
MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Introduction	2
-	Summary of Manulife US REIT Group Results	3
1(a)(i)	Consolidated Statement of Comprehensive Income and Distribution Statement	4 - 6
1(b)(i)	Consolidated Statements of Financial Position	7 - 8
1(b)(ii)	Aggregate Amount of Loans and Borrowings and Debt Securities	8 - 10
1(c)	Consolidated Statement of Cash Flows	11 - 12
1(d)(i)	Consolidated Statements of Changes in Unitholders' Funds	13 - 15
1(d)(ii)	Details of Any Changes in the Units	15
1(d)(iii)	Total number of issued Units	16
1(d)(iv)	Sales, transfers, cancellation and/or use of Treasury units	16
1(d)(v)	Sales, transfers, cancellation and/or use of Subsidiary holdings	16
2 & 3	Audit Statement	16
4 & 5	Changes in Accounting Policies	16
6	Earnings per Unit and Distribution per Unit	17
7	Net Asset Value per Unit and Net Tangible Asset per Unit	17
8	Review of the Performance	18 - 19
9	Variance between Actual and Projection	19
10	Outlook and Prospects	20 - 21
11 & 12	Distribution	21 - 22
13	General Mandate relating to Interested Person Transactions	22
14	Confirmation pursuant to Rule 720(1) of the Listing Manual	22
15 & 16	Segment Revenue and Results for Operating Segments	22
17	Breakdown of Revenue	23
18	Breakdown of Total Distributions	23
19	Confirmation pursuant to Rule 704(13) of the Listing Manual	24

MANULIFE US REAL ESTATE INVESTMENT TRUST

Unaudited Financial Statements Announcement

For the Fourth Quarter and Full Year Ended 31 December 2019

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 nine office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 4.7 million square feet (“**sq ft**”), as follows:

- Figueroa (acquired on Listing Date) is a 35-storey Class A office building, located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues;
- Michelson (acquired on Listing Date) is a 19-storey Trophy office building, located in Irvine, Orange County, within the Greater Los Angeles market;
- Peachtree (acquired on Listing Date) is a 27-storey Class A office building, located in the heart of Midtown, Atlanta;
- Plaza (acquired on 19 July 2017) is an 11-storey Class A office building, located in Secaucus, New Jersey;
- Exchange (acquired on 31 October 2017) is a 30-storey Class A office building, located in Jersey City, Hudson County, New Jersey;
- Penn (acquired on 22 June 2018) is a 13-storey Class A office building, located in Washington, D.C.;
- Phipps (acquired on 22 June 2018) is a 19-storey Trophy office building, located in the heart of Buckhead, Atlanta;
- Centerpointe (acquired on 10 May 2019) is a 2-tower, 11-storey Class A office building, located in Fairfax, Virginia; and
- Capitol (acquired on 29 October 2019) is a 29-storey top Class A office building, located in Sacramento, California.

Manulife US REIT is presenting its financial results for the fourth quarter ended 31 December 2019 (“**4Q 2019**”) and for the financial year from 1 January 2019 to 31 December 2019 (“**FY 2019**”).

Distribution Policy

Manulife US REIT makes 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

SUMMARY OF MANULIFE US REIT GROUP RESULTS

	4Q 2019	4Q 2018	Change	FY 2019	FY 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue ⁽¹⁾	48,782	40,501	20.4	177,853	144,554	23.0
Net Property Income ⁽²⁾	30,311	25,491	18.9	110,776	90,665	22.2
Net Income for the period ⁽³⁾	17,894	20,509	(12.8)	47,565	64,520	(26.3)
Income available for distribution to Unitholders	22,621	19,586	15.5	83,341	70,981	17.4
Distribution per Unit ("DPU") (cents)	1.44 ⁽⁴⁾	1.53	(5.9)	5.96	5.57 ⁽⁵⁾	7.0
DPU (Restated for Preferential Offering) (cents)	1.44	1.53 ⁽⁶⁾	(5.9)	5.96	5.56 ⁽⁶⁾	7.2
<u>For information only</u>						
Adjusted DPU ⁽⁷⁾ (cents)	1.46	1.53	(4.6)	5.96	6.04	(1.3)

Footnotes:

- (1) Gross revenue of US\$48.8 million for 4Q 2019 and US\$177.9 million for FY 2019 was higher by 20.4% and 23.0% respectively, largely due to revenue contribution from the following:
 - a. Centerpointe and Capitol acquired on 10 May 2019 and 29 October 2019 respectively; and
 - b. Penn and Phipps full year contribution for FY 2019 as compared to partial year for FY 2018 as these properties were income generating from 22 June 2018 (acquisition date).
- (2) Net property income of US\$30.3 million for 4Q 2019 and US\$110.8 million for FY 2019 was higher by 18.9% and 22.2% respectively, largely due to net property income contribution from the properties acquired in FY 2019 and FY 2018.
- (3) Net income for 4Q 2019 was lower than 4Q 2018 largely due to:
 - a. lower net fair value gain on investment properties;
 - b. higher finance expenses from additional borrowings to partially fund the acquisitions of Centerpointe and Capitol, and to fund capital expenditures and leasing costs incurred during the year;
 - c. higher interest costs associated with Figueroa refinancing at prevailing market rate higher than the previous loan; and
 - d. higher tax expense.

