

MEGAWORLD CORPORATION
MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

15 June 2018

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

Present:

Andrew L. Tan	-	Chairman and President
Katherine L. Tan	-	Director
Kingson U. Sian	-	Director
Enrique Santos L. Sy	-	Director
Jesus B. Varela	-	Independent Director
Cresencio P. Aquino	-	Independent Director
Roberto S. Guevara	-	Independent Director

Also Present:

Anna Michelle T. Llovido	-	Corporate Secretary
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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. 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 **23 April 2018**, 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, and considering the absence of any objection, 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:

The year 2017 was a very good year for Megaworld, with a double-digit net profit of PHP13.3 billion. We sustained our growth in rental income, attaining a record high of PHP11.8 billion, up by 18.2 percent from the previous year, alongside strong performances in residential and hotel developments. We remain focused on maintaining this momentum to reach the best profitability moving forward and to reach our PHP20-billion target in annual rental income by 2020.

At Megaworld, our dreams are big, our optimism soaring, and our commitment unparalleled. We met our target of launching 20 real estate projects for 2017, which further demonstrates our drive to infuse even more property value into the market. The company also reached PHP105 billion in reservation sales, an unprecedented record in our 28-year history. Furthermore, we garnered the recognition of various award-giving bodies—in 2017 alone, Megaworld received a record number of 73 awards.

Also in 2017, Megaworld, together with our subsidiaries and its affiliates, made the historic move to the Alliance Global Tower, our first-ever corporate headquarters at Uptown Bonifacio. This united move to our new location showcased the exceptional strength of our group and our collective dedication to even greater collaboration.

Megaworld is poised for growth. A total of 23 townships and integrated lifestyle communities already form the backbone of our business. These span over 4,000 hectares of land in 30 Philippine cities, where the company has built 667 residential towers, 57 office towers, 15 lifestyle malls and 5 hotels. Nine of these sprawling townships are situated in Metro Manila alone, across 254 hectares of land, where they host 40 of our residential projects.

Sales of our residential lots and condominium units increased by 5.3 percent to PHP28.9 billion—more than half of our total revenues for the year. Megaworld continues to be a force in redefining the Filipino concept of home, with 80 percent of real estate sales coming from the local market.

Our developments in Uptown Bonifacio, McKinley West and McKinley Hill, all in Fort Bonifacio, are some of the most in-demand developments in the metropolis. This is driven by Megaworld's unique branding and design, as much as the careful selection of locations for our properties. St. Moritz Private Estate, our first residential tower development in McKinley West, for one, won "Best Universal Design" in the 2017 Philippine Property Awards.

It should also be noted that Megaworld turned over 1,000 residential units, with a total sales value of PHP9 billion, in the Makati central business district alone. These projects include the 30-storey Paseo Heights and the 51-storey Three Central, both in Salcedo Village—a testament to the longevity and unsurpassed value of Megaworld's developments.

We are also continuously expanding our horizons outside of the usual urban centers in Metro Manila, and entering prime locations in the provinces, setting our sights on undeveloped areas with a more-often-than-not overlooked potential for growth. This is part of why Megaworld remains successful—because we see the possibilities in a piece of property when others do not.

Notable among the newly launched developments this year are Iloilo Business Park in Mandurriao, Iloilo City, and Capital Town Pampanga in San Fernando, Pampanga. Both are set to become catalysts of business in their respective areas, while at the same time embodying Megaworld's drive to honor the historical value of each site, and preserve the culture of its locals.

We are also exploring the interplay between man-made structures and nature to invite a wider range of lifestyle pursuits, as seen in our new developments in Maple Grove in General Trias, Cavite; Eastland Heights in Antipolo, Rizal; Boracay Newcoast in Boracay Island; Sta. Barbara Heights in Iloilo; and Twin Lakes near Tagaytay City.

Beyond residential condominiums, Megaworld continues to be strong in office and commercial spaces. On the office side, the company reached one million square meters of inventory this year, a definite milestone for any developer. Megaworld also sealed a landmark deal with US-based financial services provider FactSet to build its regional corporate headquarters in McKinley West by 2020.

Megaworld's expanded office space and lifestyle malls portfolio now includes seven new office towers in Davao Park District, Iloilo Business Park, Newport City, Southwoods City, Las Piñas City, McKinley Hill, and The Mactan Newtown; as well as three new lifestyle malls and commercial centers in McKinley West, Makati City, and Southwoods City.

Our lifestyle malls are quite different from the other malls in the country such that these already cater to a captive market through our townships. We put our own spin on the Filipino mall culture by attaching a unique attraction or feature to a mall. For example, Southwoods Mall in Southwoods City, the first full-scale mall in the South as of opening in September 2017, has a widely popular 24-hour food hall.

We also have a gradually growing hotel pipeline alongside tourism estate developments similar to Twin Lakes and Boracay Newcoast. Megaworld's hotel operations posted PHP1.3 billion in revenues in 2017, also showing double-digit growth by 14.9 percent. Megaworld subsidiary Global-Estate Resorts Inc., the company's integrated tourism and leisure brand, also posted a record high net income of PHP1.6-billion in 2017, up by 45 percent from PHP1.1-billion in 2016.

We launched our first homegrown brand in Boracay, the Savoy Hotel. The foreseen growth in the tourism industry is something that we look forward to as Megaworld is already strategically positioned when it comes to tourism-centric areas, which include Boracay, Cebu, and Tagaytay.

