

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Condensed Interim Consolidated Financial Statements
For the Half Year and Financial Year Ended 31 December 2022

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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 5.5 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.

Manulife US REIT is presenting its financial results for the financial period from 1 July 2022 to 31 December 2022 (“**2H 2022**”) and the financial year from 1 January 2022 to 31 December 2022 (“**FY 2022**”).

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 RESULTS

	2H 2022	2H 2021	Change	FY 2022	FY 2021	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Gross Revenue ⁽¹⁾	102,141	94,300	8.3	202,559	185,099	9.4
Net Property Income ⁽²⁾	55,541	53,478	3.9	113,163	109,547	3.3
Net (Loss)/Income ⁽³⁾	(192,493)	32,710	N.M.	(129,721)	39,413	N.M.
Income Available for Distribution to Unitholders (before retention) ⁽⁴⁾	41,904	42,609	(1.7)	87,870	85,599	2.7
Distribution amount to Unitholders (after retention) ⁽⁵⁾	38,083	42,609	(10.6)	84,049	85,599	(1.8)
DPU (before retention) ⁽⁴⁾ (cents)	2.36	2.63	(10.3)	4.97	5.33	(6.8)
DPU (after retention) ⁽⁵⁾ (cents)	2.14	2.63	(18.6)	4.75	5.33	(10.9)

N.M.: Not meaningful

Footnotes:

- (1) Gross revenue was US\$102.1 million for 2H 2022 and US\$202.6 million for FY 2022, higher by 8.3% and 9.4% respectively. This was mainly due to contributions from Tanasbourne, Park Place and Diablo acquired in December 2021, higher carpark income and lower rent abatements provided to tenants affected by COVID-19, partly offset by lower rental income from existing properties as a result of higher vacancies as well as higher non-cash amortisation of tenant lease incentives.
- (2) Net property income for 2H 2022 was US\$55.5 million, higher by 3.9% largely due to higher gross revenue, partially offset by higher property operating expenses mainly due to newly acquired properties and increase in operating expenses such as property taxes, repair and maintenance, and utilities. Net property income for FY 2022 was US\$113.2 million, higher by 3.3% mainly due to higher gross revenue, partially offset by higher property operating mainly due to newly acquired properties, increase in operating expenses such as property taxes, repair and maintenance, and utilities, as well as the absence of a net reversal of provision for expected credit losses ("ECL").
- (3) Net loss was US\$192.5 million for 2H 2022 and US\$129.7 million for FY 2022 compared to net income of US\$32.7 million for 2H 2021 and US\$39.4 million for FY 2021 primarily due to net fair value loss on investment properties and higher finance expenses, partially offset by higher net fair value gain on derivatives and higher net property income.
- (4) Income available for distribution to Unitholders was lower by 1.7% for 2H 2022 mainly due to higher finance expenses partially offset by contributions from the newly acquired properties, which translated to a lower DPU before retention by 10.3% as a result of lower income from existing properties and after factoring in the enlarged unit base from the private placement in December 2021. Income available for distribution to Unitholders for FY 2022 was higher by 2.7% mainly due to contributions from the newly acquired properties. However, DPU before retention for FY 2022 was lower by 6.8% due to lower income from existing properties, after factoring in the enlarged unit base from the private placement in December 2021.
- (5) In view of the volatile macroeconomic environment and decline in asset valuations, US\$3.8 million had been retained from capital distribution in 2H 2022. After factoring in US\$3.8 million to be retained as general corporate and working capital purposes, the distribution amount to Unitholders and DPU after retention for 2H 2022 was US\$38.1 million and US 2.14 cents, 10.6% and 18.6% lower than 2H 2021 respectively. The distribution amount to Unitholders and DPU after retention for FY 2022 was US\$84.1 million and US 4.75 cents, 1.8% and 10.9% lower than FY 2021 respectively.

The accompanying notes form an integral part of the condensed financial statements.

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Trust	
		31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Current assets					
Cash and cash equivalents		112,863	78,581	10,350	6,927
Prepayments		1,669	1,444	54	79
Trade and other receivables ^[a]		5,399	5,550	42,304	39,993
Financial derivatives ^[b]		1,264	-	1,264	-
		<u>121,195</u>	<u>85,575</u>	<u>53,972</u>	<u>46,999</u>
Non-current assets					
Investment properties	5	1,947,000	2,184,400	-	-
Investment in subsidiaries		-	-	1,848,645	1,839,890
Financial derivatives ^[b]		47,655	5,653	47,655	5,653
		<u>1,994,655</u>	<u>2,190,053</u>	<u>1,896,300</u>	<u>1,845,543</u>
Total assets		<u>2,115,850</u>	<u>2,275,628</u>	<u>1,950,272</u>	<u>1,892,542</u>
Current liabilities					
Trade and other payables ^[c]		31,268	58,769	6,076	40,710
Loans and borrowings	6	144,635	296,643	39,700	114,800
Security deposits		390	230	-	-
Rent received in advance		8,107	8,019	-	-
		<u>184,400</u>	<u>363,661</u>	<u>45,776</u>	<u>155,510</u>
Non-current liabilities					
Trade and other payables ^[c]		2,369	2,898	-	-
Loans and borrowings	6	884,350	674,650	884,350	569,842
Financial derivatives ^[b]		-	4,742	-	4,742
Security deposits		4,262	3,875	-	-
Preferred units	7	1,078	825	-	-
Deferred tax liabilities		19,075	37,261	-	-
		<u>911,134</u>	<u>724,251</u>	<u>884,350</u>	<u>574,584</u>
Total liabilities		<u>1,095,534</u>	<u>1,087,912</u>	<u>930,126</u>	<u>730,094</u>
Net assets attributable to Unitholders		<u>1,020,316</u>	<u>1,187,716</u>	<u>1,020,146</u>	<u>1,162,448</u>
Represented by:					
Unitholders' funds		1,020,316	1,187,716	1,020,146	1,162,448
Net assets attributable to Unitholders		<u>1,020,316</u>	<u>1,187,716</u>	<u>1,020,146</u>	<u>1,162,448</u>
Units in issue and to be issued ('000)		<u>1,798,425</u>	<u>1,764,085</u>	<u>1,798,425</u>	<u>1,764,085</u>
Net asset value per Unit (US\$) attributable to Unitholders^[d]	9	<u>0.57</u>	<u>0.67</u>	<u>0.57</u>	<u>0.66</u>

Footnotes:

- Included in trade and other receivables is an allowance for ECL of US\$1.3 million (31 December 2021: US\$0.8 million).
- This relates to the fair value of interest rate swaps entered into by the Group for hedging purposes.
- As at 31 December 2021, current trade and other payables includes distribution payable for the advanced distribution for the period from 1 July 2021 to 8 December 2021 of US\$37.0 million which was subsequently paid out in February 2022. 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.
- The adjusted net asset value per Unit for the Group and Trust are US\$0.55 (31 December 2021: US\$0.67) and US\$0.55 (31 December 2021: US\$0.66) respectively after excluding the distribution amount to Unitholders.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			
		2H 2022 US\$'000	2H 2021 US\$'000	FY 2022 US\$'000	FY 2021 US\$'000
Gross revenue ^[a]		102,141	94,300	202,559	185,099
Property operating expenses ^[b]		(46,600)	(40,822)	(89,396)	(75,552)
Net property income		55,541	53,478	113,163	109,547
Interest income		43	3	46	21
Manager's base fee ^[c]		(4,190)	(4,261)	(8,787)	(8,560)
Trustee's fee		(154)	(143)	(304)	(284)
Other trust expenses ^[d]		(935)	(1,192)	(2,397)	(2,494)
Finance expenses	10	(18,641)	(14,472)	(33,935)	(29,145)
Net income before tax and fair value changes		31,664	33,413	67,786	69,085
Net fair value change in derivatives ^[e]		15,210	9,689	48,008	13,896
Net fair value change in investment properties ^[f]		(265,205)	(5,119)	(263,631)	(42,423)
Net (loss)/income before tax		(218,331)	37,983	(147,837)	40,558
Tax income/(expense) ^[g]	11	25,838	(5,273)	18,116	(1,145)
Net (loss)/income attributable to Unitholders		(192,493)	32,710	(129,721)	39,413
Earnings per Unit ("EPU") (US cents)					
Basic and diluted EPU	12	(10.86)	2.02	(7.34)	2.46

