

**MEGAWORLD CORPORATION**  
**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS**

19 June 2015

Grand Ballroom, Eastwood Richmond Hotel  
17 Orchard Road, Eastwood Ciy, Bagumbayan, Quezon City

Board Attendance - Present:

Andrew L. Tan	-	Chairman and President
Miguel B. Varela	-	Vice Chairman and Independent Director
Kingson U. Sian	-	Director
Katherine L. Tan	-	Director
Enrique Santos L. Sy	-	Director
Gerardo C. Garcia	-	Independent Director
Roberto S. Guevara	-	Independent Director
Anna Michelle T. Llovido	-	Corporate Secretary

**I. CALL TO ORDER**

Mr. Kingson U. Sian called the meeting to order at 9:05 a.m. and presided thereat. The Corporate Secretary, Atty. Anna Michelle T. Llovido, recorded the proceedings of the meeting.

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

The Corporate Secretary certified that all stockholders as of 27 April 2015, the record date, have been notified of the meeting. She 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**

Dr. Andrew L. Tan delivered the Chairman's message as follows:

Last year was a milestone year for Megaworld as we marked our 25<sup>th</sup> year as a company. Our business is thriving on many fronts. It is a testament to the unprecedented expansion of our reach as a brand, and our continued commitment to bring the very best real estate value to people all over the Philippines, which has always been our vision from the very beginning.

Megaworld raked in record earnings, ending 2014 on firm financial footing. Our net income soared 139 percent from the previous year to P21.6 billion, inclusive of a P12.1-billion non-recurring gain. Without the non-recurring gain, our net income grew by 14 percent to P9.4 billion, reflecting an 18 percent annual growth since 2009—when our net income was P4 billion—more than double in a span of only five years.

Our consolidated revenues, excluding the non-recurring gain, grew by 15 percent to P41 billion in 2014. Our real estate sales rose to P24.6 billion, a 16 percent increase year on year, while our rental income reached P7 billion, up by 17 percent.

Meanwhile, our rental income is flourishing in line with our expectations. Sustained growth in Megaworld's office and mall leasable space inventory will provide the momentum needed for us to exceed P10 billion in rental income in 2016.

Last year saw the consolidation of Global-Estate Resorts Inc., Empire East Land Holdings Inc. and Suntrust Properties Inc. under Megaworld. The consolidation has enabled us to fortify our land bank throughout the country. Our current land bank now stands at 4,000 hectares, 80 percent of which has been dedicated to township development.

The aggressive demand for Megaworld's townships has been at the forefront of our remarkable performance, bolstering the company's leadership position in the industry. In fact, we expect to achieve double-digit net income growth every year on the back of a bigger and stronger township portfolio.

To ride this wave of demand, we launched five townships in 2014 alone. These are the 12.3-hectare Woodside City in Pasig City, the 561-hectare Southwoods City along the boundaries of Cavite and Laguna, the 11-hectare Davao Park District in Lanang, Davao City, the 62-hectare Alabang West in Las Piñas City, and the 350-hectare Suntrust Ecotown in Tanza, Cavite.

The company is set to unveil in 2015 five more developments, encompassing a total of about 400 hectares, in the township category. Two are located in Negros Occidental in Western Visayas: The Upper East, which offers 34 hectares, and Northhill Gateway, which is 50 hectares in size. The other two townships will rise in Luzon, and the third, in Mindanao. These developments will raise our current township count from 15 to 20 by the end of the year.

Like Megaworld's already-successful counterparts, our new townships are set to offer a diversified real estate portfolio that addresses a similarly diversified market, allowing us to strategically tap into various growth opportunities in the residential, BPO office, retail and commercial segments.

Since the company's establishment in 1989, our rallying cry for growth has continued year after year. In June 1994, after the successful IPO of Megaworld, the market capitalization of the company reached about P2.7 billion. As we celebrated our 25<sup>th</sup> year anniversary and our 20<sup>th</sup> year of listing in the Philippine Stock Exchange in 2014, we had already grown by more than 55 times to around P150 billion in terms of market capitalization.

Our milestones in growth have also been evident in the increasing numbers of our workforce, as well as those who have supported us in our journey as a company.

From only five employees when we first started, we currently have 5,500 people employed in the Megaworld group. Meanwhile, over a hundred thousand homebuyers have chosen the Megaworld brand over the past 25 years. Today, there are 126 BPO companies holding offices in our buildings, and more than 1,500 retail partners operating in our different lifestyle malls.

We would like to thank all our shareholders, business partners, employees and customers for sharing in our vision through the years. As Megaworld continues to break old records and set new trends in the Philippine property market, we are motivated to work even harder to maintain our edge as the pioneering township developer, as well as the No.1 residential condominium developer and BPO office developer and landlord in the country.

We are confident that the company will continue to accomplish even greater things through constant innovation, and that everything we have done has laid the foundation to ensure our sustained growth going forward.

## V. OPEN FORUM

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

**Question:** On page 29 of the Annual Report, there is a picture of the Boracay Newcoast project and I have already seen this picture 3 to 4 years ago when it was still a concept. Could you possibly present actual pictures of this project so we may have a better appreciation of the status of this development? Also, as a stockholder of Global-Estate Resorts, Inc., how much does GERI contribute to the income of Megaworld right now?

