
MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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 - 9
1(c)	Consolidated Statement of Cash Flows	10 - 11
1(d)(i)	Consolidated Statements of Changes in Unitholders' Funds	11 - 13
1(d)(ii)	Details of Any Changes in the Units	13
1(d)(iii)	Total number of issued Units	13
1(d)(iv)	Sales, transfers, cancellation and/or use of Treasury units	13
1(d)(v)	Sales, transfers, cancellation and/or use of Subsidiary holdings	13
2 & 3	Audit Statement	14
4 & 5	Changes in Accounting Policies	14
6	Earnings per Unit and Distribution per Unit	14
7	Net Asset Value per Unit and Net Tangible Asset per Unit	15
8	Review of the Performance	15 - 16
9	Variance between Actual and Projection	17
10	Outlook and Prospects	17
11 & 12	Distribution	18 - 19
13	General Mandate relating to Interested Person Transactions	19
14	Confirmation pursuant to Rule 720(1) of the Listing Manual	19
15 & 16	Segment Revenue and Results for Operating Segments	19 - 20
17	Breakdown of Revenue	20
18	Breakdown of Total Distributions	20
19	Confirmation pursuant to Rule 704(13) of the Listing Manual	20
20	Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix	20

MANULIFE US REAL ESTATE INVESTMENT TRUST

Unaudited Financial Statements Announcement

For the Half Year and Financial Year Ended 31 December 2020

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 financial period from 1 July 2020 to 31 December 2020 (“**2H 2020**”) and the financial year from 1 January 2020 to 31 December 2020 (“**FY 2020**”).

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 as set out in the Trust Deed. 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 Half Year and Financial Year Ended 31 December 2020

SUMMARY OF MANULIFE US REIT GROUP RESULTS

	2H 2020	2H 2019	Change	FY 2020	FY 2019	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue ⁽¹⁾	95,682	94,514	1.2	194,312	177,853	9.3
Net Property Income ⁽²⁾	53,664	58,434	(8.2)	115,837	110,776	4.6
Net (Loss)/Income for the period/year ⁽³⁾	(7,668)	30,921	N.M.	(43,284)	47,565	N.M.
Income Available for Distribution to Unitholders ⁽⁴⁾	40,989	43,374	(5.5)	88,967	83,341	6.8
DPU ⁽⁴⁾ (cents)	2.59	2.92	(11.3)	5.64	5.96	(5.4)

Footnotes:

- (1) Gross revenue of US\$95.7 million for 2H 2020 was higher by 1.2% largely due to contribution from Capitol acquired in 2019, partially offset by lower rental income from Michelson and Peachtree, as well as lower portfolio carpark income. Gross revenue of US\$194.3 million for FY 2020 was higher by 9.3% largely due to contributions from Centerpointe and Capitol acquired in 2019, partially offset by lower rental income from Michelson and Peachtree, as well as lower portfolio carpark income.
- (2) Net property income of US\$53.7 million for 2H 2020 was lower by 8.2% mainly due to lower rental income from Michelson and Peachtree, lower portfolio carpark income and provision for expected credit losses, partially offset by contribution from Capitol. Net property income of US\$115.8 million for FY 2020 was higher by 4.6%, largely due to the contribution from Centerpointe and Capitol acquired in 2019, partially offset by lower rental income from Michelson and Peachtree, lower portfolio carpark income and provision for expected credit losses.
- (3) Net loss of US\$7.7 million for 2H 2020 was primarily due to lower net property income and net fair value loss on investment properties and derivatives. Net loss of US\$43.3 million for FY 2020 was mainly due to the net fair value loss on investment properties and derivatives.
- (4) Income available for distribution to Unitholders for 2H 2020 was lower by 5.5% mainly due to lower property income and provision for expected credit losses, which translated to an 11.3% drop in DPU after factoring in the enlarged unit base from equity fund raising in 2H 2019. On a full year basis, income available for distribution was higher by 6.8% mainly due to contributions from Centerpointe and Capitol acquired in 2019. However, DPU was lower by 5.4% mainly due to lower property income and provision for expected credit losses in 2H 2020, after factoring in the enlarged unit base from equity fund raisings in 2019.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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

