

MANULIFE US REAL ESTATE INVESTMENT TRUST (“MUST”)

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 27 March 2015 (as amended and restated))

MINUTES OF ANNUAL GENERAL MEETING

PLACE : Suntec Singapore International Convention & Exhibition Centre
1 Raffles Boulevard
Level 3, Room 300-302
Singapore 039593

DATE : Monday, 24 April 2019

TIME : 10.00 a.m.

PRESENT : Please see Attendance List attached hereto.

CHAIRMAN : Mr Hsieh Tsun-Yan

QUORUM

As a quorum was present, the Chairman of Manulife US Real Estate Management Pte. Ltd., Manager of MUST (the “**Manager**”) declared the Annual General Meeting of MUST (“**AGM**”) opened at 10.10 a.m. and introduced the Directors and Management who were present at the meeting.

PRESENTATION BY CHIEF EXECUTIVE OFFICER (“CEO”) TO UNITHOLDERS

The CEO of the Manager, Ms Jill Smith, shared a short presentation on MUST to provide unitholders with an overview of the Group’s financial performance for FY2018, in particular the following updates were noted by the unitholders:

- 2 accretive acquisitions of the properties known as Phipps Tower and 1750 Pennsylvania Avenue were completed during FY2018.
- MUST had recorded an increase in the value of its assets under management (“**AUM**”) from US\$777.5 million as at IPO in 2016 (3 properties) to US\$1.7 billion (7 properties) as at end of FY2018.
- MUST’s adjusted distribution per unit for FY2018 was US\$0.605, a 3.6% increase compared to FY2017.
- MUST had recorded a net property income of US\$90.7 million for FY2018, a 55.4% increase compared to FY2017.
- Overview on MUST’s key financial ratios, including debt maturity profile for the 7 properties of the REIT.
- Overview on MUST’s portfolio of Trophy and Class A properties, including each property’s net lettable area, occupancy rate, weighted average lease expiry (“**WALE**”), gross rental income, positive rental reversion, annual rental escalations and well-diversified tenant base; and
- Overview on MUST’s key investment criteria: key location and strong fundamentals; trophy and class A assets; long WALE and high occupancy, live, work, play environment.
- Overview on some of the distinguishing features of Trophy and Class A properties versus lower class buildings.

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- MUST's tax advantage and tax structure, including potential impact from changes in the US tax regulations (if any).

Following the CEO's presentation, the Chairman proceeded with the business of the AGM.

NOTICE

With the consent of the unitholders present, the Notice convening the meeting was taken as read.

INTRODUCTION

The Chairman informed the meeting that:

- he had been appointed as proxy by unitholders and would be voting in accordance with their wishes;
- all the resolutions tabled at the AGM would be voted by way of poll (in accordance with the requirements of the Listing Rules of Singapore Exchange Securities Trading Limited (the "SGX-ST"));
- the polling for all the resolutions would be conducted electronically via wireless handset and the voting would take place immediately after each motion had been duly proposed and seconded; and
- the Q&A session would be opened to the floor upon each motion had been proposed and seconded by the unitholders.

ORDINARY BUSINESS:

1. REPORTS AND AUDITED FINANCIAL STATEMENTS – ORDINARY RESOLUTION 1

The Ordinary Resolution 1 as set out in the Notice of AGM was proposed by the Chairman and seconded by Mr Alan Teo Hwee Loon.

After dealing with questions from the unitholders as set out in the attached Appendix, the motion was put to vote and the results of the poll for Ordinary Resolution 1 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
436,584,445	99.74	1,144,556	0.26	437,729,001	100.00

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

"That the Report of DBS Trustee Limited, as trustee of MUST, the Statement by the Manager and the Audited Financial Statements of MUST for the financial year ended 31 December 2018 together with the Auditors' Report be received and adopted."

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2. RE-APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION 2

The meeting noted that the Auditors of MUST, Messrs Ernst & Young LLP, had expressed their willingness to continue in office and unitholders were asked to consider and approve their re-appointment.

The Ordinary Resolution 2 as set out in the Notice of AGM was proposed by the Chairman and seconded by Mr Ashok Kumar Singhal.

After dealing with questions from the unitholders as set out in the attached Appendix, the motion was put to vote and the results of the poll for Ordinary Resolution 2 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
437,146,039	99.85	653,696	0.15	437,799,735	100.00

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

“That Messrs Ernst & Young LLP be re-appointed as Auditors of MUST to hold office until the conclusion of the next Annual General Meeting of MUST, and to authorise the Manager to fix their remuneration.”

SPECIAL BUSINESS

3. AUTHORITY TO ISSUE UNITS – ORDINARY RESOLUTION 3

The text of Ordinary Resolution 3 as set out in the Notice of AGM was proposed by the Chairman and seconded by Mr Leong Onn Kay.

