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	:	*Held via "live" audio-visual webcast and "live" audio-only stream*
DATE	:	Friday, 29 April 2022
TIME	:	10:00 a.m.
PRESENT	:	**Directors** Mr Hsieh Tsun-Yan – Chairman and Non-Executive Director Prof 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 **In Attendance** Ms Jillian Avis Kathryn Smith – Chief Executive Officer Mr William David Gant III – Deputy Chief Executive Officer Mr Robert Wong Teck Ling – Chief Financial Officer Mr Patrick Arthur Browne – Chief Investment Officer Ms Caroline Fong Meng Yuet – Chief Investor Relations and Capital Markets Officer
UNITHOLDERS AND INVITEES	:	As set out in the attendance record maintained by MUST
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 (the "**AGM**") opened at 10:00 a.m. and introduced the Directors and Management who were attending the virtual AGM by electronic means from Singapore and overseas.

NOTICE

The Notice convening the Meeting was taken as read.

INTRODUCTION

The Chairman informed the Meeting that:

(i) MUST was conducting its AGM virtually via a "live" audio-visual webcast and "live" audio-only stream to keep physical interactions and COVID-19 transmission risks to a minimum.

(ii) Unitholders would be able to ask questions during the "live" AGM proceedings via the "live" audio-visual webcast. Unitholders would not be able to ask questions via the audio-only stream. MUST had, in an announcement on 5 April 2022 informed all Unitholders to (a) submit 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 13 April 2022; and (b) submit to MUST their proxy forms appointing their proxy(ies) or 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 Unitholders who submitted their questions in advance of the AGM. MUST had addressed and provided its response to the questions received from the Unitholders in relation to the resolutions tabled at the AGM in its SGXNet announcement on 25 April 2022. The responses are also available on MUST's website.

(iv) There would be "live" voting on the resolutions during the AGM. The Chairman had been appointed as proxy by some 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 FY2021 and the following updates were noted by Unitholders:

(a) <u>Key Highlights</u>

- FY2021 witnessed the vaccination rollout across the US, strong economic recovery with US GDP up 5.7% and unemployment back to pre-COVID levels at 3.6%.

- The resurgence of COVID-19 in the US from variants such as Omicron deterred a mass return-to-office, hindered office leasing activity and the rapid rise in inflation to 7% by year-end gave rise to concern that the US Federal Reserve would have to raise interest rates.

- MUST's investor base continued to number ~9,000 comprising of long-term holders and new investors including retail, high net worth and institutional investors located in Singapore and internationally.

- MUST maintained a high occupancy of 92.3% versus the market average for US Class A of 83.2%.

- In FY2021, MUST executed 654k sq ft of leasing or 12% of the portfolio by NLA compared to 279k sq ft of leasing or 5.8% of the portfolio by NLA in 2020.

- On capital management, MUST took advantage of the low interest rate environment to reduce the weighted average interest rate from 3.18% as at end-December 2020 to 2.82% as at end-December 2021. MUST also increased its green and sustainability-linked loans as a portion of debt from 11.7% to 45.1%.

- MUST increased its commitment to ESG in order to create a sustainable future for MUST by maintaining its GRESB 5 Star rating and achieving an MSCI ESG rating of AA.

- In 4Q 2021, MUST acquired three properties, moving away from the traditional office buildings and pivoting into higher growth markets and tenant sectors, thereby increasing MUST's exposure to technology, healthcare and areas of the new knowledge economy.

- The acquisition of the three properties, totalling US$202m, increased AUM to US$2.2b and, overall, the deal was +2.8% accretive.

(b) FY2021 Financial and Portfolio Updates

- MUST's Net Property Income ("NPI") and Distribution Income ("DI") decreased by 3.8% and 5.4% respectively year-on-year ("Y-o-Y") and full year Distribution Per Unit ("DPU") decreased by 5.5% Y-o-Y from 5.64 US cents to 5.33 US cents.

- The main factors that contributed to the 2021 DPU decline were:

  - Lower carpark income;
  - Rental abatements as part of lease negotiations for some F&B outlets because of COVID-19 conditions; and
  - Lower occupancy due to tenants right sizing space requirements because of the move to hybrid working and a scarcity of new tenants as companies were uncertain about committing to new leases.

- There were savings as a result of proactive capital management with finance expenses reduced by US$600k. These savings were mainly due to lower interest costs for the refinancing of Michelson and Penn mortgages plus other capital management initiatives where cash usage was optimised.

- MUST's leasing costs such as tenant incentives and free rent to secure renewals and new leases are funded by debt. Hence, as tenant leasing costs rose during the pandemic, containing interest rate costs was a priority.

- MUST's debt maturity profile was well spread, locking in low rates to 2027, with 13.5% in floating rate debt and 86.5% in fixed loans at the end of 2021.

- Currently, every 1% increase in interest rates only impacts DPU by 0.075 US cents.

- MUST's gearing as at December 2021 was 42.8%, well below the regulatory limit of 50%.

- In 2H 2021 US office started to recover with strong momentum in 4Q.

- In 4Q 2021 leasing volumes across the US increased by 13.8% and the average leasing tenure continued to normalise, increasing to 7.8 years.