Footnotes:

- Gross revenue includes carpark income of US\$6.6 million for 2H 2022 (2H 2021: US\$5.7 million) and US\$12.9 million for FY 2022 (FY 2021: US\$9.3 million).
- Property operating expenses include provision for ECL of US\$0.5 million for 2H 2022 (2H 2021: US\$0.3 million) and US\$1.0 million for FY 2022. For FY 2021, the group recognised a net reversal of provision for ECL of US\$1.7 million, as a result of reversal of provision for ECL of US\$2.9 million due to subsequent collections from tenants, partially offset by additional provision for ECL US\$1.2 million.
- 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 FY 2022.
- Other trust expenses consist of audit, tax compliance and other expenses.
- 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.
- Prior to FY2022, Manulife US REIT obtained independent appraisals on a semi-annual basis. From FY 2022, a full valuation will be obtained at least once a financial year, in accordance with the Property Funds Appendix of the Code on Collective Investment Schemes. The decline in valuations is largely due to higher discount rates and capitalisation rates for certain properties reflecting risks posed by the volatile macroeconomic environment as well as idiosyncratic risks at the property level such as higher vacancy or weak submarket fundamentals, and continued weakening of occupational performance in the submarkets where the properties are located due to slowdown in demand and leasing activity, resulting in higher concession package assumptions needed to attract new or retain tenants, giving rise to higher leasing costs. The valuation of Figueroa, which accounts for 43.9% of the portfolio valuation decline for FY 2022, is reflective of the occupancy plans of the property's two largest tenants, Quinn Emanuel Urquhart & Sullivan, LLP and TCW Group, with the former executing a renewal and downsize while the latter plans to vacate at the end of their lease term on 31 December 2023. After adjusting for capital expenditure and other costs related to the investment properties, the net fair value loss in 2H 2022 and FY 2022 was US\$265.2 million and US\$263.6 million respectively.
- Tax income/(expense) consists of current tax and deferred tax. 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. For 2H 2022 and FY 2022, deferred tax income arises mainly from net fair value loss on investment properties, partially offset by deferred tax expense from tax depreciation. For 2H 2021 and FY 2021, deferred tax expense mainly arises from tax depreciation.

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CONDENSED INTERIM DISTRIBUTION STATEMENT

	Group			
	2H 2022 US\$'000	2H 2021 US\$'000	FY 2022 US\$'000	FY 2021 US\$'000
Amount available for distribution to Unitholders at the beginning of the period/year	46,035	43,010	5,682	41,018
Net (loss)/income for the period/year	(192,493)	32,710	(129,721)	39,413
Distribution adjustments (Note A)	234,397	9,899	217,591	46,186
Income available for distribution to Unitholders for the period/year	41,904	42,609	87,870	85,599
Amount available for distribution to Unitholders	87,939	85,619	93,552	126,617
Distributions to Unitholders:				
- Distribution of US 2.59 cents per Unit for the period from 1 July 2020 to 31 December 2020	-	-	-	(40,998)
- Distribution of US 2.70 cents per Unit for the period from 1 January 2021 to 30 June 2021	-	(42,975)	-	(42,975)
- Distribution of US 2.31 cents per Unit for the period from 1 July 2021 to 8 December 2021	-	(36,962)	-	(36,962)
- Distribution of US 0.32 cent per Unit for the period from 9 December 2021 to 31 December 2021	-	-	(5,613)	-
- Distribution of US 2.61 cents per Unit for the period from 1 January 2022 to 30 June 2022	(46,043)	-	(46,043)	-
Total distributions to Unitholders	(46,043)	(79,937)	(51,656)	(120,935)
Amount available for distribution to Unitholders at the end of the period/year	41,896	5,682	41,896	5,682
Less:				
Amount retained for general corporate and working capital	(3,821)	-	(3,821)	-
Distribution amount to Unitholders (after retention) at the end of the period/year	38,075	5,682	38,075	5,682
Number of Units in issue at end of the period/year ('000)	1,776,565	1,754,155	1,776,565	1,754,155
DPU (before retention) (US cents)	2.36	2.63 ^[a]	4.97	5.33 ^[b]
DPU (after retention) (US cents)	2.14	2.63 ^[a]	4.75	5.33 ^[b]

Footnotes:

- a. 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.
- b. 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.

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CONDENSED INTERIM DISTRIBUTION STATEMENT (CONT'D)

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Note A – Distribution adjustments comprise:				
- Property related non-cash items ¹	2,776	1,893	4,350	1,932
- Amortisation of upfront debt-related transaction costs ²	852	795	1,696	1,711
- Manager's base fee paid/payable in Units	4,190	4,261	8,787	8,560
- Property Manager's management fee paid/payable in Units	2,626	2,361	5,190	4,595
- Trustee's fee	154	143	304	284
- Net fair value change in derivatives	(15,210)	(9,689)	(48,008)	(13,896)
- Net fair value change in investment properties	265,205	5,119	263,631	42,423
- Deferred tax (income)/expense	(25,849)	5,232	(18,186)	978
- Other items ³	(347)	(216)	(173)	(401)
Distribution adjustments	234,397	9,899	217,591	46,186

Footnotes:

¹ This includes straight-line rent adjustments and amortisation of tenant improvement allowance, 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, these 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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CONDENSED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings / (Accumulated losses) US\$'000	Total US\$'000
Group				
At 1 July 2022		1,234,784	17,252	1,252,036
Operations				
Net loss for the period		-	(192,493)	(192,493)
Net decrease in net assets resulting from operations		-	(192,493)	(192,493)
Unitholders' transactions				
Issue of new Units:				
- Manager's base fee paid/payable in Units		4,190	-	4,190
- Property Manager's management fee paid/payable in Units		2,626	-	2,626
Distributions ^[a]	8	(7,056)	(38,987)	(46,043)
Net decrease in net assets resulting from Unitholders' transactions		(240)	(38,987)	(39,227)
At 31 December 2022		<u>1,234,544</u>	<u>(214,228)</u>	<u>1,020,316</u>
Trust				
At 1 July 2022		1,234,784	(13,289)	1,221,495
Operations				
Net loss for the period		-	(162,122)	(162,122)
Net decrease in net assets resulting from operations		-	(162,122)	(162,122)
Unitholders' transactions				
Issue of new Units:				
- Manager's base fee paid/payable in Units		4,190	-	4,190
- Property Manager's management fee paid/payable in Units		2,626	-	2,626
Distributions ^[a]	8	(7,056)	(38,987)	(46,043)
Net decrease in net assets resulting from Unitholders' transactions		(240)	(38,987)	(39,227)
At 31 December 2022		<u>1,234,544</u>	<u>(214,398)</u>	<u>1,020,146</u>

The accompanying notes form an integral part of the condensed financial statements.

