
MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

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
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 Asset per Unit	13
8	Review of the Performance	14 - 15
9	Variance between Actual and Projection	15
10	Outlook and Prospects	15
11 & 12	Distribution	16 - 17
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
16	Additional information required pursuant to Rule 706A of the Listing Manual	17
17	Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix	18

MANULIFE US REAL ESTATE INVESTMENT TRUST

Unaudited Financial Statements Announcement

For the Half Year Ended 30 June 2021

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 January 2021 to 30 June 2021 (“**1H 2021**”).

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 Ended 30 June 2021

SUMMARY OF MANULIFE US REIT GROUP RESULTS

	1H 2021 US\$'000	1H 2020 US\$'000	Change %
Gross Revenue ⁽¹⁾	90,799	98,630	(7.9)
Net Property Income ⁽²⁾	56,069	62,173	(9.8)
Net Income/(Loss) for the period ⁽³⁾	6,703	(35,616)	N.M.
Income Available for Distribution to Unitholders ⁽⁴⁾	42,990	47,978	(10.4)
DPU ⁽⁴⁾ (cents)	2.70	3.05	(11.5)

N.M.: Not meaningful

Footnotes:

- (1) Gross revenue of US\$90.8 million for 1H 2021 was lower by 7.9%, largely due to lower rental income from Michelson, Centerpointe and Capitol arising from higher vacancies, rent abatements provided to tenants affected by COVID-19, and lower portfolio carpark income.
- (2) Net property income of US\$56.1 million was lower by 9.8%, mainly due to lower gross revenue, partially offset by net reversal of provision for expected credit losses.
- (3) Net income of US\$6.7 million for 1H 2021, compared to net loss of US\$35.6 million for 1H 2020, was primarily due to lower net fair value loss on investment properties.
- (4) Income available for distribution to Unitholders and DPU for 1H 2021 was lower by 10.4% and 11.5% respectively, mainly due to lower net property income.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

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

	Note	1H 2021 US\$'000	1H 2020 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>				
Gross revenue		90,799	98,630	(7.9)
Property operating expenses	a	(34,730)	(36,457)	(4.7)
Net property income		56,069	62,173	(9.8)
Interest income		18	137	(86.9)
Manager's base fee	b	(4,299)	(4,797)	(10.4)
Trustee's fee		(141)	(144)	(2.1)
Other trust expenses	c	(1,302)	(1,704)	(23.6)
Finance expenses	d	(14,673)	(14,810)	(0.9)
Net income before tax and fair value changes		35,672	40,855	(12.7)
Net fair value change in derivatives	e	4,207	(14,092)	N.M.
Net fair value change in investment properties	f	(37,304)	(77,340)	(51.8)
Net income/(loss) for the period before tax		2,575	(50,577)	N.M.
Tax income	g	4,128	14,961	(72.4)
Net income/(loss) for the period		6,703	(35,616)	N.M.
<u>Distribution Statement</u>				
Net income/(loss) for the period		6,703	(35,616)	N.M.
Distribution adjustments	h	36,287	83,594	(56.6)
Income available for distribution to Unitholders		42,990	47,978	(10.4)

N.M.: Not meaningful

Notes to Consolidated Statement of Comprehensive Income and Distribution Statement

a. Property operating expenses

Property operating expenses for 1H 2021 include reversal of provision for expected credit losses ("ECL") of US\$2.8 million due to subsequent collections from tenants, partially offset by additional provision for ECL on trade receivables of US\$0.7 million. The additional provision for ECL was mainly in relation to tenants from food services trade sector.

b. Manager's base fees

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 1H 2021.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

c. Other trust expenses

Other trust expenses consist of audit, tax compliance and other expenses. Other trust expenses have decreased compared to 1H 2020 mainly due to the absence of fees incurred in relation to the restructuring pursuant to U.S. tax regulations which was completed in April 2020.

d. Finance expenses

Finance expenses comprise of the following:

	1H 2021	1H 2020	Change
	US\$'000	US\$'000	%
Interest expense on loans and borrowings	13,483	13,854	(2.7)
Amortisation of upfront debt-related transaction costs ⁽¹⁾	916	815	12.4
Dividends on preferred units ⁽²⁾	67	8	>100
Redemption of preferred units ⁽²⁾	23	-	N.M.
Commitment and financing fees ⁽³⁾	184	133	38.3
Finance expenses	14,673	14,810	(0.9)

