

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 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 - 9
1(c)	Consolidated Statement of Cash Flows	10
1(d)(i)	Consolidated Statements of Changes in Unitholders' Funds	11
1(d)(ii)	Details of Any Changes in the Units	12
1(d)(iii)	Total number of issued Units	12
1(d)(iv)	Sales, transfers, cancellation and/or use of Treasury units	12
1(d)(v)	Sales, transfers, cancellation and/or use of Subsidiary holdings	12
2 & 3	Audit Statement	12
4 & 5	Changes in Accounting Policies	13
6	Earnings per Unit and Distribution per Unit	13
7	Net Asset Value per Unit and Net Tangible Assets per Unit	14
8	Review of the Performance	14 - 15
9	Variance between Actual and Projection	15
10	Outlook and Prospects	15 - 16
11 & 12	Distribution	16
13	General Mandate relating to Interested Person Transactions	17
14	Confirmation pursuant to Rule 705(5) of the Listing Manual	17
15	Confirmation pursuant to Rule 720(1) of the Listing Manual	17

MANULIFE US REAL ESTATE INVESTMENT TRUST

Unaudited Financial Statements Announcement

For the First Quarter Ended 31 March 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 was dormant from 27 March 2015 (being the date of its constitution) to the Listing Date.

Manulife US REIT portfolio comprises of the following seven office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 3,744,058 square feet (“**sq ft**”), as follows:

- Figueroa is a 35-storey Class A office building with 702,861 sq ft of net lettable area (“**NLA**”), located in the South Park district of Downtown Los Angeles, two blocks away from a variety of entertainment venues;
- Michelson is a 19-storey Trophy office building with 532,933 sq ft of NLA, located in Irvine, Orange County, within the Greater Los Angeles market;
- Peachtree is a 27-storey Class A office building with 557,560 sq ft of NLA, located in the heart of Midtown, Atlanta;
- Plaza is an 11-storey Class A office building with 461,525 sq ft of NLA, located in Secaucus, New Jersey;
- Exchange is a 30-storey Class A office building with 736,383 sq ft of NLA, located in Jersey City, Hudson County, New Jersey;
- Penn is a 13-storey Class A office building with 277,597 sq ft of NLA, located in Washington, D.C.; and
- Phipps is a 19-storey Trophy office building with 475,199 sq ft of NLA, located in the heart of Buckhead, Atlanta.

Penn and Phipps were acquired on 22 June 2018 (U.S. Time) and financed by a combination of preferential offering of 227,935,981 new Units at the issue price of US\$0.865 per new Unit raising gross proceeds of approximately US\$197.2 million and debt financing.

Manulife US REIT is presenting its financial results for the first quarter ended 31 March 2019 (“**1Q 2019**”).

Distribution Policy

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

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

SUMMARY OF MANULIFE US REIT GROUP RESULTS

	1Q 2019 US\$'000	1Q 2018 US\$'000	Change %
Gross Revenue ⁽¹⁾	40,025	31,153	28.5
Net Property Income ⁽²⁾	25,084	19,650	27.7
Net Income for the period ⁽³⁾	13,724	11,534	19.0
Income available for distribution to Unitholders	19,343	15,633	23.7
Distribution per Unit (“DPU”) (cents)	1.51	1.23 ⁽⁴⁾	22.8
<u>For information only</u>			
Adjusted DPU⁽⁵⁾ (cents)	1.51	1.50	0.7

Footnotes:

- (1) Gross revenue of US\$40.0 million for 1Q 2019 was 28.5% higher than 1Q 2018, largely due to the revenue contribution from Penn and Phipps properties acquired in June 2018.
- (2) Net property income of US\$25.1 million for 1Q 2019 was 27.7% higher than 1Q 2018, largely due to net property income contribution from Penn and Phipps properties.
- (3) 1Q 2019 Net income was higher mainly due to higher net property income, partially offset by the higher finance expenses on new loans secured to partially fund Penn and Phipps properties acquired in June 2018.
- (4) The distributable income from 1 January 2018 to 31 March 2018 was paid out with 1H 2018 distribution based on 1,269,858,052 Units (including preferential offering). As such, there was a drag on 1Q 2018 DPU for the enlarged Unit base resulting from the preferential offering Units issued on 20 June 2018 to partially fund Penn and Phipps acquisitions while there was no income contribution from Penn and Phipps properties in 1Q 2018.
- (5) Adjusted DPU normalises the impact of enlarged Unit base resulting from preferential offering Units issued on 20 June 2018 on 1Q 2018 DPU. The adjusted DPU was calculated based on the weighted average number of Units in issue and has been restated for the preferential offering of which 227,935,981 Units were issued on 20 June 2018.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

	Note	1Q 2019 US\$'000	1Q 2018 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>				
Gross revenue		40,025	31,153	28.5
Property operating expenses		(14,941)	(11,503)	29.9
Net property income		25,084	19,650	27.7
Interest income		65	2	>100
Manager's base fee	a	(1,934)	(1,563)	23.7
Trustee's fee		(63)	(53)	18.9
Other trust expenses	b	(568)	(493)	15.2
Finance expenses	c	(5,831)	(3,730)	56.3
Net income before tax and fair value change in investment properties		16,753	13,813	21.3
Net fair value change in investment properties	d	(408)	(946)	(56.9)
Net income for the period before tax		16,345	12,867	27.0
Tax expense	e	(2,621)	(1,333)	96.6
Net income for the period		13,724	11,534	19.0
<u>Distribution Statement</u>				
Net income for the period		13,724	11,534	19.0
Distribution adjustments	f	5,619	4,099	37.1
Income available for distribution to Unitholders		19,343	15,633	23.7

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 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 base fee for 1Q 2019 will be fully paid in the form of Units.

b. Other trust expenses

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

c. Finance expenses

Finance expenses comprise of the following:

	1Q 2019 US\$'000	1Q 2018 US\$'000	Change %
Interest expense on loans and borrowings	5,504	3,274	68.1
Amortisation of upfront debt-related transaction costs ⁽¹⁾	310	221	40.3
Dividends on preferred units	4	4	-
Redemption of preferred units ⁽²⁾	-	218	N.M.
Commitment fees	13	13	-
Finance expenses	5,831	3,730	56.3

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 as part of restructuring required to address the effect of new U.S. tax rules.

d. Net fair value change in investment properties

Property appraisals are carried out on a semi-annual basis by independent valuers. In 1Q 2019, the properties were recorded at carrying value comprising of fair value based on 31 December 2018 appraisals plus capitalisation of capital expenditures and leasing costs (including tenant improvement allowances). The change in fair value recorded in 1Q 2019 largely relates to straight line rent accounting adjustments.

e. Tax expense

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

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

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

f. Distribution adjustments

	1Q 2019 US\$'000	1Q 2018 US\$'000	Change %
Property related non-cash items ⁽¹⁾	(408)	(946)	(56.9)
Amortisation of upfront debt-related transaction costs ⁽²⁾	310	221	40.3
Manager's base fee paid/payable in Units	1,934	1,563	23.7
Property Manager's management fee paid/payable in Units	968	758	27.7
Trustee's fee	63	53	18.9
Net fair value change in investment properties	408	946	(56.9)
Deferred tax expense	2,336	1,014	>100
Redemption of preferred units	-	218	N.M.
Other items ⁽³⁾	8	272 ⁽⁴⁾	(97.1)
Distribution adjustments	5,619	4,099	37.1

N.M.: Not meaningful

Footnotes:

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

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

	Note	Group		Trust	
		As at 31 Mar 2019 US\$'000	As at 31 Dec 2018 US\$'000	As at 31 Mar 2019 US\$'000	As at 31 Dec 2018 US\$'000
Current assets					
Cash and cash equivalents		32,161	54,093	4,654	4,224
Prepaid expenses		732	998	12	8
Trade and other receivables		8,116	9,074	1,893	25,105
		41,009	64,165	6,559	29,337
Non-current assets					
Investment properties	a	1,753,004	1,738,700	-	-
Investment in subsidiaries		-	-	905,800	921,048
		1,753,004	1,738,700	905,800	921,048
Total assets		1,794,013	1,802,865	912,359	950,385
Current liabilities					
Trade and other payables		22,540	16,826	1,020	802
Loans and borrowings	b	109,940	109,889	-	-
Security deposits		364	489	-	-
Rent received in advance		3,588	1,662	-	-
		136,432	128,866	1,020	802
Non-current liabilities					
Loans and borrowings		560,542	557,311	-	-
Security deposits		1,808	1,619	-	-
Preferred units		102	102	-	-
Deferred tax liabilities		53,240	50,904	-	-
		615,692	609,936	-	-
Total liabilities		752,124	738,802	1,020	802
Net assets attributable to Unitholders		1,041,889	1,064,063	911,339	949,583
Represented by:					
Unitholders' funds		1,041,889	1,064,063	911,339	949,583
Net assets attributable to Unitholders		1,041,889	1,064,063	911,339	949,583

Notes to Consolidated Statements of Financial Position

a. Investment properties

Investment properties are stated at fair value based on 31 December 2018 appraisals conducted by Colliers International Valuation and Advisory Services, LLC and after capitalisation of capital expenditures and leasing costs (including tenant improvement allowances).

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

b. Loans and borrowings

The Group is in a net current liabilities position due to the mortgage loan facility related to Figueroa property which is maturing in second half of 2019. The Group currently has the option to exercise the 1-year extension under the existing loan arrangements and the ability to issue unsecured senior notes under the US\$1 billion Multicurrency Debt Issuance Programme. 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

	Group	
	As at 31 Mar 2019 US\$'000	As at 31 Dec 2018 US\$'000
<u>Secured loans and borrowings</u>		
Amount repayable in one year or less ⁽¹⁾	110,000	110,000
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(60)	(111)
	109,940	109,889
Amount repayable after one year ⁽³⁾	563,772	560,800
Less: Unamortised upfront debt-related transaction costs ⁽²⁾	(3,230)	(3,489)
	560,542	557,311
Total secured loans and borrowings	670,482	667,200

Footnotes:

- (1) US\$110.0 million comprises of initial loan of US\$108.0 million and US\$2.0 million of good news facilities drawn to fund capital expenditure and leasing costs. This mortgage loan facility is maturing in the second half of 2019.
- (2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- (3) Includes US\$553.6 million (2018: US\$553.6 million) of initial funding and US\$10.2 million (2018: US\$7.2 million) of good news facilities drawn to fund capital expenditure and leasing costs.

Details of loans and borrowings, and collaterals

1. Property Financing

As at 31 March 2019, Manulife US REIT has loan facilities of US\$747.4 million consisting of US\$661.6 million initially drawdown to fund properties acquired, as well as good news facilities of up to US\$85.8 million ("Mortgage Facilities") to fund future capital expenditures and leasing costs. Of the Mortgage Facilities of US\$747.4 million, the total amount drawn as at 31 March 2019 was US\$673.8 million. The drawn Mortgage Facilities of US\$673.8 million comprise of US\$661.6 million initially drawdown to fund properties acquired and US\$12.2 million good news facilities drawn to fund capital expenditures and leasing costs. As at 31 March 2019, there are US\$73.6 million of undrawn good news facilities.

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

As at 31 March 2019, Manulife US REIT has a committed US\$10.0 million revolving credit facility with DBS Bank Ltd. ("US\$10.0 million Revolving Credit Facility") and a separate 1-year 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 "Revolving Credit Facilities").