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CONDENSED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)

Group	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 July 2021		1,137,880	(7,754)	1,130,126
Operations				
Net income for the period		-	32,710	32,710
Net increase in net assets resulting from operations		-	32,710	32,710
Unitholders' transactions				
Issue of new Units:				
- New Units issued ^[b]		100,001	-	100,001
- Issuance costs ^[c]		(1,806)	-	(1,806)
- Manager's base fee paid/payable in Units		4,261	-	4,261
- Property Manager's management fee paid/payable in Units		2,361	-	2,361
Distributions ^[a]	8	(14,197)	(65,740)	(79,937)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		90,620	(65,740)	24,880
At 31 December 2021		<u>1,228,500</u>	<u>(40,784)</u>	<u>1,187,716</u>
Trust				
At 1 July 2021		1,137,880	(32,914)	1,104,966
Operations				
Net income for the period		-	32,602	32,602
Net increase in net assets resulting from operations		-	32,602	32,602
Unitholders' transactions				
Issue of new Units:				
- New Units issued ^[b]		100,001	-	100,001
- Issuance costs ^[c]		(1,806)	-	(1,806)
- Manager's base fee paid/payable in Units		4,261	-	4,261
- Property Manager's management fee paid/payable in Units		2,361	-	2,361
Distributions ^[a]	8	(14,197)	(65,740)	(79,937)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		90,620	(65,740)	24,880
At 31 December 2021		<u>1,228,500</u>	<u>(66,052)</u>	<u>1,162,448</u>

Footnotes:

- For 2H 2022, the amount comprises the distribution paid to Unitholders for the period from 1 January 2022 to 30 June 2022. 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 for the period from 1 July 2021 to 8 December 2021.
- 154,084,000 new Units were issued in relation to the private placement on 9 December 2021.
- The issuance costs relate to the underwriting fees and professional fees incurred as a result of the private placement on 9 December 2021.

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CONDENSED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)

	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Accumulated losses US\$'000	Total US\$'000
Group				
At 1 January 2022		1,228,500	(40,784)	1,187,716
Operations				
Net loss for the year		-	(129,721)	(129,721)
Net decrease in net assets resulting from operations		-	(129,721)	(129,721)
Unitholders' transactions				
Issue of new Units:				
- Manager's base fee paid/payable in Units		8,787	-	8,787
- Property Manager's management fee paid/payable in Units		5,190	-	5,190
Distributions ^[a]	8	(7,933)	(43,723)	(51,656)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		6,044	(43,723)	(37,679)
At 31 December 2022		<u>1,234,544</u>	<u>(214,228)</u>	<u>1,020,316</u>
Trust				
At 1 January 2022		1,228,500	(66,052)	1,162,448
Operations				
Net loss for the year		-	(104,623)	(104,623)
Net decrease in net assets resulting from operations		-	(104,623)	(104,623)
Unitholders' transactions				
Issue of new Units:				
- Manager's base fee paid/payable in Units		8,787	-	8,787
- Property Manager's management fee paid/payable in Units		5,190	-	5,190
Distributions ^[a]	8	(7,933)	(43,723)	(51,656)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		6,044	(43,723)	(37,679)
At 31 December 2022		<u>1,234,544</u>	<u>(214,398)</u>	<u>1,020,146</u>

The accompanying notes form an integral part of the condensed financial statements.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Condensed Interim Consolidated Financial Statements
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CONDENSED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)

	Note	Attributable to Unitholders		
		Units in issue and to be issued US\$'000	Retained earnings / (Accumulated losses) US\$'000	Total US\$'000
Group				
At 1 January 2021		1,138,312	19,576	1,157,888
Operations				
Net income for the year		-	39,413	39,413
Net increase in net assets resulting from operations		-	39,413	39,413
Unitholders' transactions				
Issue of new Units:				
- New Units issued ^[b]		100,001	-	100,001
- Issuance costs ^[c]		(1,806)	-	(1,806)
- Manager's base fee paid/payable in Units		8,560	-	8,560
- Property Manager's management fee paid/payable in Units		4,595	-	4,595
Distributions ^[a]	8	(21,162)	(99,773)	(120,935)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		90,188	(99,773)	(9,585)
At 31 December 2021		1,228,500	(40,784)	1,187,716
Trust				
At 1 January 2021		1,138,312	(26,837)	1,111,475
Operations				
Net income for the year		-	60,558	60,558
Net increase in net assets resulting from operations		-	60,558	60,558
Unitholders' transactions				
Issue of new Units:				
- New Units issued ^[b]		100,001	-	100,001
- Issuance costs ^[c]		(1,806)	-	(1,806)
- Manager's base fee paid/payable in Units		8,560	-	8,560
- Property Manager's management fee paid/payable in Units		4,595	-	4,595
Distributions ^[a]	8	(21,162)	(99,773)	(120,935)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		90,188	(99,773)	(9,585)
At 31 December 2021		1,228,500	(66,052)	1,162,448

Footnotes:

- For FY 2022, the amount comprises the distribution paid to Unitholders for the period from 9 December 2021 to 30 June 2022. 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 for the period from 1 July 2021 to 8 December 2021.
- 154,084,000 new Units were issued in relation to the private placement on 9 December 2021.
- The issuance costs relate to the underwriting fees and professional fees incurred as a result of the private placement on 9 December 2021.

The accompanying notes form an integral part of the condensed financial statements.

MANULIFE US REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group			
		2H 2022 US\$'000	2H 2021 US\$'000	FY 2022 US\$'000	FY 2021 US\$'000
Cash flows from operating activities					
Net (loss)/income before tax		(218,331)	37,983	(147,837)	40,558
Adjustments for:					
Amortisation		2,776	1,893	4,350	1,932
Net change in provision for ECL		493	344	1,003	(1,743)
Interest income		(43)	(3)	(46)	(21)
Finance expenses		18,641	14,472	33,935	29,145
Manager's base fee paid/payable in Units		4,190	4,261	8,787	8,560
Property Manager's management fee paid/payable in Units		2,626	2,361	5,190	4,595
Net fair value change in derivatives		(15,210)	(9,689)	(48,008)	(13,896)
Net fair value change in investment properties		265,205	5,119	263,631	42,423
Net unrealised foreign exchange (gains)/losses		(87)	3	(27)	51
Operating income before working capital changes		60,260	56,744	120,978	111,604
Changes in working capital:					
Trade and other receivables		(966)	(2,576)	(852)	3,120
Prepayments		(1,140)	(1,170)	(225)	214
Trade and other payables		(4,049)	(1,901)	1,691	1,450
Security deposits		331	(63)	547	(65)
Rent received in advance		(33)	(552)	88	1,370
Cash from operating activities		54,403	50,482	122,227	117,693
Tax paid		(4)	(19)	(65)	(134)
Interest paid		(15,899)	(13,391)	(30,174)	(26,933)
Net cash from operating activities		38,500	37,072	91,988	90,626
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 ^[a]		(14,202)	(14,751)	(25,414)	(29,981)
Interest received		43	3	46	21
Net cash used in investing activities		(14,159)	(215,714)	(25,368)	(230,926)

The accompanying notes form an integral part of the condensed financial statements.