Net income for FY 2019 was lower than FY 2018 largely due to:

 - a. net fair value loss on investment properties a result of capital expenditures and leasing costs exceeding the incremental appreciation in appraised fair values;
 - b. net fair value loss on derivatives;
 - c. higher finance expenses from additional borrowings to partially fund 2018 and 2019 acquisitions, and to fund capital expenditures and leasing costs incurred during the year;
 - d. higher interest costs associated with Figueroa refinancing at prevailing market rate higher than the previous loan; and
 - e. partially offset by lower tax expense.
- (4) DPU for 4Q 2019 was calculated based on an enlarged Unit base, a result of the private placement under which 91,325,000 Units were issued on 30 September 2019 (the "**Capitol Private Placement Units**") and preferential offering where 72,855,530 Units were issued on 18 October 2019 (the "**Capitol Preferential Offering Units**"). As such, there was a drag on 4Q 2019 DPU due to issuance of the Capitol Private Placement Units and Capitol Preferential Offering Units to partially fund Capitol acquisition while income contribution from Capitol was only from 29 October 2019.
- (5) DPU for FY 2018 was calculated based on an enlarged Unit base, a result of the preferential offering to partially fund Penn and Phipps acquisitions where 227,935,981 Units were issued on 20 June 2018 (the "**Penn and Phipps Preferential Offering Units**"). As such, there was a drag on FY 2018 DPU due to issuance of the Penn and Phipps Preferential Offering Units while income contribution from Penn and Phipps was only from 22 June 2018.
- (6) 4Q 2018 and FY 2018 DPU have been restated for the Capitol Preferential Offering.
- (7) Adjusted DPU was calculated based on the weighted average number of Units in issue. Adjusted DPU normalises the impact of enlarged Unit base resulting from the Capitol Preferential Offering Units, and Penn and Phipps Preferential Offering Units.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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

	Note	4Q 2019 US\$'000	4Q 2018 US\$'000	Change %	FY 2019 US\$'000	FY 2018 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>							
Gross revenue		48,782	40,501	20.4	177,853	144,554	23.0
Property operating expenses		(18,471)	(15,010)	23.1	(67,077)	(53,889)	24.5
Net property income		30,311	25,491	18.9	110,776	90,665	22.2
Interest income		163	95	71.6	473	209	>100
Manager's base fee	a	(2,262)	(1,958)	15.5	(8,334)	(7,098)	17.4
Manager's performance fee	b	(1,360)	-	N.M.	(1,360)	-	N.M.
Trustee's fee		(73)	(63)	15.9	(269)	(235)	14.5
Other trust expenses	c	(421)	(381)	10.5	(2,460)	(2,008)	22.5
Finance expenses	d	(7,295)	(5,894)	23.8	(26,180)	(19,247)	36.0
Net income before tax and fair value changes		19,063	17,290	10.3	72,646	62,286	16.6
Net fair value change in derivatives	e	1,557	-	N.M.	(1,088)	-	N.M.
Net fair value change in investment properties	f	2,287	7,977	(71.3)	(13,512)	16,885	N.M.
Net income for the period/year before tax		22,907	25,267	(9.3)	58,046	79,171	(26.7)
Tax expense	g	(5,013)	(4,758)	5.4	(10,481)	(14,651)	(28.5)
Net income for the period/year		17,894	20,509	(12.8)	47,565	64,520	(26.3)
<u>Distribution Statement</u>							
Net income for the period/year		17,894	20,509	(12.8)	47,565	64,520	(26.3)
Distribution adjustments	h	4,727	(923)	N.M.	35,776	6,461	>100
Income available for distribution to Unitholders		22,621	19,586	15.5	83,341	70,981	17.4

N.M.: Not meaningful

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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 4Q 2019.

b. Manager's performance fee

The Manager's performance fee is based on 25% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance fee, but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The Manager has elected to receive 100% of its performance fee in the form of units for FY 2019.

c. 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.

d. Finance expenses

Finance expenses comprise of the following:

	4Q 2019	4Q 2018	Change	FY 2019	FY 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest expense on loans and borrowings	6,825	5,555	22.9	24,594	17,880	37.6
Amortisation of upfront debt-related transaction costs ⁽¹⁾	400	319	25.4	1,412	1,095	28.9
Dividends on preferred units	4	8	(50.0)	16	16	-
Redemption of preferred units ⁽²⁾	-	-	N.M.	-	218	(100.0)
Commitment and financing fees	66 ⁽³⁾	12	>100	158 ⁽³⁾	38	>100
Finance expenses	7,295	5,894	23.8	26,180	19,247	36.0

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.

e. Net fair value change in derivatives

The Group has entered into interest rate swaps to hedge against 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 net fair value change in derivatives will not be taxable or tax-deductible and has no impact on the distributable income to the Unitholders.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

f. Net fair value change in investment properties

Manulife US REIT obtains independent appraisals on a semi-annual basis. The investment properties are measured at cost, including transactions costs, on initial recognition and subsequently at fair value with any change recognised in profit or loss. The investment properties are carried at fair value based on 31 December 2019 appraisals. The net fair value gain in 4Q 2019 relates to the increase in the appraised fair value of investment properties.

