



MEGAWORLD CORPORATION

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We refer to the news article entitled “Firm calls on SEC to nix Megaworld’s registration” published in *The Daily Tribune* on 7 February 2013, which reported that:

“A local company asked the Securities and Exchange Commission (SEC) to investigate the alleged “highly questionable” and “unsound business practices” of Megaworld Corp. which constructed a condominium project and shopping mall in Binondo, Manila using fake land titles.

In a 12-page complaint, Nesco International Development Corp. also asked the SEC to revoke Megaworld’s certificate in corporation, forfeit its “fraudulently obtained” assets in favor of the government and facilitate the delisting of the real estate company from the Philippine Stock Exchange (PSE).

Nesco filed an initial complaint before the SEC against Megaworld on Nov. 12, 2012, but decided to file a formal case on Jan. 15.”

The Company is not aware of the complaint allegedly filed before the SEC by Nesco International Development Corp. (Nesco) on 12 November 2012. Neither is the Company aware of any formal case allegedly filed by Nesco on 15 January.



Since the subject news article reports on essentially the same issues as the news article published in the 06 November 2012 issue of the Business Mirror, we, therefore, reiterate Megaworld's position submitted to the Exchange on 06 November 2012, as follows:

Megaworld Corporation submitted on 29 October 2012 to the Housing and Land Use Regulatory Board (HLURB) its petition to dismiss outright the complaint filed by Nesco to revoke the certificate of registration, license to sell and development permit for The City Place project in Binondo, Manila.

According to Megaworld, Nesco's pleas to HLURB are all absurd and baseless. Nesco is a developer that illegally occupied a two-storey commercial building on a government property in Numancia, Binondo. The City Government demolished the said property to prepare the site for its redevelopment.

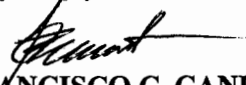
Nesco has absolutely no ownership rights over the said property. Megaworld also has no business relationship whatsoever with the former.

Megaworld contends that the Memorandum of Agreement it signed in April 2006 with the City Government of Manila, after a successful public bidding process, is a *build-and-transfer* arrangement for the construction of public school buildings with residential quarters for the faculty, among others.

While the pertinent legal issues that Nesco raised are fully rebutted in its answer filed with the HLURB, the company maintains that Nesco has no legal basis to ask for a revocation of the permits for The City Place since it is not a buyer of any unit within the aforementioned property.

In conclusion, with the successful transfer of the Rajah Soliman High School and Jose Abad Santos High School to their new site, plus the development of The City Place in the heart of Binondo, Megaworld believes that it has fully abided by the National Government's and the City Government of Manila's directives to spur the redevelopment of and economic growth in Binondo.

Very truly yours,


FRANCISCO C. CANUTO
Senior Vice President and
Corporate Information Officer