After dealing with questions from the unitholders as set out in the attached Appendix, the motion was put to vote and the results of the poll for Ordinary Resolution 3 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
414,154,446	94.60	23,620,309	5.40	437,774,755	100.00

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Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

“That pursuant to Clause 5 of the trust deed constituting MUST (as amended and restated) (the “Trust Deed”) and listing rules of the SGX-ST, the Manager be authorised and empowered to:

- (a) (i) *issue units in MUST (“Units”) whether by way of rights, bonus or otherwise; and/or*
- (ii) *make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,*

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

- (b) *issue Units in pursuance of any Instruments made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),*

provided that:

- (1) *the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);*
- (2) *subject to such manner of calculation as may be prescribed by SGX-ST, for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:*
 - (a) *any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed;*
 - (b) *any subsequent bonus issue, consolidation or subdivision of Units;*
- (3) *in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);*
- (4) *unless revoked or varied by the Unitholders in a general meeting of MUST, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of MUST or (ii) the date by which the next AGM of MUST is required by applicable laws or regulations to be held, whichever is earlier;*

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- (5) *where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and*
- (6) *the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of MUST to give effect to the authority conferred by this Resolution.”*

4. AMENDMENTS TO THE TRUST DEED (UNIT BUY-BACK MANDATE) – EXTRAORDINARY RESOLUTION 4

The Extraordinary Resolution 4 as set out in the Notice of AGM was proposed by the Chairman and seconded by Mr Alan Teo Hwee Loon.

After dealing with questions from the unitholders as set out in the attached Appendix, the motion was put to vote and the results of the poll for Extraordinary Resolution 4 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
435,942,259	99.61	1,713,696	0.39	437,655,955	100.00

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

“That the amendment to the provisions in MUST’s Trust Deed in relation to the repurchase and redemption of Units pursuant to the Unit Buy-Back Trust Deed Supplement be and is hereby approved.”

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5. PROPOSED UNIT BUY-BACK MANDATE – ORDINARY RESOLUTION 5

The Ordinary Resolution 5 as set out in the Notice of AGM was proposed by the Chairman and seconded by Ms Teo Sally.

After dealing with questions from the unitholders as set out in the attached Appendix, the motion was put to vote and the results of the poll for Ordinary Resolution 5 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
436,754,639	99.82	801,416	0.18	437,556,055	100.00

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

“That the Manager be authorised to exercise all of its power to repurchase issued Units in accordance with MUST’s revised Trust Deed.”

6. AMENDMENTS TO THE TRUST DEED (ELECTRONIC COMMUNICATIONS) – EXTRAORDINARY RESOLUTION 6

The Extraordinary Resolution 6 as set out in the Notice of AGM was proposed by the Chairman and seconded by Mr Ang Woo Hun.

After dealing with questions from the unitholders as set out in the attached Appendix, the motion was put to vote and the results of the poll for Extraordinary Resolution 6 were as follows:

FOR		AGAINST		TOTAL	
No. of Units	As a percentage of total no. of votes for the resolution (%)	No. of Units	As a percentage of total no. of votes against the resolution (%)	Total no. of units represented by votes for and against the resolution	As a percentage of total no. of votes for and against the resolution (%)
437,642,639	99.96	178,952	0.04	437,821,591	100.00

Based on the results of the poll, the motion was declared carried by the Chairman and it was RESOLVED:

“That the amendment to the provisions in MUST’s Trust Deed in relation to the Electronic Communications Trust Deed Supplement be and is hereby approved.”

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CONCLUSION

There being no other business, the Chairman declared the AGM of MUST closed at 11.00 a.m. and thanked everyone for their attendance.

**CONFIRMED AS TRUE RECORD
OF PROCEEDINGS HELD**

**HSIEH TSUN-YAN
CHAIRMAN**

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ANNUAL GENERAL MEETING

ATTENDANCE LIST

(Directors and Management)

PLACE : Suntec Singapore International Convention & Exhibition Centre
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Singapore 039593

DATE : Monday, 24 April 2019

TIME : 10.00 a.m.

<u>S/No.</u>	<u>Name</u>	<u>Position</u>
1.	Hsieh Tsun-Yan	Chairman / Non-Executive Director
2.	Lau Chun Wah @ Davy Lau	Independent Non-Executive Director / Lead Independent Director
3.	Ho Chew Thim	Independent Non-Executive Director
4.	Veronica Julia McCann	Independent Non-Executive Director
5.	Dr Choo Kian Koon	Independent Non-Executive Director
6.	Michael Floyd Dommermuth	Non-Executive Director
7.	Stephen James Blewitt	Non-Executive Director
8.	Jill Smith	Chief Executive Officer
9.	Jagjit Obhan	Chief Financial Officer
10.	Jennifer Schillaci	Chief Investment Officer
11.	Caroline Fong	Head of Investors Relations
12.	Choong Chia Yee	Financial Controller
13.	Daphne Chua	Head of Compliance

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**SUMMARY OF QUESTIONS AND ANSWERS DEALT DURING
ANNUAL GENERAL MEETING HELD ON WEDNESDAY, 24 APRIL 2019 (the “AGM”)**

