

**MEGAWORLD CORPORATION**  
**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS**  
17 June 2011  
Grand Ballroom, Eastwood Richmond Hotel  
17 Orchard Road, Eastwood Ciy, Bagumbayan, Quezon City

Board Attendance - Present:

Andrew L. Tan	-	Chairman of the Board Member, Audit Committee
Kingson U. Sian	-	Director Chairman, Compensation and Remuneration Committee
Enrique Santos L. Sy	-	Director Chairman, Nomination Committee
Miguel B. Varela	-	Vice Chairman of the Board Independent Director
Gerardo C. Garcia	-	Independent Director Chairman, Audit Committee Member, Nomination Committee, Compensation and Remuneration Committee
Roberto S. Guevara	-	Independent Director Member, Nomination Committee, Audit Committee

**I. CALL TO ORDER**

Mr. Kingson U. Sian called the meeting to order at 9:00 a.m. and presided thereat. The Corporate Secretary, Atty. Edwin B. Maquinto, recorded the proceedings of the meeting.

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

The Corporate Secretary certified that all stockholders as of 20 April 2011, the record date, have been notified of the meeting. He also certified that there was a quorum to transact business for the meeting.

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

Since copies of the minutes of the previous year's annual meeting were earlier distributed to all stockholders in attendance, the stockholders, upon motion made and duly seconded, dispensed with the reading of the minutes and approved the same.

**IV. CHAIRMAN'S MESSAGE**

The Chairman of the Board, Mr. Andrew L. Tan, delivered the Chairman's Message to Shareholders, as follows:

My dear stockholders, good morning, ladies and gentlemen.

In 2010, the Philippine economy started getting back on its feet after struggling for the past two years due to the global financial crisis. The local economy expanded by 7.3% in 2010, its highest growth rate in more than two decades, which was fueled by election-related spending in the first half

of the year and sustained by remittances from overseas Filipino workers and increased exports and investments in the second half.

The Philippine real estate industry likewise experienced a boom in 2010 as developers busied themselves building homes, high-rise condominiums, office buildings and commercial properties. Real estate projects focused on Metro Manila as widespread construction boom started to slowly but surely transform the country's urban capital into a world-class metropolis. Similarly, surrounding provinces began to be developed into complementary growth areas which would serve the increasing needs of a metropolitan population.

The continued thriving of the business process outsourcing (BPO) industry in the country also helped drive the expansion of real estate development, particularly in terms of BPO office space requirements. As existing BPO companies expanded and new ones mushroomed during the year, the consequent need for office spaces to house these firms continued to increase.

Amid this backdrop, Megaworld turned in another stellar performance in 2010 as sales of its mega-communities increased together with the demand for your Company's BPO office spaces. In 2010, Megaworld consolidated net income amounted to a record P5.09 billion, a 25.06% increase from the previous year's P4.07 billion.

Consolidated total revenues – composed of real estate sales, rental income, hotel income, and other revenues – increased by 15.67% from P17.76 billion to P20.54 billion, a result of strong property sales and increased leasing income. Rental income increased by a hefty 34.68% from P2 billion in 2009 to P2.7 billion in 2010 and contributed 13.12% to the consolidated revenue figure. Contributing to the growth of rental income, in turn, were the escalation and completion of additional leasing properties.

Our "live-work-play-learn" development concept has served us well in the past two decades, allowing us to offer not just homes and amenities, but completely designed and fully integrated townships that fulfill the needs of its residents and more. As our target markets appreciated the completeness of our communities, Megaworld earned the distinction of being the largest middle-income residential property developer in the country.

Moreover, as companies abroad continue to look at the Philippines for their outsourcing needs, Megaworld continues to build office spaces for these companies. Megaworld remains to be the leading BPO office space provider in the country. At the end of 2010, Megaworld had a total BPO office space inventory of 384,000 square meters.

Indeed, Megaworld has achieved much through the years. We don't, however, intend to rest on our laurels. In fact, in preparation for future developments, we have set in place a land bank consisting of 230 hectares of prime land in key growth centers in Metro Manila, Iloilo and Cebu. The land bank includes 55 hectares in Iloilo; 25 hectares in Mactan, Cebu; 7.1 hectares of the former NAPOLCOM property within Fort Bonifacio; and 8.5 hectares of land at the North Central Business District on North Bonifacio, also in Fort Bonifacio. The aforementioned mega-sized properties will have a developable area of 2.29 million square meters, of which around one million square meters will be developed into residential areas and around 886,000 square meters will be for office spaces. The remaining areas will be for retail and leisure development projects.

Megaworld will also be developing over the next 20 years the former 34.5-hectare Joint United States Military Advisory Group (JUSMAG) property in Fort Bonifacio, which has been renamed McKinley West, next to Forbes Park. The company plans to develop the property into a mixed-use complex at an estimated cost of at least P22 billion. The addition of McKinley West brings Megaworld's total development portfolio in the burgeoning Fort Bonifacio area to a total of 105 hectares.

Indeed, the year 2010 was another banner year for Megaworld as sales of our residential projects and takeup of retail and office space enjoyed a strong growth momentum. This is a proof that

the system that we have carefully set in place through the years has worked steadily for us, allowing us to achieve our sales objectives and keeping us on track towards the achievement of our long-term goals.

We are sure that our conservative development philosophy, which focuses on the avoidance of speculative building and on strong pre-selling and phased office development efforts, as well as our prudence in financial management and investment decision-making will continue to serve as well as we face new challenges. We will continue to focus on our niche – the middle-income residential projects and BPO office space markets – and remain a major player in tourism-related developments.