N.M.: Not meaningful

Footnotes:

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

(2) 1H 2021 dividends on preferred units comprises mainly of dividends on 115 preferred shares issued by each of Hancock S-REIT LA Corp., Hancock S-REIT Irvine Corp., Hancock SREIT ATL LLC, Hancock S-REIT SECA LLC, Hancock S-REIT JCITY LLC, Hancock SREIT DC 1750 LLC, Hancock S-REIT ATL Phipps LLC, Hancock S-REIT Centerpointe LLC and Hancock S-REIT Sacramento LLC (collectively, the "U.S. Sub-REITs"), and Hancock S-REIT Parent Corp ("Parent U.S. REIT") on 7 January 2021, further to the restructuring in connection with the finalisation of certain U.S. tax regulations. 1H 2020 dividends on preferred units relates to dividends on 125 preferred shares issued by the Parent U.S. REIT, which had been redeemed on 7 January 2021.

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

e. Net fair value change in derivatives

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

f. Net fair value change in investment properties

Manulife US REIT obtains independent appraisals on a semi-annual basis. The investment properties are measured at cost, including 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 30 June 2021 appraisals.

The net fair value loss in 1H 2021 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. Net fair value change in investment properties has no impact on the distributable income to the Unitholders.

g. Tax income

Tax income consists of current tax expense and deferred tax income. Current tax expense comprises mainly of withholding tax and income tax paid or payable. There was no income tax in Barbados for 1H 2021.

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 1H 2021 was mainly arising from net fair value loss in investment properties, partially offset by deferred tax expense from tax depreciation.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

h. Distribution adjustments

	1H 2021	1H 2020	Change
	US\$'000	US\$'000	%
Property related non-cash items ⁽¹⁾	39	(696)	N.M.
Amortisation of upfront debt-related transaction costs ⁽²⁾	916	815	12.4
Manager's base fee paid/payable in Units	4,299	4,797	(10.4)
Property Manager's management fee paid/payable in Units	2,234	2,437	(8.3)
Trustee's fee	141	144	(2.1)
Net fair value change in derivatives	(4,207)	14,092	N.M.
Net fair value change in investment properties	37,304	77,340	(51.8)
Deferred tax income	(4,254)	(15,672)	(72.9)
Other items ⁽³⁾	(185)	337	N.M.
Distribution adjustments	36,287	83,594	(56.6)

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 Ended 30 June 2021

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

	Note	Group		Trust	
		As at 30 Jun 2021 US\$'000	As at 31 Dec 2020 US\$'000	As at 30 Jun 2021 US\$'000	As at 31 Dec 2020 US\$'000
Current assets					
Cash and cash equivalents		102,068	86,674	8,844	3,442
Prepayment		274	1,658	99	75
Trade and other receivables	a	3,318	6,927	38,523	37,687
		105,660	95,259	47,466	41,204
Non-current assets					
Investment properties	b	1,970,600	1,992,800	-	-
Investment in subsidiaries		-	-	1,638,473	1,423,009
Financial derivatives	c	1,496	-	1,496	-
Deferred tax assets	d	3,479	-	-	-
		1,975,575	1,992,800	1,639,969	1,423,009
Total assets		2,081,235	2,088,059	1,687,435	1,464,213
Current liabilities					
Trade and other payables		21,621	18,099	2,999	2,311
Loans and borrowings		-	233,584	-	17,300
Security deposits		190	229	-	-
Rent received in advance		8,571	6,649	-	-
		30,382	258,561	2,999	19,611
Non-current liabilities					
Loans and borrowings		870,546	618,703	569,196	320,142
Financial derivatives	c	10,274	12,985	10,274	12,985
Security deposits		3,574	3,537	-	-
Preferred units		825	102	-	-
Deferred tax liabilities		35,508	36,283	-	-
		920,727	671,610	579,470	333,127
Total liabilities		951,109	930,171	582,469	352,738
Net assets attributable to Unitholders		1,130,126	1,157,888	1,104,966	1,111,475
Represented by:					
Unitholders' funds		1,130,126	1,157,888	1,104,966	1,111,475
Net assets attributable to Unitholders		1,130,126	1,157,888	1,104,966	1,111,475

Notes to Consolidated Statements of Financial Position

a. Trade and other receivables

The decrease in trade and other receivables was mainly due to higher collection rate from tenants.

b. Investment properties

Investment properties are stated at fair value based on appraisals conducted by CBRE, Inc. as at 30 June 2021 and 31 December 2020.

c. Financial derivatives

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

d. Deferred tax assets

Deferred tax assets arose from the fair value losses on certain investment properties.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

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

As at 30 June 2021, the Group had gross borrowings of US\$875.2 million comprising of (i) US\$302.2 million drawn from property-level mortgage facilities, and (ii) US\$573.0 million drawn from Trust-level credit facilities.