- Through much of 2021, it was a tenants' market as US office tenants took advantage of the distressed conditions to drive a hard bargain with landlords in lease negotiations. However, 4Q 2021 saw the easing of high cost of tenant incentives and free rent.

- MUST saw green shoots in 2H 2021 where:

  - New leases increased 2.6 times from the first to second half;
  - Weighted average lease expiry on leases executed across the portfolio increased significantly from 2.8 years in 1H 2021 to 5.1 years in 2H 2021;
  - Net effective rents increased by 3.4% from 1H to 2H; and
  - Property valuations turned positive at the end of 2021.

- There was an improvement in the valuations but due to the ongoing COVID-19 conditions, the independent appraiser factored in higher vacancies, estimated higher leasing costs and 0% rental growth in the first year of new leases and renewals for a number of MUST's properties and this held back the portfolio valuation.

- Office usage is a determinant of whether companies want to retain, expand or find new space. MUST's April 2022 average physical occupancy increased to 34%, the highest since 2020. This bodes well for carpark income, better times for the F&B tenants and an incentive for companies to commit to existing or new leases with more workers returning to office.

- Limited supply with positive 12-month rent growth, where the 12-month average rental growth rate market for MUST's markets was -2.5% in April 2020. In April 2022, the forecast is for +3.8% rent growth.

- MUST's portfolio profile at end December 2021 posted a weighted average lease expiry of 5.1 years, 2022 expiries of 8.0% by NLA and those expiries were 2.1% below market rents.

- 4Q 2021 portfolio rental reversion was -0.8%, excluding Michelson building, the number would have been +3.3%.

(c) <u>ESG MUST's Journey</u>

- Over the past few years there has been a gathering global awareness by governments, communities, businesses, including real estate, to integrate sustainability into real actions in order to try and meet climate and other ESG targets.

- MUST realises that despite the global economic turmoil ESG targets cannot be abandoned with sustainability risks and opportunities continuing to be recognised as impacting investment, and investors wanting to see real action.

- MUST's journey has seen the formation of its Sustainability Steering Committee in 2017, up to 90% of MUST's portfolio being green-certified, the launching of an ESG thought leadership week in 2021 and announcing alignment to our Sponsor, Manulife's net zero and 80% GHG emissions reduction target by 2050.

- Tenants in the US are also taking an increased interest in sustainability, e.g. US Government agencies can only lease space in green-certified buildings.

(d) <u>Looking Forward</u>

- Issues and concerns that are impacting the global environment, the US outlook and Office trends were:

  - Invasion – The geopolitical crisis in Europe and the global tensions that have emanated from uncertainty have led to market volatility with the outcome still unknown;
  - Inflation – The supply chain disruption and other effects of the COVID-19 pandemic started in 2021, but the war in Ukraine has affected global energy, food and other price increases. In the US, inflation has run rampant since the second half of 2021 and at the end of March 2022, hit a 40-year high of 8.5%;
  - Interest rate hikes – To stamp out US inflation, the Federal Reserve has signaled that it would aggressively tighten monetary policy. It had, on 17 March 2022, increased rates by 0.25% and has indicated that it will increase rates again in May, possibly by 0.50% with further hikes to come. However, US 2022 GDP forecasts have decreased from over 4% to 3.7% and some commentators are forecasting an even lower rate. However, this may trigger stagflation or even recession.

- Answering investor question on what is the impact on MUST's expenses and income from the recent massive surge in energy prices – ~11% of MUST's operating expenses were generated from utilities as at end December 2021. Tenants bear most of these costs and so will absorb the increases. MUST pays for the common areas such as passages and lobby areas, but to a large extent is sheltered from soaring utility bills.

- For decades before the pandemic, US workforce mobility has been the norm and more than 50% of the office workforce has the option to work from home, unlike in Singapore. With the return-to-office hybrid working arrangements, where staff work from home and the office is currently the most favoured way of attracting and retaining skilled office workers.

- The flight to quality with newer and green buildings is good for MUST's Trophy Class and 90% green-certified properties.

- There is also an ongoing acceleration of population and company migration to sunbelt and magnet cities as such locations provide workers with a better lifestyle, affordable housing, top-rated educational facilities and, for companies, enticing tax and business incentives. This trend was the reason for the acquisitions of business and flex-style properties in sunbelt and magnet city locations in December 2021. As a result, some 48% of MUST's AUM is now exposed to the population migration trend and higher growth markets and tenant sectors.

- However, there pressures that will continue to hamper recovery as it is still a tenants' market with high tenant incentives, free rent and other capital expenditures eating into income. Rising interest rates and construction costs must be monitored too.

- MUST understands that the world of office has altered, and this alteration is reshaping what office tenants want as MUST enters a new phase of portfolio rejuvenation.

- As the Office market continues to recover, MUST will look for JVs, M&As and transformation opportunities as part of rejuvenation. To enable the management team in that endeavour, MUST has a strong sponsor in the Manulife Group who is able and ready to stand behind MUST.

- There will be further highs and lows for as MUST makes its way to full recovery but MUST's portfolio is of high quality, the US market is improving so MUST continues on its mission.