Economic experts say that the year 2011 and beyond will prove much better not only for the local economy in general but for the real estate sector in particular as the demand for primary homes and office spaces is seen to continually increase. With this in mind, we face the future with a positive outlook, bearing in mind that we fared extremely well during hard times and will fare much better during good times.

As our new projects begin to bear fruit and new plans start to take shape, we are confident that there will be more banner years for your Company in the years to come. We would like to thank all our stockholders for their continued support and our management and staff for their unwavering commitment. We are sure that with your help, we will be able to achieve the goals that we have set for ourselves, change the Philippine landscape, contribute to the local economy, and offer our buyers and tenants the best communities and office space possible.

## V. OPEN FORUM

Below is a summary of the questions asked and answers given during the open forum.

Question: Did the Company declare cash dividend for this year given the record of profit from last year's income?

Answer: Yes, we declared a 0.02 per share cash dividend.

Question: SMDC claims that it is now the largest high-rise residential provider. I heard in the report of the Chairman that Megaworld is the largest high-rise residential provider. Can you affirm that we are really the largest residential provider?

Answer: You can present it in different ways. The basis for our claim is reservation sales and the sales that we generate. I don't know what the basis of their claim is.

Question: Vista Land also makes a claim that it is the largest general residential provider. May we request you to comment on that also?

Answer: What we said is that we are the largest mid-income housing provider. Vista Land is doing lower-end plus mid-income. So, it's probably a different market from what we're doing.

Question: On the other hand, Ayala Land does not make a repartee or disclaimer to disclaim. Are we getting to be the best really in real estate development? Are we really on the road to be the best on these kinds of developments - real estate developments, hotel developments and residential developments?

Answer: I believe we're the best. That's why you're here. Congratulations for being a shareholder of the Company.

Comment: I asked this question because I believe in you.

Answer: We'd like to add that over the last few years, we've already completed more than 220 buildings. So, again, that's another measure of size, scale and completion track record. This is more than any other real estate developer in the country has achieved.

Question: Will there be any capital raising?

Answer: We just completed one. We raised a 200 million dollar bond, which will refinance our existing bond which will mature in August of this year. So far, we're in a very good cash position. There's no plan for capital raising for the rest of the year.

Question: What is your outlook on the Philippine property market? Do you think there will be an oversupply in the residential market in the coming years?

Answer: As I've shown you on the slide earlier on the reservation sales, we're looking to hit another record year. For us, I think it's proof that we're still quite bullish of the real estate market. At the same time, it also proves that buyers continue to prefer buying in a community development or in a master planned community. This kind of living is different from buying in just a residential building, because you are now buying into a community rather than in one condominium building. That is the preferred choice. It's a testament that for several years already, we've been hitting record numbers. So, we're very confident about our product. We're very confident about our position in the industry. We're confident that the locations that we've chosen are the best locations to build these communities. Therefore, as I said, we continue to be very positive about the market. As to when the market would turn, I have no crystal ball, but as I mentioned to you, we do it very deliberately. We follow our strategy – the strategy that works, which is we pre-sell first before we build. We don't build speculatively.

#### 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 external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2011, and that the Board has approved such engagement.

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

**“RESOLVED, that the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2011, be approved.”**

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

The Presiding Officer proposed for ratification all acts of the Board of Directors, Board Committees and Management during the period covering 1 January 2010 through 31 December 2010. These acts include resolutions duly adopted by the Board of Directors and/or its Board Committees, such as appointment of contract signatories, application for permits, licenses, clearances and accreditations for projects, registration of master deeds and restrictions covering projects, operation of bank accounts and other bank transactions, appointment of proxies and nominees, development and operation of projects, approval of plans and titling of projects, property acquisitions, dispositions, leases and joint ventures, declaration of cash dividend, and application for telecommunication subscriptions.

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

**“RESOLVED, that all acts of the Company's Board of Directors, Board Committees and Management and all resolutions adopted by them**

during the period covering 1 January 2010 through 31 December 2010, be ratified.”

**VIII. ELECTION OF DIRECTORS**

The Presiding Officer informed the stockholders that the Company will be electing seven (7) directors. He added that pursuant to the Securities Regulation Code and SRC Rule 38, in relation to SEC Memorandum Circular No. 6. Series of 2009 and its Revised Manual of Corporate Governance, the Company is mandated to elect at least two independent directors out of the seven directors.

Mr. Rafael Antonio Perez, Assistant Vice President for the Human Resources Department, presented, on behalf of the Nomination Committee, the final list of nominees to the Board of Directors, as follows: Gerardo C. Garcia, Roberto S. Guevara and Miguel B. Varela as independent directors; and Andrew L. Tan, Katherine L. Tan, Kingson U. Sian, and Mr. Enrique Santos L. Sy as regular directors.

It was then moved and duly seconded that the nominees for independent directors, namely Messrs. Gerardo C. Garcia, Roberto S. Guevara and Miguel B. Varela be elected as independent directors of the Corporation, and that Andrew L. Tan, Katherine L. Tan, Kingson U. Sian, and Enrique Santos L. Sy be elected as regular directors of the Company.

Since there were only seven nominees to the Board and considering the absence of objections, all the seven (7) nominees were declared elected to the Board of Directors.

**IX. ADJOURNMENT**

The meeting was adjourned at 9:40 a.m.

CERTIFIED CORRECT:

  
**EDWIN B. MAQUINTO**  
Corporate Secretary

ATTESTED BY:



**KINGSON U. SIAN**  
Presiding Officer