**Answer:** GERI is now a subsidiary of Megaworld. The income of GERI would be consolidated to Megaworld's income statement. Regarding the Boracay development, I am very happy to report to you that the construction of the hotel is ongoing and is doing very well. The construction is proceeding on schedule. In GERI's Annual Stockholders' Meeting, we will show some photos of the progress in Boracay.

**Question:** Do Megaworld's projects fall within the West Valley Fault?

**Answer:** No. The West Valley Fault runs across a very big part of Metro Manila, but I can assure you that none of our projects are on the fault line.

**Question:** Will you be declaring cash dividends this year?

**Answer:** Yes. We will be declaring cash dividends this year. We have an annual cash dividend policy. Actually, we have already declared close to P2 billion for this year.

**Question:** With regard to The Venice project, where will you source out the materials? Do you consider sourcing out from Italy or locally?

**Answer:** We always create special themes for each of our retail properties and we were inspired by the Grand Canal in Venice. We have an Italian consultant who has been guiding us for this project. Thus, we are building a faithful reproduction of the façade that we see in Italy. We source our materials from both foreign and local suppliers. Nevertheless, if we find local materials with the same quality and price, we will prioritize purchasing from our local suppliers.

**Question:** I noticed that you are purchasing very big properties to be developed as townships and this was certainly bought by the company's confidence which was built throughout the years. Where does your solid plan for expansion come from?

**Answer:** A lot of people ask how we are able to come up with this kind of projects. Dr. Andrew Tan came from a strong consumer background and he taught us the culture of innovation, the entrepreneurial spirit, and not being afraid to make mistakes. Those hallmarks allowed us to be nimble and responsive to our consumers. Those are our guiding principles that we use daily to enable us to come up with new and exciting projects. We listen to our customers. Because of these hallmarks, we were able to brand our projects and we believe that branding a project in this scale is important for marketing purposes, granting us the ability to take pride in living in this community.

**Question:** Since earthquakes are now rampant, can Megaworld's projects withstand this kind of calamity?

- Answer: We are strictly complying with the Philippine Building Code. Hence, we can assure you that our buildings are safe.
- Question: There is a lot construction going on for both residential and office buildings. I think there is an oversupply with regard to real estate. What is your take on that? What sets you apart from your competitors?
- Answer: We don't believe that there is an oversupply in real estate except for certain locations. What sets us apart is that we are the largest township developer in the Philippines and township development creates a higher level of product. A township is not just selling a condominium unit, it is selling a "lifestyle". In order to achieve this kind of project, we need to have large lands in well-located places. We sell properties that offer much more value-added amenities and services as compared to selling a mere condominium unit in a lone standing building. We also cater to the fastest growing segments – the mid-income and BPO industry are the ones with the highest growth.
- Question: Megaworld is apparently expanding outside Metro Manila considering the five new townships. What is the rationale behind?
- Answer: The Philippines' economic growth for the last decade has spilled over beyond Metro Manila. For a company to continue to grow, we also need to grow with areas with the fastest economic growth. We continue to focus in Metro Manila but we have also ventured in Cebu, Iloilo, Davao and Bacolod.
- Question: According to your report, Megaworld intends to increase its rental income up to P10 billion in 2016. How will you achieve this figure?
- Answer: We have already secured 4,000 hectares of land and now, it is time to execute. All of those twenty communities will have a component for both residential and rental income. The component for rental income is already there, we just need to build it. Obviously, we are not going to build those projects all at the same time. We want to be prudent with the cash flow so as to not oversupply the market. The most important ingredient is land therefore, we are now going to focus in the execution.

## **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 2015, 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 2015, be approved."

## **VII. 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 2014 through 31 December 2014 and that a list of such acts is provided 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 2014 through 31 December 2014 including, among others, the following matters:

1. Appointment of Contract Signatories;
2. Application for Permits, Licenses, Clearances, Accreditations and Registration for Projects;
3. Registration of Master Deeds and Restrictions covering Projects;
4. Operation of Bank Accounts and other Bank Transactions;
5. Appointment of Proxies and Nominees;
6. Development, Marketing and Operation of projects;
7. Approval of Plans and Titling of Projects;
8. Property Acquisitions, Dispositions, Leases and Joint Ventures;
9. Declaration of Cash Dividends;
10. Application for Telecommunication Subscriptions;
11. Holding of 2014 Annual Meeting of Stockholders;
12. Issuance of Stock Options to Qualified Employees;
13. Subscription for Shares;
14. Application for and renewal of corporate permits, licenses and accreditations.”

#### **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, Senior 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.

**IX. ADJOURNMENT**

The meeting was adjourned at 10:15 a.m.

CERTIFIED CORRECT:

  
**ANNA MICHELLE T. LLOVIDO**  
Corporate Secretary

ATTESTED BY:

  
**KINGSON U. SIAN**  
Presiding Officer

  
**ANDREW L. TAN**  
Chairman