QUESTION AND ANSWER SESSION

The Chief Investor Relations Officer, Ms Caroline Fong, moderated the questions asked by Unitholders during the Meeting.

The summarised questions and the responses are set out in the attached Appendix A.

Following the Q&A session, 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 (%)
609,955,256	99.55	2,732,952	0.45	612,688,208	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 2021 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 (%)
608,711,677	99.34	4,041,550	0.66	612,753,227	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 (%)
540,793,073	88.15	72,727,808	11.85	613,520,881	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 (the "**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 the 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 10:55 a.m. and thanked everyone for their attendance.

CONFIRMED AS TRUE RECORD OF PROCEEDINGS HELD

HSIEH TSUN-YAN
CHAIRMAN

Appendix A

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))

**QUESTIONS AND ANSWERS DURING THE
ANNUAL GENERAL MEETING HELD ON FRIDAY, 29 APRIL 2022 (THE "AGM")**

Question 1	:	**What caused the decrease in the valuation of Plaza?**
Response (Patrick Browne)	:	The decrease was due to the way the valuer changed assumptions on the back of demand during the COVID-19 pandemic. The changes made were related to reduced rent growth, higher TI's, leasing costs and higher vacancies. For FY2021, the valuer of Plaza made specific assumptions that reduced the renewal probability of the building due to demand in the market using a model, resulting in the valuation decline.
Question 2	:	**Has rental reversions eased in 2022?**
Response (Carol Fong)		As disclosed in the CEO's presentation, MUST expects positive to moderate rental reversions in 2022. MUST will release its 1Q 2022 Operational Update on 9 May 2022. Please refer to the SGXNet announcement and on MUST's website on that day.
Question 3	:	**Do the leases for MUST's tenants have rent escalation related to inflation rate?**
Response (Patrick Browne)		96% of MUST's leases have rental escalations while the remaining 4% - of which the majority are Government-related tenants – do not have rent escalations. A typical lease would have an annual escalation clause with a fixed number of percentage per annum of growth. Some leases instead have a fixed step-up in the middle of the lease period. Lastly, MUST's current lease structures shield it from inflation, in particular, soaring utilities costs because leases stipulate that was tenants are responsible for paying their pro rata share of expenses via either NNN leases or through base year mechanisms in gross leases.
Question 4	:	**If office utilisation is at ~30%-40% level, what is driving up rental growth? Is this growth sustainable given that a rapid interest rate hike will hamper future growth and probably lead to a recession? How will it affect rental growth?**
Response (Patrick Browne)		Rents may rise with inflation in due course. One key factor that may contribute to rent growth rising with inflation is that there is very limited new construction of office buildings on the back of reduced demand for office space and rapidly rising construction costs (labour, material). Hence, supply is fixed and shrinking, which offers owners with buildings in good locations the leverage and demand over tenant looking to lease space. This was one way to see rent growth in the near to medium term despite a reduction in demand.

Question 5 : **How do you maintain DPU growth while containing gearing ratio and doing portfolio rejuvenation?**

Response (Robert Wong)

MUST is managing its cash flow prudently, optimising operating cash flow usage, deferring non-essential capex spending thus reducing draw down on RCF and negotiating lower bank margin on debt refinancing, would help to reduce overall interest costs. As for portfolio rejuvenation, we will endeavour to ensure the deals are accretive given the right mix of debt and equity.

Question 6 : **Please address why the DPU is decreasing as AUM has increased over the years. Don't think it is good for unitholders but good for REIT manager. Why do you keep acquiring if the DPU is not increasing?**

Response (Robert Wong)

The decrease in DPU was primarily due to a decrease in occupancy, resulting in a decrease in rental income.

Response (Carol Fong)

Occupancy in MUST's portfolio was 96% at end December 2019 and decreased to 92.3% at end December 2021.

Question 7 : **Would you be selling any existing office buildings and using the funds to spend on growth-related assets, something similar to the recent purchases in December 2021 to drive up DPU?**

Response (Jill Smith)

Prior to the COVID-19 pandemic, MUST had built up a stable portfolio with traditional office buildings. When the pandemic struck in 2020, MUST realised that it needed to switch gear to increase returns by acquiring in the sunbelt/magnet cities that have higher growth rates. The aim was to kickstart the change and rejuvenate by recycling the portfolio, thereby injecting higher growth in order to increase DPU over time.

Question 8 : **Has there been any offers to buy MUST's properties?**

Response (Patrick Browne)

There has not been any formal offers for MUST's properties.

Question 9 : **The Deputy Chief Executive Officer ("DCEO") is new. Does the DCEO have any plans to increase the value of MUST?**

Response (Tripp Gantt)

The traditional office buildings are still relevant in the economy and plays a vital role in fostering culture and productivity. The focus will be on increasing leasing volume. Going forward, the team will focus on attracting and serving the demands of the high growth sector of the economy and those benefitting from post-COVID-19 are tenants from sectors such as technology, health science, knowledge economy and other new economy with growth prospects. In terms of location, these will be sunbelt and magnet cities whose locations offer workers a high quality of life, affordability and, for companies, enticing tax and business incentives.