
MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Financial Statements Announcement
For the Half Year and Financial Year Ended 31 December 2021

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Introduction

Manulife US Real Estate Investment Trust (“**Manulife US REIT**” or the “**Group**”) is a Singapore real estate investment trust constituted by the Trust Deed dated 27 March 2015 (as amended and restated) between Manulife US Real Estate Management Pte. Ltd. as the Manager of Manulife US REIT (the “**Manager**”) and DBS Trustee Limited as the Trustee of Manulife US REIT (the “**Trustee**”).

Manulife US REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 20 May 2016 (the “**Listing Date**”). Manulife US REIT’s strategy is to invest, directly or indirectly, in a portfolio of income-producing office real estate in key markets in the United States of America (“**U.S.**” or “**United States**”), as well as real estate-related assets. Manulife US REIT’s key objectives are to provide unitholders of Manulife US REIT (“**Unitholders**”) with regular and stable distributions and to achieve long-term growth in distribution per unit (“**DPU**”) and net asset value (“**NAV**”) per Unit, while maintaining an appropriate capital structure for Manulife US REIT.

Manulife US REIT portfolio comprises of the following 12 office properties (the “**Properties**”) in the United States, with an aggregate net lettable area of 5.4 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;
- Capitol (acquired on 29 October 2019) is a 29-storey top Class A office building, located in Sacramento, California;
- Tanasbourne (acquired on 16 December 2021) is a 3-building office campus, located in Portland, Oregon;
- Park Place (acquired on 17 December 2021) is a 2-building office campus, located in Chandler, Arizona; and
- Diablo (acquired on 20 December 2021) is a 5-building office campus, located in Tempe, Arizona.

The most recent acquisitions in December 2021, Tanasbourne, Park Place and Diablo (the “**Acquisitions**”), were financed by a combination of debt financing and issuance of 154,084,000 new Units through a private placement. The private placement new Units were issued at a price of US\$0.649 per new Unit and raised gross proceeds of approximately US\$100.0 million (the “**Private Placement**”). These acquisitions increased the NLA by approximately 16.3% and provide diversification benefits to the portfolio.

Manulife US REIT is presenting its financial results for the financial period from 1 July 2021 to 31 December 2021 (“**2H 2021**”) and the financial year from 1 January 2021 to 31 December 2021 (“**FY 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.

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SUMMARY OF MANULIFE US REIT GROUP RESULTS

	2H 2021 US\$'000	2H 2020 US\$'000	Change %	FY 2021 US\$'000	FY 2020 US\$'000	Change %
Gross Revenue ⁽¹⁾	94,300	95,682	(1.4)	185,099	194,312	(4.7)
Net Property Income ⁽²⁾	53,478	53,664	(0.3)	109,547	115,837	(5.4)
Net Income/(Loss) for the period/year ⁽³⁾	32,710	(7,668)	N.M.	39,413	(43,284)	N.M.
Income Available for Distribution to Unitholders ⁽⁴⁾	42,609	40,989	4.0	85,599	88,967	(3.8)
DPU ⁽⁴⁾ (cents)	2.63	2.59	1.5	5.33	5.64	(5.5)

N.M.: Not meaningful

2H 2021 and FY 2021 Distribution Breakdown

On 9 December 2021, Manulife US REIT issued 154,084,000 new Units to partially fund the acquisitions of Tanasbourne, Park Place and Diablo. The Manager declared an advanced distribution for the period from 1 July 2021 to 8 December 2021 (the “**Advanced Distribution**”), being the day immediately prior to the date on which the new Units were issued. This was to ensure that the total amount available for distribution, accrued by Manulife US REIT up to the day immediately prior to the date on which the new Units were issued, was only distributed to the existing Unitholders.

	2H 2021			FY 2021		
	1 Jul 2021 to 8 Dec 2021	9 Dec 2021 to 31 Dec 2021	1 Jul 2021 to 31 Dec 2021	1 Jan 2021 to 8 Dec 2021	9 Dec 2021 to 31 Dec 2021	1 Jan 2021 to 31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Gross Revenue ⁽¹⁾	81,310	12,990	94,300	172,109	12,990	185,099
Net Property Income ⁽²⁾	46,384	7,094	53,478	102,453	7,094	109,547
Net Income/(Loss) for the period/year ⁽³⁾	36,910	(4,200)	32,710	43,613	(4,200)	39,413
Income Available for Distribution to Unitholders ⁽⁴⁾	36,921	5,688	42,609	79,911	5,688	85,599
DPU ⁽⁴⁾ (cents)	2.31	0.32	2.63	5.01	0.32	5.33

Footnotes:

- (1) Gross revenue of US\$94.3 million for 2H 2021 was lower than 2H 2020 by 1.4%, largely due to lower rental income arising from higher vacancies, partly offset by higher portfolio car park income as well as revenue contribution from the newly acquired properties in December 2021. Gross revenue of US\$185.1 million for FY 2021 was lower than FY 2020 by 4.7%, largely due to lower rental income arising from higher vacancies, higher rent abatements provided to tenants affected by COVID-19 and lower portfolio car park income, partially offset by revenue contribution from the newly acquired properties in December 2021.
- (2) Net property income of US\$53.5 million for 2H 2021 was lower than 2H 2020 by 0.3% mainly due to lower gross revenue, partially offset by lower provision for expected credit losses. Excluding the property related non-cash items which have no impact on distributable income, the cash net property income of US\$55.4 million for 2H 2021 was 3.2% higher than 2H 2020. Net property income of US\$109.5 million for FY 2021 was lower than FY 2020 by 5.4%, mainly due to lower gross revenue, partially offset by contribution from the newly acquired properties and net reversal of provision for expected credit losses.
- (3) Net income of US\$32.7 million for 2H 2021 and US\$39.4 million for FY 2021, compared to net loss of US\$7.7 million for 2H 2020 and US\$43.3 million for FY 2020, was primarily due to lower net fair value loss on investment properties.
- (4) Income available for distribution to Unitholders for 2H 2021 was higher by 4.0% mainly due to higher cash net property income, which translated to an increase of 1.5% in DPU after factoring in the enlarged unit base mainly due to the Private Placement. Income available for distribution for FY 2021 was lower by 3.8% mainly due to lower net property income. As a result, FY 2021 DPU was lower than FY 2020 by 5.5%.

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

	Note	2H 2021 US\$'000	2H 2020 US\$'000	Change %	FY 2021 US\$'000	FY 2020 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>							
Gross revenue		94,300	95,682	(1.4)	185,099	194,312	(4.7)
Property operating expenses	a	(40,822)	(42,018)	(2.8)	(75,552)	(78,475)	(3.7)
Net property income		53,478	53,664	(0.3)	109,547	115,837	(5.4)
Interest income		3	29	(89.7)	21	166	(87.3)
Manager's base fee	b	(4,261)	(4,100)	3.9	(8,560)	(8,897)	(3.8)
Trustee's fee		(143)	(144)	(0.7)	(284)	(288)	(1.4)
Other trust expenses	c	(1,192)	(942)	26.5	(2,494)	(2,646)	(5.7)
Finance expenses	d	(14,472)	(14,929)	(3.1)	(29,145)	(29,739)	(2.0)
Net income before tax and fair value changes		33,413	33,578	(0.5)	69,085	74,433	(7.2)
Net fair value change in derivatives	e	9,689	2,195	>100	13,896	(11,897)	N.M.
Net fair value change in investment properties	f	(5,119)	(51,179)	(90.0)	(42,423)	(128,519)	(67.0)
Net income/(loss) for the period/year before tax		37,983	(15,406)	N.M.	40,558	(65,983)	N.M.
Tax (expense)/income	g	(5,273)	7,738	N.M.	(1,145)	22,699	N.M.
Net income/(loss) for the period/year		32,710	(7,668)	N.M.	39,413	(43,284)	N.M.
<u>Distribution Statement</u>							
Net income/(loss) for the period/year		32,710	(7,668)	N.M.	39,413	(43,284)	N.M.
Distribution adjustments	h	9,899	48,657	(79.7)	46,186	132,251	(65.1)
Income available for distribution to Unitholders		42,609	40,989	4.0	85,599	88,967	(3.8)

N.M.: Not meaningful

Notes to Consolidated Statement of Comprehensive Income and Distribution Statement

a. Property operating expenses

Property operating expenses include net provision for expected credit losses ("ECL") of US\$0.3 million in 2H 2021, compared to the provision for ECL of US\$3.6 million in 2H 2020. For FY 2021, property operating expenses include a reversal of provision for ECL of US\$2.9 million due to subsequent collections from tenants, partially offset by additional provision for ECL on trade receivables of US\$1.2 million, compared to the provision for expected losses of US\$3.6 million in FY 2020.

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 2H 2021.

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c. Other trust expenses

Other trust expenses consist of audit, tax compliance and other expenses. Other trust expenses have increased compared to 2H 2020 mainly due to higher distribution costs incurred in relation to the Advanced Distribution and additional administrative and professional fees arising from the newly acquired properties. Other trust expenses for FY 2021 were US\$0.2 million lower compared to FY 2020 mainly due to one-off fees incurred in FY 2020 in relation to the restructuring pursuant to the U.S. tax regulations which was completed in April 2020. These were partially offset by higher distribution costs incurred in relation to the Advanced Distribution and additional administrative and professional fees arising from the newly acquired properties.

d. Finance expenses

Finance expenses comprise of the following:

	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest expense on loans and borrowings	13,407	13,870	(3.3)	26,890	27,724	(3.0)
Amortisation of upfront debt-related transaction costs ⁽¹⁾	795	874	(9.0)	1,711	1,689	1.3
Dividends on preferred units ⁽²⁾	69	8	>100	136	16	>100
Redemption of preferred units ⁽²⁾	-	-	N.M.	23	-	N.M.
Commitment and financing fees ⁽³⁾	201	177	13.6	385	310	24.2
Finance expenses	14,472	14,929	(3.1)	29,145	29,739	(2.0)

N.M.: Not meaningful

Footnotes:

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

(2) 2H 2021 and FY 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. 2H 2020 and FY 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 31 December 2021 appraisals, except for Tanasbourne, Park Place and Diablo, which are carried at fair values based on appraisals obtained in November 2021 as part of the Acquisitions.

The fair value of the existing properties as at 31 December 2021 was higher than the fair value of the properties as at 30 June 2021, mainly due to the appraiser factoring in higher market rent, partially offset by higher leasing cost assumptions. After adjusting for capital expenditure and other costs related to investment properties, there was a resulting net fair value loss on investment properties in 2H 2021.