	Note	2H 2020 US\$'000	2H 2019 US\$'000	Change %	FY 2020 US\$'000	FY 2019 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>							
Gross revenue		95,682	94,514	1.2	194,312	177,853	9.3
Property operating expenses	a	(42,018)	(36,080)	16.5	(78,475)	(67,077)	17.0
Net property income		53,664	58,434	(8.2)	115,837	110,776	4.6
Interest income		29	279	(89.6)	166	473	(64.9)
Manager's base fee	b	(4,100)	(4,337)	(5.5)	(8,897)	(8,334)	6.8
Manager's performance fee	c	-	(1,360)	(100.0)	-	(1,360)	(100.0)
Trustee's fee		(144)	(140)	2.9	(288)	(269)	7.1
Other trust expenses	d	(942)	(1,116)	(15.6)	(2,646)	(2,460)	7.6
Finance expenses	e	(14,929)	(14,126)	5.7	(29,739)	(26,180)	13.6
Net income before tax and fair value changes		33,578	37,634	(10.8)	74,433	72,646	2.5
Net fair value change in derivatives	f	2,195	(164)	N.M.	(11,897)	(1,088)	>100
Net fair value change in investment properties	g	(51,179)	1,379	N.M.	(128,519)	(13,512)	>100
Net (loss)/income for the period/year before tax		(15,406)	38,849	N.M.	(65,983)	58,046	N.M.
Tax income/(expense)	h	7,738	(7,928)	N.M.	22,699	(10,481)	N.M.
Net (loss)/income for the period/year		(7,668)	30,921	N.M.	(43,284)	47,565	N.M.
<u>Distribution Statement</u>							
Net (loss)/income for the period/year		(7,668)	30,921	N.M.	(43,284)	47,565	N.M.
Distribution adjustments	i	48,657	12,453	>100	132,251	35,776	>100
Income available for distribution to Unitholders		40,989	43,374	(5.5)	88,967	83,341	6.8

N.M.: Not meaningful

Notes to Consolidated Statement of Comprehensive Income and Distribution Statement

a. Property operating expenses

Provision for expected credit losses on trade receivables of US\$3.6 million has been included in property operating expenses for 2H 2020. These credit losses were mainly in relation to tenants from retail trade and food services trade sectors.

b. 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 2H 2020.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

c. 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 elected to receive 100% of its performance fee in the form of units for FY 2019. No performance fee was recorded for FY 2020.

d. Other trust expenses

Other trust expenses consist of audit, tax compliance and other expenses. Other trust expenses have decreased compared to 2H 2019 mainly due to absence of distribution costs from advanced distribution. Other trust expenses have increased compared to FY 2019 mainly due to additional administrative and professional fees arising from properties acquired in 2019, as well as tax compliance expenses and restructuring fees incurred in relation to the restructuring pursuant to U.S. tax regulations. Please refer to the announcement made on 24 April 2020 on the completion of restructuring.

e. Finance expenses

Finance expenses comprise of the following:

	2H 2020	2H 2019	Change	FY 2020	FY 2019	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest expense on loans and borrowings	13,870	13,208	5.0	27,724	24,594	12.7
Amortisation of upfront debt-related transaction costs ⁽¹⁾	874	775	12.8	1,689	1,412	19.6
Dividends on preferred units	8	8	-	16	16	-
Commitment and financing fees ⁽²⁾	177	135	31.1	310	158	96.2
Finance expenses	14,929	14,126	5.7	29,739	26,180	13.6

N.M.: Not meaningful

Footnotes:

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

(2) This includes the financing fees on trust-level committed lines of credit.

f. 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. Net fair value change in derivatives is not taxable or tax-deductible and has no impact on the distributable income to the Unitholders.

g. 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 transaction 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 2020 appraisals.

The net fair value loss in 2H 2020 was largely due to appraiser factoring in higher vacancies and higher leasing costs assumptions as a result of the COVID-19 pandemic, adjusted for capital expenditure and other costs related to investment properties. On a full year basis, the net fair value loss was largely due to the assumptions of lower rental growth, higher vacancies and higher leasing costs, adjusted for capital expenditure and other costs related to investment properties. Net fair value change in investment properties has no impact on the distributable income to the Unitholders.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

h. Tax income/(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 of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. Deferred tax income in 2H 2020 and FY 2020 was mainly arising from net fair value loss in investment properties, partially offset by deferred tax expense from tax depreciation.

i. Distribution adjustments

	2H 2020 US\$'000	2H 2019 US\$'000	Change %	FY 2020 US\$'000	FY 2019 US\$'000	Change %
Property related non-cash items ⁽¹⁾	12	(2,324)	N.M.	(684)	(3,707)	(81.5)
Amortisation of upfront debt-related transaction costs ⁽²⁾	874	775	12.8	1,689	1,412	19.6
Manager's base fee paid/payable in Units	4,100	4,337	(5.5)	8,897	8,334	6.8
Manager's performance fee paid in Units	-	1,360	(100.0)	-	1,360	(100.0)
Property Manager's management fee paid/payable in Units	2,397	2,291	4.6	4,834	4,276	13.0
Trustee's fee	144	140	2.9	288	269	7.1
Net fair value change in derivatives	(2,195)	164	N.M.	11,897	1,088	>100
Net fair value change in investment properties	51,179	(1,379)	N.M.	128,519	13,512	>100
Deferred tax (income)/expense	(7,758)	6,874	N.M.	(23,430)	8,809	N.M.
Other items ⁽³⁾	(96)	215	N.M.	241	423	(43.0)
Distribution adjustments	48,657	12,453	>100	132,251	35,776	>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 certain properties 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 Half Year and Financial Year Ended 31 December 2020