The net fair value loss in FY 2019 was largely due to capital expenditures and leasing costs exceeding the incremental appreciation in appraised fair values. This net fair value change in investment properties has no impact on the distributable income to the Unitholders.

g. 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. Deferred tax expense in 4Q 2019 was mainly arising from net fair value gain in investment properties and tax depreciation. Deferred tax expense in FY 2019 was mainly arising from tax depreciation.

h. Distribution adjustments

	4Q 2019 US\$'000	4Q 2018 US\$'000	Change %	FY 2019 US\$'000	FY 2018 US\$'000	Change %
Property related non-cash items ⁽¹⁾	(1,416)	(862)	64.3	(3,707)	(3,531)	5.0
Amortisation of upfront debt-related transaction costs ⁽²⁾	400	319	25.4	1,412	1,095	28.9
Manager's base fee paid/payable in Units	2,262	1,958	15.5	8,334	7,098	17.4
Manager's performance fee payable in Units	1,360	-	N.M.	1,360	-	N.M.
Property Manager's management fee paid/payable in Units	1,190	991	20.1	4,276	3,531	21.1
Trustee's fee	73	63	15.9	269	235	14.5
Net fair value change in derivatives	(1,557)	-	N.M.	1,088	-	N.M.
Net fair value change in investment properties	(2,287)	(7,977)	(71.3)	13,512	(16,885)	N.M.
Deferred tax expense	4,598	4,575	0.5	8,809	13,701	(35.7)
Redemption of preferred units	-	-	N.M.	-	218	(100.0)
Other items ⁽³⁾	104	10	>100	423	999	(57.7)
Distribution adjustments	4,727	(923)	N.M.	35,776	6,461	>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, Centerpointe and Capitol 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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

	Note	Group		Trust	
		As at 31 Dec 2019 US\$'000	As at 31 Dec 2018 US\$'000	As at 31 Dec 2019 US\$'000	As at 31 Dec 2018 US\$'000
Current assets					
Cash and cash equivalents		60,748	54,093	4,287	4,224
Prepayment		1,207	998	69	8
Trade and other receivables		7,614	9,074	18,459	25,105
Other asset	a	1,405	-	-	-
		70,974	64,165	22,815	29,337
Non-current assets					
Investment properties	b	2,095,000	1,738,700	-	-
Investment in subsidiaries		-	-	1,342,496	921,048
Financial derivatives	c	487	-	487	-
		2,095,487	1,738,700	1,342,983	921,048
Total assets		2,166,461	1,802,865	1,365,798	950,385
Current liabilities					
Trade and other payables		26,866	16,826	2,251	802
Loans and borrowings	d	78,945	109,889	7,500	-
Security deposits		274	489	-	-
Rent received in advance		4,829	1,662	-	-
		110,914	128,866	9,751	802
Non-current liabilities					
Loans and borrowings		733,079	557,311	220,538	-
Financial derivatives	c	1,575	-	1,575	-
Security deposits		2,900	1,619	-	-
Preferred units		102	102	-	-
Deferred tax liabilities		59,713	50,904	-	-
		797,369	609,936	222,113	-
Total liabilities		908,283	738,802	231,864	802
Net assets attributable to Unitholders		1,258,178	1,064,063	1,133,934	949,583
Represented by:					
Unitholders' funds		1,258,178	1,064,063	1,133,934	949,583
Net assets attributable to Unitholders		1,258,178	1,064,063	1,133,934	949,583

Notes to Consolidated Statements of Financial Position

a. 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

b. Investment properties

Investment properties are stated at fair value based on 31 December 2019 appraisals. Colliers International Valuation & Advisory Services, LLC was the appraiser for all properties, except for Exchange, which was appraised by Newmark Knight Frank Valuation & Advisory, LLC, and Capitol, which was appraised by Cushman & Wakefield Western, Inc.

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

c. Financial derivatives

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

d. Loans and borrowings

The Group is in a net current liabilities position due to the mortgage loan facility for Peachtree which is maturing in 3Q 2020, with an option to exercise 1-year extension. The Group has sufficient financing options to refinance the portion of borrowings that are maturing within the next 12 months.

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

As at 31 December 2019, the Group had gross borrowings of US\$816.9 million comprising of (i) US\$586.4 million drawn from property-level mortgage facilities, and (ii) US\$230.5 million drawn from Trust-level Credit Facilities.

The average interest rate on borrowings as at 31 December 2019 was 3.37% and aggregate leverage (as defined in the Property Funds Appendix) was 37.7%. 95.1% of the gross borrowings had fixed interest rates, which reduces short-term cash flow volatility from floating interest rate movements.

31.6% of the Group's properties (based on appraised values) are unencumbered. The Group has unutilised committed facilities of US\$95.5 million and an uncommitted facility of US\$200.0 million to provide bridge financing for acquisitions.

