

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

DETAIL	:	<i>Held via “live” webcast and audio stream pursuant to the SGX guidance issued on 13 April 2020 and last updated on 1 October 2020</i>
DATE	:	Friday, 30 April 2021
TIME	:	10.00 a.m.
PRESENT	:	<u>Directors</u> Mr Hsieh Tsun-Yan – Chairman and Non-Executive Director Dr Koh Cher Chiew Francis – Lead Independent Non-Executive Director Ms Veronica Julia McCann – Independent Non-Executive Director Dr Choo Kian Koon – Independent Non-Executive Director Mrs Karen Tay Koh – Independent Non-Executive Director Mr Michael Floyd Dommermuth – Non-Executive Director Mr Stephen James Blewitt – Non-Executive Director <u>In Attendance</u> Ms Jillian Avis Kathryn Smith – Chief Executive Officer Mr Robert Wong Teck Ling – Chief Financial Officer Mr Patrick Authur Browne – Chief Investment Officer Ms Caroline Fong Meng Yuet – Chief Investor Relations and Capital Markets Officer
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 10.00 a.m. and introduced the Directors and Management who were attending the virtual-AGM by electronic means from different parts of the world.

NOTICE

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

INTRODUCTION

The Chairman informed the meeting that:

- (i) This was MUST’s second year conducting its AGM via a “live” audio and video webcast so as to minimise physical interaction and COVID-19 transmission risks as well as to ensure the safety and health of all Unitholders.

- (ii) Due to these circumstances, Unitholders would not be able to ask questions during the “live” AGM webcast and audio-stream. In accordance with SGX RegCo’s guidance issued on 13 April 2020 and last updated on 1 October 2020 on the conduct of general meetings via virtual platform, MUST had made an announcement on 6 April 2021 informing all Unitholders to (a) submit to MUST their questions in relation to the agenda of the AGM via the pre-registration website, by post or via email by the submission deadline of 27 April 2021; and (b) submit to MUST their proxy forms appointing the Chairman of the meeting as their proxy to cast votes on their behalf at least 72 hours before the AGM by either post or via email.
- (iii) The Chairman thanked all Unitholders for submitting their questions in advance of the AGM. MUST had addressed and provided its response to all questions received from the Unitholders in relation to the resolutions tabled at the AGM in its SGXNet announcement on 30 April 2021 prior to the commencement of the AGM. The responses are also available on MUST’s website.
- (iv) There would not be any “live” voting on the resolutions during the AGM - the Chairman had been appointed as proxy by numerous Unitholders, in his capacity as the Chairman of the Meeting, to vote on their behalf in accordance with their instructions.
- (v) Validity of the proxy forms submitted by the Unitholders by the submission deadline had been reviewed and the votes of all such valid proxy forms have been counted and verified by DrewCorp Services Pte Ltd, who have been appointed as scrutineers for the poll.
- (vi) The Minutes of this AGM would be announced via SGXNet and uploaded on MUST’s website.

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

The CEO of the Manager, Ms Jill Smith, shared a presentation on MUST to provide Unitholders with an overview on MUST’s financial and operational performance for FY2020 and the following updates were noted by Unitholders:

(a) Key Highlights

- FY2020 was a year of human tragedy due to the COVID-19 pandemic. The sharp decline in the United States of America (“**US**”) economy had created considerable business uncertainty including the office real estate sector.
- Similar to most SREITs, MUST’s unit price had declined during the year before staging a recovery. Despite the market conditions, MUST’s investor base grew from some 5,500 to nearly 9,000 during FY2020.
- The underlying quality of MUST’s 9 Trophy and Class A office buildings in the US will enable MUST to weather the impact of the pandemic and slowly resume MUST’s growth trajectory heading to new frontiers.
- MUST’s fortified portfolio comprises 9 freehold Trophy and Class A properties with a Net Lettable Area (NLA) of 4.7 million square feet and 176 tenants across the US.
- MUST is backed by a strong Sponsor, the Manulife Group, which stands ready to assist and support MUST’s growth.
- There were no opportunities to make further accretive acquisitions during FY2020 as the property market in the US was frozen for most of the year with no sellers wanting to drop their prices and no buyers willing to pay the seller’s price.
- The capital markets were also sluggish as lenders were deeply risk adverse.

