

MEGAWORLD CORPORATION
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS
20 June 2014
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 Member, Nomination Committee
Enrique Santos L. Sy	-	Director Chairman, Nomination Committee
Miguel B. Varela	-	Vice Chairman of the Board Independent Director Member, Compensation and Remuneration Committee, Audit Committee
Gerardo C. Garcia	-	Independent Director Chairman, Audit Committee Member, Nomination Committee, Compensation and Remuneration Committee
Roberto S. Guevara	-	Independent Director

I. CALL TO ORDER

Mr. Kingson U. Sian called the meeting to order at 9:11 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 30 April 2014, 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

Robust growth marked the year 2013 for Megaworld as the company expanded into new markets and locations, as well as capitalized on the opportunities presented by the positive economic environment.

Over the past year, we were focused on undertaking real estate activities that would further establish our position as the largest township developer, residential condominium developer and BPO office developer and landlord.

Another banner year

Demand for our real estate offerings in 2013 proved stronger than ever. Our consolidated net income rose by 22 percent from P7.41 billion to P9.04 billion, which includes a P763 million non-recurring gain from the acquisition of a subsidiary.

Our consolidated total revenues, made up of real estate sales, rental income, hotel income, and other revenues, similarly grew by 18 percent last year. The bulk of revenues were generated from the sale of our luxury condominium units, which amounted to P21.25 billion, a 17 percent increase from 18.17 billion in 2012.

Meanwhile, rental income jumped by 21 percent to P6.04 billion from P4.99 billion, and contributed 17 percent to our total revenues. The growth in our rental income was due to the clamor for office spaces from BPO companies, in addition to the completion of our properties for lease. By the end of 2013, we had the largest inventory of BPO office space, which reached a total of 509,000 square meters.

Last year was also a stellar year for Megaworld Lifestyle Malls as we achieved 22 percent growth in rental revenues. We are now embarking on an aggressive expansion plan that will triple our current gross floor area by 2017.

Despite the effects of typhoon Yolanda, which struck the country in November last year, the Philippine economy grew by 7.2 percent, buoyed by strong domestic consumption, increased private sector activity, sound fiscal management and improved governance across public and private institutions. There was also an 18.2 percent surge in investments, which contributed significantly to growth.

This optimistic economic backdrop was validated by the National Statistical Coordination Board, which reported that the real estate sector grew by 17.9 percent in 2013.

Leveraging on opportunities

Megaworld took advantage of the encouraging prospects and strategically utilized a broad-based approach to tapping new customers and investors.

We have come a long way in transforming the urban landscape with our concept of the township, a pioneering development that all started with Eastwood City. Today, we have established a variety of townships all over the metro that have replicated—and built upon—the successful Eastwood City model that has championed an integrated live-work-play-learn-shop lifestyle.

Our recent efforts in Metro Manila have been concentrated in two developments: the 15-hectare Uptown Bonifacio township, a joint venture of Megaworld and the Bases Conversion Development Authority in Bonifacio Global City, and the 34.5-hectare McKinley West township, located in the former Jusmag property in Fort Bonifacio, behind Forbes Park.

Because of its central location, we are molding Uptown Bonifacio to be the metro's next central business district. McKinley West, for its part, is our largest project to date, bringing our total development portfolio in Fort Bonifacio to around 105 hectares. We will be pouring in some P22 billion in investments to develop the property over the next 20 years.

Pasig City is another place where we are set to make our mark. We are investing P35 billion over the next 10 years in the development of Woodside City, our new 12.3-hectare township along C-5 Road. Woodside City will offer green features such as open parks, wide, tree-lined sidewalks, bicycle lanes and a rainwater catchment facility. Aside from condominium residences, a lifestyle mall, retail and commercial strips and a transport hub, there will be Leadership in Energy and Environmental Design (LEED)-registered office buildings, the first of which will be designed by Skidmore, Owings and Merrill. WJ

Geographic expansion

We launched new developments in Metro Manila in 2013, but we also aggressively pursued the unveiling of new hotels and residential condominium projects at The Mactan Newtown and Iloilo Business Park in the Visayas.

Growth centers such as Cebu and Iloilo present many exciting opportunities for growth, which is why we have expanded our reach to these areas.

The Mactan Newtown township, located in Mactan Island in Cebu, spans 28.8 hectares, and like its counterparts in Metro Manila, will host upscale residential condominiums, high-tech BPO office spaces, a lifestyle mall, various leisure amenities, a hotel and a business park.

