

MEGAWORLD CORPORATION
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

17 June 2022 / 9:03 a.m.

Conducted virtually via <https://megaworldcorp.com/asm2022>

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

Also Present:

Anna Michelle T. Llovido	-	Corporate Secretary
Maria Carla T. Uykim		

I. CALL TO ORDER

The Presiding Officer, Atty. Maria Carla T. Uykim called the meeting to order at 9:03 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. She 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 **20 May 2022** 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 Manila Times and the Manila Standard on 26 May 2022; and
- (4) The Manila Times and the Manila Standard on 27 May 2022.

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 **77.54%** 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 signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary at corporatesecretary@megaworldcorp.com;
- (ii) Stockholders who have registered sent their questions and/or comments prior to the meeting through email at corporatesecretary@megaworldcorp.com until 5:00pm of 16 June 2022;
- (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 10 June 2022; 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 **18 June 2021**, and informed the stockholders that the copy of the minutes of the 2021 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 **18 June 2021**. 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 18 June 2021.”

IV. REPORT OF THE MANAGEMENT FOR THE YEAR 2021

The Presiding Officer then turned the floor over to the Chairman, Dr. Andrew L. Tan, who delivered the Chairman's Message and report on the Corporation's performance for the year 2021 as follows:

Dear stockholders,

The year 2021 proved to be a turning point in our collective efforts to effectively manage and rise beyond the impact of the pandemic. Improvements in the country's vaccination levels, especially in the National Capital Region, and the consequent loosening of restrictions, have encouraged consumer confidence.

Our financial results during the year affirm that recovery is indeed well in hand, with Megaworld's revenues growing by 17% year on year to P50.8 billion on the back of improved performance across all our business segments. Meanwhile, the enactment of the CREATE law complemented our efforts to manage our costs, boosting our net income by 36% year on year to P13.4 billion.

Our new launches have seen strong take-up, and the normalization in construction activity has allowed us to grow our real estate revenues by 25% year on year to P31.1 billion. We also saw opportunities to launch two of our new townships last year: Paragua Newcoast in Palawan and Northwin Global City in Bulacan. This signifies our belief in the sustained recovery of the economy. We believe that these new townships will bolster Megaworld's expansion in a post-pandemic world.

The BPO sector continued to grow in spite of the pandemic, enabling Megaworld Premier Offices to maintain a higher than industry occupancy rate of 90%. We were therefore able to close the year strong with office rental income breaching the P11.0-billion level for the first time. Of special mention would be Iloilo Business Park, which has become one of the most vibrant office locations to date. The year saw tremendous improvements in lease rates evidenced by the contracts that we closed during the period.

Megaworld Lifestyle Malls registered improved performance as shoppers returned to our malls, and more retail partners were allowed to restart operations. While rental income, which came in at P2.3 billion last year, is still 10% lower than in 2020 due to several lockdowns resulting from the surge in COVID-19 infections, we saw tremendous improvement in the last quarter of the year when the government shifted to lower alert levels especially in the National Capital Region. To illustrate, rental income soared by 61% versus the preceding quarter to P753.0 million on the back of improved foot traffic and tenant sales.

Likewise, Megaworld Hotels sustained its recovery track in 2021, with hotel revenues soaring by 30% year on year to P1.9 billion. This was due to the consistent performance of its in-city hotels, the opening of Kingsford Hotel Manila, and the increase in leisure-related activities in the last quarter of the year. To help sustain the business, our in-city hotels focused on the provision of quarantine services. However, as restrictions eased in the fourth quarter of 2021, we began to reopen our doors to cater to the increased demand for leisure-related activities and travel.

In line with our improving outlook, and as a sign of gratitude for the support of our shareholders, we decided to reinstate our dividend policy in 2021 and declared dividends equivalent to P0.04 per share, 14% higher compared to the previous year. Meanwhile, our board decided to extend Megaworld's buyback program by one year to February 2023.

Last October witnessed the successful listing of MREIT, Inc. amid strong demand from the investor community. This is another feather in the cap of Megaworld, providing us with another avenue by which our company can unlock previously invested capital and use this to support our growth plans. Since the listing, Megaworld has been able to raise P23.4 billion in new funds via MREIT. We envision MREIT to become one of Southeast Asia's largest office REITs. We intend to grow MREIT's portfolio GLA to 1 million square meters before the end of the decade, through the acquisition of more office assets from Megaworld.

We are similarly proud of the company's efforts to promote employee welfare and safety, and to contribute to economic development and environmental preservation.