Question 1 : **The FY2018 valuation of the first 4 properties disclosed on page 24 of the Annual Report (i.e. Figueroa, Michelson, Peachtree and Plaza) had only increased marginally compared to FY2017 – what is the future valuation of these properties?**

Response : The REIT invest in properties that generate stable cash flows and remain resilient under all types of economic situations. As a result, the valuation of the REIT’s properties had moderate increase compared to other properties. The average occupancy rate for the REIT’s portfolio is 96.7%. Valuations are based on the present value of future cash-flow and when the future cash-flows are locked-up, the incremental gain in the valuation of these properties would be low. Based on the past 10 years’ trend for the properties’ annualised value and capitalisation rates, there will not be any significant hike in the valuation of the REIT’s properties in the future years.
(Jennifer Schillaci)

Question 2 : **Why is the occupancy rate for some properties disclosed as below 94%, while the average occupancy rate is 96%?**

Response : There will be volatility in the occupancy rates for each property on a year-on-year basis, this is considered as a benefit of having a diversified portfolio. Management do not expect all the REIT’s properties to record high occupancy rates. The US market is different from the Singapore market, and the occupancy rates were unlikely to hit 99% or 100%.
(Jennifer Schillaci)

Question 3 : **Why has the capitalisation rates for Figueroa, Michelson, Peachtree declined?**

Response : The capitalisations rates had remained steady across the USA for Trophy and Class A properties. Management does not foresee any significant capitalisation rates movement for any of MUST properties.
(Jennifer Schillaci)

Question 4 : **What was MUST’s rationale for the acquisition of Phipps (a Trophy building) which was rented out at US\$20/- per square foot (“psf”), while the rental at Peachtree (a Class A building) is US\$35/- psf.**

Response : The rental rate of US\$20/- psf for Phipps is a “net rent”, while the rental rate of US\$35/- psf for Peachtree is a “gross rent”. In the USA, gross rent is an aggregate of the net rent plus additional rent.
(Jennifer Schillaci)

For Phipps, most of its rents were fixed when it was constructed in 2010, and these rent rates were comparatively lower when compared to present rent rates.

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Question 5 : **Reference is made to the changes made to the US Tax Act (implemented in 2018) – has this tax issue been resolved? Any potential impact on the REIT in the near future?**

Response (Jagjit Obhan) : The new US Tax Act was introduced in December 2017. Arising from the proposed tax changes, the REIT had made some changes to its tax structure by including the Barbados entities to minimise any potential tax leakage that may arise.

The US Treasury department had recently released a draft clarification on the new US Tax Act and based on this draft clarification, the REIT's current tax structure (with the Barbados entities) is still valid and applicable. The US Treasury department's clarification had also provided an opportunity for the REIT to revert to its initial tax structure as at IPO. This potential change to the REIT's IPO tax structure would result in a tax saving of approximately up to 1.5%. The US Tax regulation is anticipated to be finalised by 22 June 2019.

In the best interest of the REIT's Unitholders, the Manager is actively focusing on reverting to the IPO structure to benefit from the potential tax savings of up to 1.5% for the Unitholders. The Manager had also taken advantage of the changes in the US Tax Act to reduce and shield the REIT's income from potential tax leakages.

Question 6 : **The REIT's current gearing ratio is 37.2%, if the increase in interest rate is implemented next year – what is the impact on the REIT's operations? What are the REIT's proposed mitigation plan?**

Response (Jagjit Obhan) : The REIT maintains a well spread out debt structure, hence it will not be subject to the risk of one significant loan being due within a year. In addition, the interest rate on the REIT's loans are well spread out.

One of the REIT's upcoming mortgage had been secured at an interest rate of 2.39% at IPO (2016). The market rates have increased since IPO and therefore Figueroa loan is expected to have higher interest rate upon refinancing in July 2019.

There would not be any material impact on the REIT's DPU, as the REIT has multiple sources of organic growth (i.e. rental escalations, rental reversions and increasing occupancy rate) to mitigate any such potential impact.

The REIT's lease structure comprises of net leases and gross-based leases. Under the net leases option, the REIT is able to pass on any cost increase in its properties to the tenants. While, for gross-based leases, any increase in cost above the base year expense can be recovered.

Question 7 : **Please explain the purpose and rationale for Resolution 5: Proposed Unit Buy-back Mandate.**

Response (Jagjit Obhan) : The Unit Buyback mandate authorises the Manager to buy-back the REIT's Units from the open market when the Unit prices are low. The Unit buy-back mandate is a capital management tool that indirectly creates a higher DPU and NAV for the Unitholders.

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Question 8 : **Would there be any conflict of interest when the Manager buy-back the Units and is there a specific time frame for this exercise? Is there any audit on this Unit buy-back procedures – are any substantial Unitholders or Directors involved?**

Response : Unit Buy-back mandate is mainly for REIT to buy-back its own Units and
(Jagjit Obhan) not the Manager.