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

	Note	Group		Trust	
		As at 31 Dec 2020 US\$'000	As at 31 Dec 2019 US\$'000	As at 31 Dec 2020 US\$'000	As at 31 Dec 2019 US\$'000
Current assets					
Cash and cash equivalents		86,674	60,748	3,442	4,287
Prepayment		1,658	1,207	75	69
Trade and other receivables		6,927	7,614	37,687	18,459
Other asset	a	-	1,405	-	-
		95,259	70,974	41,204	22,815
Non-current assets					
Investment properties	b	1,992,800	2,095,000	-	-
Investment in subsidiaries		-	-	1,423,009	1,342,496
Financial derivatives	c	-	487	-	487
		1,992,800	2,095,487	1,423,009	1,342,983
Total assets		2,088,059	2,166,461	1,464,213	1,365,798
Current liabilities					
Trade and other payables		18,099	26,866	2,311	2,251
Loans and borrowings	d	233,584	78,945	17,300	7,500
Security deposits		229	274	-	-
Rent received in advance		6,649	4,829	-	-
		258,561	110,914	19,611	9,751
Non-current liabilities					
Loans and borrowings		618,703	733,079	320,142	220,538
Financial derivatives	c	12,985	1,575	12,985	1,575
Security deposits		3,537	2,900	-	-
Preferred units		102	102	-	-
Deferred tax liabilities		36,283	59,713	-	-
		671,610	797,369	333,127	222,113
Total liabilities		930,171	908,283	352,738	231,864
Net assets attributable to Unitholders		1,157,888	1,258,178	1,111,475	1,133,934
Represented by:					
Unitholders' funds		1,157,888	1,258,178	1,111,475	1,133,934
Net assets attributable to Unitholders		1,157,888	1,258,178	1,111,475	1,133,934

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 Half Year and Financial Year Ended 31 December 2020

b. Investment properties

Investment properties are stated at fair value based on 31 December 2020 appraisals conducted by CBRE, Inc.

As at 31 December 2019, 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.

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 liability position due to the mortgage loan facilities for Penn and Michelson, which are maturing in June 2021 and July 2021 respectively. The Group has sufficient financing options to refinance the remaining borrowing that is 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 2020, the Group had gross borrowings of US\$856.5 million comprising of (i) US\$516.2 million drawn from property-level mortgage facilities, and (ii) US\$340.3 million drawn from Trust-level credit facilities.

The average interest rate on borrowings as at 31 December 2020 was 3.18% and aggregate leverage was 41.0%. 94.5% of the gross borrowings had fixed interest rates, which reduces short-term cash flow volatility from floating interest rate movements.

42.0% of the Group's properties (based on appraised values) are unencumbered. The Group has unutilised committed facilities of US\$115.0 million and an uncommitted facility of US\$200.0 million to provide bridge financing for acquisitions.

As at 31 December 2020, the weighted average debt maturity is 2.3 years.

	Group	
	As at 31 Dec 2020 US\$'000	As at 31 Dec 2019 US\$'000
<u>Secured loans and borrowings</u>		
Amount repayable in one year or less ⁽¹⁾	233,800	79,017
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(216)	(72)
	233,584	78,945
Amount repayable after one year ⁽³⁾	622,716	737,889
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(4,013)	(4,810)
	618,703	733,079
Total secured loans and borrowings	852,287	812,024

Footnotes:

- (1) The amount as at 31 December 2020 comprises:
- mortgage loan of US\$121.0 million drawn down in relation to Michelson;
 - mortgage loan of US\$95.5 million drawn down in relation to Penn; and
 - US\$17.3 million drawn down from Trust-level revolving credit facilities largely to fund capital expenditure and leasing costs.
- As at 31 December 2019, the amount comprised the initial mortgage loan of US\$67.0 million and US\$4.5 million of good news facilities drawn down in relation to Peachtree, as well as US\$7.5 million drawn down from Trust-level revolving credit facilities.
- (2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- (3) Includes US\$593.1 million (2019: US\$709.6 million) of fixed rate borrowings to fund acquisitions and US\$29.6 million (2019: US\$28.3 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 Half Year and Financial Year Ended 31 December 2020

Details of loans and borrowings, and collaterals

The loan facilities and borrowings of the Group are set out below:

Facilities	Note	As at 31 Dec 2020			As at 31 Dec 2019		
		Facility Available	Drawn Down	Un-drawn	Facility Available	Drawn Down	Un-drawn
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Mortgage facilities	a	548,527	516,216	32,311	629,400	586,406	42,994
Trust-level term loans	b	323,000	323,000	-	223,000	223,000	-
US\$50.0 million committed revolving credit facility	b	50,000	-	50,000	50,000	7,500	42,500
US\$50.0 million committed revolving credit facility	c	50,000	17,300	32,700	-	-	-
US\$10.0 million committed revolving credit facility	d	-	-	-	10,000	-	10,000
US\$200.0 million uncommitted revolving credit facility	d	200,000	-	200,000	200,000	-	200,000
Total		1,171,527	856,516	315,011	1,112,400	816,906	295,494

a. Mortgage Facilities

The mortgage facilities are secured by, amongst other collaterals, (i) a first mortgage on each of Michelson, 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.