As at 31 December 2019, the weighted average debt maturity is 2.82 years.

	Group	
	As at 31 Dec 2019 US\$'000	As at 31 Dec 2018 US\$'000
<u>Secured loans and borrowings</u>		
Amount repayable in one year or less	79,017 ⁽¹⁾	110,000 ⁽²⁾
Less: Unamortised upfront debt-related transaction costs ⁽³⁾	(72)	(111)
	78,945	109,889
Amount repayable after one year ⁽⁴⁾	737,889	560,800
Less: Unamortised upfront debt-related transaction costs ⁽³⁾	(4,810)	(3,489)
	733,079	557,311
Total secured loans and borrowings	812,024	667,200

Footnotes:

- (1) The amount comprises of:
 - a. initial mortgage loan of US\$67.0 million and US\$4.5 million of good news facilities drawn down in relation to Peachtree; and
 - b. US\$7.5 million drawn down from Trust-level revolving credit facilities to fund capital expenditure and leasing costs.
- (2) This mortgage loan facility is related to Figueroa 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\$709.6 million (2018: US\$553.6 million) of fixed rate borrowings to fund acquisitions and US\$28.3 million (2018: US\$7.2 million) of floating rate good news facilities drawn to fund capital expenditure and leasing costs.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

Details of loans and borrowings, and collaterals

1. Property Financing

As of 31 December 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”) 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 31 December 2019 was US\$586.4 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

- a) 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. 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 swaps 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\$7.5 million has been drawn down as at 31 December 2019.

The above facilities mature on 9 May 2024.

- b) On 22 October 2019, the Trustee entered into a loan agreement with BNS Asia Limited and DBS Bank Ltd. as lenders to provide a committed term loan of US\$80.0 million which was fully drawn on 25 October 2019 to part finance the acquisition of Capitol, capital expenditures and leasing costs. The Group entered into interest rate swaps to hedge the floating rate to fixed rate at 3.04%.

The US\$80.0 million committed term loan which was drawn down on 25 October 2019 matures on 25 April 2025.

(Collectively, the facilities described in paragraphs 2(a) and 2(b) above, the “**Trust-level Credit Facilities**”).

The Trust-level Credit Facilities are secured by, amongst 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, Centerpointe and Capitol respectively.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

- c) 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 31 December 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

1 (c) Consolidated Statement of Cash Flows

Note	Group			
	4Q 2019 US\$'000	4Q 2018 US\$'000	FY 2019 US\$'000	FY 2018 US\$'000
Cash flows from operating activities				
	22,907	25,267	58,046	79,171
Net income for the period/year before tax				
Adjustments for:				
Amortisation	(1,416)	(862)	(3,707)	(3,531)
Interest income	(163)	(95)	(473)	(209)
Finance expenses	7,295	5,894	26,180	19,247
Manager's base fee paid/payable in Units	2,262	1,958	8,334	7,098
Manager's performance fee payable in Units	1,360	-	1,360	-
Property Manager's management fee paid/payable in Units	1,190	991	4,276	3,531
Net fair value change in derivatives	(1,557)	-	1,088	-
Net fair value change in investment properties	(2,287)	(7,977)	13,512	(16,885)
Unrealised transaction (gains)/losses effect of foreign exchange	(1)	(13)	(1)	26
Operating income before working capital changes	29,590	25,163	108,615	88,448
Changes in working capital:				
Trade and other receivables	182	(1,923)	1,460	(3,161)
Prepayment	7,166	819	(209)	(183)
Other asset	1,521	-	(1,405)	-
Trade and other payables	(4,473)	(8,715)	(971)	(5,998)
Security deposits	167	157	561	260
Rent received in advance	240	(870)	3,167	795
Cash from operating activities	34,393	14,631	111,218	80,161
Tax paid	(398)	(80)	(1,151)	(260)
Interest paid	(6,480)	(5,449)	(23,902)	(17,274)
Net cash from operating activities	27,515	9,102	86,165	62,627
Cash flows from investing activities				
Acquisition of investment properties and related assets and liabilities	(191,150)	3,274	(310,954)	(388,527)
Payment for capital expenditure and other costs related to investment properties	(14,777)	(4,478)	(45,027)	(10,806)
Interest received	163	95	473	209
Net cash used in investing activities	(205,764)	(1,109)	(355,508)	(399,124)
Cash flows from financing activities				
Redemption of preferred units	-	-	-	(687)
Proceeds from issuance of Units	62,656	-	236,656	197,165
Payment of transaction costs relating to issuance of Units	(1,696)	-	(4,707)	(4,566)
Proceeds from loans and borrowings	94,787	8,400	268,406	208,900
Repayment of loans and borrowings	(7,000)	-	(122,300)	-
Payment of transaction costs relating to loans and borrowings	(737)	-	(2,694)	(1,195)
Distributions paid to Unitholders	(20,596)	-	(99,369)	(58,694)
Net cash from financing activities	127,414	8,400	275,992	340,923
Net (decrease)/increase in cash and cash equivalents	(50,835)	16,393	6,649	4,426
Cash and cash equivalents at beginning of the period/year	111,567	37,704	54,093	49,674
Effect of exchange rate fluctuations on cash held in foreign currency	16	(4)	6	(7)
Cash and cash equivalents at the end of the period/year	60,748	54,093	60,748	54,093