- MUST's Net Property Income ("NPI") and Distribution Income ("DI") had increased to US\$115.8 million and US\$89 million respectively during FY2020. This was mainly due to contributions from the 2019 accretive acquisitions.
- Occupancy declined from 95.8% to 93.4% by the end of FY2020, and that, together with the following factors in the second half of 2020 had caused MUST's Distribution Per Unit ("DPU") to decline by 5.4% to 5.64 US cents per unit:
 - lower rental income due to higher vacancies;
 - lower carpark income; and
 - provision for expected credit losses.
- Over the past 5 years, occupancy for MUST's properties had been well above the US Class A average and MUST's occupancy of 93.4% for FY2020 was a good result relative to the US market occupancy rate which fell from an average of 88% at the start of 2020 to 84% by the end of 2020.
- There was no leasing catastrophe for MUST despite the pandemic as only one of MUST's 176 tenants went bankrupt and gave up its lease during FY2020 – this represented only 1,670 sq ft out of MUST's total NLA of 4.7 million sq ft.
- During 2020, most of the prospective tenants had halted their search for new space and tenants which were due to renew were slow to act. MUST had executed 279,000 sq ft of leasing or 5.9% of the portfolio by NLA – of this amount, 35.6% was new leasing, 58.7% renewals and 5.7% expansions. Rental reversions were muted at +0.1%.
- There was a drag on MUST's overall income since ultimately not enough leasing was executed, vacancies increased and occupancy declined.
- Car parking income was another area where MUST's revenue had suffered during FY2020 – it declined from 7.4% of 2019's Gross Rental Income ("GRI") to 5.8% of GRI in 2020. It was no surprise that car parking revenue had declined because of the lockdown due to the pandemic and the move to work from home.
- In the final months of 2020, MUST had decided that it was prudent to provide a provision for credit losses from those tenants which had become delinquent in terms of arrears – approximately half of the total credit provision was for a retail tenant and the remaining balance was for food and beverage companies. However, in February 2021, the retail tenant had reached an agreement to settle its arrears in full and had resumed payments. Some of the food and beverage tenants had also made payments and MUST is working to resolve the remainder.

(b) FY 2020 Financial and Operational Updates

- Due to the impact of the pandemic on the US economy, interest rates plummeted and in mid-year, MUST took advantage of the ultra-low rates and refinanced its mortgage that was due. The interest rate attained was 1.85% for 5 years through a Singapore bank – this was a considerably lower rate than the 2.46% paid on the original 3-year US mortgage. This was also MUST's first Green loan.
- During 1Q2021, MUST had completed its 2021 loan refinancing at low rates reducing its weighted average interest rate to 3%. The refinancing for FY2021 was MUST's maiden sustainability-linked loan, which incorporates the potential for interest rate reductions linked to sustainability targets and MUST will be able to enjoy more savings in future as it achieves its targets.
- For FY2020, MUST recorded a gearing level of 41.0% which was well below the regulatory limit of 50% set by the Monetary Authority of Singapore. As such, there is more than sufficient debt headroom of up to US\$375 million available for MUST to meet its growth ambitions. One of the ways by which MUST might reduce its gearing level is through funding an accretive

acquisition with a maximum of 35% debt funding and 65% equity funding. Otherwise, MUST aims to keep its gearing around 45%.