In helping the government achieve herd immunity, we vaccinated 98% of the workers of the Megaworld group as part of "AGImmUNITY," a conglomerate-wide COVID-19 vaccination drive by Alliance Global group. The program inoculated our employees, frontliners, as well as their registered dependents, ensuring their protection against the virus.

We further recognized the key role that our townships play as centers of economic activity and communal engagement. In partnership with the local government units, we offered our townships and malls as venues for vaccination drives, leading to the vaccination of more than 680,000 individuals across 10 Megaworld sites. We also supported initiatives to promote community livelihood by opening our malls as market venues. Here, local entrepreneurs, farmers and fisherfolk were allowed to sell their products directly to consumers.

As part of our efforts to help protect the environment, our newly launched townships will now contain a 40% ratio for green and open spaces. In 2021, we also piloted the Chiller Optimization program to reduce the energy consumption in Uptown Mall. To date, the initiative has exceeded its targets. We look forward to expanding this program to our other malls.

In line with our improving outlook on the Philippine economy, we will expand our project pipeline, which will include the launch of several more townships in 2022 across different parts of the country. As activity in our malls ramp up, and our hotels reopen their doors to travelers and vacationers alike, we will ensure safe and enjoyable experiences for all. Furthermore, with increased demand for both retail and office space, we are committed to meeting current and future requirements with our robust real estate portfolio.

To our customers, tenant partners, investors, directors, employees, and partner communities—thank you for your continued support. With our renewed optimism and your unending trust, Megaworld will move ONWARD, FORWARD and BEYOND, realizing our vision and reaching new heights as a progressive and sustainable company.

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. Below is a summary of the questions and the answers that were given:

Question: What is the current status of the BIR issue concerning MEG?

Answer: We would like to reiterate that Megaworld has no outstanding or unpaid liabilities needing any enforcement action. However, we will always cooperate closely with the BIR with regard to the performance of their mandate, especially on the exercise of their audit function.

Question: I understand that Megaworld received around P23 billion in proceeds so far from MREIT. What does it plan to do with the money? Can this be used to increase your dividend payout?

Answer: Under the REIT Law, Megaworld is required to spend the money for any real estate or infrastructure projects within one year from when we receive the proceeds. Under our reinvestment plan, we are looking to spend the proceeds on several projects we are working on across the Philippines. While we cannot distribute the proceeds as dividends, they will still have a positive impact on dividends looking forward as the completion of these projects will support Megaworld's income generation potential in the coming years.

Question: I have noted the turnaround in performance that Megaworld registered in 2021. What is your outlook for this year?

Answer: We expect to sustain our recovery this year. In 2021, we already started to focus on growth again. Consequently, we are targeting higher reservation sales this year and are expanding

our launch pipeline and capex program as compared to the previous year. Our positive outlook has been affirmed by our strong performance at the beginning of this year with all business segments registering double-digit growth in revenues.

Question: What is your view on the recent developments regarding the preference of BPO workers for work from home or hybrid models? Will this have an impact on demand for office space looking forward?

Answer: We continue to have a positive outlook on the prospects of the office sector. While recent trends in favor of work from home may have some impact on demand, we believe that most BPOs will still opt to avail of PEZA incentives and gradually return back to the office. We continue to receive a lot of inquiries for office space and in fact, our occupancy rate improved in the first quarter of this year to 91%, much higher than the industry average of around 81% to 84%.

Question: Has the company been affected by the increase in costs, particularly on commodity prices?

Answer: In spite of the challenges brought about by rising commodity prices, we have been able to successfully maintain, if not increase our margins, as borne by our results the past several quarters. Our cost management efforts continue to bear fruit and this was complemented by the continued appreciation in underlying property values, allowing us to help maintain margins for our newer projects.

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 2022**, 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 2022**.

VII. RATIFICATION OF ALL 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 from **17 June 2021** until **16 June 2022**. She 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 **100%** 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 from **17 June 2021** until **16 June 2022**. Therefore, the Presiding Officer declared that the resolution has been approved.

VIII. ELECTION OF DIRECTORS

The Presiding Officer informed the stockholders that, for the current year 2022, the Corporation shall be electing seven (7) Directors, at least three of whom shall be Independent Directors pursuant to the Securities and Regulation Code and the Corporation's Revised Manual of Corporate Governance. She 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: Dr. Andrew L. Tan, Ms. 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. Alejo L. Villanueva, Jr. 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. Alejo L. Villanueva, Jr. – Independent Director”***

IX. 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 9:34 a.m.

CERTIFIED CORRECT:

(SGD.) ANNA MICHELLE T. LLOVIDO
Corporate Secretary

ATTESTED BY:

(SGD.) MARIA CARLA T. UYKIM
Presiding Officer

(SGD.) ANDREW L. TAN
Chairman