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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 with gross proceeds of 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 with gross proceeds of US\$80.0 million. 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 with gross proceeds of 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 Figueroa 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. FY 2019 proceeds from loans and borrowings of US\$268.4 million comprise of US\$237.5 million loan drawn under the Trust-level Credit Facilities as well as US\$30.9 million drawn from good news facilities. These proceeds were used to partially fund the acquisitions of Centerpointe and Capitol, as well as capital expenditures and leasing costs. FY 2018 proceeds from Mortgage Facilities were used to partially fund the acquisitions of Penn and Phipps, capital expenditures and leasing costs.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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

Group	4Q 2019			4Q 2018		
	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
At beginning of the period	1,082,547	91,965	1,174,512	939,321	101,284	1,040,605
Operations						
Net income for the period	-	17,894	17,894	-	20,509	20,509
Net increase in net assets resulting from operations	-	17,894	17,894	-	20,509	20,509
Unitholders' transactions						
New Units issued ⁽¹⁾	62,656	-	62,656	-	-	-
Issuance costs ⁽²⁾	(1,696)	-	(1,696)	-	-	-
Manager's base fee paid/payable in Units	2,262	-	2,262	1,958	-	1,958
Manager's performance fee payable in Units	1,360	-	1,360	-	-	-
Property Manager's management fees paid/payable in Units	1,190	-	1,190	991	-	991
Net increase in net assets resulting from Unitholders' transactions	65,772	-	65,772	2,949	-	2,949
At end of the period	1,148,319	109,859	1,258,178	942,270	121,793	1,064,063

Trust	4Q 2019			4Q 2018		
	Units in issue and to be issued	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
At beginning of the period	1,082,547	(26,079)	1,056,468	939,321	(13,471)	925,850
Operations						
Net income for the period	-	11,694	11,694	-	20,784	20,784
Net increase in net assets resulting from operations	-	11,694	11,694	-	20,784	20,784
Unitholders' transactions						
New Units issued ⁽¹⁾	62,656	-	62,656	-	-	-
Issuance costs ⁽²⁾	(1,696)	-	(1,696)	-	-	-
Manager's base fee paid/payable in Units	2,262	-	2,262	1,958	-	1,958
Manager's performance fee payable in Units	1,360	-	1,360	-	-	-
Property Manager's management fees paid/payable in Units	1,190	-	1,190	991	-	991
Net increase in net assets resulting from Unitholders' transactions	65,772	-	65,772	2,949	-	2,949
At end of the period	1,148,319	(14,385)	1,133,934	942,270	7,313	949,583

Footnotes:

- (1) In 4Q 2019, 72,855,530 Capitol Preferential Offering Units were issued on 18 October 2019.
(2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the Capitol Preferential Offering.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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

Group	FY 2019			FY 2018		
	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
At beginning of the year	942,270	121,793	1,064,063	765,004	87,102	852,106
Operations						
Net income for the year	-	47,565	47,565	-	64,520	64,520
Net increase in net assets resulting from operations	-	47,565	47,565	-	64,520	64,520
Unitholders' transactions						
New Units issued ⁽¹⁾	236,656	-	236,656	197,165	-	197,165
Issuance costs ⁽²⁾	(4,707)	-	(4,707)	(4,566)	-	(4,566)
Manager's acquisition fee paid in Units ⁽³⁾	-	-	-	2,903	-	2,903
Manager's base fee paid/payable in Units	8,334	-	8,334	7,098	-	7,098
Manager's performance fee payable in Units	1,360	-	1,360	-	-	-
Property Manager's management fees paid/payable in Units	4,276	-	4,276	3,531	-	3,531
Distributions ⁽⁴⁾	(39,870)	(59,499)	(99,369)	(28,865)	(29,829)	(58,694)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	206,049	(59,499)	146,550	177,266	(29,829)	147,437
At end of the year	1,148,319	109,859	1,258,178	942,270	121,793	1,064,063

Trust	FY 2019			FY 2018		
	Units in issue and to be issued	Retained earnings / (Accumulated losses)	Total	Units in issue and to be issued	Retained earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the year	942,270	7,313	949,583	765,004	6,299	771,303
Operations						
Net income for the year	-	37,801	37,801	-	30,843	30,843
Net increase in net assets resulting from operations	-	37,801	37,801	-	30,843	30,843
Unitholders' transactions						
New Units issued ⁽¹⁾	236,656	-	236,656	197,165	-	197,165
Issuance costs ⁽²⁾	(4,707)	-	(4,707)	(4,566)	-	(4,566)
Manager's acquisition fee paid in Units ⁽³⁾	-	-	-	2,903	-	2,903
Manager's base fee paid/payable in Units	8,334	-	8,334	7,098	-	7,098
Manager's performance fee payable in Units	1,360	-	1,360	-	-	-
Property Manager's management fees paid/payable in Units	4,276	-	4,276	3,531	-	3,531
Distributions ⁽⁴⁾	(39,870)	(59,499)	(99,369)	(28,865)	(29,829)	(58,694)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	206,049	(59,499)	146,550	177,266	(29,829)	147,437
At end of the year	1,148,319	(14,385)	1,133,934	942,270	7,313	949,583

