

**MEGAWORLD CORPORATION**  
**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS**

18 June 2021 / 9:00 a.m.

Conducted virtually via <https://megaworldcorp.com/asm2021>

Present:

Andrew L. Tan	-	Chairman and President
Katherine L. Tan	-	Director
Kingson U. Sian	-	Director
Enrique Santos L. Sy	-	Director
Jesus B. Varela	-	Independent Director
Cresencio P. Aquino	-	Independent Director
Roberto S. Guevara	-	Independent Director

Also Present:

Anna Michelle T. Llovido - Corporate Secretary

**I. CALL TO ORDER**

The Presiding Officer, Mr. Kingson U. Sian called the meeting to order at 9:00 a.m. and presided thereat. The Corporate Secretary, Atty. Anna Michelle T. Llovido, recorded the proceedings of the meeting.

**II. PROOF OF NOTICE AND DETERMINATION OF QUORUM**

The Presiding Officer stated that the Corporation decided to hold this year's Annual Stockholders' Meeting (the "Meeting") via remote communication pursuant to the Corporation's Amended By-Laws and the Revised Corporation Code, and to conform to the government's regulations on physical distancing and restrictions on mass gatherings. He added that the Corporation adopted measures to afford the stockholders the opportunity to participate in the Meeting as effectively as a physical meeting.

The Corporate Secretary certified that all stockholders of record as of **21 May 2021** have been duly notified of the Meeting pursuant to the Corporation's By-Laws and applicable Securities and Exchange Commission ("SEC") Circulars, with copies of the Notice of the Annual Meeting, the Agenda, and the Definitive Information Statement made available through:

- (1) The Corporation's website;
- (2) The Philippine Stock Exchange ("PSE") Electronic Disclosure Generation Technology or PSE EDGE;
- (3) The Philippine Star on 27 May 2021;
- (4) The Manila Bulletin on 27 May 2021;
- (5) The Manila Standard on 28 May 2021; and
- (6) Business World on 28 May 2021.

The Corporate Secretary also certified that there existed a quorum to transact the business in the agenda for the Meeting, there being present in person or represented by proxy stockholders holding **82.60%** of the entire subscribed and outstanding capital stock of the Corporation.

The Corporate Secretary certified that only stockholders who have successfully registered may participate in the Meeting. Moreover, the Corporate Secretary explained the Procedures for Registration, Voting and Participation in the Meeting contained in the Definitive Information Statement which were implemented as follows:

- (i) Stockholders who signified their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary at [corporatesecretary@megaworldcorp.com](mailto:corporatesecretary@megaworldcorp.com);
- (ii) Stockholders who have registered sent their questions and/or comments until **5:00pm of 17 June 2021** through email at [corporatesecretary@megaworldcorp.com](mailto:corporatesecretary@megaworldcorp.com);
- (iii) The resolutions proposed to be adopted at the meeting will be shown on the screen;
- (iv) Stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until **5:00pm of 11 June 2021**; and,

(v) The Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, with the voting results to be announced during the Meeting and reflected in the minutes of the Meeting.

### III. APPROVAL OF MINUTES OF THE PREVIOUS ANNUAL MEETING

The Presiding Officer then proceeded with the approval of the minutes of the annual stockholders' meeting held on **24 August 2020**, and informed the stockholders that the copy of the minutes of the 2020 Annual Meeting have been made available through the Corporation's website.

The Corporate Secretary then announced that **100%** of the voting shares represented in the Meeting have voted in favor of the approval of the minutes of the annual stockholders' meeting held on **24 August 2020**. Therefore, the Presiding Officer declared that the following resolution has been approved:

***“RESOLVED, that the Corporation approve the Minutes of the Annual Stockholders' Meeting held on 24 August 2020.”***

### IV. CHAIRMAN'S MESSAGE

The Presiding Officer then turned the floor over to the Chairman, Dr. Andrew L. Tan, who delivered the Chairman's Message as follows:

#### **RISING TO THE CHALLENGE**

*Dear stakeholders,*

*Megaworld has shown resilience and stability as an organization amid the most serious global crisis in the 21st century. We steadily faced the difficulties of 2020, banking on our experiences overcoming past crises. Despite the challenging year where we saw our revenues drop, we remained profitable, and registered a net income of PhP10.6 billion. Our balance sheet remained healthy—we were in a position where we were able to minimize the impacts of the COVID-19 pandemic.*

*We practiced financial prudence by managing our balance sheet and minimizing our costs. We reduced our capital spending by deferring some projects and streamlining our operations. In addition, we took advantage of favorable rates in the offshore bond market. We were able to secure a seven-year US\$350 million-worth bond offering which put us in a good position to weather the current business environment, as well as support our future land banking and project expansion plans. Furthermore, our business segments evolved and innovated swiftly in line with changing consumer requirements and preferences. This allowed us to generate positive cash flows throughout the year.*