The average interest rate on borrowings as at 30 June 2021 was 2.99% and aggregate leverage was 42.1%. 96.3% of the gross borrowings had fixed interest rates, which reduces short-term cash flow volatility from floating interest rate movements. As at 30 June 2021, the interest coverage ratio was 3.3 times (2020: 3.5 times).

66.7% of the Group's properties (based on appraised values) are unencumbered. The Group has unutilised committed facilities of US\$121.9 million and an uncommitted facility of US\$200.0 million to provide bridge financing for acquisitions.

As at 30 June 2021, the weighted average debt maturity is 3.2 years.

	Group	
	As at 30 Jun 2021 US\$'000	As at 31 Dec 2020 US\$'000
<u>Loans and borrowings</u>		
Current		
Secured loans ⁽¹⁾	-	233,800
Less: Unamortised transaction costs ⁽²⁾	-	(216)
	-	233,584
Non-current		
Secured loans ⁽³⁾	625,216	622,716
Unsecured loans ⁽³⁾	250,000	-
Less: Unamortised transaction costs ⁽²⁾	(4,670)	(4,013)
	870,546	618,703
Total loans and borrowings	870,546	852,287

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.
- These loans were refinanced in April 2021.
- (2) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- (3) Includes US\$843.1 million (2020: US\$593.1 million) of fixed rate borrowings and US\$32.1 million (2020: US\$29.6 million) of floating rate good news facilities.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

Details of loans and borrowings, and collaterals

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

Facilities	Note	As at 30 Jun 2021			As at 31 Dec 2020		
		Facility Available US\$'000	Drawn Down US\$'000	Un-drawn US\$'000	Facility Available US\$'000	Drawn Down US\$'000	Un-drawn US\$'000
Secured							
Mortgage facilities	a	324,100	302,216	21,884	548,527	516,216	32,311
Trust-level term loans	b	323,000	323,000	-	323,000	323,000	-
US\$50.0 million committed revolving credit facility (" First US\$50.0 million Committed RCF ")	b	50,000	-	50,000	50,000	-	50,000
US\$50.0 million committed revolving credit facility (" Second US\$50.0 million Committed RCF ")	c	50,000	-	50,000	50,000	17,300	32,700
US\$200.0 million uncommitted revolving credit facility	d	-	-	-	200,000	-	200,000
		747,100	625,216	121,884	1,171,527	856,516	315,011
Unsecured							
Trust-level term loan		250,000	250,000	-	-	-	-
US\$200.0 million uncommitted revolving credit facility		200,000	-	200,000	-	-	-
		450,000	250,000	200,000	-	-	-
Total		1,197,100	875,216	321,884	1,171,527	856,516	315,011

a. Mortgage Facilities

The mortgage facilities are secured by, amongst other collaterals, (i) a first mortgage on each of Plaza, Exchange 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 the First US\$50.0 Million Committed RCF

The trust-level term loans and the First US\$50.0 million Committed RCF 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. Second US\$50.0 Million Committed RCF

The Second US\$50.0 million Committed RCF 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\$200.0 Million Uncommitted Revolving Credit Facility

The facility expired in June 2021 and has been replaced with an unsecured uncommitted facility.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