b. Trust-Level Term Loans and US\$50.0 Million Committed Revolving Credit Facility

The Trust-level term loans and US\$50.0 million revolving credit facility 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 U.S. Subs which hold Figueroa, Centerpointe, Capitol and Peachtree respectively.

c. US\$50.0 Million Committed Revolving Credit Facility

The Group obtained a US\$50.0 million committed revolving credit facility on 23 July 2020 for general corporate and working purposes. The US\$50.0 million revolving credit facility is secured by, amongst others, share charges over the Singapore subsidiaries of Manulife US REIT, assignments of certain bank accounts, and assignments of certain inter-company loans within the Group.

d. US\$10.0 Million Committed Revolving Credit Facility and US\$200.0 Million Uncommitted Revolving Credit Facility

The US\$200.0 million uncommitted revolving credit facility is 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.

The US\$10.0 million committed revolving credit facility had expired on 14 July 2020.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

1 (c) Consolidated Statement of Cash Flows

Note	Group			
	2H 2020 US\$'000	2H 2019 US\$'000	FY 2020 US\$'000	FY 2019 US\$'000
Cash flows from operating activities				
	(15,406)	38,849	(65,983)	58,046
Net (loss)/income for the period/year before tax				
Adjustments for:				
Amortisation	12	(2,324)	(684)	(3,707)
Provision for expected credit losses	3,598	-	3,598	-
Interest income	(29)	(279)	(166)	(473)
Finance expenses	14,929	14,126	29,739	26,180
Manager's base fee paid/payable in Units	4,100	4,337	8,897	8,334
Manager's performance fee paid in Units	-	1,360	-	1,360
Property Manager's management fee paid/payable in Units	2,397	2,291	4,834	4,276
Net fair value change in derivatives	(2,195)	164	11,897	1,088
Net fair value change in investment properties	51,179	(1,379)	128,519	13,512
Net unrealised foreign exchange gains	(104)	-	(70)	(1)
	58,481	57,145	120,581	108,615
Operating income before working capital changes				
Changes in working capital:				
Trade and other receivables	(1,178)	(498)	(2,911)	1,460
Prepayment	(1,095)	(617)	(451)	(209)
Other asset	24	3,096	1,405	(1,405)
Trade and other payables	(14,426)	(10,254)	(9,208)	(971)
Security deposits	6	364	592	561
Rent received in advance	1,351	406	1,820	3,167
	43,163	49,642	111,828	111,218
Cash from operating activities				
Tax paid	(716)	(407)	(1,923)	(1,151)
Interest paid	(13,865)	(12,656)	(27,861)	(23,902)
	28,582	36,579	82,044	86,165
Net cash from operating activities				
Cash flows from investing activities				
Acquisition of investment properties and related assets and liabilities	-	(191,150)	-	(310,954)
Payment for capital expenditure and other costs related to investment properties	(8,030)	(18,653)	(24,174)	(45,027)
Interest received	29	279	166	473
	(8,001)	(209,524)	(24,008)	(355,508)
Net cash used in investing activities				
Cash flows from financing activities				
Proceeds from issuance of Units	-	142,656	-	236,656
Payment of transaction costs relating to issuance of Units	-	(3,086)	-	(4,707)
Proceeds from loans and borrowings	121,300	216,137	141,929	268,406
Repayment of loans and borrowings	(102,319)	(122,300)	(102,319)	(122,300)
Payment of transaction costs relating to loans and borrowings	(1,036)	(2,190)	(1,036)	(2,694)
Distributions paid to Unitholders	(47,991)	(60,569)	(70,737)	(99,369)
	(30,046)	170,648	(32,163)	275,992
Net cash (used in)/from financing activities				
Net (decrease)/increase in cash and cash equivalents				
	(9,465)	(2,297)	25,873	6,649
Cash and cash equivalents at beginning of the period/year				
Effect of exchange rate fluctuations on cash held in foreign currency	66	4	53	6
	96,073	63,041	60,748	54,093
Cash and cash equivalents at the end of the period/year				
	86,674	60,748	86,674	60,748

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, Plaza and Exchange.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

- b. On 9 May 2019 and 30 September 2019, 114,078,000 and 91,325,000 new Units were issued at an issue price of US\$0.824 and US\$0.876 per Unit respectively in connection with the private placements, raising gross proceeds of US\$94.0 million and US\$80.0 million respectively. In addition, 72,855,530 new Units were issued at an issue price of US\$0.860 in connection with the preferential offering on 18 October 2019 with gross proceeds of approximately US\$62.7 million.
- c. The mortgage facilities related to Peachtree were refinanced in July 2020 with credit facilities obtained by Manulife US REIT. FY 2020 proceeds from loans and borrowings of US\$141.9 million comprise of US\$131.8 million loans drawn under the Trust-level credit facilities as well as US\$10.1 million drawn from good news facilities. FY 2019 proceeds from loans and borrowings were used to partially finance the acquisitions of Centerpointe and Capitol, refinance the mortgage facilities related to Figueroa, as well as to fund capital expenditures and leasing costs.