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The net fair value loss in FY 2021 was largely due to the appraiser factoring in higher vacancies and higher leasing costs assumptions, 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 (expense)/income

Tax expense consists of current tax expense and deferred tax expense. Current tax expense comprises mainly of withholding tax and income tax paid or payable. There was no income tax in Barbados for FY 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 expense in 2H 2021 was mainly arising from tax depreciation. Deferred tax expense in FY 2021 was mainly due to deferred tax expense from tax depreciation, partially offset by deferred tax income arising from net fair value loss in investment properties

h. Distribution adjustments

	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Property related non-cash items ⁽¹⁾	1,893	12	>100	1,932	(684)	N.M.
Amortisation of upfront debt-related transaction costs ⁽²⁾	795	874	(9.0)	1,711	1,689	1.3
Manager's base fee paid/payable in Units	4,261	4,100	3.9	8,560	8,897	(3.8)
Property Manager's management fee paid/payable in Units	2,361	2,397	(1.5)	4,595	4,834	(4.9)
Trustee's fee	143	144	(0.7)	284	288	(1.4)
Net fair value change in derivatives	(9,689)	(2,195)	>100	(13,896)	11,897	N.M.
Net fair value change in investment properties	5,119	51,179	(90.0)	42,423	128,519	(67.0)
Deferred tax expense/(income)	5,232	(7,758)	N.M.	978	(23,430)	N.M.
Other items ⁽³⁾	(216)	(96)	>100	(401)	241	N.M.
Distribution adjustments	9,899	48,657	(79.7)	46,186	132,251	(65.1)

N.M.: Not meaningful

Footnotes:

(1) This includes straight line rent adjustments, amortisation of tenant improvement allowances and 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.

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

	Note	Group		Trust	
		As at 31 Dec 2021 US\$'000	As at 31 Dec 2020 US\$'000	As at 31 Dec 2021 US\$'000	As at 31 Dec 2020 US\$'000
Current assets					
Cash and cash equivalents		78,581	86,674	6,927	3,442
Prepayment		1,444	1,658	79	75
Trade and other receivables		5,550	6,927	39,993	37,687
		85,575	95,259	46,999	41,204
Non-current assets					
Investment properties	a	2,184,400	1,992,800	-	-
Investment in subsidiaries		-	-	1,839,890	1,423,009
Financial derivatives	b	5,653	-	5,653	-
		2,190,053	1,992,800	1,845,543	1,423,009
Total assets		2,275,628	2,088,059	1,892,542	1,464,213
Current liabilities					
Trade and other payables	c	58,769	18,099	40,710	2,311
Loans and borrowings	d	296,643	233,584	114,800	17,300
Security deposits		230	229	-	-
Rent received in advance		8,019	6,649	-	-
		363,661	258,561	155,510	19,611
Non-current liabilities					
Trade and other payables	c	2,898	-	-	-
Loans and borrowings		674,650	618,703	569,842	320,142
Financial derivatives	b	4,742	12,985	4,742	12,985
Security deposits		3,875	3,537	-	-
Preferred units		825	102	-	-
Deferred tax liabilities		37,261	36,283	-	-
		724,251	671,610	574,584	333,127
Total liabilities		1,087,912	930,171	730,094	352,738
Net assets attributable to Unitholders		1,187,716	1,157,888	1,162,448	1,111,475
Represented by:					
Unitholders' funds		1,187,716	1,157,888	1,162,448	1,111,475
Net assets attributable to Unitholders		1,187,716	1,157,888	1,162,448	1,111,475

Notes to Consolidated Statements of Financial Position

a. Investment properties

As at 31 December 2021 and 31 December 2020, investment properties, except for Tanasbourne, Park Place and Diablo, are stated at fair value based on appraisals conducted by CBRE, Inc. The increase in investment properties is mainly due to the acquisitions of the 3 properties, namely Tanasbourne, Park Place and Diablo, which are stated at fair value are based on appraisals conducted by Jones Lang LaSalle Americas, Inc. in November 2021 as part of the Acquisitions.

b. Financial derivatives

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

c. Trade and other payables

Current trade and other payables includes distribution payable as at 31 December 2021 for the Advanced Distribution announced on 1 December 2021. Non-current trade and other payables relates to fees received in relation to lease amendments for certain tenants to be amortised over the remaining lease term.

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d. Loans and borrowings

The Group is in a net current liability position mainly due to the mortgage loan facilities for Plaza and Exchange, which are maturing in August 2022 and October 2022 respectively, and the bridge financing drawn down to fund the Acquisitions which was refinanced with a Trust-level term loan of US\$90.0 million in January 2022. 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 2021, the Group had gross borrowings of US\$975.0 million comprising of (i) US\$287.2 million drawn from property-level mortgage facilities, and (ii) US\$687.8 million drawn from Trust-level credit facilities.

The average interest rate on borrowings as at 31 December 2021 was 2.82% and aggregate leverage was 42.8%. 86.5% of the gross borrowings had fixed interest rates, which reduces short-term cash flow volatility from floating interest rate movements. As at 31 December 2021, the interest coverage ratio was 3.4 times.

70.4% of the Group's properties (based on appraised values) are unencumbered. The Group has unutilised committed facilities of US\$204.6 million and unutilised uncommitted facility of US\$92.5 million to provide bridge financing for acquisitions.

As at 31 December 2021, the weighted average debt maturity is 2.4 years.

