

MEGAWORLD CORPORATION
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
15 June 2012
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 9:15 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 13 April 2012, 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:

The year 2011 saw a modest expansion in the local economy as the country's gross domestic product grew by 3.7% compared to 7.6% growth in the previous year. The economy's rather lethargic movement in 2011 was attributed to a relatively weak export sector as well as cautious government spending. Despite the country's sluggishness in 2011, however, the resulting growth rate still fell within the government's official projection of around 3.6% to 4% for the year.

One of the few bright spots in the country's economy in 2011 was the Philippine real estate industry which experienced another landmark year. In fact, 2011 proved to be a much stronger year for the local property industry than the previous one, buoyed largely by the increased demand for business process outsourcing (BPO) office space and the continued vibrancy of the middle-income residential property market.

The spike in foreign investments in real estate during the year manifested an exponential increase in investor confidence resulting from a marked growth in private infrastructure initiatives. Indeed, extensive property development activities in 2011 continued to transform metropolitan areas into growing world-class cities. Moreover, real estate development continued in nearby towns and cities such as Cavite, Laguna, and Batangas, slowly but surely shaping up to be supplementary economic growth areas.

In 2011, Megaworld outdid itself and turned in another sterling performance, riding the crest of an increased demand for your Company's BPO office spaces and the continued strong sales performance of its integrated townships. During the year, consolidated net income amounted to P8.16 billion, a gain of 60.37% from the previous year's net income of P5.09 billion.

Consolidated total revenues composed of real estate sales, rental income, hotel income, and other revenues grew by a substantial 39.35% from P20.54 billion the previous year to P28.63 billion, on the back of strong property sales and increased leasing income and nonrecurring gain from the sale of shares. Rental income contributed 13.37% to the consolidated revenue figure and amounted to P3.83 billion to 2011, 42.02% higher than the P2.70 billion in revenues the previous year. The growth in rental income, in turn, is attributed to the escalation and completion of additional leasing properties and the increase in demand for BPO office space.

As the Philippines surges ahead in the global job outsourcing industry, more and more foreign investors set up shop in the country. These investors hope to take advantage of friendly foreign investment policies and low labor costs to establish voice and non-voice outsourcing operations here in the country.

We foresaw this development and started constructing office buildings optimized for BPO operations as early as few years ago, even before the local BPO boom. I am proud to say that we are now reaping the fruits of this move of ours. Because of this, Megaworld has risen to become the leading BPO office space provider in the country with a total BPO office space inventory of 400,000 square meters as of end-2011, largest in the country.

To complement the success of our BPO office space development projects, our fully integrated mega-communities continue to attract buyers, owing to the success of our pioneering "live-work-play-learn-shop" development concept. We have always made sure that our integrated townships provide basically everything that residents need within the community. This has allowed our communities to stand out above the rest in terms of comfort, convenience and plentitude which, in turn, made them highly attractive to our market and caused them to perform excellently in sales.

Right now, Megaworld continues to proudly carry the distinction of being the largest middle-income residential property developer in the country. To ensure that we keep this distinction, we have launched, in 2011 alone, nine new residential projects, including the 10-story Belmont Luxury Hotel in Newport City and the 8 Newtown Boulevard in Cebu City. We expect these projects to be completed in two to four years.

The 8 Newtown Boulevard residential project is situated in a piece of prime property in Cebu that is part of our 25-hectare land bank in that province. All-in-all, Megaworld has set in place a land bank with a total of around 230 hectares in key growth areas, including 55 hectares of prime land in Iloilo, 25 hectares in Cebu, within Fort Bonifacio, it has 7.1 hectares of the former NAPOLCOM land near the international schools. And 8.5 hectares at the North Central Business District in North Bonifacio. These have a total land 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 allocated for office spaces. The remaining land will be used for retail and leisure development projects.

Moreover, plans are afoot to develop the huge 34.5-hectare Joint United States Military Advisory Group (Jusmag) property in Fort Bonifacio over the next 20 years. We intend to turn this property located behind Forbes Park into a mixed-use complex at an estimated cost of at least P22 billion. This piece of prime land brings to around 105 hectares our total development portfolio in Fort Bonifacio.

The year 2011 was another kind year for Megaworld, with our targets achieved and our plans accomplished. As we gear up for another year, we foresee both challenges and opportunities for us. Reports show that the residential, commercial and office segments of the local real estate industry have recently been showing significant growth both in the number of projects and in sales. If this continue on to 2012 and beyond, we should expect the Philippines to eventually become replete with bustling metropolitan areas with modern skylines and complete mega-communities.