*With its track record of success, the Company geared up to start 2020 strong. However, the year took an unexpected turn, starting with the Taal eruption in January, followed by the onset of the pandemic shortly after. We saw the potential adverse impact of the pandemic, and we decided to move quickly to prioritize our employees' well-being. We focused on preserving jobs, immediately shifting our non-essential staff to a work-from-home arrangement, and assigning essential personnel to work in locations near their homes.*

*During a time when health and safety became critically significant, our real estate developments, particularly our pioneering townships, once again demonstrated their sustainability. Strict health protocols in our townships allowed us to prevent any major outbreaks. And, because our townships are self-contained, we were able to cater to the essential needs of our residents, tenant partners, and visitors. The Company's efforts and initiatives were received positively by our communities, who experienced firsthand the sustained—if not improved—quality of life in a Megaworld township.*

*The year continued to affirm our strength as the country's biggest office landlord, with Megaworld Premier Offices proving to be a source of stability in a time of heightened uncertainty. In addition, our Megaworld Lifestyle Malls continued to be a focal point in our communities. The largest branches of Mary Grace, Wildflour and McDonald's were opened in our various townships, showcasing the confidence of our retail partners not only in our malls, but also in the Company's continued role as a catalyst for economic activity in the years to come.*

*The Company saw several development opportunities in 2020. We launched PhP7.8 billion worth of residential projects outside Metro Manila to capture the strong demand for quality projects in the provinces. We also supported the expansion activities of our tenant partners outside Metro Manila, as the attractiveness of the hub-and-spoke model for offices came to the fore. Meanwhile, our in-city hotels continued to operate even during the height of the pandemic as we provided quarantine and “work from*

hotel” services.

*Megaworld’s vision of a digital future was highlighted by the establishment of its newest subsidiary in 2020–, Agile Digital Ventures. This subsidiary expands the scope and scale of our digital strategy. By spearheading investments in digital innovation and technology, we will be able to further bolster our key businesses as well as support the food and beverage, retail and hospitality industries.*

*Despite the challenging year, there were uplifting wins for Megaworld. We received a total of 76 awards from several award-giving bodies that recognized not only our developments and cultural promotion campaigns, but also our COVID-19 response programs. We were also cited for being the leading real estate development group in the country, as well as one of the dream companies to work for in the real estate sector.*

*Notwithstanding the pandemic, we continue to actualize our sustainability commitments. The “Zero Waste Lifestyle” movement was launched this January 2021, aiming to educate our communities on the importance of proper waste segregation and management across all our townships. Job security remains crucial during these unprecedented times. We focused on job preservation to assure that our employees retain their positions with no pay cuts. We also provided much-needed support for our tenants and retail partners through rent condonation and financial assistance programs.*

*Megaworld looks forward to a better 2021. With the start of the country’s vaccination program, we believe that it is only a matter of time before consumer confidence rebounds. Additionally, the fundamental demand for decent housing remains high. We have numerous opportunities to explore in our growth pipeline, and we are prepared to take them on. We foresee continued robust demand for horizontal developments and leisure and tourism estates, as people look for havens for rest and rejuvenation. Demand for warehouses and logistics hubs should also increase, and we believe that our townships can easily cater to this need given their strategic locations.*

*We are grateful for the support of our customers, tenant partners, investors, directors, employees, and partner communities—they have always been vital to the Company’s success over the years.*

*Our strong partnerships, complemented by our sound fundamentals, put us at an advantage in capitalizing on opportunities that will arise once the country recovers. Megaworld is optimistic about the future, and we look forward to continuing our work on upholding our vision to make a meaningful and transformative impact for all our stakeholders.*

After the Chairman’s Message, the Chief Strategy Officer, Mr. Kevin L. Tan, presented his report on the Corporation’s performance in 2020, outlook and strategy moving forward.

## **V. OPEN FORUM**

The Presiding Officer requested the Head of Investor Relations, Mr. Dave Valeriano, to read the questions that were sent through [corporatesecretary@megaworldcorp.com](mailto:corporatesecretary@megaworldcorp.com). Below is a summary of the questions and the answers that were given:

Question: What is your outlook for 2021, particularly for office?

Answer: We continue to be optimistic about Megaworld’s prime office business. Last year, despite the challenges, we hit a total of 280,000 square meters in lease transactions: half of which were new leases and the other half were renewals. This year, our target is to surpass this with a total of 315,000 square meters. As of the first quarter, we have already completed 78,000 square meters of lease transactions which is about 25% of our total target this year. This result, aside from the fact that the entire BPO sector grew last year and is projected to continue expanding this year, gives us a lot of confidence that the office sector is indeed quite resilient and that we can definitely reach – or even surpass – our targets this year.

Question: I understand that the retail and hospitality businesses have been hit hard by the pandemic, when do you think will these businesses recover?