Meanwhile, Iloilo Business Park, a sprawling 72-hectare township project in Mandurriao, Iloilo City, will feature first-rate BPO office buildings, world-class hotels, vibrant commercial areas, and a lifestyle mall. There will also be a convention center, designed to accommodate some 3,700 people, and put the country on the business tourism map.

We are looking forward to Megaworld's first foray into Mindanao, which will begin in Davao. Here, we are committed to bring Megaworld's township concept and lifestyle to even more Filipino families and employees.

Upholding our vision

Value creation over the long term is at the core of Megaworld's business. It is through this strategy that we have differentiated our real estate offerings from the competition and carved out a path towards the company's longevity and sustainability.

Our vision has always been to give our customers value for money. By continuing to improve the quality of our individual projects, infuse new and vibrant attractions into our townships, and uplift the experiences that people enjoy across our developments, we are confident that we will be able to translate this value to even more Filipino families all over the country.

On the occasion of our 25th anniversary in 2014, we are driven to expand into even more growth areas, improve profitability and develop land in ways that are value-accretive to our stakeholders.

Looking ahead, we believe that despite the challenges in the industry, Megaworld will be at the forefront, surpassing old limits, setting new standards and introducing new trends. We will continue to tap new opportunities to scale up our presence and our operations. And we will forge new partnerships with investors that will further move our vision forward.

In closing, we would like to thank our shareholders, business partners, employees and customers for being part of our tremendous growth in 2013. There is much to accomplish in the years to come, and we are excited to mark even more milestones with you.

V. OPEN FORUM

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

Question: I noticed that you still haven't developed any projects along the Northern stretch particularly along NLEX, in Cagayan, Pangasinan and Bulacan. Do you plan to invest in any developments within these locations?

Answer: We are continuously looking for opportunities, bearing in mind the right location and size of project. Obviously, that corridor is a high-growth corridor and we are always mindful of the opportunities there. So in the right time, we are definitely considering developing projects up north.

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Question: This is regarding Megaworld's acquisition of Global-Estate Resorts, Inc. I understand that the Corporation acquired 80 percent of GERI and by law, you are required to make a Tender Offer for the remaining shares. If the public float of GERI will be reduced to less than 10 percent, you will be required by the regulators to de-list GERI from the Stock Exchange. Can we be assured that GERI will not be de-listed and that Megaworld will do everything to prevent this from happening?

Answer: Certainly. We will ensure that the public float will be maintained and GERI will not be de-listed. The Tender Offer is finished and I can assure you that we will not de-list GERI from the Exchange.

Question: How can the Company sustain its growth momentum since it has been growing very fast in the last ten years?

Answer: We are targeting to develop and complete over 5,000,000 square meters of space within the next ten years, doubling what we have accomplished in the last twenty-five years. We are very confident of our "Live-Work-Play" model which is very difficult to replicate by any of our competitors because it requires a certain type of land size and location. We have a very strong landbank portfolio and with the strength of the Philippine economy, we are confident of our prospects and our ability to sustain our developments especially with the resources that the Company possesses right now.

Question: According to a recent publication regarding Megaworld's plan for a P230 billion CAPEX program for the next five years, where will you source the fund and will you be raising equity or debt soon?

Answer: Because of our "Live-Work-Play" model, out of the P230 billion, around sixty to sixty-five percent will come from our residential projects wherein we do pre-selling before construction so it is, in a way, self-funded. The remaining thirty-five percent will come from rental income properties generated by our BPO offices and retail projects. We are projecting to hit P10 billion of rental income per annum plus our current resources in the amount of P30 billion. That should be more than sufficient to fund the CAPEX. Therefore, there is no plan to raise equity and we still have debt capacity to tap. Because of our current resources and the way we structure our business model, this will allow us to substantially fund CAPEX.

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 2014, 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 2014, be approved."

VII. AMENDMENT OF THE THIRD ARTICLE OF THE ARTICLES OF INCORPORATION

The Presiding Officer informed the stockholders that the Securities and Exchange Commission now requires corporations to state their complete address in their Articles of Incorporation. He said that since the Articles of Incorporation of the Company simply states that the principal office of the Corporation shall be established in Metro Manila, the Board of Directors approved an amendment to the Third Article of the Company's Articles of Incorporation to reflect the complete address of the Company.

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

"RESOLVED, that the Corporation amend the Third Article of the Articles of Incorporation of the Corporation to read as follows:

THIRD: That the place where the principal office of the Corporation is to be established or located is at the 28th Floor, The World Centre, 330 Sen. Gil Puyat Avenue, Makati City, Philippines;

"RESOLVED, FURTHER, that any one of the officers of the Corporation be, as each of them is hereby authorized and directed to execute and deliver the necessary certificates and other documents with the Securities and Exchange Commission and other government agencies and perform all actions as may be necessary to fully implement the foregoing resolution."