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

Footnotes:

- (1) For FY 2019, 72,855,530 Capitol Preferential Offering Units, 91,325,000 Capitol Private Placement Units and 114,078,000 Centerpointe Private Placement Units were issued on 18 October 2019, 30 September 2019 and 9 May 2019 respectively. For FY 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 Preferential Offering, the Capitol Private Placement, the Centerpointe Private Placement and the Penn and Phipps Preferential Offering which were completed on 18 October 2019, 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 FY 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 distribution paid to Unitholders for the period from 1 July 2019 to 29 September 2019 in connection with the acquisition of Capitol (the "**Capitol Advanced Distribution**"). For FY 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

	4Q 2019 Units	4Q 2018 Units	FY 2019 Units	FY 2018 Units
Units in issue:				
At beginning of the period/year	1,492,392,898	1,272,689,270	1,276,324,424	1,033,722,152
Manager's base fee paid in Units	2,283,420	2,405,314	9,517,888	7,587,718
Property Manager's management fees paid in Units	1,140,855	1,229,840	4,571,861	3,736,605
Manager's acquisition fee paid in Units ⁽¹⁾	-	-	-	3,341,968
Private Placement and Preferential Offering Units ⁽²⁾	72,855,530	-	278,258,530	227,935,981
Total issued Units as at end of the period/year	1,568,672,703	1,276,324,424	1,568,672,703	1,276,324,424
Units to be issued:				
Manager's base fee payable in Units ⁽³⁾	2,250,000	2,603,759	2,250,000	2,603,759
Manager's performance fee payable in Units ⁽³⁾	1,353,016	-	1,353,016	-
Property Manager's management fees payable in Units ⁽³⁾	1,183,370	1,316,764	1,183,370	1,316,764
Total issuable Units as at end of the period	4,786,386	3,920,523	4,786,386	3,920,523
Total Units issued and to be issued as at end of the period/year	1,573,459,089	1,280,244,947	1,573,459,089	1,280,244,947

Footnotes:

- (1) New Units issued to the Manager as payment for acquisition fee in respect of the acquisitions of Penn and Phipps.
- (2) For 4Q 2019 and FY 2019, 72,855,530 Capitol Preferential Offering Units, 91,325,000 Capitol Private Placement Units and 114,078,000 Centerpointe Private Placement Units were issued on 18 October 2019, 30 September 2019 and 9 May 2019 respectively. For FY 2018, 227,935,981 Penn and Phipps Preferential Offering Units were issued on 20 June 2018.
- (3) There are 4,786,386 Units to be issued in satisfaction of the Manager's base fee and Manager's performance fee (the "**Manager's fees**") and Property Manager's management fee for the 4Q 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2019 of US\$1.0055. Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 31 December 2019 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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 December 2019 and 31 December 2018. The total number of issued Units in Manulife US REIT as at 31 December 2019 and 31 December 2018 were 1,568,672,703 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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

	4Q 2019	4Q 2018	FY 2019	FY 2018
EPU⁽¹⁾				
Weighted average number of Units in issue and issuable	1,553,066,292	1,277,832,471 ⁽⁵⁾	1,399,467,436	1,175,801,070 ⁽⁵⁾
Basic and diluted EPU (cents) ⁽²⁾	1.15	1.60 ⁽⁵⁾	3.40	5.49 ⁽⁵⁾
DPU⁽³⁾				
Number of Units in issue at end of the period/year	1,568,672,703	1,276,324,424	1,568,672,703	1,276,324,424
DPU (cents)	1.44	1.53	5.96 ⁽⁴⁾	5.57
DPU (cents) (Restated for Preferential Offering)	1.44	1.53 ⁽⁵⁾	5.96	5.56 ⁽⁵⁾

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 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) FY 2019 DPU is comprised of:
 - a. Centerpointe Advanced Distribution for the period from 1 January 2019 to 8 May 2019 over 1,280,114,375 Units;
 - b. distributable income for the period from 9 May 2019 to 30 June 2019 over 1,397,573,469 Units;
 - c. 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
 - d. distributable income for the period from 30 September 2019 to 31 December 2019 over 1,568,672,703 Units.
- (5) 4Q 2018 and FY 2018 figures have been restated for the Capitol Preferential Offering, under which 72,855,530 Units were issued on 18 October 2019 to partially fund the acquisition of Capitol.