1 (c) Consolidated Statement of Cash Flows

Note	1H 2021 US\$'000	1H 2020 US\$'000
Cash flows from operating activities		
	2,575	(50,577)
	Adjustments for:	
	39	(696)
	(2,087)	-
	(18)	(137)
	14,673	14,810
	4,299	4,797
	2,234	2,437
	(4,207)	14,092
	37,304	77,340
	48	34
	54,860	62,100
Changes in working capital:		
	5,696	(1,733)
	1,384	644
	-	1,381
	3,351	5,218
	(2)	586
	1,922	469
	67,211	68,665
	(115)	(1,207)
	(13,542)	(13,996)
	53,554	53,462
Cash flows from investing activities		
a	(15,230)	(16,144)
	18	137
	(15,212)	(16,007)
Cash flows from financing activities		
b	(325)	-
b	1,150	-
b	(125)	-
c	252,500	20,629
c	(233,800)	-
	(1,357)	-
	(40,998)	(22,746)
	(22,955)	(2,117)
	15,387	35,338
Cash and cash equivalents at beginning of the period		
	86,674	60,748
	7	(13)
	102,068	96,073

Notes to Consolidated Statement of Cash Flows

- For 1H 2021, this includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Plaza and Exchange. For 1H 2020, this includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Michelson, Peachtree and Exchange.
- On 7 January 2021, each of the U.S. Sub-REITs and the Parent U.S. REIT issued 115 new preferred shares at US\$1,000 per preferred share to persons who are unrelated to The Manufacturers Life Insurance Company and the Group, in order to meet one of the requirements for the U.S. REITs to qualify for taxation as a real estate investment trust for U.S. federal income tax purposes under the United States Internal Revenue Code of 1986, as amended. Immediately before the preferred shares were issued, all of the existing 125 units of preferred shares held by the Parent U.S. REIT had also been redeemed.
- The mortgage facilities related to Penn and Michelson were refinanced in April 2021 with credit facilities obtained by Manulife US REIT. 1H 2020 proceeds were mainly used to fund capital expenditure and leasing costs.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

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

Group	1H 2021			1H 2020		
	Units in issue and to be issued US\$'000	Retained earnings/ (Accumulated losses) US\$'000	Total US\$'000	Units in issue and to be issued US\$'000	Retained earnings US\$'000	Total US\$'000
At beginning of the period	1,138,312	19,576	1,157,888	1,148,319	109,859	1,258,178
Operations						
Net income/(loss) for the period	-	6,703	6,703	-	(35,616)	(35,616)
Net increase/(decrease) in net assets resulting from operations	-	6,703	6,703	-	(35,616)	(35,616)
Unitholders' transactions						
Manager's base fee paid/payable in Units	4,299	-	4,299	4,797	-	4,797
Property Manager's management fees paid/payable in Units	2,234	-	2,234	2,437	-	2,437
Distributions ⁽¹⁾	(6,965)	(34,033)	(40,998)	(7,059)	(15,687)	(22,746)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(432)	(34,033)	(34,465)	175	(15,687)	(15,512)
At end of the period	1,137,880	(7,754)	1,130,126	1,148,494	58,556	1,207,050

Trust	1H 2021			1H 2020		
	Units in issue and to be issued US\$'000	Accumulated losses US\$'000	Total US\$'000	Units in issue and to be issued US\$'000	Accumulated losses US\$'000	Total US\$'000
At beginning of the period	1,138,312	(26,837)	1,111,475	1,148,319	(14,385)	1,133,934
Operations						
Net income for the period	-	27,956	27,956	-	7,653	7,653
Net increase in net assets resulting from operations	-	27,956	27,956	-	7,653	7,653
Unitholders' transactions						
Manager's base fee paid/payable in Units	4,299	-	4,299	4,797	-	4,797
Property Manager's management fees paid/payable in Units	2,234	-	2,234	2,437	-	2,437
Distributions ⁽¹⁾	(6,965)	(34,033)	(40,998)	(7,059)	(15,687)	(22,746)
Net (decrease)/increase in net assets resulting from Unitholders' transactions	(432)	(34,033)	(34,465)	175	(15,687)	(15,512)
At end of the period	1,137,880	(32,914)	1,104,966	1,148,494	(22,419)	1,126,075

Footnotes:

- (1) For 1H 2021, the amount comprises the distribution paid to Unitholders for the period from 1 July 2020 to 31 December 2020. For 1H 2020, the amount comprises the distribution paid to Unitholders for the period from 30 September 2019 to 31 December 2019.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