- MUST's property valuation for FY2020 had declined by 4.9% mainly due to higher vacancies, estimated higher leasing costs, and the assumption of zero rental growth in the first year of new leases and renewals by the independent US appraiser, CBRE.
- Physical attendance in MUST's 9 properties varied from 5% to 25% as tenants were only tentatively returning to their offices. However, virtual office tour activity by tenants had improved across all locations. Prospective tenants and existing tenants were now genuinely prepared to negotiate and prefer to sign a shorter 2- to 3-year leases rather than 5- to 10-year leases, which was previously the market norm. In recent months, some tenants had also signed longer term leases, depending on their need for space.
- Strong leasing momentum had resulted in 270,000 sq ft being executed as of the end of 1Q2021, which is 5.8% of MUST's portfolio by NLA. MUST's expiries for 2021 had reduced from 5.7% to 4.3% and 2022 expiries had reduced from 18.1% to 13.0%. In addition, rental reversions had increased by 2.1%.
- Overview on MUST's well-diversified tenants in terms of the trade sectors and the unemployment rate in US as of April 2020 versus March 2021 - although the traditional sectors such as Legal, Government, Finance and Insurance had protected MUST's portfolio in FY2020, MUST is prepared to diversify and concentrate on attracting tenants from higher growth sectors and will drive returns by acquiring, as and when it can, in growth locations.
- Overview on MUST's top 10 tenants, including their lease expiry date, NLA and trade sector – most of which are mainly HQs, Government or listed entities and had stood strong during the pandemic.
- Limited supply in MUST's market, including overview on projected 12-month rent growth (2.5%) in line with the US average (2.5%).

(c) Looking Forward

- Three critical factors that were carrying the US economy forward were:
 - The vaccine rollout – The US population topped 330 million and so far over 230 million doses of vaccine had been administered. Everyone over the age of 16 is eligible for a vaccination in the US and over 80% of those over 65 had received one dose;
 - Fed support -- The preparedness of the Fed to provide fiscal stimulus such as the US\$1.9 trillion package and the proposed infrastructure renewal program of some US\$2.3 trillion was one of the factors that had sped up the US recovery; and
 - The return to work -- The US was beginning to see a big return to office and some of the factors to be considered were the amount of space required post-COVID-19 and the future usage of the office. Currently the hybrid model where 2 to 3 days are spent at the office seemed to be the favoured route and this model requires the same amount of space as pre-COVID-19.
- During the pandemic, we had seen high growth in trade sectors such as technology, healthcare and life sciences, plus those from the fast-developing knowledge economy which included entertainment streaming, analytical services, online retailing and cybersecurity. These sectors of the US economy are now set to outpace the growth of traditional areas such as finance and insurance.
- We believe that MUST's existing 9 buildings are poised to capitalize on the post COVID-19 themes. For example, 52% of MUST's AUM is exposed to technology, entertainment and cloud security services and at least 48% of its AUM is exposed to the population migration trend.

- In terms of accretive acquisitions and to further rejuvenate MUST's prospects, MUST is taking the post-COVID-19 themes into account when searching for office properties in high growth locations, urban or suburban, that are best in class in all parts of the US, including the sunbelt states.
- Overview on the subset of target markets with desired growth traits and ability to acquire accretive deals in markets with cap rates ranging from 6.5% to 7.5%.

(d) Economic, Social, Governance (ESG)

- MUST is playing its part and aiming to do more in terms of its ESG. For example, despite 2020 being a difficult year, MUST has managed to increase its MSCI ESG rating from a BBB to an A and broadened its board diversity as 50% of the Independent Directors are now women.
- Overview on the targets achieved in 2020, including the key targets set for 2021 and beyond. All in all, creating a sustainable future for all Unitholders with focus on the US road to recovery, inorganic growth, organic growth, capital management and growing responsibly.

The Sponsor has a long-term commitment to the success of MUST and is working together with MUST to find portfolio, joint-venture and merger and acquisition opportunities.

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

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, 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 (%)
554,083,038	99.65	1,929,410	0.35	556,012,448	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 2020 together with the Auditors' Report be received and adopted.”

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, 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 (%)
552,811,907	99.64	1,979,210	0.36	554,791,117	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, 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 (%)
530,493,632	95.25	26,427,685	4.75	556,921,317	100.00

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 Manulife US REIT (as amended and restated) (the “Trust Deed”) and listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Manager be authorised and empowered to:

- (a) (i) *issue units in Manulife US REIT (“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 Manulife US REIT, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of Manulife US REIT or (ii) the date by which the next AGM of Manulife US REIT is required by applicable laws or regulations to be held, whichever is earlier;*
- (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 Manulife US REIT to give effect to the authority conferred by this Resolution.”*

CONCLUSION

There being no other business, the Chairman declared the AGM of MUST closed at 10.40 a.m. and thanked everyone for their attendance.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD

**HSIEH TSUN-YAN
CHAIRMAN**