An increasing income from a slowly stabilizing economy fuel growth in residential property sales and the continued influx of foreign investors establishing job outsourcing businesses here drives office space sales and rentals upwards, we continue to ensure that we are both ready and capable to grab opportunities and overcome challenges that will come our way and provide our market with the best projects we can offer.

Again, we thank our stockholders for their undying support all these years. We extend our appreciation as well to our management and staff for their commitment to our ideals and objectives. Without your help, we would not have been able to succeed not only in changing the Philippine landscape but improving it and bringing it up to par with global standards. More than anything else, without your support, we would not have been able to make our world grow in more ways than one.

V. OPEN FORUM

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

QUESTION: Is there a budget committee to address cost reduction concerns?

ANSWER: Yes. Regarding the trade and other payables, as we grow in size, the amount of payables will also grow commensurate to the size of the business. Rest assured we are very particular about prudence when it comes to financial management.

QUESTION: Apart from putting a project in Iloilo and Cebu, are you also looking at areas outside Metro Manila?

ANSWER: We are constantly looking for opportunities. But of course, with our strong land bank position and the quality of our land bank, we are not pressured to look and acquire land. But obviously, if there are opportunities that come our way and they look interesting, then we will look at it and take it into account.

QUESTION: Is there any plan of designing a Stock Option Plan for your officers and employees to make the Company more relevant?

ANSWER: Yes, in fact part of the agenda is really the approval of the Stock Option Plan for the employees.

QUESTION: Can you expound more on your outlook for the real estate market particularly on the residential and office leasing space. Do you see the growth more in the domestic demand or more from the OFWs?

ANSWER: Yes, we continue to be very optimistic about the property sector and the economy in general. But I'll address a lot of that in my presentation.

QUESTION: Do you plan in the next three years to put up a Megaworld Andrew Tan City?

ANSWER: We don't have such a plan yet.

QUESTION: I'm concerned about the Lucky Chinatown Mall. Are you going to open a casino, in the near future, in the mall like Resorts World?

ANSWER: No, basically it's just a mall.

QUESTION: What about the NGO activities of Megaworld, are you going to set up a clean act effort on the "estero" near Lucky Chinatown Mall?

ANSWER: Yes. In general, when we go to a community, we will always be very proactive, not only in focusing in our development but also in the community around us. That would be one of the things we can definitely look into because it will help the overall appeal of the entire area.

QUESTION: In terms of the number of the outstanding common shares of the Company, it's about 25 billion right now, are there any other potentially dilutive shares with regard to the warrants?

ANSWER: Apart from the warrants, there is no more potential dilutive shares.

QUESTION: May I know how many percent is our ownership in Manhattan Garden in Cubao, Quezon City?

ANSWER: It's a Joint Venture. The land is not owned by the Company, it is owned by the Araneta family. So there is a formula for the sharing of the revenues. Technically, it's a joint development where Megaworld is the main developer.

QUESTION: Are there any legal cases filed for or against the Corporation?

ANSWER: In the normal course of doing business, that's part of the game; but there is nothing that has been filed that would be material so there is no concern with regard to that matter.

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 2012, 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 2012, 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 2011 through 31

December 2011. 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 2011 through 31 December 2011, 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.

Ms. Karen B. Maderazo, Senior Human Resources Manager, 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. APPROVAL OF STOCK OPTION PLAN

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

“RESOLVED, that the Stock Option Plan (the “Plan”) approved by the Board of Directors (the “Board”) last 26 April 2012 be ratified;

“RESOLVED FINALLY, that that the power to administer and manage the Plan be delegated to the Compensation and Remuneration Committee of the Board, which shall determine the eligible participants of the Plan for a particular calendar year as well as the number of shares to be covered by each option so granted, taking into consideration their position and responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Company, and the Committee shall have the power to issue and amend rules and regulations to implement the Plan, interpret the provisions of the Plan, and execute agreements and do and undertake all acts and things that may be required or necessary for the proper implementation of the Plan.”

X. ADJOURNMENT

The meeting was adjourned at 10:00 a.m.

CERTIFIED CORRECT:


EDWIN B. MAQUINTO
Corporate Secretary

ATTESTED BY:



KINGSON U. SIAN
Presiding Officer