There are no amounts outstanding on the Revolving Credit Facilities as at 31 March 2019.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

In addition:

- (i) the US\$10.0 million Revolving Credit Facility is secured by an assignment of all inter-company loans from Beta and MUSREIT (Barbados) 1 LP ("Barbados LP1") to any other subsidiaries of Manulife US REIT; and
- (ii) the US\$200.0 million Revolving Credit Facility is secured by the shares of Manulife US REIT's wholly owned subsidiary, Manulife US REIT Beta 2 (Singapore) Pte. Ltd. ("Beta 2"), Manulife US REIT Beta 3 (Singapore) Pte. Ltd. ("Beta 3") and all other direct subsidiaries wholly owned by Manulife US REIT from time to time, and an assignment of all inter-company loans from Beta 2, Barbados LP1, MUSREIT (Barbados) 2 LP, MUSREIT (Barbados) 3 LP and any future loan subsidiaries to any other subsidiaries of Manulife US REIT.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

1 (c) Consolidated Statement of Cash Flows

	Group	
	1Q 2019 US\$'000	1Q 2018 US\$'000
Cash flows from operating activities		
Net income for the period before tax	16,345	12,867
Adjustments for:		
Amortisation	(408)	(946)
Interest income	(65)	(2)
Finance expenses	5,831	3,730
Manager's base fee paid/payable in Units	1,934	1,563
Property Manager's management fee paid/payable in Units	968	758
Net fair value change in investment properties	408	946
Unrealised transaction gains effect of foreign exchange	(11)	(39)
Operating income before working capital changes	25,002	18,877
Changes in working capital:		
Trade and other receivables	958	2,383
Prepaid expenses	266	(443)
Trade and other payables	5,356	(2,383)
Security deposits	64	(12)
Rent received in advance	1,926	486
Cash from operating activities	33,572	18,908
Tax paid	(3)	(163)
Interest paid	(5,439)	(3,312)
Net cash from operating activities	28,130	15,433
Cash flows from investing activities		
Payment for capital expenditure and other costs related to investment properties	(14,304)	(2,580)
Interest received	65	2
Net cash used in investing activities	(14,239)	(2,578)
Cash flows from financing activities		
Redemption of preferred units	-	(687)
Proceeds from loans and borrowings	2,972	-
Distributions to Unitholders	(38,800)	(26,567)
Net cash used in financing activities	(35,828)	(27,254)
Net decrease in cash and cash equivalents	(21,937)	(14,399)
Cash and cash equivalents at beginning of the period	54,093	49,674
Effect of exchange rate fluctuations on cash held in foreign currency	5	14
Cash and cash equivalents at the end of the period	32,161	35,289

Notes to Consolidated Statement of Cash Flows

- a. This includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Michelson, Exchange, Figueroa and Peachtree.
- 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 in 1Q 2018 as part of restructuring required to address the effect of new U.S. tax rules.
- c. Proceeds from good news facilities used to fund leasing costs (including tenant improvement allowances).

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

Group	1Q 2019			1Q 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	942,270	121,793	1,064,063	765,004	87,102	852,106
Operations						
Net income for the period	-	13,724	13,724	-	11,534	11,534
Net increase in net assets resulting from operations	-	13,724	13,724	-	11,534	11,534
Unitholders' transactions						
Manager's base fee paid/payable in Units	1,934	-	1,934	1,563	-	1,563
Property Manager's management fees paid/payable in Units	968	-	968	758	-	758
Distributions	(16,209)	(22,591)	(38,800)	(12,611)	(13,956)	(26,567)
Net decrease in net assets resulting from Unitholders' transactions	(13,307)	(22,591)	(35,898)	(10,290)	(13,956)	(24,246)
At end of the period	928,963	112,926	1,041,889	754,714	84,680	839,394

Trust	1Q 2019			1Q 2018		
	Units in issue and to be issued	Retained earnings/ (Accumulated losses)	Total	Units in issue and to be issued	Retained earnings/ (Accumulated losses)	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At beginning of the period	942,270	7,313	949,583	765,004	6,299	771,303
Operations						
Net loss for the period	-	(2,346)	(2,346)	-	(1,905)	(1,905)
Net decrease in net assets resulting from operations	-	(2,346)	(2,346)	-	(1,905)	(1,905)
Unitholders' transactions						
Manager's base fee paid/payable in Units	1,934	-	1,934	1,563	-	1,563
Property Manager's management fees paid/payable in Units	968	-	968	758	-	758
Distributions	(16,209)	(22,591)	(38,800)	(12,611)	(13,956)	(26,567)
Net decrease in net assets resulting from Unitholders' transactions	(13,307)	(22,591)	(35,898)	(10,290)	(13,956)	(24,246)
At end of the period	928,963	(17,624)	911,339	754,714	(9,562)	745,152