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

Group	2H 2020			2H 2019		
	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	1,148,494	58,556	1,207,050	1,012,517	100,356	1,112,873
Operations						
Net (loss)/income for the period	-	(7,668)	(7,668)	-	30,921	30,921
Net (decrease)/increase in net assets resulting from operations	-	(7,668)	(7,668)	-	30,921	30,921
Unitholders' transactions						
New Units issued ⁽¹⁾	-	-	-	142,656	-	142,656
Issuance costs ⁽²⁾	-	-	-	(3,086)	-	(3,086)
Manager's base fee paid/payable in Units	4,100	-	4,100	4,337	-	4,337
Manager's performance fee paid in Units	-	-	-	1,360	-	1,360
Property Manager's management fees paid in Units	2,397	-	2,397	2,291	-	2,291
Distributions ⁽³⁾	(16,679)	(31,312)	(47,991)	(11,756)	(21,418)	(33,174)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(10,182)	(31,312)	(41,494)	135,802	(21,418)	114,384
At end of the period	1,138,312	19,576	1,157,888	1,148,319	109,859	1,258,178

Trust	2H 2020			2H 2019		
	Units in issue and to be issued	Accumulated losses	Total	Units in issue and to be issued	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the period	1,148,494	(22,419)	1,126,075	1,012,517	(13,324)	999,193
Operations						
Net income for the period	-	26,894	26,894	-	20,357	20,357
Net increase in net assets resulting from operations	-	26,894	26,894	-	20,357	20,357
Unitholders' transactions						
New Units issued ⁽¹⁾	-	-	-	142,656	-	142,656
Issuance costs ⁽²⁾	-	-	-	(3,086)	-	(3,086)
Manager's base fee paid/payable in Units	4,100	-	4,100	4,337	-	4,337
Manager's performance fee paid in Units	-	-	-	1,360	-	1,360
Property Manager's management fees paid/payable in Units	2,397	-	2,397	2,291	-	2,291
Distributions ⁽³⁾	(16,679)	(31,312)	(47,991)	(11,756)	(21,418)	(33,174)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(10,182)	(31,312)	(41,494)	135,802	(21,418)	114,384
At end of the period	1,138,312	(26,837)	1,111,475	1,148,319	(14,385)	1,133,934

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

Footnotes:

- (1) 91,325,000 Units were issued in connection with the private placement on 30 September 2019 and 72,855,530 Units were issued in connection with the preferential offering on 18 October 2019.
- (2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the private placement and preferential offering which were completed on 30 September 2019 and 18 October 2019 respectively.
- (3) For 2H 2020, the amount comprises of the distribution paid to Unitholders for the period from 1 January 2020 to 30 June 2020. For 2H 2019, the amount comprises of the distribution paid to Unitholders for the period from 9 May 2019 to 29 September 2019.

Group	FY 2020			FY 2019		
	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	1,148,319	109,859	1,258,178	942,270	121,793	1,064,063
Operations						
Net (loss)/income for the year	-	(43,284)	(43,284)	-	47,565	47,565
Net (decrease)/increase in net assets resulting from operations	-	(43,284)	(43,284)	-	47,565	47,565
Unitholders' transactions						
New Units issued ⁽¹⁾	-	-	-	236,656	-	236,656
Issuance costs ⁽²⁾	-	-	-	(4,707)	-	(4,707)
Manager's base fee paid/payable in Units	8,897	-	8,897	8,334	-	8,334
Manager's performance fee paid in Units	-	-	-	1,360	-	1,360
Property Manager's management fees paid/payable in Units	4,834	-	4,834	4,276	-	4,276
Distributions ⁽³⁾	(23,738)	(46,999)	(70,737)	(39,870)	(59,499)	(99,369)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(10,007)	(46,999)	(57,006)	206,049	(59,499)	146,550
At end of the year	1,138,312	19,576	1,157,888	1,148,319	109,859	1,258,178

Trust	FY 2020			FY 2019		
	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 year	1,148,319	(14,385)	1,133,934	942,270	7,313	949,583
Operations						
Net income for the year	-	34,547	34,547	-	37,801	37,801
Net increase in net assets resulting from operations	-	34,547	34,547	-	37,801	37,801
Unitholders' transactions						
New Units issued ⁽¹⁾	-	-	-	236,656	-	236,656
Issuance costs ⁽²⁾	-	-	-	(4,707)	-	(4,707)
Manager's base fee paid/payable in Units	8,897	-	8,897	8,334	-	8,334
Manager's performance fee paid in Units	-	-	-	1,360	-	1,360
Property Manager's management fees paid/payable in Units	4,834	-	4,834	4,276	-	4,276
Distributions ⁽³⁾	(23,738)	(46,999)	(70,737)	(39,870)	(59,499)	(99,369)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(10,007)	(46,999)	(57,006)	206,049	(59,499)	146,550
At end of the year	1,138,312	(26,837)	1,111,475	1,148,319	(14,385)	1,133,934

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

Footnotes:

- (1) 114,078,000 Units and 91,325,000 Units were issued in connection with the private placements on 9 May 2019 and 30 September 2019 respectively. In addition, 72,855,530 Units were issued in connection with the preferential offering on 18 October 2019.
- (2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the private placements which were completed on 9 May 2019 and 30 September 2019, as well as the preferential offering which was completed on 18 October 2019.
- (3) For FY 2020, the amount comprises of the distribution paid to Unitholders for the period from 30 September 2019 to 30 June 2020. For FY 2019, the amount comprises of the distribution paid to Unitholders for the period from 1 July 2018 to 29 September 2019.