MANULIFE US REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Note	Group			
		2H 2022 US\$'000	2H 2021 US\$'000	FY 2022 US\$'000	FY 2021 US\$'000
Cash flows from financing activities					
Proceeds from issuance of Units ^[b]		-	100,001	-	100,001
Payment of transaction costs relating to issuance of Units ^[b]		-	(1,806)	-	(1,806)
Proceeds from issuance of preferred units	7	-	-	345	1,150
Redemption of preferred units	7	-	-	-	(125)
Payment of transaction costs relating to preferred units	7	-	-	(92)	(325)
Proceeds from loans and borrowings ^[c]		282,200	114,800	380,400	367,300
Repayment of loans and borrowings ^[c]		(232,716)	(15,000)	(322,716)	(248,800)
Payment of transaction costs relating to loans and borrowings		(1,170)	152	(1,688)	(1,205)
Distributions paid to Unitholders		(46,043)	(42,975)	(88,618)	(83,973)
Net cash from/(used in) financing activities		2,271	155,172	(32,369)	132,217
Net increase/(decrease) in cash and cash equivalents		26,612	(23,470)	34,251	(8,083)
Cash and cash equivalents at beginning of the period/year		86,167	102,068	78,581	86,674
Effect of exchange rate fluctuations on cash held in foreign currency		84	(17)	31	(10)
Cash and cash equivalents at the end of the period/year		112,863	78,581	112,863	78,581

Footnotes:

- For FY 2022, this includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Michelson, Peachtree, Exchange and Capitol. For FY 2021, this includes capital expenditures (renovations or improvements) and leasing costs (including tenant improvement allowances) largely from Figueroa, Michelson, Exchange and Centerpointe.
- On 9 December 2021, an aggregate of 154,084,000 new Units were issued at US\$0.649 per Unit via a private placement and gross proceeds amounted to approximately US\$100.0 million.
- The mortgage facilities related to Plaza and Exchange were refinanced in July 2022, and the bridge financing drawn down to fund the acquisitions in December 2021 was refinanced in January 2022 with trust-level credit facilities. The mortgage facilities related to Penn and Michelson were refinanced in April 2021 with trust-level credit facilities.

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CONDENSED INTERIM STATEMENT OF PORTFOLIO

Group	Tenure of Land	Occupancy rate ¹	Occupancy rate ¹	Fair value as at	Fair value as at	Percentage of	Percentage of
		as at 31 December 2022 %	as at 31 December 2021 %	31 December 2022 US\$'000	31 December 2021 US\$'000	as at 31 December 2022 %	as at 31 December 2021 %
Commercial Office Properties							
Figueroa	Freehold	76.3	88.6	211,000	315,200	20.7	26.5
Michelson	Freehold	90.7	87.2	292,000	317,000	28.6	26.7
Peachtree	Freehold	84.7	90.8	205,000	212,900	20.1	17.9
Plaza	Freehold	91.1	96.7	92,000	106,000	9.0	8.9
Exchange	Freehold	86.2	97.7	290,000	324,000	28.4	27.2
Penn	Freehold	90.9	93.8	156,000	177,300	15.3	15.0
Phipps	Freehold	94.5	94.5	210,000	216,000	20.6	18.2
Centerpointe	Freehold	88.1	91.6	101,000	112,700	9.9	9.5
Capitol	Freehold	85.4	88.3	190,000	197,000	18.6	16.6
Tanasbourne	Freehold	100.0	100.0	33,500	34,400	3.3	2.9
Park Place	Freehold	100.0	100.0	103,000	106,900	10.1	9.0
Diablo	Freehold	91.1	85.7	63,500	65,000	6.2	5.5
Investment properties				1,947,000	2,184,400	190.8	183.9
Other assets and liabilities (net)				(926,684)	(996,684)	(90.8)	(83.9)
Net assets				1,020,316	1,187,716	100.0	100.0

¹ Based on committed leases.

The accompanying notes form an integral part of the condensed financial statements.

MANULIFE US REAL ESTATE INVESTMENT TRUST
Unaudited Condensed Interim Consolidated Financial Statements
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 General

Manulife US Real Estate Investment Trust (the “Trust” or “Manulife US REIT”) is a Singapore real estate investment trust constituted pursuant to a trust deed dated 27 March 2015 (as amended and restated) (the “Trust Deed”) made between Manulife US Real Estate Management Pte. Ltd. (the “Manager”) and DBS Trustee Limited (the “Trustee”). The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries in trust for the Unitholders of the Trust. The Trust and its subsidiaries are collectively referred to as the “Group” and individually as “Group entities”.

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 20 May 2016.

The registered office and principal place of business of the Manager is located at 8 Cross Street, #16-03 Manulife Tower, Singapore 048424.

The principal activity of the Trust is investment holding. The principal activities of the Trust’s subsidiaries are to own and invest, directly or indirectly, in a portfolio of income-producing office real estate in major markets in the United States, as well as real estate-related assets. The primary objective of the Group is to provide Unitholders with regular and stable distributions and to achieve long-term growth in distributions and the net asset value per Unit, while maintaining an appropriate capital structure.

The condensed interim consolidated financial statements relate to the Trust and its subsidiaries.

2 Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Trust Deed.

The condensed interim financial statements do not include all the information required for a complete set of financial statements and should be read in conjunction with the Group’s audited annual financial statements for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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 2021 in the preparation of the consolidated financial statements for the current reporting period except for the adoption of revised IFRS (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2022. 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.

The condensed interim financial statements are presented in United States Dollars (“US\$” or “USD”), which is the functional currency of the Trust. All financial information presented has been rounded to the nearest thousand (US\$’000), unless otherwise stated.

MANULIFE US REAL ESTATE INVESTMENT TRUST
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2 Basis of preparation (cont'd)

2.2 Use of estimates and judgements

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements and accounting estimates in applying accounting policies have the most significant effect on the amounts recognised in the financial statements in the following areas:

- Measurement of ECL for trade receivables
- Valuation of investment properties
- Fair value of derivatives

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment reporting

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components;
- whose operating results are regularly reviewed by the Chief Executive Officer and the directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The Group's investment properties comprise commercial office properties located in the United States. Therefore, the Manager considers that the Group operates within a single business segment and within a single geographical segment in the United States. Accordingly, no segment information has been presented in these financial statements.

MANULIFE US REAL ESTATE INVESTMENT TRUST
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5 Investment properties

	Group	
	2022	2021
	US\$'000	US\$'000
Consolidated Statement of Financial Position		
As at 1 January	2,184,400	1,992,800
Acquisitions ¹	-	204,563
Capital expenditure capitalised	30,581	31,392
Fair value changes in investment properties	(267,981)	(44,355)
As at 31 December	<u>1,947,000</u>	<u>2,184,400</u>
Consolidated Statement of Comprehensive Income		
Fair value changes in investment properties	(267,981)	(44,355)
Net effect of amortisation and straight lining	4,350	1,932
Net fair value changes recognised in the statement of comprehensive income	<u>(263,631)</u>	<u>(42,423)</u>

¹ Includes acquisition fees and acquisition costs

Investment properties comprise commercial office properties which are leased to external tenants.

As at 31 December 2022, one investment property is pledged as security to secure a bank loan (see Note 6).

Measurement of fair value

As at 31 December 2022, the investment properties were stated at fair value based on independent valuations undertaken by JLL Valuation & Advisory Services, LLC.