Answer: We are happy at how our Lifestyle Malls and hospitality businesses have adjusted to the ever-changing situation quickly, and how agile our teams and operations have become. Because of this, there have been significant quarter-on-quarter improvements in revenues since the second quarter of 2020. We are very encouraged by the constant improvement in performance and by the fact that these segments have remained profitable businesses for us despite the obvious challenges. However, we believe that the full recovery of these segments will depend a lot on the reopening of the economy and return of consumer confidence. It appears to be just a matter of time as the momentum of the country’s

vaccination program continues to improve and the projection is that the country will hit herd immunity by the end of this year.

Question: Where do you think would be the next locations to look out for in terms of your new residential projects?

Answer: Right now, we are very bullish on Iloilo where we continue to see our properties appreciate in value and where we continue to sell-out despite the pandemic. Aside from this, we see strong sales take-ups on our offerings in Cavite, Pampanga, and Bacolod hence, our new launches will be focused on these key areas. Again, we sold out some of these projects even at the height of the pandemic. This is also in line with the prevailing demand for property offerings outside Metro Manila, particularly for leisure developments, homes and horizontal lots.

Question: What is the status of the company's ongoing buyback program?

Answer: The buyback program has a term of 24 months starting February 28, 2020. The program is still active and we have already used up 23% of our P5 billion budget to date.

Question: How will the MREIT Offering benefit Megaworld?

Answer: The MREIT Offering will enable Megaworld to unlock the value of its prime property investments. The money we will raise will help fund 21 projects which form part of our growth pipeline. Our ultimate goal is to make MREIT not only the largest office REIT in the Philippines but to eventually be one of the largest in Southeast Asia.

## VI. APPOINTMENT OF EXTERNAL AUDITORS

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of **Punongbayan & Araullo** as independent auditors of the Corporation for the audit of the Corporation's financial statements for the year ending **31 December 2021**, and that the Board has approved such engagement.

Upon motion made and duly seconded, the stockholders approved the engagement of **Punongbayan & Araullo** as external auditors of the Corporation for the audit of the Corporation's financial statements for the year ending **31 December 2021**.

## VIII. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT

The Presiding Officer informed the stockholders that the next item on the agenda is the ratification of all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation since the date of last year's annual stockholders' meeting held on **24 August 2020** until **17 June 2021**. He informed the stockholders that a list of such acts was provided in the Definitive Information Statement which was made available through the Corporation's website and PSE EDGE.

The Corporate Secretary certified that that **99.95%** of the voting shares represented in the Meeting have voted in favor of the ratification all acts and resolutions of the Board of Directors, Board Committees and Officers of the Corporation which were duly adopted in the ordinary course of business since the date of last year's annual stockholders' meeting held on **24 August 2020** until **17 June 2021**. Therefore, the Presiding Officer declared that the resolution has been approved.

## IX. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2021, the Corporation shall be electing seven (7) Directors, at least two of whom shall be Independent Directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance. He requested Mr. Rafael Antonio Perez, on behalf of the Corporate Governance Committee, to present the Final List of Nominees for members of the Board of Directors.

Mr. Perez presented the final list of nominees to the Board of Directors, as follows: Mr. Andrew L. Tan, Mrs. Katherine L. Tan, Mr. Kingson U. Sian, and Mr. Enrique Santos L. Sy as Regular Directors; and Mr. Jesus B. Varela, Mr. Cresencio P. Aquino, and Mr. Roberto S. Guevara as Independent Directors.

Mr. Perez likewise reported that the Final List of Nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Corporate Secretary then informed the Presiding Officer that no further nominations shall be allowed pursuant to the Corporation's By-Laws, as amended.

The Corporate Secretary certified that each of the nominees have obtained the required number of votes to be elected as members of the Board. Therefore, the Presiding Officer declared that the following resolution electing the members of the Board has been approved:

***“RESOLVED, that the Corporation elect the following as directors of the Corporation to serve as such beginning today until their successors are elected and qualified:***

- 1. Andrew L. Tan**
- 2. Katherine L. Tan**
- 3. Kingson U. Sian**
- 4. Enrique Santos L. Sy**
- 5. Jesus B. Varela – Independent Director**
- 6. Cresencio P. Aquino – Independent Director**
- 7. Roberto S. Guevara – Independent Director”**

**X. ADJOURNMENT**

The Presiding Officer inquired if there are other matters in the agenda. The Corporate Secretary replied there were none. There being no other matters to be discussed, the Meeting was adjourned at 9:51 a.m.

CERTIFIED CORRECT:

**(SGD.) ANNA MICHELLE T. LLOVIDO**  
Corporate Secretary

ATTESTED BY:

**(SGD.) KINGSON U. SIAN**  
Presiding Officer

**(SGD.) ANDREW L. TAN**  
Chairman