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

	Group		Trust	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
Number of Units in issue and to be issued at end of year	1,573,459,089	1,280,244,947	1,573,459,089	1,280,244,947
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.80	0.83	0.72	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 31 December 2019 and 31 December 2018.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	4Q 2019	4Q 2018	Change	FY 2019	FY 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<u>Consolidated Statement of Comprehensive Income</u>						
Gross revenue	48,782	40,501	20.4	177,853	144,554	23.0
Property operating expenses	(18,471)	(15,010)	23.1	(67,077)	(53,889)	24.5
Net property income	30,311	25,491	18.9	110,776	90,665	22.2
Interest income	163	95	71.6	473	209	>100
Manager's base fee	(2,262)	(1,958)	15.5	(8,334)	(7,098)	17.4
Manager's performance fee	(1,360)	-	N.M.	(1,360)	-	N.M.
Trustee's fee	(73)	(63)	15.9	(269)	(235)	14.5
Other trust expenses	(421)	(381)	10.5	(2,460)	(2,008)	22.5
Finance expenses	(7,295)	(5,894)	23.8	(26,180)	(19,247)	36.0
Net income before tax and fair value changes	19,063	17,290	10.3	72,646	62,286	16.6
Net fair value change in derivatives	1,557	-	N.M.	(1,088)	-	N.M.
Net fair value change in investment properties	2,287	7,977	(71.3)	(13,512)	16,885	N.M.
Net income for the period /year before tax	22,907	25,267	(9.3)	58,046	79,171	(26.7)
Tax expense	(5,013)	(4,758)	5.4	(10,481)	(14,651)	(28.5)
Net income for the period/year	17,894	20,509	(12.8)	47,565	64,520	(26.3)
<u>Distribution Statement</u>						
Net income for the period/year	17,894	20,509	(12.8)	47,565	64,520	(26.3)
Distribution adjustments	4,727	(923)	N.M.	35,776	6,461	>100
Income available for distribution to Unitholders	22,621	19,586	15.5	83,341	70,981	17.4

N.M.: Not meaningful

4Q 2019 vs 4Q 2018

Gross revenue of US\$48.8 million for 4Q 2019 was 20.4% higher than 4Q 2018 largely due to the contributions from the newly acquired Centerpointe and Capitol on 10 May 2019 and 29 October 2019 respectively and higher recoveries income on the back of higher property operating expenses partially offset by lower rental income mainly from Michelson.

Property operating expenses of US\$18.5 million for 4Q 2019 were 23.1% higher than 4Q 2018 due to the newly acquired properties and existing properties. As a result, the net property income of US\$30.3 million for 4Q 2019 was 18.9% higher than 4Q 2018.

Finance expenses of US\$7.3 million for 4Q 2019 were 23.8% or US\$1.4 million higher than 4Q 2018 due to additional borrowings to partially fund the acquisitions and to fund capital expenditures and leasing costs, as well as higher interest costs associated with Figueroa mortgage refinancing at prevailing market rate which was higher than the rate on previous loan.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

Net fair value gain on derivatives of US\$1.6 million was recognised in 4Q 2019 due to the revaluation of interest rate swaps entered into to hedge against interest rate exposures.

Net fair value gain in investment properties of US\$2.3 million arose from the appraised fair value gains largely from the newly acquired property.

Tax expense was higher than 4Q 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).

4Q 2019 net income of US\$17.9 million was lower than 4Q 2018 due to the effects of the above and after accounting for Manager's fees. The income available for distribution to Unitholders of US\$22.6 million was 15.5% higher than 4Q 2018 largely due to higher net property income, partially offset by higher finance expenses and current taxes.

FY 2019 vs FY 2018

Gross revenue of US\$177.9 million for FY 2019 was 23.0% higher than FY 2018 largely due to the contributions from the newly acquired Centerpointe and Capitol on 10 May 2019 and 29 October 2019 respectively, and full year revenue contribution from Penn and Phipps acquired on 22 June 2018 and higher recoveries income on the back of higher property operating expenses partially offset by lower rental income mainly from Michelson.

Property operating expenses of US\$67.1 million for FY 2019 was 24.5% higher than FY 2018 due to the newly acquired properties and existing properties. As a result, the net property income of US\$110.8 million for FY 2019 was 22.2% higher than FY 2018.

Finance expenses of US\$26.2 million for FY 2019 were 36.0% or US\$6.9 million higher than FY 2018 largely due to additional borrowings to partially fund the acquisitions and to fund capital expenditures and leasing costs, as well as higher interest costs associated with Figueroa mortgage refinancing at prevailing market rate which was higher than the rate on previous loan.

Other trust expenses of US\$2.5 million was 22.5% or US\$0.5 million higher than FY 2018 due to additional administrative and professional fees arising from the newly acquired properties and higher distribution costs incurred in relation to advanced distributions.

Net fair value loss on derivatives of US\$1.1 million was recognised in FY 2019 due to the revaluation of interest rate swaps entered into to hedge against interest rate exposures.

Net fair value loss on investment properties of US\$13.5 million recognised in FY 2019 was largely due to the capital expenditures and leasing costs exceeding the incremental appreciation in appraised fair values.

Tax expense of US\$10.5 million was 28.5% lower than FY 2018 due to the reversal of deferred tax expenses resulting from the recognition of net 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).