As at 31 December 2021, the investment properties, except for Tanasbourne, Park Place and Diablo, were stated at fair value based on independent valuations undertaken by CBRE, Inc. Tanasbourne, Park Place and Diablo were acquired in December 2021 and the carrying amounts were based on independent valuations obtained for the acquisitions which were undertaken by JLL Valuation & Advisory Services, LLC. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values were generally calculated using the income approach. The two primary income approaches that may be used are the Discounted Cash Flow ("DCF") and the Direct Capitalisation Method ("DCM"). DCF calculates the present values of future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine the fair value. DCM measures the relationship of value to the stabilised net operating income, normally at the first year. Both the DCF and DCM approaches convert the earnings of a property into an estimate of value. The market or direct comparison approach may also be used, which is based on sound considerations for similarity and comparability between properties. Considerations may include geographic location, physical, legal, and revenue generating characteristics, market conditions and financing terms and conditions. The final step in the appraisal process involves the reconciliation of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property.

The valuation methods used in determining the fair value involve certain estimates including those relating to discount rate, terminal capitalisation rate and capitalisation rate, which are unobservable. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

MANULIFE US REAL ESTATE INVESTMENT TRUST
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5 Investment properties (cont'd)

Valuation techniques and significant unobservable inputs

The following table shows the significant unobservable inputs used in the measurement of fair value of investment properties as at 31 December:

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Rental rate per square foot per year 2022: US\$15.50 – US\$55.00 (2021: US\$17.00 – US\$56.00)	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.
	Discount rate 2022: 6.00% - 9.00% (2021: 6.00% - 9.00%)	Higher discount rate or terminal capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
	Terminal capitalisation rate 2022: 5.25% - 7.75% (2021: 5.00% - 7.50%)	
Direct capitalisation method	Rental rate per square foot per year 2022: US\$15.50 – US\$55.00 (2021: US\$17.00 – US\$56.00)	Higher rental rate would result in a higher fair value, while lower rates would result in a lower fair value.
	Capitalisation rate 2022: 5.25% - 7.75% (2021: 5.50% - 7.50%)	Higher capitalisation rate would result in a lower fair value, while lower rates would result in a higher fair value.
Market or Direct comparison approach	Price per square foot 2022: US\$204 – US\$575 (2021: US\$185 – US\$624)	Higher price per square foot would result in a higher fair value, while a lower price per square foot would result in a lower fair value.

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6 Loans and borrowings

	Group		Trust	
	31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Current				
Secured bank loans	105,000	182,216	-	-
Less: Unamortised transaction costs	(65)	(373)	-	-
Secured revolving credit facilities ("RCFs")	-	7,300	-	7,300
Unsecured RCFs	39,700	107,500	39,700	107,500
	<u>144,635</u>	<u>296,643</u>	<u>39,700</u>	<u>114,800</u>
Non-current				
Secured bank loans	-	428,000	-	323,000
Unsecured bank loans	888,000	250,000	888,000	250,000
Less: Unamortised transaction costs	(3,650)	(3,350)	(3,650)	(3,158)
	<u>884,350</u>	<u>674,650</u>	<u>884,350</u>	<u>569,842</u>
	<u>1,028,985</u>	<u>971,293</u>	<u>924,050</u>	<u>684,642</u>

As at 31 December 2022, the Group had gross borrowings of US\$1,032.7 million (31 December 2021: US\$975.0 million) comprising of (i) US\$105.0 million (31 December 2021: US\$287.2 million) drawn from property-level loan facilities, and (ii) US\$927.7 million (31 December 2021: US\$687.8 million) drawn from Trust-level credit facilities (collectively, the "Facilities"). The average interest rate on borrowings as at 31 December 2022 was 3.74% (31 December 2021: 2.82%) per annum.

The Group had an aggregate leverage ratio of 48.8% (31 December 2021: 42.8%) and interest coverage ratio of 3.1 times (31 December 2021: 3.4 times) as at 31 December 2022. 77.3% (31 December 2021: 86.5%) of the gross borrowings had fixed interest rates, which reduces short-term cash flow volatility from floating interest rate movements.

The weighted average debt maturity was 2.8 years (31 December 2021: 2.4 years) as at 31 December 2022 and 89.2% (31 December 2021: 70.4%) of the Group's properties (based on appraised values) were unencumbered.

The Group is in a net current liabilities position due to the mortgage loan facilities for Phipps which matures in June 2023. The Group has sufficient financing options to refinance the portion of borrowings that are maturing within the next 12 months, including a new unsecured sustainability-linked loan facility of US\$105.0 million obtained on 20 December 2022.

The details of credit facilities available and utilised as at 31 December are set out below:

	Note	31 December 2022		31 December 2021	
		Facility available US\$'000	Utilised US\$'000	Facility available US\$'000	Utilised US\$'000
Group					
Secured					
Mortgage facilities	(a)	105,000	105,000	309,100	287,216
Trust-level term loans	(b)	-	-	323,000	323,000
US\$50.0 million committed RCF ("First US\$50.0 million Committed RCF")	(b)	-	-	50,000	-
US\$50.0 million committed RCF ("Second US\$50.0 million Committed RCF")	(b)	-	-	50,000	7,300
		<u>105,000</u>	<u>105,000</u>	<u>732,100</u>	<u>617,516</u>

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6 Loans and borrowings (cont'd)

		31 December 2022		31 December 2021	
	Note	Facility available US\$'000	Utilised US\$'000	Facility available US\$'000	Utilised US\$'000
Group (cont'd)					
Unsecured					
Trust-level term loans		993,000	888,000	340,000	250,000
Committed RCFs		100,000	39,700	-	-
US\$200.0 million uncommitted RCF		200,000	-	200,000	107,500
		<u>1,293,000</u>	<u>927,700</u>	<u>540,000</u>	<u>357,500</u>
		<u>1,398,000</u>	<u>1,032,700</u>	<u>1,272,100</u>	<u>975,016</u>
Trust					
Secured					
Trust-level term loans	(b)	-	-	323,000	323,000
First US\$50.0 million Committed RCF	(b)	-	-	50,000	-
Second US\$50.0 million Committed RCF	(b)	-	-	50,000	7,300
		<u>-</u>	<u>-</u>	<u>423,000</u>	<u>330,300</u>
Unsecured					
Trust-level term loans		993,000	888,000	340,000	250,000
Committed RCFs		100,000	39,700	-	-
US\$200.0 million uncommitted RCF		200,000	-	200,000	107,500
		<u>1,293,000</u>	<u>927,700</u>	<u>540,000</u>	<u>357,500</u>
		<u>1,293,000</u>	<u>927,700</u>	<u>963,000</u>	<u>687,800</u>

(a) Mortgage Facilities

The Mortgage Facilities are secured by, amongst other collateral:

- (i) a first mortgage on Phipps (the "Property");
- (ii) an assignment of the Hancock S-REIT ATL Phipps LLC's (the "Phipps Sub") rights, title and interest in present and future leases, subleases, licenses and all other agreements relating to the management, leasing and operation of the Property; and
- (iii) an assignment of the Phipps Sub's right 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 Property.

In addition, Hancock S-REIT Parent Corp., which directly holds the Phipps Sub, has granted a limited guarantee to the mortgage lender in respect of certain obligations of the Phipps Sub under the mortgage facility as well as a hazardous materials indemnity agreement.

The mortgage facility includes customary representations, warranties and covenants (including due-on-sale and due-on-encumbrance provisions) by the Phipps Sub in favour of the mortgage lender.