	Group	
	As at 31 Dec 2021 US\$'000	As at 31 Dec 2020 US\$'000
<u>Loans and borrowings</u>		
Current		
Secured loans	189,516 ⁽¹⁾	233,800 ⁽²⁾
Unsecured loans	107,500 ⁽¹⁾	-
Less: Unamortised transaction costs ⁽³⁾	(373)	(216)
	296,643	233,584
Non-current		
Secured loans ⁽⁴⁾	428,000	622,716
Unsecured loans ⁽⁴⁾	250,000	-
Less: Unamortised transaction costs ⁽³⁾	(3,350)	(4,013)
	674,650	618,703
Total loans and borrowings	971,293	852,287

Footnotes:

- (1) The amount as at 31 December 2021 comprises:
 - a. mortgage loan of US\$40.0 million drawn down in relation to Plaza;
 - b. mortgage loan of US\$142.2 million drawn down in relation to Exchange;
 - c. US\$114.8 million drawn down from Trust-level revolving credit facilities mainly to fund the Acquisitions, capital expenditure and leasing costs.
- (2) The amount as at 31 December 2020 comprises:
 - a. mortgage loan of US\$121.0 million drawn down in relation to Michelson;
 - b. mortgage loan of US\$95.5 million drawn down in relation to Penn; and
 - c. US\$17.3 million drawn down from Trust-level revolving credit facilities largely to fund capital expenditure and leasing costs.

The mortgage loans were refinanced in April 2021.
- (3) Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- (4) Includes US\$678.0 million of fixed rate borrowings (2020: US\$593.1 million of fixed rate borrowings and US\$29.6 million of floating rate good news facilities).

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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 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	309,100	287,216	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	7,300	42,700	50,000	17,300	32,700
US\$200.0 million uncommitted revolving credit facility	d	-	-	-	200,000	-	200,000
		732,100	617,516	114,584	1,171,527	856,516	315,011
Unsecured							
Trust-level term loan		340,000	250,000	90,000	-	-	-
US\$200.0 million uncommitted revolving credit facility	d	200,000	107,500	92,500	-	-	-
		540,000	357,500	182,500	-	-	-
Total		1,272,100	975,016	297,084	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 and uncommitted multi-currency revolving credit facility.

On 26 January 2022, Manulife US REIT and certain of its subsidiaries entered into deeds of release and discharge ("Deeds of Release and Discharge") with the security agent to release the security granted in respect of the Trust-level term loans, the First US\$50.0 Million Committed RCF and the Second US\$50.0 Million Committed RCF. Following the execution of the Deeds of Release and Discharge, these facilities are unsecured.

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1 (c) Consolidated Statement of Cash Flows

Note	2H 2021 US\$'000	2H 2020 US\$'000	FY 2021 US\$'000	FY 2020 US\$'000
Cash flows from operating activities				
Net income/(loss) for the period/year before tax	37,983	(15,406)	40,558	(65,983)
Adjustments for:				
Amortisation	1,893	12	1,932	(684)
Net change in provision for expected credit losses	344	3,598	(1,743)	3,598
Interest income	(3)	(29)	(21)	(166)
Finance expenses	14,472	14,929	29,145	29,739
Manager's base fee paid/payable in Units	4,261	4,100	8,560	8,897
Property Manager's management fee paid/payable in Units	2,361	2,397	4,595	4,834
Net fair value change in derivatives	(9,689)	(2,195)	(13,896)	11,897
Net fair value change in investment properties	5,119	51,179	42,423	128,519
Net unrealised foreign exchange losses/(gains)	3	(104)	51	(70)
Operating income before working capital changes	56,744	58,481	111,604	120,581
Changes in working capital:				
Trade and other receivables	(2,576)	(1,178)	3,120	(2,911)
Prepayment	(1,170)	(1,095)	214	(451)
Other asset	-	24	-	1,405
Trade and other payables	(1,901)	(14,426)	1,450	(9,208)
Security deposits	(63)	6	(65)	592
Rent received in advance	(552)	1,351	1,370	1,820
Cash from operating activities	50,482	43,163	117,693	111,828
Tax paid	(19)	(716)	(134)	(1,923)
Interest paid	(13,391)	(13,865)	(26,933)	(27,861)
Net cash from operating activities	37,072	28,582	90,626	82,044
Cash flows from investing activities				
Acquisition of investment properties and related assets and liabilities	(200,966)	-	(200,966)	-
Payment for capital expenditure and other costs related to investment properties	(14,751)	(8,030)	(29,981)	(24,174)
Interest received	3	29	21	166
Net cash used in investing activities	(215,714)	(8,001)	(230,926)	(24,008)
Cash flows from financing activities				
Proceeds from issuance of Units	100,001	-	100,001	-
Payment of transaction costs relating to issuance of Units	(1,806)	-	(1,806)	-
Proceeds from issuance of preferred units	-	-	1,150	-
Redemption of preferred units	-	-	(125)	-
Payment of transaction costs relating to preferred units	-	-	(325)	-
Proceeds from loans and borrowings	114,800	121,300	367,300	141,929
Repayment of loans and borrowings	(15,000)	(102,319)	(248,800)	(102,319)
Payment of transaction costs relating to loans and borrowings	152	(1,036)	(1,205)	(1,036)
Distributions paid to Unitholders	(42,975)	(47,991)	(83,973)	(70,737)
Net cash from/(used in) financing activities	155,172	(30,046)	132,217	(32,163)
Net (decrease)/increase in cash and cash equivalents	(23,470)	(9,465)	(8,083)	25,873
Cash and cash equivalents at beginning of the period/year	102,068	96,073	86,674	60,748
Effect of exchange rate fluctuations on cash held in foreign currency	(17)	66	(10)	53
Cash and cash equivalents at the end of the period/year	78,581	86,674	78,581	86,674

