

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF**

KEPWEALTH PROPERTY PHILS., INC.

Held via Remote Meeting
on 17 August 2021 at 8:00 a.m.

I. ATTENDANCE

STOCKHOLDERS PRESENT/REPRESENTED:

No. of Shares Present and Represented	:	169,039,977
Total No. of Shares Issued & Outstanding	:	201,057,609

DIRECTORS PRESENT:

AUGUSTO PABLO A. CORPUS, JR.
RESTITUTO T. LOPEZ
JOHN F. CATINDIG
IGNACIO SALVADOR R. GIMENEZ, III
MARK ANTHONY C. MIGALLOS

ALSO PRESENT:

ROSA MICHELE C. BAGTAS – Corporate Secretary
ERIC T. DYKIMCHING – Assistant Corporate Secretary

II. PRESIDING OFFICER AND SECRETARY

The President, **MR. AUGUSTO PABLO A. CORPUS, JR.**, acted as Chairman and presided over the meeting, while the Corporate Secretary, **MS. ROSA MICHELE C. BAGTAS**, recorded the minutes thereof.

III. QUORUM AND CALL TO ORDER

At the request of the Chairman, the Secretary certified that: (a) the stockholders of record of the Corporation as of 03 August 2021 had been notified of the Annual Stockholders' Meeting; (b) the stockholders owning at least a majority of the outstanding capital stock of the Corporation were present or represented at the meeting; (c) there was full compliance with the requirements of Securities and Exchange Commission Memorandum Circular No. 06, Series of 2020. Thereupon, the Chairman declared the presence of a quorum and called the meeting to order.

IV. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 09 SEPTEMBER 2020

The reading of the minutes of the Annual Stockholders' Meeting held on 09 September 2020 was dispensed with and, upon motion made and duly seconded, the same was unanimously approved by the stockholders.

Upon motion made and duly seconded, the stockholders unanimously approved and adopted the following resolution:

"RESOLVED, That the Minutes of the Annual Meeting of the Stockholders held on 09 September 2020 be approved."

V. PRESIDENT'S REPORT ON OPERATIONS

The President delivered the annual report to the stockholders of the Corporation to report on the operations and financial performance of the Corporation this past year amidst the COVID-19 pandemic. A copy of the President's Report is attached as **Annex "A"**.

VI. RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT

The Chairman submitted for the approval and ratification of the stockholders all acts and resolutions of the Board of Directors, Board Committees and Management which were duly adopted in the ordinary course of business from 09 September 2020 until 16 August 2021.

Upon motion made and duly seconded, the stockholders unanimously approved and adopted the following resolution:

"RESOLVED, That all acts and resolutions of the Board of Directors, Board Committees and Management adopted in the ordinary course of business since the last Annual Stockholders' Meeting held on 09 September 2020 until 16 August 2021 be approved."

VII. APPOINTMENT OF EXTERNAL AUDITOR FOR THE FISCAL YEAR ENDING 31 DECEMBER 2021

Upon motion made and duly seconded, the stockholders unanimously approved and adopted the following resolution:

"RESOLVED, That the appointment of R.S. Bernaldo & Associates as external auditors of the Corporation's financial statements for the year ending 31 December 2021 be approved."

VIII. ELECTION OF DIRECTORS

The Corporate Secretary explained that on behalf of the Corporate Governance Committee and in accordance with the Corporation's By-Laws of the Corporation and Corporate Governance Manual, the final list of nominees for the members of the Board of Directors are as follows:

RESTITUTO T. LOPEZ (Independent Director)
MARK ANTHONY C. MIGALLOS (Independent Director)
ROBERT IVAN F. OLANDAY
AUGUSTO PABLO A. CORPUS, JR.
IGNACIO SALVADOR GIMENEZ, III
EDMUNDO G. LAS
JOHN F. CATINDIG

The Corporate Secretary reported that each nominee received votes equivalent to at least 84% of the shares present/represented in the meeting. Thereafter, the Chairman declared the foregoing nominees as duly elected Directors who shall serve as such until their successors shall have been duly elected and qualified.

IX. OTHER MATTERS

A. QUERIES FROM STOCKHOLDERS

The Corporate Secretary stated that the Corporation received the following queries from the stockholders via email prior to the meeting:

1. *What are KPPI's plans for the use of the IPO proceeds?*

The Chairman explained that based on our current evaluation of the state of the market, the Management believe that the best course of action is to remain conservative with regard to investing the remaining IPO proceeds, given the softening of market demand and the uncertainty brought about by the COVID variants.

The Management will wait until they see that the market has stabilized and by maintaining the Corporation's liquidity, it places the Corporation in a better position for future acquisitions.