(b) Trust-level Term Loans, First US\$50.0 Million Committed RCF and Second US\$50.0 Million Committed RCF

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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7 Preferred Units

	Group	
	2022 US\$'000	2021 US\$'000
As at 1 January	825	102
Issuance of preferred units (net of issuance costs)	253	825
Redemption of preferred units	-	(102)
As at 31 December	1,078	825

On 26 January 2022, indirect subsidiaries of Manulife US REIT, Hancock S-REIT Portland LLC, Hancock S-REIT Chandler LLC and Hancock S-REIT Tempe LLC (the “Newly Incorporated U.S. Sub-REITs”), each issued 115 preferred units at US\$1,000 per preferred unit to persons who are unrelated to The Manufacturers Life Insurance Company and the Group. The Newly Incorporated U.S. Sub-REITs were established to each hold Tanasbourne, Park Place and Diablo, which were acquired in December 2021.

On 7 January 2021, indirect subsidiaries of Manulife US REIT, Hancock S-REIT LA Corp., Hancock S-REIT Irvine Corp., Hancock S-REIT ATL LLC, Hancock S-REIT SECA LLC, Hancock S-REIT JCITY LLC, Hancock S-REIT DC 1750 LLC, Hancock S-REIT ATL Phipps LLC, Hancock S-REIT Centerpointe LLC and Hancock S-REIT Sacramento LLC (together with the Newly Incorporated U.S. Sub-REITs, the “U.S. Sub-REITs”), and Hancock S-REIT Parent Corp (“Parent U.S. REIT”) each 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.

The preferred shares issuance on 26 January 2022 and 7 January 2021 are required in order to meet one of the requirements for the Parent U.S. REIT and U.S. Sub-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. Each of the preferred shares carries a fixed dividend of 12.0% per annum, are non-voting and are redeemable at the option of Parent U.S. REIT and each of the U.S. Sub-REITs.

Immediately before the preferred shares issuance on 7 January 2021, Parent U.S. REIT also redeemed all of its existing 125 units of preferred shares. The total redemption amount was approximately to US\$0.1 million, which was funded from internal resources.

8 Units in issue and to be issued

	Group and Trust			
	2H 2022		2H 2021	
	No of Units '000	US\$'000	No of Units '000	US\$'000
Units in issue				
As at 1 July	1,764,085	1,227,623	1,591,661	1,131,347
Issuance of Units:				
- Private placement	-	-	154,084	100,001
- Manager’s base fee paid in Units	8,011	4,596	5,535	4,298
- Property Manager’s management fees paid in Units	4,469	2,565	2,875	2,235
Issuance cost	-	-	-	(1,806)
Capital distribution	-	(7,056)	-	(14,197)
As at 31 December	1,776,565	1,227,728	1,754,155	1,221,878

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9 Units in issue and to be issued (cont'd)

	Group and Trust			
	2H 2022		2H 2021	
	No of Units '000	US\$'000	No of Units '000	US\$'000
Units to be issued				
Manager's base fee payable in Units ^[a]	13,440	4,190	6,389	4,261
Property Manager's management fees payable in Units ^[a]	8,420	2,626	3,541	2,361
	21,860	6,816	9,930	6,622
Total Units issued and to be issued as at 31 December	1,798,425	1,234,544	1,764,085	1,228,500

	Group and Trust			
	2022		2021	
	No of Units '000	US\$'000	No of Units '000	US\$'000
Units in issue				
As at 1 January	1,754,155	1,221,878	1,582,933	1,131,815
Issuance of Units:				
- Private placement	-	-	154,084	100,001
- Manager's base fee paid in Units	14,400	8,857	11,042	8,398
- Property Manager's management fees paid in Units	8,010	4,926	6,096	4,632
Issuance cost	-	-	-	(1,806)
Capital distribution	-	(7,933)	-	(21,162)
As at 31 December	1,776,565	1,227,728	1,754,155	1,221,878

Units to be issued				
Manager's base fee payable in Units ^[a]	13,440	4,190	6,389	4,261
Property Manager's management fees payable in Units ^[a]	8,420	2,626	3,541	2,361
	21,860	6,816	9,930	6,622
Total Units issued and to be issued as at 31 December	1,798,425	1,234,544	1,764,085	1,228,500

Footnotes:

- a. There are 21,859,395 Units to be issued in satisfaction of the Manager's base fee and Property Manager's management fee for 2H 2022 based on the volume weighted average price for the last 10 Business Days immediately preceding 31 December 2022 of US\$0.3118. 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 2022 or (ii) the closing price on the day of issuance of Units in payment of property management fees.

Manulife US REIT did not hold any treasury units as at 31 December 2022 and 31 December 2021. The total number of issued Units in Manulife US REIT as at 31 December 2022 and 31 December 2021 were 1,776,565,421 and 1,754,154,689 respectively.

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9 Net asset value per Unit

	Note	Group		Trust	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset value per Unit is based on:					
- Net assets (US\$'000) ^[a]		1,020,316	1,187,716	1,020,146	1,162,448
- Total Units issued and to be issued at end of period ('000)	8	1,798,425	1,764,085	1,798,425	1,764,085

Footnotes:

- a. Net asset value and net tangible asset are the same as there are no intangible asset as at 31 December 2022 and 31 December 2021.

10 Finance expenses

	Group			
	2H 2022 US\$'000	2H 2021 US\$'000	FY 2022 US\$'000	FY 2021 US\$'000
Interest expense on loans and borrowings	17,528	13,407	31,728	26,890
Amortisation of upfront debt-related transaction costs ^[a]	852	795	1,696	1,711
Dividends on preferred units	90	69	177	136
Redemption of preferred units ^[b]	-	-	-	23
Commitment and financing fees ^[c]	171	201	334	385
	18,641	14,472	33,935	29,145

Footnotes:

- a. Upfront debt-related transaction costs are amortised over the life of the loans and borrowings.
- b. Hancock S-REIT Parent Corp redeemed 125 preferred units on 7 January 2021, further to the restructuring in connection with the finalisation of certain U.S. tax regulations.
- c. This includes the financing fees on trust-level committed lines of credit.

11 Tax (income)/expense

	Group			
	2H 2022 US\$'000	2H 2021 US\$'000	FY 2022 US\$'000	FY 2021 US\$'000
Current tax expense				
Income tax	11	41	70	167
Deferred tax (income)/expense				
Movement in temporary differences	(25,849)	5,232	(18,186)	978
	(25,838)	5,273	(18,116)	1,145

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12 Earnings per Unit (“EPU”)

Basic earnings per Unit is based on:

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
Net (loss)/income for the period/year (US\$'000)	(192,493)	32,710	(129,721)	39,413
	No. of Units	No. of Units	No. of Units	No. of Units
Weighted average number of Units in issue and issuable ('000)	1,772,954	1,616,826	1,767,087	1,603,032

Basic EPU is calculated based on the weighted number of Units for the period. This is comprised of:

- (i) the weighted average number of Units in issue for the period; and
- (ii) the estimated weighted average number of Units issuable as payment of the Manager’s base fees and Property Manager’s management fees for the period.

Diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the period.

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13 Fair value of assets and liabilities

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- a) Level 1: for unadjusted price quoted in active markets for identical assets or liabilities;
- b) Level 2: for inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c) Level 3: for inputs that are based on unobservable market data. These unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances (which might include the Group's own data).