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Notes to Consolidated Statement of Cash Flows

- a. For FY 2021, this includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Michelson, Exchange and Centerpointe. For FY 2020, this includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Michelson, Peachtree, Plaza and Exchange.
- b. On 9 December 2021, an aggregate of 154,084,000 new Units were issued at US\$0.649 per Unit and amounted to approximately US\$100.0 million from the Private Placement announced on 30 November 2021. The use of proceeds raised from the Private Placement is in accordance with the stated uses as disclosed in the announcement made on 30 November 2021, and is set out below:

	Intended use of proceeds US\$ million	Actual use of proceeds US\$ million	Balance of proceeds US\$ million
To partially fund the Acquisitions	93.5	94.7	(1.2)
To pay the estimated fees and expenses in connection with the Acquisitions and the Private Placement	6.5	5.3	1.2
Total	100.0	100.0	-

Please refer to the announcements made on 17 December 2021, 18 December 2021 and 21 December 2021 on the completion of acquisition of Tanasbourne, Park Place and Diablo respectively and the use of proceeds.

- c. 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.
- d. The mortgage facilities related to Penn and Michelson were refinanced in April 2021 with credit facilities obtained by Manulife US REIT. FY 2021 proceeds from loans and borrowings comprise of US\$364.8 million loans drawn under the Trust-level credit facilities and US\$2.5 million drawn from good news facilities. These proceeds were used to partially fund the Acquisitions, refinance the mortgage facilities related to Penn and Michelson, as well as capital expenditures and leasing costs of existing properties. 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, mainly to refinance the mortgage facilities related to Peachtree and to fund capital expenditures and leasing costs.

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

Group	2H 2021			2H 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	Retained earnings US\$'000	Total US\$'000
At beginning of the period	1,137,880	(7,754)	1,130,126	1,148,494	58,556	1,207,050
Operations						
Net income/(loss) for the period	-	32,710	32,710	-	(7,668)	(7,668)
Net increase/(decrease) in net assets resulting from operations	-	32,710	32,710	-	(7,668)	(7,668)
Unitholders' transactions						
New Units issued ⁽¹⁾	100,001	-	100,001	-	-	-
Issuance costs ⁽²⁾	(1,806)	-	(1,806)	-	-	-
Manager's base fee paid/payable in Units	4,261	-	4,261	4,100	-	4,100
Property Manager's management fees paid/payable in Units	2,361	-	2,361	2,397	-	2,397
Distributions ⁽³⁾	(14,197)	(65,740)	(79,937)	(16,679)	(31,312)	(47,991)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	90,620	(65,740)	24,880	(10,182)	(31,312)	(41,494)
At end of the period	1,228,500	(40,784)	1,187,716	1,138,312	19,576	1,157,888

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	2H 2021			2H 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
Trust						
At beginning of the period	1,137,880	(32,914)	1,104,966	1,148,494	(22,419)	1,126,075
Operations						
Net income for the period	-	32,602	32,602	-	26,894	26,894
Net increase in net assets resulting from operations	-	32,602	32,602	-	26,894	26,894
Unitholders' transactions						
New Units issued ⁽¹⁾	100,001	-	100,001	-	-	-
Issuance costs ⁽²⁾	(1,806)	-	(1,806)	-	-	-
Manager's base fee paid/payable in Units	4,261	-	4,261	4,100	-	4,100
Property Manager's management fees paid/payable in Units	2,361	-	2,361	2,397	-	2,397
Distributions ⁽³⁾	(14,197)	(65,740)	(79,937)	(16,679)	(31,312)	(47,991)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	90,620	(65,740)	24,880	(10,182)	(31,312)	(41,494)
At end of the period	1,228,500	(66,052)	1,162,448	1,138,312	(26,837)	1,111,475

Footnotes:

- (1) On 9 December 2021, 154,084,000 new Units were issued in relation to the Private Placement.
(2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the Private Placement.
(3) For 2H 2021, the amount comprises the distribution paid to Unitholders for the period from 1 January 2021 to 30 June 2021, and the Advanced Distribution payable to Unitholders for the period from 1 July 2021 to 8 December 2021. For 2H 2020, the amount comprises the distribution paid to Unitholders for the period from 1 January 2020 to 30 June 2020.

