Sep 2018 due to the effects of the above. The income available for distribution to unitholders of US$60.7 million was 18.1% higher than YTD Sep 2018 largely due to higher net property income, partly offset by higher finance expenses, other trust expenses and current taxes.

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 30 October 2019, the U.S. reported an annualised real GDP growth rate of 1.9% for the third quarter of 2019, above consensus expectations and in line with Q2's 2.0% growth rate. The growth rate was a result of positive consumer and government spending (albeit both decelerated), offset by a decrease in business investment. The U.S. unemployment rate decreased 0.2% from the previous quarter to 3.5% in September 2019. The U.S. economy generated 136,000 non-farm jobs in September 2019 as employment in health care and in professional and business services continued to trend up. During the third quarter of 2019, over 465,000 non-farm jobs were created.

Despite heightened trade tensions and elevated probabilities of a recession, U.S. consumer remains the bright spot of the U.S. economy. Healthy households' balance sheet, robust savings levels and near all-time low unemployment rate are supportive of sustained growth in consumer spending. The central banks easing monetary policy is also lending support to growth - the U.S. Federal Reserve (Fed) has cut interest rates by 75 basis points (bps) so far in 2019 and could cut rates further in the coming six months if an unfavourable economic outlook develops. However, increased global trade tensions is hampering business confidence and taking a toll on investments, particularly in manufacturing segments. Despite softening of the U.S. economy, dollar continued to strengthen, as general uncertainty and search for yield fueled demand for dollar denominated assets.

Office absorption during the third quarter of 2019 remained strong with JLL (JLL United States Office Outlook Q3 2019) reporting absorption of 16.2 million square feet in the period, despite skilled talent shortages and new supply. The nation's vacancy rate decreased slightly to 14.2% at the quarter ended 30 September 2019. Leasing activity continues to be solid across the top three sectors of Co-working, Technology, and Finance and Insurance, although Co-working has started to show signs of tapering demand. Flight to quality remains apparent with Class A space recording 90% of the national occupancy gains during the year. Rents increased a stable 0.9% over the quarter, however concession packages are showing no signs of deceleration due to competition between landlords.

With a committed occupancy of 97.3% and a weighted average lease expiry of 6.0 years by net lettable area as at 30 September 2019, 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.

Tax

On 20 December 2018, the United States Department of the Treasury released proposed regulations (the "**Proposed 267A Regulations**") under Section 267A of the United States Internal Revenue Code of 1986, as amended ("**Section 267A**"). Separately, with effect from 1 January 2019, all registered and incorporated entities in Barbados including domestic Societies will pay the same tax rates, on a sliding scale of 5.5%, reducing to 1.0% as taxable income increases (the "**Barbados Tax Changes**").

The Proposed 267A Regulations together with the Barbados Tax Changes are not expected to necessitate any further changes to Manulife US REIT's structure (including Barbados entities set-up on 1 January 2018) at this point in time in order to preserve the deductibility of interest paid on Manulife US REIT's intercompany financing arrangements. As such, the Manager currently expects that the Proposed 267A Regulations together with the Barbados Tax Changes will not have any material impact on the consolidated net tangible assets or distributions per unit of Manulife US REIT.

Manulife US REIT cautions that the Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, expected to be effective for our 2018 taxable year, could differ materially from the Proposed 267A Regulations and could result in additional costs.

The United States Department of the Treasury has not provided a timeline on when it expects the final regulations to be released. The departure from the original timeline does not signal that there will be any meaningful changes from the Proposed 267A Regulations. Nevertheless, additional guidance or negative application of relevant tax laws related to Section 267A could have a material impact on the consolidated net tangible assets or distributions per unit of Manulife US REIT.

The Manager will update unitholders of Manulife US REIT once the final regulations under Section 267A are released and if there is any material impact on Manulife US REIT and/or its unitholders arising from the issuance of final regulations, additional guidance, or other application of tax laws in the tax jurisdictions that Manulife US REIT operates.

11. Distribution

(a) Current financial period

Any distribution declared for the current period?	Yes (i) US 1.47 cents per Unit for the period from 1 July 2019 to 29 September 2019

Distribution period	Capitol Advanced Distribution for the period from 1 July 2019 to 29 September 2019
Distribution type/rate	Distribution of US 1.47 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.00 cents 2. Capital: US 0.47 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.
Date payable	29 November 2019
Book closure date	27 September 2019

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 Tuesday, 29 October 2019. To ensure the forms can be validated by 29 October 2019, 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 29 October 2019.

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the current period?	No

12. If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision

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 third quarter ended 30 September 2019, 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	Veronica Julia Mccann 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

Gwendolin Lee Soo Fern
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
4 November 2019