Note	Group				Trust				
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000	
31 December 2022									
Financial assets									
Financial derivatives	-	48,919	-	48,919	-	48,919	-	48,919	
Financial liabilities									
Loans and borrowings	6	-	-	1,031,669	1,031,669	-	-	927,700	927,700
Preferred units	7	-	-	1,495	1,495	-	-	-	-
31 December 2021									
Financial assets									
Financial derivatives	-	5,653	-	5,653	-	5,653	-	5,653	
Financial liabilities									
Loans and borrowings	6	-	-	980,398	980,398	-	-	687,800	687,800
Preferred units	7	-	-	1,150	1,150	-	-	-	-
Financial derivatives	-	4,742	-	4,742	-	4,742	-	4,742	

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13 Fair value of assets and liabilities (cont'd)

Measurement of fair values

The following is a description of the valuation techniques and inputs used in the measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Financial derivatives

The fair value of interest rate swaps are based on valuations provided by the financial institutions that are the counterparties of the transactions. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Loans and borrowings

The fair values of loans and borrowings are calculated using the discounted cash flow technique based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

14 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out at terms agreed between the parties and included in the Group's profit before tax:

	Group			
	2H 2022	2H 2021	FY 2022	FY 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Rental received/receivable from a related party	511	452	977	902
Manager's acquisition fee paid/payable	-	2,016	-	2,016
Manager's base fee paid/payable	4,190	4,261	8,787	8,560
Property manager's management fee paid/payable	2,626	2,361	5,190	4,595
Trustee's fee paid/payable	154	158	304	299
Leasing fees to a related party	257	304	581	715
Construction supervision fee to a related party	16	157	23	201
Reimbursements to a related party	3,164	3,810	3,377	5,767
Settlement of liabilities including withholding taxes	155	151	539	326

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15 Financial ratios

	Group	
	FY 2022	FY 2021
	%	%
Ratio of expenses to weighted average net assets ¹		
- including performance component of the Manager's management fees	0.94	0.99
- excluding performance component of the Manager's management fees	0.94	0.99
Portfolio turnover rate ²	-	-

1 The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, finance expenses, net foreign exchange differences and income tax expense.

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value in accordance with the formulae stated in the CIS Code.

16 Subsequent events

Distribution

On 9 February 2023, the Manager announced a distribution of US 2.14 cents per Unit for the period from 1 July 2022 to 31 December 2022.

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

I SALES, TRANSFERS, CANCELLATION AND/OR USE OF TREASURY UNITS AND SUBSIDIARY HOLDINGS

(a) Treasury units

There were no sales, transfers, cancellation and/or use of treasury units as at the end of the financial year ended 31 December 2022.

(b) Subsidiary holdings

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the financial year ended 31 December 2022.

II AUDIT STATEMENT

(a) 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.

(b) Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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III REVIEW OF PERFORMANCE OF THE GROUP

	2H 2022 US\$'000	2H 2021 US\$'000	Change %	FY 2022 US\$'000	FY 2021 US\$'000	Change %
<u>Consolidated Statement of Comprehensive Income</u>						
Gross revenue	102,141	94,300	8.3	202,559	185,099	9.4
Property operating expenses	(46,600)	(40,822)	14.2	(89,396)	(75,552)	18.3
Net property income	55,541	53,478	3.9	113,163	109,547	3.3
Interest income	43	3	>100	46	21	>100
Manager's base fee	(4,190)	(4,261)	(1.7)	(8,787)	(8,560)	2.7
Trustee's fee	(154)	(143)	7.7	(304)	(284)	7.0
Other trust expenses	(935)	(1,192)	(21.6)	(2,397)	(2,494)	(3.9)
Finance expenses	(18,641)	(14,472)	28.8	(33,935)	(29,145)	16.4
Net income before tax and fair value changes	31,664	33,413	(5.2)	67,786	69,085	(1.9)
Net fair value change in derivatives	15,210	9,689	57.0	48,008	13,896	>100
Net fair value change in investment properties	(265,205)	(5,119)	>100	(263,631)	(42,423)	>100
Net (loss)/income before tax	(218,331)	37,983	N.M.	(147,837)	40,558	N.M.
Tax income/(expense)	25,838	(5,273)	N.M.	18,116	(1,145)	N.M.
Net (loss)/income attributable to Unitholders	(192,493)	32,710	N.M.	(129,721)	39,413	N.M.
<u>Distribution Statement</u>						
Net (loss)/income	(192,493)	32,710	N.M.	(129,721)	39,413	N.M.
Distribution adjustments	234,397	9,899	>100	217,591	46,186	>100
Income available for distribution to Unitholders	41,904	42,609	(1.7)	87,870	85,599	2.7
Amount retained for general corporate and working capital	(3,821)	-	N.M.	(3,821)	-	N.M.
Distribution amount to Unitholders (after retention)	38,083	42,609	(10.6)	84,049	85,599	(1.8)

N.M.: Not meaningful

2H 2022 vs 2H 2021

Gross revenue for 2H 2022 was US\$102.1 million, an increase of US\$7.8 million or 8.3% from 2H 2021, mainly due to contributions from Tanasbourne, Park Place and Diablo acquired in December 2021, higher carpark income and lower rent abatements provided to tenants affected by COVID-19, partly offset by lower rental and recoveries income from existing properties as a result of higher vacancies as well as higher non-cash amortisation of tenant lease incentives.

Property operating expenses for 2H 2022 was US\$46.6 million, an increase of US\$5.8 million or 14.2% from 2H 2021, mainly due to the newly acquired properties and increase in operating expenses such as property taxes, repair and maintenance, and utilities. As a result, the net property income for 2H 2022 was US\$55.5 million, an increase of US\$2.1 million or 3.9% from 2H 2021.

Other trust expenses consist of audit, tax compliance and other expenses. Other trust expenses for 2H 2022 was lower mainly due to higher distribution costs incurred in 2H 2021 in relation to the advanced distribution in December 2021 and lower tax compliance fees.

Finance expenses for 2H 2022 was US\$18.6 million, an increase of US\$4.2 million or 28.8% from 2H 2021, largely due to additional borrowings drawn to partially fund the acquisitions in December 2021, capital expenditure and leasing costs, as well as Plaza and Exchange mortgage loans being refinanced at a higher interest rate in July 2022.

Net fair value gain on derivatives of US\$15.2 million recognised in 2H 2022 was attributable to the fair valuation of interest rate swaps entered into to hedge against interest rate exposures.

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Net fair value loss on investment properties for 2H 2022 was US\$265.2 million as a result of the decline in valuations, adjusted for capital expenditure and other costs related to the investment properties. The decline in valuations is largely due to higher discount rates and capitalisation rates for certain properties reflecting risks posed by the volatile macroeconomic environment as well as idiosyncratic risks at the property level such as higher vacancy or weak submarket fundamentals, and continued weakening of occupational performance in the submarkets where the properties are located due to slowdown in demand and leasing activity, resulting in higher concession package assumptions needed to attract new or retain tenants, giving rise to higher leasing costs. The valuation of Figueroa, which accounts for 43.9% of the portfolio valuation decline for FY 2022, is reflective of the occupancy plans of the property's two largest tenants, Quinn Emanuel Urquhart & Sullivan, LLP and TCW Group, with the former executing a renewal and downsize while the latter plans to vacate at the end of their lease term on 31 December 2023.

Tax income of US\$25.8 million was mainly due to deferred tax income from net fair value loss on investment properties, partially offset by deferred tax expense from tax depreciation.

Due to the effects of the above, the Group recorded a net loss of US\$192.5 million, compared to the net income of US\$32.7 million for 2H 2021. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for 2H 2022 was US\$41.9 million, 1.7% lower than 2H 2021. Factoring in US\$3.8 million to be retained as general corporate and working capital purposes, the distribution amount to Unitholders for 2H 2022 was US\$38.1 million, 10.6% lower than 2H 2021.