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

	2H 2020	2H 2019	FY 2020	FY 2019
	Units	Units	Units	Units
Units in issue:				
At beginning of the period/year	1,573,459,089	1,397,573,469	1,568,672,703	1,276,324,424
Manager's base fee paid in Units	6,282,716	4,660,818	8,532,716	9,517,888
Manager's performance fee paid in Units ⁽¹⁾	-	-	1,353,016	-
Property Manager's management fees paid in Units	3,191,217	2,257,886	4,374,587	4,571,861
Private placement and preferential offering ⁽²⁾	-	164,180,530	-	278,258,530
Total issued Units as at end of the period/year	1,582,933,022	1,568,672,703	1,582,933,022	1,568,672,703
Units to be issued:				
Manager's base fee payable in Units ⁽³⁾	5,507,455	2,250,000	5,507,455	2,250,000
Manager's performance paid in Units ⁽³⁾	-	1,353,016	-	1,353,016
Property Manager's management fees payable in Units ⁽³⁾	3,220,468	1,183,370	3,220,468	1,183,370
Total issuable Units as at end of the period/year	8,727,923	4,786,386	8,727,923	4,786,386
Total Units issued and to be issued as at end of the period/year	1,591,660,945	1,573,459,089	1,591,660,945	1,573,459,089

Footnotes:

- (1) New Units were issued as payment for FY 2019 Manager's performance fee.
- (2) For 2H 2019 and FY 2019, 72,855,530 Units were issued in connection with the preferential offering were issued on 18 October 2019, 91,325,000 Units and 114,078,000 Units were issued in connection with the private placements on 30 September 2019 and 9 May 2019 respectively.
- (3) There are 8,727,923 Units to be issued in satisfaction of the Manager's base fee and Property Manager's management fee for 2H 2020 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2020 of US\$0.7443. 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 2020 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

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

Manulife US REIT did not hold any treasury units as at 31 December 2020 and 31 December 2019. The total number of issued Units in Manulife US REIT as at 31 December 2020 and 31 December 2019 were 1,582,933,022 and 1,568,672,703 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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 2019 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 2020.

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 2020. 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”)**

	2H 2020	2H 2019	FY 2020	FY 2019
EPU⁽¹⁾				
Weighted average number of Units in issue and issuable	1,580,045,597	1,480,752,378	1,575,688,512	1,399,467,436
Basic and diluted EPU (cents) ⁽²⁾	(0.49)	2.09	(2.75)	3.40
DPU⁽³⁾				
Number of Units in issue at end of the period/year	1,582,933,022	1,568,672,703	1,582,933,022	1,568,672,703
DPU (cents)	2.59	2.92 ⁽⁴⁾	5.64	5.96 ⁽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) 2H 2019 DPU was comprised of:
(i) distributable income for the period from 1 July 2019 to 29 September 2019 over 1,401,067,898 Units;
(ii) distributable income for the period from 30 September 2019 to 31 December 2019 over 1,568,672,703 Units.
- (5) FY 2019 DPU was comprised of:
(i) distributable income for the period from 1 January 2019 to 8 May 2019 over 1,280,114,375 Units;
(ii) distributable income for the period from 9 May 2019 to 30 June 2019 over 1,397,573,469 Units;
(iii) distributable income for the period from 1 July 2019 to 29 September 2019 over 1,401,067,898 Units;
(iv) distributable income for the period from 30 September 2019 to 31 December 2019 over 1,568,672,703 Units.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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

	Group		Trust	
	As at 31 Dec 2020	As at 31 Dec 2019	As at 31 Dec 2020	As at 31 Dec 2019
Number of Units in issue and to be issued at end of year	1,591,660,945	1,573,459,089	1,591,660,945	1,573,459,089
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.73	0.80	0.70	0.72
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.70	0.79	0.67	0.71

Footnote:

(1) NAV and NTA are the same as there is no intangible asset as at 31 December 2020 and 31 December 2019.