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

	1H 2021 Units	1H 2020 Units
Units in issue:		
At beginning of the period	1,582,933,022	1,568,672,703
Manager's base fee paid in Units	5,507,455	2,250,000
Manager's performance fee paid in Units ⁽¹⁾	-	1,353,016
Property Manager's management fees paid in Units	3,220,468	1,183,370
Total issued Units as at end of the period	1,591,660,945	1,573,459,089
Units to be issued:		
Manager's base fee payable in Units ⁽²⁾	5,534,200	6,282,716
Property Manager's management fees payable in Units ⁽²⁾	2,875,544	3,191,217
Total issuable Units as at end of the period	8,409,744	9,473,933
Total Units issued and to be issued as at end of the period	1,600,070,689	1,582,933,022

Footnotes:

- (1) New Units were issued in 1H 2020 as payment for FY 2019 Manager's performance fee. There was no performance fee for FY 2020.
- (2) There are 8,409,744 Units to be issued in satisfaction of the Manager's base fee and Property Manager's management fee for 1H 2021 based on the volume weighted average price for the last 10 Business Days immediately preceding 30 June 2021 of US\$0.7768. Actual Units from payment of property management fees may be different as it will be based on the higher of (i) volume weighted average price for last 10 Business Days immediately preceding 30 June 2021 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

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

Manulife US REIT did not hold any treasury units as at 30 June 2021 and 31 December 2020. The total number of issued Units in Manulife US REIT as at 30 June 2021 and 31 December 2020 were 1,591,660,945 and 1,582,933,022 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 Half Year Ended 30 June 2021

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 2020 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 2021.

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 2021. 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")

	1H 2021	1H 2020
EPU⁽¹⁾		
Weighted average number of Units in issue and issuable	1,589,055,276	1,571,335,603
Basic and diluted EPU (cents) ⁽²⁾	0.42	(2.27)
DPU⁽³⁾		
Number of Units in issue at end of the period	1,591,660,945	1,573,459,089
DPU (cents)	2.70	3.05

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.

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

	Group		Trust	
	As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
Number of Units in issue and to be issued at end of period/year	1,600,070,689	1,591,660,945	1,600,070,689	1,591,660,945
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.71	0.73	0.69	0.70
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.68	0.70	0.66	0.67

Footnote:

- (1) NAV and NTA are the same as there is no intangible asset as at 30 June 2021 and 31 December 2020.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	1H 2021 US\$'000	1H 2020 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>			
Gross revenue	90,799	98,630	(7.9)
Property operating expenses	(34,730)	(36,457)	(4.7)
Net property income	56,069	62,173	(9.8)
Interest income	18	137	(86.9)
Manager's base fee	(4,299)	(4,797)	(10.4)
Trustee's fee	(141)	(144)	(2.1)
Other trust expenses	(1,302)	(1,704)	(23.6)
Finance expenses	(14,673)	(14,810)	(0.9)
Net income before tax and fair value changes	35,672	40,855	(12.7)
Net fair value change in derivatives	4,207	(14,092)	N.M.
Net fair value change in investment properties	(37,304)	(77,340)	(51.8)
Net income/(loss) for the period before tax	2,575	(50,577)	N.M.
Tax income	4,128	14,961	(72.4)
Net income/(loss) for the period	6,703	(35,616)	N.M.
<u>Distribution Statement</u>			
Net income/(loss) for the period	6,703	(35,616)	N.M.
Distribution adjustments	36,287	83,594	(56.6)
Income available for distribution to Unitholders	42,990	47,978	(10.4)

N.M.: Not meaningful

1H 2021 vs 1H 2020

Gross revenue for 1H 2021 was US\$90.8 million, a decrease of US\$7.8 million or 7.9% from 1H 2020. The decrease was mainly due to lower rental income from Michelson, Centerpointe and Capitol arising from higher vacancies, rent abatements provided to tenants affected by COVID-19, and lower portfolio carpark income.

Property operating expenses for 1H 2021 was US\$34.7 million, a decrease of US\$1.7 million or 4.7% from 1H 2020, mainly due to the net reversal of provision for expected credit losses of US\$2.1 million. As a result, the net property income for 1H 2021 was US\$56.1 million, a decrease of US\$6.1 million or 9.8% from 1H 2020.

Finance expenses for 1H 2021 was US\$14.7 million, a decrease of US\$0.1 million or 0.9% from 1H 2020, due to mortgage loans for Peachtree, Michelson and Penn being refinanced at lower interest rates in July 2020 and April 2021 respectively.