FY 2022 vs FY 2021

Gross revenue for FY 2022 was US\$202.6 million, an increase of US\$17.5 million or 9.4% from FY 2021, mainly due to contributions from Tanasbourne, Park Place and Diablo acquired in December 2021, higher carpark income and lower rent abatements provided to tenants affected by COVID-19, partly offset by lower rental and recoveries income from existing properties as a result of higher vacancies as well as higher non-cash amortisation of tenant lease incentives.

Property operating expenses for FY 2022 was US\$89.4 million, an increase of US\$13.8 million or 18.3% from FY 2021, mainly due to the newly acquired properties, increase in operating expenses such as property taxes, repair and maintenance, and utilities, and the absence of a net reversal of provision for ECL in 1H 2022. As a result, the net property income for FY 2022 was US\$113.2 million, an increase of US\$3.6 million or 3.3% from FY 2021.

Other trust expenses consist of audit, tax compliance and other expenses. Other trust expenses for FY 2022 was lower mainly due to higher distribution costs incurred in FY 2021 in relation to the advanced distribution in December 2021, partially offset by additional administrative and professional fees arising from properties acquired in December 2021.

Finance expenses for FY 2022 was US\$33.9 million, an increase of US\$4.8 million or 16.4% from FY 2021, largely due to additional borrowings drawn to partially fund the acquisitions in December 2021, capital expenditure and leasing costs, as well as Plaza and Exchange mortgage loans being refinanced at a higher interest rate in July 2022. The increase was partially offset by interest savings from refinancing of Penn and Michelson at a lower interest rate in April 2021.

Net fair value gain on derivatives of US\$48.0 million recognised in FY 2022 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 for FY 2022 was US\$263.6 million as a result of the decline in valuations, adjusted for capital expenditure and other costs related to the investment properties. The decline in valuations is largely due to higher discount rates and capitalisation rates for certain properties reflecting risks posed by the volatile macroeconomic environment as well as idiosyncratic risks at the property level such as higher vacancy or weak submarket fundamentals, and continued weakening of occupational performance in the submarkets where the properties are located due to slowdown in demand and leasing activity, resulting in higher concession package assumptions needed to attract new or retain tenants, giving rise to higher leasing costs. The valuation of Figueroa, which accounts for 43.9% of the portfolio valuation decline for FY 2022, is reflective of the occupancy plans of the property's two largest tenants, Quinn Emanuel Urquhart & Sullivan, LLP and TCW Group, with the former executing a renewal and downsize while the latter plans to vacate at the end of their lease term on 31 December 2023.

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Tax income of US\$18.1 million was mainly due to deferred tax income from net fair value loss on investment properties, partially offset by deferred tax expense from tax depreciation.

Due to the effects of the above, the Group recorded a net loss of US\$129.7 million, compared to the net income of US\$39.4 million for FY 2021. After adjusting for net fair value loss and other distribution adjustments, income available for distribution to Unitholders for FY 2022 was US\$87.9 million, 2.7% higher than FY 2021. Factoring in US\$3.8 million to be retained as general corporate and working capital purposes, the distribution amount to Unitholders for FY 2022 was US\$84.0 million, 1.8% lower than FY 2021.

IV VARIANCE BETWEEN ACTUAL AND PROJECTION

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

Not applicable.

V OUTLOOK AND PROSPECTS

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 for two consecutive quarters to start 2022, US real GDP finished the second half of the year with annual growth rates of 3.2% and 2.9% in Q3 and Q4 2022, respectively. Despite GDP declines in the first half of 2022, the labor market has been resilient, with unemployment ending the year matching pre-pandemic lows of 3.5%

The Federal Reserve – in effort to combat inflationary pressures – pursued an aggressive monetary stance by raising policy rates 425 basis points over the course of 2022. As a result, inflation is showing signs of alleviation; after peaking at a 9.1% annual rate in June 2022, inflation declined to 6.5% annual growth in December 2022. In addition to the Federal Reserve monetary policy, other factors that have contributed to inflation began to show signs of easing including supply chain constraints, pandemic restrictions, energy prices and consumer spending.

According to JLL, leasing volume for 2022 showed a 15.1% year-over-year gain compared to 2021. However, much of this gain occurred in the first two quarters of 2022, before momentum slowed precipitously toward the end of the year, including a 10.3% decline in leasing activity between 3Q and 4Q 2022. The slowdown in activity was most notably felt among large-scale leases: just 42 lease transactions over 100,000 square feet were signed in the quarter, the lowest total since Q4 2021 and more than 50% below the pre-pandemic quarterly average.

The US office market continued to experience negative net absorption with -37.4 million square feet of net absorption in 2022. This was an improvement compared to -59 million square feet of net absorption in 2021, but continued pressures from sublease and downsizing trends led to the occupancy declines.

With committed occupancy of 88.0% and a relatively long WALE of 4.7 years, the portfolio remains somewhat insulated from negative shocks in the short term. However, prolonged market uncertainty from a slowing economy and ongoing weak leasing demand in the office sector present significant downside risks. 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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VI DISTRIBUTION

(a) Current financial period

Any distribution declared for the current period? Yes – US 2.14 cents per Unit for the period from 1 July 2022 to 31 December 2022

Distribution period	1 July 2022 to 31 December 2022
Distribution type/rate	Tax-exempt income: US 2.14 cents (being 90.7% 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.
Date payable	30 March 2023
Book closure date	17 February 2023

Unitholders who have not submitted the required U.S. tax forms completely and accurately will be subject to 30.710% withholding taxes on the tax-exempt income distribution. The U.S. tax forms are required to be reviewed and validated by the appointed processing agent. Unitholders are reminded to submit the completed tax forms to Manulife US REIT's Unit Registrar – Boardroom Corporate & Advisory Services Pte Ltd by 1 March 2023.

(b) Corresponding period of the immediately preceding 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
(ii) US 0.32 cent per Unit for the period from 9 December 2021 to 31 December 2021

Distribution period	(i) 1 July 2021 to 8 December 2021 (ii) 9 December 2021 to 31 December 2021
Distribution type/rate	(i) 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 (ii) Distribution of US 0.32 cent per Unit comprising of two components: 1. Tax exempt income: US 0.27 cent 2. 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.

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VII GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS

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.

VIII 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.

IX 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.

X 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 III above for the review of actual performance.

XI BREAKDOWN OF REVENUE

	FY 2022 US\$'000	FY 2021 US\$'000	Change %
Gross revenue reported for the first half year	100,418	90,799	10.6
Net income reported for the first half year	62,772	6,703	>100
Gross revenue reported for the second half year	102,141	94,300	8.3
Net (loss)/income reported for the second half year	(192,493)	32,710	N.M.

XII BREAKDOWN OF TOTAL DISTRIBUTIONS

	FY 2022 US\$'000	FY 2021 US\$'000
1 July 2022 to 31 December 2022 ¹	38,019	-
1 January 2022 to 30 June 2022 (paid)	46,043	-
9 December 2021 to 31 December 2021(paid)	-	5,613
1 July 2021 to 8 December 2021(paid)	-	36,962
1 January 2021 to 30 June 2021 (paid)	-	42,975

Footnote:

¹ To be paid in FY 2023 and is computed based on US 2.14 cents multiplied by the actual number of Units in issue as at 31 December 2022.

XIII 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.

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XIV 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 2022:

- (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 2022.

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)

Stephen James Blewitt
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

Ling Chui Shee
Company Secretary
MANULIFE US REAL ESTATE MANAGEMENT PTE. LTD.
AS MANAGER OF MANULIFE US REIT
(Company registration no. 201503253R)
9 February 2023