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

	1Q 2019 Units	1Q 2018 Units
Units in issue:		
At beginning of the period	1,276,324,424	1,033,722,152
Manager's base fee paid in Units	2,603,759	1,585,034
Property Manager's management fees paid in Units	1,186,192	765,458
Total issued Units as at end of the period	1,280,114,375	1,036,072,644
Units to be issued:		
Manager's base fee payable in Units ⁽¹⁾	2,253,311	1,689,003
Property Manager's management fees payable in Units ⁽¹⁾	1,127,783	818,456
Total issuable Units as at end of the period	3,381,094	2,507,459
Total Units issued and to be issued as at end of the period	1,283,495,469	1,038,580,103

Footnotes:

- (1) There are 3,381,094 Units to be issued in satisfaction of the Manager's management fee and Property Manager's management fee for the 1Q 2019 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 March 2019 of US\$0.8585. Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 31 March 2019 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

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

Manulife US REIT did not hold any treasury units as at 31 March 2019 and 31 December 2018. The total number of issued Units in Manulife US REIT as at 31 March 2019 and 31 December 2018 were 1,280,114,375 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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.

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

The Group adopted the revised IFRS and interpretations that are effective for application from 1 January 2019. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period.

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

	1Q 2019	1Q 2018
EPU⁽¹⁾		
Weighted average number of Units in issue and issuable	1,277,751,640	1,044,908,368 ⁽³⁾
Basic and diluted EPU (cents) ⁽²⁾	1.07	1.10 ⁽³⁾
DPU⁽⁴⁾		
Number of Units in issue at end of the period	1,280,114,375	1,036,072,644
DPU (cents)	1.51	1.23 ⁽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 base fees and Property manager's management fees for the respective reporting periods.
- (2) The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue at the end of the respective reporting periods.
- (3) 1Q 2018 figures have been restated for the preferential offering, through which 227,935,981 Units were issued on 20 June 2018.
- (4) The computation of DPU is based on number of Units in issue as at end of the respective reporting periods.
- (5) 1Q 2018 DPU comprised of distributable income from 1 January 2018 to 31 March 2018 paid out with 1H2018 distribution based on 1,269,858,052 Units (including preferential offering).

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

	Group		Trust	
	As at 31 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019	As at 31 Dec 2018
Number of Units in issue and to be issued at end of the year	1,283,495,469	1,280,244,947	1,283,495,469	1,280,244,947
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.81	0.83	0.71	0.74
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.80	0.80	0.69	0.71

Footnote:

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

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	1Q 2019 US\$'000	1Q 2018 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>			
Gross revenue	40,025	31,153	28.5
Property operating expenses	(14,941)	(11,503)	29.9
Net property income	25,084	19,650	27.7
Interest income	65	2	>100
Manager's base fee	(1,934)	(1,563)	23.7
Trustee's fee	(63)	(53)	18.9
Other trust expenses	(568)	(493)	15.2
Finance expenses	(5,831)	(3,730)	56.3
Net income before tax and fair value change in investment properties	16,753	13,813	21.3
Net fair value change in investment properties	(408)	(946)	(56.9)
Net income for the period before tax	16,345	12,867	27.0
Tax expense	(2,621)	(1,333)	96.6
Net income for the period	13,724	11,534	19.0
<u>Distribution Statement</u>			
Net income for the period	13,724	11,534	19.0
Distribution adjustments	5,619	4,099	37.1
Income available for distribution to Unitholders	19,343	15,633	23.7

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

1Q 2019 vs 1Q 2018

Gross revenue of US\$40.0 million was 28.5% higher than 1Q 2018 largely due to revenue contribution from Penn and Phipps properties acquired in June 2018.