	FY 2021			FY 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
Group						
At beginning of the year	1,138,312	19,576	1,157,888	1,148,319	109,859	1,258,178
Operations						
Net income/(loss) for the year	-	39,413	39,413	-	(43,284)	(43,284)
Net increase/(decrease) in net assets resulting from operations	-	39,413	39,413	-	(43,284)	(43,284)
Unitholders' transactions						
New Units issued ⁽¹⁾	100,001	-	100,001	-	-	-
Issuance costs ⁽²⁾	(1,806)	-	(1,806)	-	-	-
Manager's base fee paid/payable in Units	8,560	-	8,560	8,897	-	8,897
Property Manager's management fees paid/payable in Units	4,595	-	4,595	4,834	-	4,834
Distributions ⁽³⁾	(21,162)	(99,773)	(120,935)	(23,738)	(46,999)	(70,737)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	90,188	(99,773)	(9,585)	(10,007)	(46,999)	(57,006)
At end of the year	1,228,500	(40,784)	1,187,716	1,138,312	19,576	1,157,888

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Trust	FY 2021			FY 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 year	1,138,312	(26,837)	1,111,475	1,148,319	(14,385)	1,133,934
Operations						
Net income for the year	-	60,558	60,558	-	34,547	34,547
Net increase in net assets resulting from operations	-	60,558	60,558	-	34,547	34,547
Unitholders' transactions						
New Units issued ⁽¹⁾	100,001	-	100,001	-	-	-
Issuance costs ⁽²⁾	(1,806)	-	(1,806)	-	-	-
Manager's base fee paid/payable in Units	8,560	-	8,560	8,897	-	8,897
Property Manager's management fees paid/payable in Units	4,595	-	4,595	4,834	-	4,834
Distributions ⁽³⁾	(21,162)	(99,773)	(120,935)	(23,738)	(46,999)	(70,737)
Net increase/(decrease) in net assets resulting from Unitholders' transactions	90,188	(99,773)	(9,585)	(10,007)	(46,999)	(57,006)
At end of the year	1,228,500	(66,052)	1,162,448	1,138,312	(26,837)	1,111,475

Footnotes:

- (1) On 9 December 2021, 154,084,000 new Units were issued in relation to the Private Placement.
(2) The issuance costs relate to the underwriting fees and professional fees incurred as a result of the Private Placement.
(3) For FY 2021, the amount comprises the distribution paid to Unitholders for the period from 1 July 2020 to 30 June 2021, and the Advanced Distribution payable to Unitholders for the period from 1 July 2021 to 8 December 2021. For FY 2020, the amount comprises the distribution paid to Unitholders for the period from 30 September 2019 to 30 June 2020.

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

	2H 2021 Units	2H 2020 Units	FY 2021 Units	FY 2020 Units
Units in issue:				
At beginning of the period/year	1,591,660,945	1,573,459,089	1,582,933,022	1,568,672,703
Manager's base fee paid in Units	5,534,200	6,282,716	11,041,655	8,532,716
Manager's performance fee paid in Units ⁽¹⁾	-	-	-	1,353,016
Property Manager's management fees paid in Units	2,875,544	3,191,217	6,096,012	4,374,587
Private placement ⁽²⁾	154,084,000	-	154,084,000	-
Total issued Units as at end of the period/year	1,754,154,689	1,582,933,022	1,754,154,689	1,582,933,022
Units to be issued:				
Manager's base fee payable in Units ⁽³⁾	6,389,176	5,507,455	6,389,176	5,507,455
Property Manager's management fees payable in Units ⁽³⁾	3,541,538	3,220,468	3,541,538	3,220,468
Total issuable Units as at end of the period/year	9,930,714	8,727,923	9,930,714	8,727,923
Total Units issued and to be issued as at end of the period/year	1,764,085,403	1,591,660,945	1,764,085,403	1,591,660,945

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 and FY 2021.
(2) 154,084,000 new Units were issued in connection with the Private Placement on 9 December 2021.
(3) There are 9,930,714 Units to be issued in satisfaction of the Manager's base fee and Property Manager's management fee for 2H 2021 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2021 of US\$0.6669. 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 2021 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

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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 2021 and 31 December 2020. The total number of issued Units in Manulife US REIT as at 31 December 2021 and 31 December 2020 were 1,754,154,689 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.

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.

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

	2H 2021	2H 2020	FY 2021	FY 2020
EPU⁽¹⁾				
Weighted average number of Units in issue and issuable	1,616,825,673	1,580,045,597	1,603,031,559	1,575,688,512
Basic and diluted EPU (cents) ⁽²⁾	2.02	(0.49)	2.46	(2.75)
DPU⁽³⁾				
Number of Units in issue at end of the period/year	1,754,154,689	1,582,933,022	1,754,154,689	1,582,933,022
DPU (cents)	2.63 ⁽⁴⁾	2.59	5.33 ⁽⁵⁾	5.64

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 2021 DPU was comprised of:
 - (i) distributable income for the period from 1 July 2021 to 8 December 2021 over 1,600,070,689 Units;
 - (ii) distributable income for the period from 9 December 2021 to 31 December 2021 over 1,754,154,689 Units.
- (5) FY 2021 DPU was comprised of:
 - (i) distributable income for the period from 1 January 2021 to 30 June 2021 over 1,591,660,945 Units;
 - (ii) distributable income for the period from 1 July 2021 to 8 December 2021 over 1,600,070,689 Units;
 - (iii) distributable income for the period from 9 December 2021 to 31 December 2021 over 1,754,154,689 Units.