Net fair value gain on derivatives of US\$4.2 million recognised in 1H 2021 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\$37.3 million in 1H 2021 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

Tax income of US\$4.1 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 income of US\$6.7 million, compared to the net loss of US\$35.6 million in 1H 2020. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for 1H 2021 was US\$43.0 million, 10.4% lower than 1H 2020 largely due to lower net property income.

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 3.5% for the full-year 2020, Real GDP grew at annualised rate of 6.3% and 6.5% in Q1 and Q2 2021, respectively. The primary drivers of real GDP growth during Q2 were personal consumption expenditures, exports and state and local government spending.

As of 8 August 2021, U.S. has fully vaccinated 166.5 million people, equating to 50.1% of the total U.S. population. For people ages 12 or older, ~58% are fully vaccinated and ~68% have received one dose of vaccine. The 7-day moving average of daily new U.S. COVID-19 cases is 99,727, which is down 60.7% from the 7-day moving average peak of 254,060 cases reached on 10 January 2021.

Unemployment in the U.S. during 2020 peaked at 14.8% and declined to 6.7% by year-end 2020. The unemployment rate continued to decline during 2021 and as of 31 July 2021 stands at 5.4%. Despite the improvement, the unemployment rate is still above the pre-COVID-19 peak of 3.5%. The improvement in unemployment rate in July 2021 was most pronounced in the leisure and hospitality sectors.

According to JLL, the U.S. office leasing market experienced 34.7 million square feet of leasing volume during Q2 2021 which was a 28.7% increase over Q1 2021, but still represents a 41.6% decline relative to the pre-COVID-19 quarterly average. While overall activity continues to look weak relative to pre-COVID-19 levels, there are signs that the market is stabilizing and possibly improving as evidenced by average lease terms signed in Q2 2021 growing 4.2% to 7.4 years, the pace of negative net absorption slowing for two consecutive quarters and concession packages offered to tenants stabilising between Q1 and Q2 2021.

With committed occupancy of 91.7% and only 2.9% leases by NLA due over the remainder of 2021, the portfolio remains well positioned to weather any further uncertainty. 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.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

11. Distribution

(a) Current financial period

Any distribution declared for the current period? Yes – US 2.70 cents per Unit for the period from 1 January 2021 to 30 June 2021

Distribution period	1 January 2021 to 30 June 2021
Distribution type/rate	Distribution of US 2.70 cents per Unit comprising of two components: 1. Tax-exempt income: US 2.18 cents 2. Capital: US 0.52 cent (being 100% of Manulife US REIT's Distributable Income for the period)
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Manulife US REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Manulife US REIT Units for Singapore income tax purpose.
Date payable	27 September 2021
Book closure date	20 August 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 6 September 2021. To ensure the forms can be validated by 6 September 2021, Unitholders are reminded to submit the completed tax forms to Manulife US REIT's Unit Registrar – Boardroom Corporate & Advisory Services Pte Ltd by 30 August 2021.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

(b) Corresponding period of the immediately preceding financial period

Any distribution declared for the current period? Yes – US 3.05 cents per Unit for the period from 1 January 2020 to 30 June 2020

Distribution period	1 January 2020 to 30 June 2020
Distribution type/rate	Distribution of US 3.05 cents per Unit comprising of two components: 3. Tax-exempt income: US 1.99 cents 4. Capital: US 1.06 cents (being 100% of Manulife US REIT’s Distributable Income for the period)
Tax rate	Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. Capital distribution represents a return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Manulife US REIT Units, the amount of capital distribution will be applied to reduce the cost base of their Manulife US REIT Units for Singapore income tax purpose.

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

Not applicable.

13. If the Group has obtained 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 705(5) of the Listing Manual

The Board of Directors of Manulife US Real Estate Management Pte. Ltd. (as manager of Manulife US Real Estate Investment Trust) (the “Manager”) hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render the unaudited financial results of Manulife US REIT for the financial period ended 30 June 2021, 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.

16. Additional information required pursuant to Rule 706A of the Listing Manual

Establishment of wholly-owned subsidiary

Manulife US REIT Beta 9 (Singapore) Pte. Ltd., a wholly-owned subsidiary of Manulife US REIT, was incorporated on 18 February 2021 with a paid-up capital of US\$2.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year Ended 30 June 2021

17. 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 1H 2021:

- (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 30 June 2021.

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

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

Tan Ling Ling
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
12 August 2021