FY 2019 net income of US\$47.6 million was 26.3% lower than FY 2018 due to the effects of the above and after accounting for Manager's fees. The income available for distribution to Unitholders of US\$83.3 million was 17.4% higher than FY 2018 largely due to higher net property income, partially 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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 January 2020, the U.S. reported an annualised real GDP growth rate of 2.1% for the fourth quarter of 2019, matching Q3's 2.1% growth rate. The growth rate was a result of positive consumer spending (albeit it continued to decelerate) and increased government spending, offset by a decrease in business investment. The U.S. unemployment rate remained stable from the previous quarter at 3.5% in December 2019. The U.S. economy generated 145,000 non-farm jobs in December 2019 with notable gains in employment in health care and retail sales. During the fourth quarter of 2019, over 550,000 non-farm jobs were created.

With the lagged effects of the U.S. Federal Reserve's (Fed's) monetary policy tightening and the impact of trade-related uncertainties expected to impact the growth in the first half of the year, 2020 is likely to start off on a soft note. However, we expect modest acceleration to take place in the second half of the year as the decline in mortgage rates, a reacceleration in business investment, and easier monetary conditions work their way through the broader economy. The healthy jobs market (unemployment rate is at 40-year low) went a long way in supporting consumer confidence and economic activities. Combined with a low interest rate environment, the stage is set for consumer spending to continue to grow at a healthy pace in 2020. We also expect 2020 to be a year of realignment in the United States in which the manufacturing sector improves to meet continued strength in U.S. household spending. Whilst recognising the coronavirus outbreak in China, it is too soon to know how deep the impact may be on the global and U.S. economies.

Office absorption during the fourth quarter of 2019 cooled slightly with JLL (JLL United States Office Outlook Q4 2019) reporting absorption of 13.0 million square feet in the period, as a result of a pause in Coworking demand. However, absorption for the year increased to a cycle high of 67.3 million square feet. The nation's vacancy rate increased slightly to 14.3% at the quarter ended 31 December 2019. Leasing activity continues to be solid across Technology, Professional Services and Finance and Insurance. Flight to quality remains evident with Class A space recording almost all of the national occupancy gains during the year. Rents increased a stable 0.6% over the quarter, however concession packages and amenity demands are showing no signs of deceleration due to competition between landlords and expectations of tenants.

With a committed occupancy of 95.8% and a weighted average lease expiry of 5.9 years by net lettable area as at 31 December 2019, the portfolio is well positioned for sustainable growth. 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

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

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 – US 1.45 cents per Unit for the period from 30 September 2019 to 31 December 2019

Distribution period	30 September 2019 to 31 December 2019
Distribution type/rate	Distribution of US 1.45 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.00 cent 2. Capital: US 0.45 cent (being 100% of Manulife US REIT's Distributable Income for the period)
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	27 March 2020
Book closure date	13 February 2020

Unitholders who have not submitted the required U.S. tax forms completely and accurately will be subject to 30% withholding taxes on the distribution. The U.S. tax forms are required to be reviewed and validated by the appointed processing agent by Friday, 6 March 2020. To ensure the forms can be validated by 6 March 2020, 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 6 March 2020.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the current period?

Yes – US 3.04 cents per Unit for the period from 1 July 2018 to 31 December 2018

Distribution period	Distribution for the period from 1 July 2018 to 31 December 2018
Distribution type/rate	Distribution of US 3.04 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.77 cents 2. Capital: US 1.27 cents (being 100% of Manulife US REIT's Distributable Income for the period)
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.

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 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.

15. Segment Revenue and Results for operating segments (of the group) in the form presented in the issuer’s most recently audited financial statements, with comparative information for the immediately preceding year

Not applicable. The Group operates within a single business segment and within a single geographical segment in the U.S.

16. In the review of the performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments

Refer to paragraph 8 above for the review of actual performance.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

17. Breakdown of Revenue

	FY 2019 US\$'000	FY 2018 US\$'000	Change %
Gross revenue reported for the first half year	83,339	63,674	30.9
Net income reported for the first half year	16,644	30,541	(45.5)
Gross revenue reported for the second half year	94,514	80,880	16.9
Net income reported for the second half year	30,921	33,979	(9.0)

18. Breakdown of Total Distributions

	FY 2019 US\$'000	FY 2018 US\$'000
30 September 2019 to 31 December 2019 ⁽¹⁾	22,746	-
1 July 2019 to 29 September 2019 (paid)	20,596	-
9 May 2019 to 30 June 2019 (paid)	12,578	-
1 January 2019 to 8 May 2019 (paid)	27,395	-
1 July 2018 to 31 December 2018 (paid)	-	38,800
1 January 2018 to 30 June 2018 (paid)	-	32,127

Footnote:

(1) To be paid in FY 2020 and is computed based on US 1.45 cents multiplied by the actual number of Units in issue as at 31 December 2019

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Fourth Quarter and Full Year Ended 31 December 2019

19. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, Manulife US Real Estate Management Pte. Ltd. (as manager of Manulife US REIT) (the “Manager”) confirms that there is no person occupying a managerial position in the Manager who is a relative of a Director, Chief Executive Officer, substantial shareholder of the Manager or substantial unitholder of Manulife US REIT.

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

Ngiam May Ling
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
5 February 2020