VIII. AMENDMENT OF THE EMPLOYEE STOCK OPTION PLAN

The Presiding Officer informed the stockholders that under the Company's Employee Stock Option Plan, stock options, as a general rule, vest on the date of the Option holder's 60th birthday and may be exercised immediately thereafter and until his retirement. But since the mandatory retirement age for employees under the Company's retirement plan is also sixty years old, an Option holder has only one day to exercise his Options.

The Presiding Officer added that in case the Option holder dies before his 60th birthday, the Options vest upon the death of the Option holder and may be exercised by his heirs or legal representative within 12 months following the Option holder's death.

The Presiding Officer informed the stockholders that upon the recommendation of the Compensation and Remuneration Committee of the Board, the Board approved the extension of the period within which to exercise the Options to FIVE (5) YEARS from the date of the vesting of the Options, which is a more reasonable exercise period.

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

WHEREAS, on June 15, 2012, the stockholders of the Company approved the Employee Stock Option Plan (the "Plan") for qualified employees of the Company and its subsidiaries;

WHEREAS, under the Plan, the stock options (the "Options") shall vest either (1) on the date of the Option holder's 60th birthday, provided that the Option holder had continuously served as an Employee from the date of grant until his 60th birthday, in which case the Options may be exercised by an Option holder beginning on his 60th birthday and until his retirement from the Company and/or its subsidiary, or (2) on the date of death of the Option holder, if an Option holder dies before his 60th birthday, provided that such Option holder had continuously served as an Employee from the date of grant until the date of his death and provided, further, that his death did not result from suicide, self-inflicted injury or commission by the Option holder of a criminal act, in which case the Options may be exercised by his heirs or legal representative within 12 months following the Option holder's death;

WHEREAS, the Compensation and Remuneration Committee recommended the amendment of the Plan to extend the period during which Options granted under the Plan shall be exercisable ("Option's Life") in order to provide Option holders a more reasonable period within which to exercise the Options;

NOW, THEREFORE, IT IS HEREBY:

"RESOLVED, that the Corporation approve the extension of the Option's Life or the period during which Options granted under the Plan shall be exercisable, to five (5) years from the date of vesting of the Options."

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

The Presiding Officer proposed for ratification all resolutions of the Board of Directors, Board Committees and acts of Management adopted during the period covering 1 January 2013 through 31 December 2013 as stated in the Company's Information Statement earlier distributed to the stockholders.

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

"RESOLVED, that the Corporation ratify all resolutions of the Board of Directors and Board Committees and all acts of Management of the Corporation adopted during the period beginning 01 January 2013 through 31 December 2013 including, among others, the following matters:

1. Execution by the Corporation of a Guarantee dated 14 August 2013 wherein the Corporation, as principal obligor, guaranteed to each of Renaissance Hotels International Corporation Limited (Philippine Branch), Marriott International Design & Construction Services, Inc., Global Hospitality Licensing S.A.R.L. and Marriott International Licensing Company B.V. (collectively, the "Marriott Companies") the full, complete and prompt performance by its wholly owned subsidiary, Luxury Global Hotels and Leisure, Inc., of all of the latter's obligations, liabilities, covenants, undertakings, acts and duties under the Hotel Management Agreement, International Services Agreement, License and Royalty Agreement and Technical Services Agreement entered into with the Marriott Companies in relation to the operation of a Courtyard by Marriott hotel at the Iloilo Business Park;
2. Appointment of Contract Signatories;
3. Application for Permits, Licenses, Clearances, Accreditations and Registration for Projects;
4. Registration of Master Deeds and Restrictions covering Projects;
5. Operation of Bank Accounts and other Bank Transactions;
6. Appointment of Proxies and Nominees;
7. Development, Marketing and Operation of projects;
8. Approval of Plans and Titling of Projects;
9. Property Acquisitions, Dispositions, Leases and Joint Ventures;
10. Declaration of Cash Dividends;
11. Application for Telecommunication Subscriptions;
12. Holding of 2013 Annual Meeting of Stockholders;
13. Issuance of Stock Options to Qualified Employees;

14. Subscription for Shares;

15. Application for and renewal of corporate permits, licenses and accreditations.”

X. 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 of the Human Resources Division, 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.

XI. ADJOURNMENT

The meeting was adjourned at 10:07 a.m.

CERTIFIED CORRECT:


EDWIN B. MAQUINTO
Corporate Secretary

ATTESTED BY:


KINGSON U. SIAN
Presiding Officer