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	2H 2020 US\$'000	2H 2019 US\$'000	Change %	FY 2020 US\$'000	FY 2019 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>						
Gross revenue	95,682	94,514	1.2	194,312	177,853	9.3
Property operating expenses	(42,018)	(36,080)	16.5	(78,475)	(67,077)	17.0
Net property income	53,664	58,434	(8.2)	115,837	110,776	4.6
Interest income	29	279	(89.6)	166	473	(64.9)
Manager's base fee	(4,100)	(4,337)	(5.5)	(8,897)	(8,334)	6.8
Manager's performance fee	-	(1,360)	(100.0)	-	(1,360)	(100.0)
Trustee's fee	(144)	(140)	2.9	(288)	(269)	7.1
Other trust expenses	(942)	(1,116)	(15.6)	(2,646)	(2,460)	7.6
Finance expenses	(14,929)	(14,126)	5.7	(29,739)	(26,180)	13.6
Net income before tax and fair value changes	33,578	37,634	(10.8)	74,433	72,646	2.5
Net fair value change in derivatives	2,195	(164)	N.M.	(11,897)	(1,088)	>100
Net fair value change in investment properties	(51,179)	1,379	N.M.	(128,519)	(13,512)	>100
Net (loss)/income for the period/year before tax	(15,406)	38,849	N.M.	(65,983)	58,046	N.M.
Tax income/(expense)	7,738	(7,928)	N.M.	22,699	(10,481)	N.M.
Net (loss)/income for the period/year	(7,668)	30,921	N.M.	(43,284)	47,565	N.M.
<u>Distribution Statement</u>						
Net (loss)/income for the period/year	(7,668)	30,921	N.M.	(43,284)	47,565	N.M.
Distribution adjustments	48,657	12,453	>100	132,251	35,776	>100
Income available for distribution to Unitholders	40,989	43,374	(5.5)	88,967	83,341	6.8

N.M.: Not meaningful

2H 2020 vs 2H 2019

Gross revenue for 2H 2020 was US\$95.7 million, an increase of US\$1.2 million or 1.2% from 2H 2019. The increase was mainly due to contribution from Capitol acquired on 29 October 2019, partially offset by lower rental income mainly from Michelson and Peachtree arising from higher vacancies, and lower portfolio carpark income.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

Property operating expenses for 2H 2020 was US\$42.0 million, an increase of US\$5.9 million or 16.5% from 2H 2019, mainly due to contribution from Capitol and provision for expected credit losses of US\$3.6 million. As a result, the net property income for 2H 2020 was US\$53.7 million, a decrease of US\$4.8 million or 8.2% from 2H 2019.

Finance expenses for 2H 2020 was US\$14.9 million, an increase of US\$0.8 million or 5.7% from 2H 2019, due to additional borrowings to partially fund acquisition, and to fund capital expenditures and leasing costs. These were partially offset by lower interest cost due to the Peachtree mortgage loan being refinanced at a lower interest rate in July 2020.

Net fair value gain on derivatives of US\$2.2 million recognised in 2H 2020 was attributable to the fair valuation of interest rate swaps entered into to hedge against interest rate exposures.

Net fair value loss on investment properties of US\$51.2 million in 2H 2020 was largely due to appraiser factoring in higher vacancies and higher leasing costs assumptions as a result of the COVID-19 pandemic, adjusted for capital expenditure and other costs related to investment properties.

Tax income of US\$7.7 million was mainly due to deferred tax income arising from net fair value loss in investment properties, partially offset by deferred tax expense from tax depreciation.

Due to the effects of the above, the Group recorded a net loss of US\$7.7 million, compared to the net income of US\$30.9 million in 2H 2019. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for 2H 2020 was US\$41.0 million, 5.5% lower than 2H 2019 largely due to lower net property income.

FY 2020 vs FY 2019

Gross revenue for FY 2020 was US\$194.3 million, an increase of US\$16.5 million or 9.3% from FY 2019. The increase was mainly due to full year contributions from the Centerpointe and Capitol acquired in 2019, partially offset by lower rental income mainly from Michelson and Peachtree arising from higher vacancies, and lower portfolio carpark income.

Property operating expenses for FY 2020 was US\$78.5 million, an increase of US\$11.4 million or 17.0% from FY 2019, mainly due to full year contribution from the acquired properties, and provision for expected credit losses of US\$3.6 million. As a result, the net property income for FY 2020 was US\$115.8 million, an increase of US\$5.1 million or 4.6% as compared to FY 2019.

Finance expenses for FY 2020 was US\$29.7 million, an increase of US\$3.6 million or 13.6% from FY 2019, due to additional borrowings to partially fund acquisitions, and to fund capital expenditures and leasing costs. These were partially offset by lower interest cost from Peachtree mortgage being refinanced at a lower interest rate in July 2020.

Net fair value loss on derivatives of US\$11.9 million recognised in FY 2020 was attributable to the fair valuation of interest rate swaps entered into to hedge against interest rate exposures.

Net fair value loss on investment properties of US\$128.5 million in FY 2020 was largely due to appraiser factoring in lower rental growth, higher vacancies and higher leasing costs assumptions as a result of the COVID-19 pandemic, adjusted for capital expenditure and other costs related to investment properties.

Tax income of US\$22.7 million was mainly due to deferred tax income arising from net fair value loss in investment properties, partially offset by deferred tax expense from tax depreciation.