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

	Group		Trust	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Number of Units in issue and to be issued at end of period/year	1,764,085,403	1,591,660,945	1,764,085,403	1,591,660,945
NAV and NTA per Unit ⁽¹⁾ (US\$)	0.67	0.73	0.66	0.70
Adjusted NAV and NTA per Unit (excluding Distributable Income) (US\$)	0.67	0.70	0.66	0.67

Footnote:

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

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8. Review of the Performance

Consolidated Statement of Comprehensive Income and Distribution Statement

	2H 2021	2H 2020	Change	FY 2021	FY 2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<u>Consolidated Statement of Comprehensive Income</u>						
Gross revenue	94,300	95,682	(1.4)	185,099	194,312	(4.7)
Property operating expenses	(40,822)	(42,018)	(2.8)	(75,552)	(78,475)	(3.7)
Net property income	53,478	53,664	(0.3)	109,547	115,837	(5.4)
Interest income	3	29	(89.7)	21	166	(87.3)
Manager's base fee	(4,261)	(4,100)	3.9	(8,560)	(8,897)	(3.8)
Trustee's fee	(143)	(144)	(0.7)	(284)	(288)	(1.4)
Other trust expenses	(1,192)	(942)	26.5	(2,494)	(2,646)	(5.7)
Finance expenses	(14,472)	(14,929)	(3.1)	(29,145)	(29,739)	(2.0)
Net income before tax and fair value changes	33,413	33,578	(0.5)	69,085	74,433	(7.2)
Net fair value change in derivatives	9,689	2,195	>100	13,896	(11,897)	N.M.
Net fair value change in investment properties	(5,119)	(51,179)	(90.0)	(42,423)	(128,519)	(67.0)
Net income/(loss) for the period/year before tax	37,983	(15,406)	N.M.	40,558	(65,983)	N.M.
Tax (expense)/income	(5,273)	7,738	N.M.	(1,145)	22,699	N.M.
Net income/(loss) for the period/year	32,710	(7,668)	N.M.	39,413	(43,284)	N.M.
<u>Distribution Statement</u>						
Net income/(loss) for the period/year	32,710	(7,668)	N.M.	39,413	(43,284)	N.M.
Distribution adjustments	9,899	48,657	(79.7)	46,186	132,251	(65.1)
Income available for distribution to Unitholders	42,609	40,989	4.0	85,599	88,967	(3.8)

N.M.: Not meaningful

2H 2021 vs 2H 2020

Gross revenue for 2H 2021 was US\$94.3 million, a decrease of US\$1.4 million or 1.4% from 2H 2020. The decrease was mainly due to lower rental income arising from higher vacancies and higher non-cash amortisation of tenant lease incentives, partly offset by higher portfolio carpark income as well as revenue contribution from the newly acquired properties, Tanasbourne, Park Place and Diablo, in December 2021.

Property operating expenses for 2H 2021 was US\$40.8 million, a decrease of US\$1.2 million or 2.8% from 2H 2020, mainly due to lower provision for ECL, partly offset by higher repair and maintenance expenses as well as incremental property expenses from the enlarged portfolio. As a result, the net property income for 2H 2021 was US\$53.5 million, a decrease of US\$0.2 million or 0.3% from 2H 2020. Excluding the property related non-cash items which have no impact on distributable income, the cash net property income of US\$55.4 million for 2H 2021 was 3.2% higher than 2H 2020.

Finance expenses for 2H 2021 was US\$14.5 million, a decrease of US\$0.5 million or 3.1% from 2H 2020, mainly due to mortgage loans for Michelson and Penn being refinanced at lower interest rate in April 2021. The savings were reduced slightly by additional borrowings drawn to partially fund the acquisitions in December 2021, capital expenditure and leasing costs.

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Net fair value gain on derivatives of US\$9.7 million recognised in 2H 2021 was attributable to the fair valuation of interest rate swaps entered into to hedge against interest rate exposures.

While the fair value of existing properties as at 31 December 2021 was higher than the fair value of the properties as at 30 June 2021 mainly due to the appraiser factoring in higher market rent partially offset by higher leasing cost assumptions, net fair value loss on investment properties of US\$5.1 million was recorded in 2H 2021 after factoring in capital expenditure and other costs related to investment properties.

Tax expense of US\$5.3 million was mainly due to deferred tax expense arising from tax depreciation.

Due to the effects of the above, the Group recorded a net income of US\$32.7 million, compared to the net loss of US\$7.7 million in 2H 2020. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for 2H 2021 was US\$42.6 million, 4.0% higher than 2H 2020.

FY 2021 vs FY 2020

Gross revenue for FY 2021 was US\$185.1 million, a decrease of US\$9.2 million or 4.7% from FY 2020. The decrease was mainly due to lower rental income arising from higher vacancies, higher rent abatements provided to tenants affected by COVID-19, lower portfolio carpark income and higher non-cash amortisation of tenant lease incentives, partly offset by revenue contributions from the newly acquired properties in December 2021.

Property operating expenses for FY 2021 was US\$75.6 million, a decrease of US\$2.9 million or 3.7% from FY 2020, mainly due to a net reversal of provision for ECL of US\$1.7 million in FY 2021 compared to a provision for ECL of US\$3.6 million in FY 2020, partly offset by higher repair and maintenance expenses as well as incremental property expenses from the enlarged portfolio. As a result, the net property income for FY 2021 was US\$109.5 million, a decrease of US\$6.3 million or 5.4% from FY 2020.

Finance expenses for FY 2021 was US\$29.1 million, a decrease of US\$0.6 million or 2.0% from FY 2020, mainly due to mortgage loans for Peachtree, Michelson and Penn being refinanced at lower interest rates in July 2020 and April 2021 respectively. The savings were partly offset by additional borrowings drawn to partially fund the acquisitions in December 2021, capital expenditure and leasing costs.