Our commitment is to continue expanding the Megaworld story and strengthening our brand in the years to come. We have the advantage of brand equity anchored on a combination of quality products, strategic locations and a proven track record, but we never rest on our laurels. We will keep finding new ways to do things better, and to stay on top of a changing world.

V. OPEN FORUM

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

Question: This is in connection with the Boracay Newcoast project. I assume that the operation has been stopped due to the government's plan to close Boracay which is necessary for the province's reform. How will the said closure affect Megaworld?

Answer: The closure will have minimal effect on us. Pre-closure, we already achieved Php263 Million in sales and after the closure, we were able to hit Php600 Million. It will only affect our hotel operation which is only about 1% of total Megaworld revenue. We are looking forward to the re-opening and we believe that there will be a huge influx of tourists.

Question: In addition to the previous question, are all our permits in order?

Answer: We assure you that all our permits are in order and environmentally-compliant.

Question: With regard to the Sky Train, do we have partners for this project such as Ayala Land? Also, how will the Sky Train be profitable considering that the MRT, as an example, does not earn money?

Answer: We are embarking on this project on our own but we do have technical partners. As for the profitability, our financial projection shows that we will generate income from this project. It is not a very long line therefore, the investment is considerably lower than that of MRT and LRT because you are computing on a per kilometer basis. Given the reasonable amount of investment and the potential traffic that is about 100,000 passengers a year which is set to grow in proportion to the growth of Fort Bonifacio, the Sky Train will be profitable.

Question: May we know why Infracorp Development, Inc. was incorporated under Alliance Global Group, Inc. and not under Megaworld Corporation considering that Megaworld property assets are the primary beneficiaries?

Answer: While Megaworld is a purely real estate development company, Infracorp, on the other hand, aims to do purely infrastructure projects. In terms of focus, it is more efficient if a separate company will handle this sort of operation which is different from Megaworld's.

Question: The coaches of the Sky Train are of what origin?

Answer: We are currently studying a number of options. We already received offers from Austrian and French companies. We are also looking into Chinese and Japanese technologies. As of this point, we are still in the process of deciding and the decision will be jointly made with the government.

Question: It seems that the Philippines' relationship with China has improved. How does Megaworld see the potential of Chinese investors especially in the real estate sector?

Answer: We see a number of benefits from our new-found relationship with China. First, we received an influx of new tenants which have created growth in our office leasing segment. We are also enjoying its ripple effect such as these lessors or operators tend to lease spaces for groceries and restaurants, etcetera, and that helps improve our commercial leasing as well. Also, these investors and workers will most likely spend here in the Philippines which in turn supports our retail businesses. Second, we've also seen huge Chinese investments in terms of buying assets in our real properties located at the Bay area, Makati, Fort Bonifacio and Cebu. Lastly, there is also a positive effect in our tourism. Last year, the country welcomed almost a million Chinese tourists as compared to around 400,000 Chinese tourists of the year before. This helps our hotel businesses not just in Metro Manila, but also in Cebu and Boracay.

Question: This is about the NAIA Consortium. Most of the companies involved have their own

commercial and retail operations. With regard to these operations and as member of the consortium, what will Megaworld offer the passengers?

Answer: We aim to improve not just the experience of the passengers, but also the experience of the well-wishers because a lot of those people in the airport are actually families and friends. Our initial plan is to expand the existing terminals. Hence, within the first year, you will be seeing positive changes. We also aim to improve the way the retail outlets are developed. We had to do some re-layouts for creating more efficiency in terms of the circulation.

Question: I noticed that you are not distributing any printed copies of the Annual Report. I was just given a USB which contains the said document. The problem is I don't own a computer and also, I cannot connect the USB to my phone; so, I am unable to look into the financial performance of the Company. I suggest that the Company provide us with a printed summary of the Annual Report reflecting only the important financial information such as the revenue, balance sheet, total assets and liabilities, and most importantly, the Top 20 stockholders of the Company because we would like to know if there are any changes in control.

Answer: We note your request and we will reach out to you as soon as possible.

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 & Arullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2018, and that the Board has approved such engagement.

Upon motion made and duly seconded, and considering the absence of any objection, the stockholders approved the engagement of **Punongbayan & Arullo** as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2018.

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 2017 through 31 December 2017. He informed the body 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, and considering the absence of any objection, the stockholders approved and ratified all acts of the Board of Directors, Board Committees and Management, and all resolutions adopted by them during the **period covering 01 January 2017 through 31 December 2017**, 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 2017 Annual Meeting of Stockholders;
12. Subscription for Shares;
13. 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, Head of Human Resources and Corporate Administration Division, on behalf of the Nomination Committee, presented the final list of nominees to the Board of Directors, as follows: Andrew L. Tan, Katherine L. Tan, Kingson U. Sian, Enrique Santos L. Sy as regular directors; and Jesus B. Varela, Cresencio P. Aquino, Roberto S. Guevara as independent directors.

It was then moved and duly seconded that the nominees for independent directors, namely Messrs. Jesus B. Varela, Cresencio P. Aquino and Roberto S. Guevara 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 10:00 a.m.

CERTIFIED CORRECT:


ANNA MICHELLE T. LLOVIDO
Corporate Secretary ✓

ATTESTED BY:


KINGSON U. SIAN
Presiding Officer,

ANDREW L. TAN
Chairman ✓