2. *What is the economic outlook of the Management in the next 6 to 12 months?*

The Chairman explained that with regard to the Management's outlook, notwithstanding the negative impact of the COVID-19 variants, the Management sees the following factors that make them believe that they will see improvements in the economy in 6 to 12 months.

First, the BPO industry remains strong and there are moves by some BPO companies to break up their big offices & lease smaller offices located near the homes of their employees.

Second, the Philippine vaccination program is accelerating as more and more Filipinos are open to get the vaccine.

Third, the rate of economic recovery with the pandemic seems to be faster compared to the rate of economic recovery of past financial crises.

X. ADJOURNMENT

There being no further business to transact, and upon motion made and duly seconded, the meeting was adjourned.

CERTIFIED CORRECT:

ROSA MICHELE C. BAGTAS
Corporate Secretary

ATTESTED BY:

AUGUSTO PABLO A. CORPUS, JR.
Chairman of the Meeting

PRESIDENT'S REPORT ON OPERATIONS

Due to the effect of the pandemic on the Philippine economy as a whole, and on Cebu in particular, we had tenants in Kepwealth Center Cebu that reduced their leased area, pre-terminated or did not renew their lease contracts with KPPI.

This resulted in our occupancy for Kepwealth Center to drop from 84% in 2019 to 70% in 2020 or an equivalent of P19 Million decrease in lease revenue. Unfortunately, the effect of the economic slowdown on the real estate industry in Metro Manila has resulted in your One San Miguel units to remain vacant up to this time.

Key industry indicators show that by the end of 2020, 47% of the total office space that entered the market in 2020 remained vacant. Along with the reduced occupancies in residential and office buildings, the office sector also experienced a 17% reduction in rental rates in 2020. A property consultant forecasted that rental rates will further decline by 25% to 30% in 2021 due to discounts given by property owners in order to maintain their current tenants and attract new ones.

Furthermore, during the second semester of 2020, 4 out of our 8 asset management clients discontinued their contracts with KPPI due to the effect of the economic turndown on their own businesses.

Due to these factors, for 2020, your Company experienced a 19% decrease in revenue from P100.8 Million to P81.4 Million or a decrease of P19.4 Million.

We were able to cut costs such as professional fees, sales & marketing expenses, salaries & wages, as well as other various expenses totaling P7.1 Million. However, we also had increases in expenses such as depreciation, taxes and licenses, and condominium dues totaling P11.6 Million due to our acquisition of your One San Miguel property in Ortigas. As a result of these and other expenses, our total expenses increased from P58 Million to P61.6 Million.

After adding an increase of P1.3 Million in other income and after deducting income taxes, your income for 2020 is P20 Million compared to your pre-pandemic, 2019 Income of P37 Million or a variance of P17 Million.

As reported to you in our September 2020 Stockholders Meeting, we foresaw the challenges that will be brought about by the Pandemic and the effects it would continue to have on our economy and on your Company in 2021.

At the start of this year, the rest of our Asset Management clients were forced to cease their contracts with KPPI. These clients experienced a significant reduction in the occupancy of their buildings.

Also during the first semester of this year, despite our efforts to retain our Kepwealth Center Cebu tenants by giving discounts, concessions and flexible payment

terms, some were again forced to close business or move to a work from home arrangement. This has resulted in our first semester occupancy to fall further down to 55%. It is encouraging to note, however, that several of our tenants have also renewed their leases.

Consequently, for the first semester of 2021, your Company's total revenues amounted to P29 Million, a decrease of P21 Million or 42% compared to the first semester of 2020. Despite further reducing expenses by about 3.9 Million, your Income fell to P1.5 Million.

We would also like to report that the unused portion of the IPO proceeds remains intact and that it is invested in low-risk instruments with the highest possible yields. Although we evaluated several investment opportunities in the last 9 months, we still believe that it is to the best interest of our Shareholders that we remain conservative in our investment in capital acquisition as the projected return on your investments are unacceptable at this time. Your company remains very liquid and without any loans whatsoever to burden us. We believe that this ideally puts your company in a position that could take advantage of opportunities in the future. We remain vigilant of our fiscal responsibility of maximizing your interest.

Our key takeaways are:

1. That the current situation we are in is temporary and given that over 22M Filipinos have received the vaccine, we already "see the light at the end of the tunnel." We believe that the business model of KPPI remains sound and that we will be able to return to pre-pandemic levels as soon as the economy picks up.
2. That there is no doubt in the minds of the Board of the Directors and the Management Team that we will sustain ourselves through this economic challenge, and
3. That we are safeguarding the investments of our stockholders.

On behalf of your Board of Directors, we take this opportunity to thank our business partners, tenants and employees for their continued trust and support. Most especially, we would like to again thank you, our investors, for your continued trust as we endeavor to improve our performance.