Due to the effects of the above, the Group recorded a net loss of US\$43.3 million, compared to the net income of US\$47.6 million in FY 2019. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for FY 2020 was US\$89.0 million, 6.8% higher than FY 2019 largely due to higher net property income, partially offset by higher finance expenses.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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

After declining at an annualised rate of 32.9% in Q2 2020, real GDP grew at annualised rates of 33.4% and 4.0% in Q3 and Q4 2020, respectively. The real GDP growth reflects increases in exports, fixed investment (non-residential and residential), personal consumption expenditure and private inventory investment.

In early January 2021, the 7-day moving average of confirmed US COVID-19 cases reached a high of 292K cases. Later in the month, the number declined to 152K, reflecting a 48% decline. In the first week of February, over 33 million doses of COVID-19 vaccine were administered in the U.S.

Unemployment in the U.S. during 2020 peaked at 14.8% and declined to 6.7% in December. Despite the improvement since April, unemployment still stands nearly double the pre-COVID-19 peak of 3.5%. During December, job losses in leisure and hospitality were offset by gains in professional and business services, retail trade and construction.

According to JLL, the U.S. office leasing market experienced 125.6 million square feet of leasing during 2020, representing a 47.3% decline relative to 2019's leasing volume. The decline in leasing market activity has been caused by COVID-19 induced lockdowns enforced at the state and/or local level, corporate mandated work-from-home policies, corporate delays on long term decision making, individual choices and an economic recession. 69% of lease transactions during 4Q were renewals, of which 43% were for five years or less in duration. As a result, for leases over 20,000 square feet, the average lease term signed during the quarter was 6.7 years, down from the pre-COVID-19 average of 8.5 years.

With committed occupancy of 93.4% and minimal 5.7% leases by NLA due in 2021, the portfolio remains in a solid position to weather the pandemic. The Manager continues to focus on asset, lease and capital management, in addition to its commitment to sustaining and enhancing environmental, social and governance (ESG), and will selectively seek investment opportunities that deliver long term value to Unitholders.

Tax

On 7 April 2020, the United States Department of the Treasury released the final regulations under Section 267A of the United States Internal Revenue Code of 1986, as amended (the "Final 267A Regulations"). The Final 267A Regulations allow Manulife US REIT to revert to a group structure largely similar to that adopted at the time of its listing. Please refer to the announcements made on 13 April 2020 and 24 April 2020 for further details.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

11. Distribution

(a) Current financial period

Any distribution declared for the current period?

Yes – US 2.59 cents per Unit for the period from 1 July 2020 to 31 December 2020

Distribution period	1 July 2020 to 31 December 2020
Distribution type/rate	Distribution of US 2.59 cents per Unit comprising of two components: 1. Tax-exempt income: US 2.15 cents 2. Capital: US 0.44 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	30 March 2021
Book closure date	17 February 2021

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 9 March 2021. To ensure the forms can be validated by 9 March 2021, Unitholders are reminded to submit the completed tax forms to Manulife US REIT's Unit Registrar – Boardroom Corporate & Advisory Services Pte Ltd by 2 March 2021.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

(b) Corresponding period of the immediately preceding 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
- (ii) US 1.45 cents per Unit for the period from 30 September 2019 to 31 December 2019

Distribution period	(i) Advanced distribution for the period from 1 July 2019 to 29 September 2019 (ii) Distribution for the period from 30 September to 31 December 2019
Distribution type/rate	(i) Distribution of US 1.47 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.00 cent 2. Capital: US 0.47 cent (ii) 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.

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 a general mandate from unitholders 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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.

17. Breakdown of Revenue

	FY 2020 US\$'000	FY 2019 US\$'000	Change %
Gross revenue reported for the first half year	98,630	83,339	18.3
Net (loss)/income reported for the first half year	(35,616)	16,644	N.M.
Gross revenue reported for the second half year	95,682	94,514	1.2
Net (loss)/income reported for the second half year	(7,668)	30,921	N.M.

18. Breakdown of Total Distributions

	FY 2020 US\$'000	FY 2019 US\$'000
1 July 2020 to 31 December 2020 ⁽¹⁾	40,998	-
1 January 2020 to 30 June 2020 (paid)	47,991	-
30 September 2019 to 31 December 2019 (paid)	-	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

Footnote:

(1) To be paid in FY 2021 and is computed based on US 2.59 cents multiplied by the actual number of Units in issue as at 31 December 2020

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.

20. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders of Manulife US REIT for 2H 2020:

- (a) Manulife US REIT will declare a distribution (the "Distribution") in excess of its profits. The excess is mainly a result of distribution adjustments for non-cash items; and
- (b) The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, Manulife US REIT will be able to fulfil, from its deposited properties, its liabilities as they fall due.

The Distribution was computed based on the accounts of Manulife US REIT for the half year ended 31 December 2020.

Manulife US REIT's distribution policy is to distribute at least 90% of its annual distributable income as set out in the Trust Deed.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2020

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)
8 February 2021