Property operating expenses of US\$14.9 million also correspondingly increased by 29.9% due to incremental property expenses from Penn and Phipps properties.

Accordingly, net property income of US\$25.1 million was 27.7% higher than 1Q 2018.

Finance expenses of US\$5.8 million also increased mainly due to incremental borrowings secured to partially fund the Penn and Phipps properties.

The tax expense was higher than 1Q 2018 largely due to deferred tax expense arising on Penn and Phipps properties acquired last year, and temporary differences between accounting and tax base on remaining properties.

Net income of US\$13.7 million was higher than 1Q 2018 largely due to higher net property income, partially offset by higher finance expenses and higher deferred tax expense.

Distributable income of US\$19.3 million was 23.7% higher than 1Q 2018 largely due to higher net property income, partially offset by higher finance expenses.

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

Not applicable.

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

Market Outlook

On 28 March 2019, the U.S. reported an annualised real GDP growth rate of 2.2% for the fourth quarter of 2018 compared to 3.4% for the third quarter of 2018. The lower growth rate in the fourth quarter of 2018 was a result of lower spending by consumers and state and local governments, as well as reduced business investment. The U.S. unemployment rate decreased 0.1% from the previous quarter to 3.8% in March 2019. The U.S. economy generated 196,000 non-farm jobs in March 2019, primarily in health care and in professional and technical services. During the first quarter of 2019, over 540,000 jobs were created.

Some slowdown was expected since the impact of tax cut stimulus has largely played out and the Federal Reserve's move to raise interest rates last year has started to impact households as well as businesses. However, U.S. economic fundamentals remain solid driven by a productive workforce, flexible labor system and a leading technology sector. Also, the possible easing of trade tensions with China could benefit growth during the year.

The Federal Reserve (Fed) held the Federal Funds rate steady in March 2019, following four increases in 2018. Rates are now expected to remain stable in 2019 as the Central bank has signaled its intent to be patient in light of reduced expectations in GDP growth and inflation and a potentially higher unemployment rate outlook.

Office absorption during the first quarter of 2019 remained strong with JLL (JLL United States Office Outlook Q1 2019) reporting absorption of 14.0 million square feet in the period, despite skilled talent shortages and rightsizing. The nation's vacancy rate decreased slightly to 14.7% at the quarter ended 31 March 2019. Leasing activity continues to be robust across the top three sectors of Coworking, Technology, and Finance and Insurance, with several very large leases occurring in the quarter. Rents increased 2.9% over the last twelve months, however concession packages are showing no signs of deceleration due to greater competition between landlords.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

With a committed occupancy of 97.4% and a weighted average lease expiry of 6.0 years by net lettable area as at 31 March 2019, the portfolio is well positioned. The Manager continues to be focused on asset, lease and capital management, in addition to its commitment to sustaining and enhancing environmental, social and governance (ESG) initiatives, and will be selectively seeking investment opportunities that deliver long term value to Unitholders.

Tax

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

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

Manulife US REIT cautions that the Proposed 267A Regulations are still in proposed form. Final regulations under Section 267A, expected to be effective for our 2018 taxable year, could differ materially from the Proposed 267A Regulations and could result in additional costs. The United States Department of the Treasury has stated that it expects final regulations under Section 267A to be promulgated by 22 June 2019. Further, 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 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?	No
---	----

(b) Corresponding period of the immediately preceding financial period

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

(c) Date payable	Not applicable
-------------------------	----------------

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

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

No distribution for the current financial period was declared. Manulife US REIT makes distributions to Unitholders on a semi-annual basis.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

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

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

The Board of Directors of Manulife US Real Estate Management Pte. Ltd. (as manager of Manulife US Real Estate Investment Trust) (the “Manager”) hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited first quarter financial results of Manulife US REIT for the first quarter ended 31 March 2019, to be false or misleading, in any material aspect.

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

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

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

Hsieh Tsun Yan
Director

Ho Chew Thim
Director

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the First Quarter Ended 31 March 2019

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

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

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

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

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

By Order of the Board

Victor Lai Kuan Loong
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
25 April 2019