Net fair value gain on derivatives of US\$13.9 million recognised in FY 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\$42.4 million in FY 2021 was largely due to the appraiser factoring in higher vacancies and higher leasing costs assumptions, adjusted for capital expenditure and other costs related to investment properties.

Tax expense of US\$1.1 million in FY 2021 was mainly due to deferred tax expense from tax depreciation, partially offset by deferred tax income arising from net fair value loss in investment properties.

Due to the effects of the above, the Group recorded a net income of US\$39.4 million, compared to the net loss of US\$43.3 million in FY 2020. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for FY 2021 was US\$85.6 million, 3.8% lower than FY 2020.

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

Not applicable.

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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

Despite the emergence of the Delta and Omicron variants over the course of 2021, US real GDP grew +6.9% annualised in Q4 2021 and +5.7% overall in 2021. GDP growth was fueled mainly by record levels of consumer spending.

The US economy has been resilient in the face of COVID-19, but there is now a new challenge, namely inflation. The Consumer Price Index (CPI) grew at an annual rate of 7% through year-end 2021. The drivers of the inflation spike include supply chain issues, labor shortages and pent-up consumer demand.

Unemployment in the U.S. during COVID-19 peaked at 14.8% but has steadily declined to 3.9% at the end of 2021 on the back of total non-farm employment growing by 6.4 million jobs. Job gains have been strongest in trade and transportation as well as financial activities, which have now recovered all lost jobs. Professional service jobs are also on the verge of a full rebound.

According to JLL, after experiencing 44.6 million square feet of leasing volume in Q4 2021, the U.S. office leasing market closed out 2021 with 156.9 million square feet of leasing volume for the year which represents 14.6% growth compared to 2020. Additionally, the market experienced positive net absorption of 5.4 million square feet during Q4 – the first quarter of positive net absorption since the onset of the COVID-19 pandemic.

With committed occupancy of 92.3% and only around 8.0% of leases by NLA due to expire over the course of 2022, the portfolio remains well positioned to weather any further market uncertainty from COVID-19, for which the trajectory over the next 12 months remains unknown. 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.

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11. Distribution

(a) Current financial period

Any distribution declared for the current period? Yes
 (i) US 2.31 cents per Unit for the period from 1 July 2021 to 8 December 2021

Distribution period	Advanced Distribution for the period from 1 July 2021 to 8 December 2021
Distribution type/rate	Distribution of US 2.31 cents per Unit comprising of two components: 1. Tax-exempt income: US 1.94 cents 2. Capital: US 0.37 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	17 February 2022
Book closure date	8 December 2021

Please refer to the announcement dated 3 December 2021 on the Notice of Advanced Distribution Record Date and Distribution Payment Date.

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11. Distribution

(a) Current financial period

Any distribution declared for the current period? Yes
(ii) US 0.32 cent per Unit for the period from 9 December 2021 to 31 December 2021

Distribution period	9 December 2021 to 31 December 2021
Distribution type/rate	Distribution of US 0.32 cents per Unit comprising of two components: 3. Tax-exempt income: US 0.27 cent 4. Capital: US 0.05 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 2022
Book closure date	17 February 2022

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 2022. To ensure the forms can be validated by 9 March 2022, 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 2022.

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(b) Corresponding period of the immediately preceding 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: 5. Tax-exempt income: US 2.15 cents 6. 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.

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.

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.

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17. Breakdown of Revenue

	FY 2021 US\$'000	FY 2020 US\$'000	Change %
Gross revenue reported for the first half year	90,799	98,630	(7.9)
Net income/(loss) reported for the first half year	6,703	(35,616)	N.M.
Gross revenue reported for the second half year	94,300	95,682	(1.4)
Net income/(loss) reported for the second half year	32,710	(7,668)	N.M.

18. Breakdown of Total Distributions

	FY 2021 US\$'000	FY 2020 US\$'000
9 December 2021 to 31 December 2021 ⁽¹⁾	5,613	-
1 July 2021 to 8 December 2021 ⁽²⁾	36,962	-
1 January 2021 to 30 June 2021 (paid)	42,975	-
1 July 2020 to 31 December 2020 (paid)	-	40,998
1 January 2020 to 30 June 2020 (paid)	-	47,991

Footnote:

- (1) To be paid in FY 2022 and is computed based on US 0.32 cent multiplied by the actual number of Units in issue as at 31 December 2021.
- (2) To be paid in FY 2022 and is computed based on US 2.31 cents multiplied by 1,600,070,689 Units as at 8 December 2021.

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

Establishment of wholly-owned subsidiaries

Manulife US REIT Beta 10 (Singapore) Pte. Ltd., a wholly-owned subsidiary of Manulife US REIT, was incorporated on 29 November 2021 with a paid-up capital of US\$2.

Hancock S-REIT Chandler LLC, an indirect wholly-owned subsidiary of Manulife US REIT, was incorporated on 29 November 2021 with an initial capital contribution of US\$3.0 million.

Hancock S-REIT Portland LLC, an indirect wholly-owned subsidiary of Manulife US REIT, was incorporated on 29 November 2021 with an initial capital contribution of US\$2.0 million.

Hancock S-REIT Tempe LLC, an indirect wholly-owned subsidiary of Manulife US REIT, was incorporated on 29 November 2021 with an initial capital contribution of US\$1.5 million.

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

The Manager hereby certifies that in relation to the distributions to the Unitholders of Manulife US REIT for 2H 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 31 December 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)
9 February 2022