

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

21 June 2019 / 9:06 a.m.

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

**I. CALL TO ORDER**

Mr. Kingson U. Sian called the meeting to order at 9:06 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 **30 April 2019**, 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:

For three decades, Megaworld has made a name for itself as a trailblazer in Philippine real estate. Year after year, the Company notches impressive accomplishments, further solidifying its leadership in the industry. The year 2018 was no exception.

We achieved a net profit of Php15.8 billion in 2018, a 16 percent jump from the previous year. This was driven by robust residential sales amounting to Php38 billion, a direct result of our back-to-back residential project launches, totaling Php106 billion. Megaworld developments accounted for 81 percent of these project launches, while the properties of our subsidiaries Global-Estate Resorts, Inc. and Empire East Land Holdings, Inc. made up the balance.

Megaworld's reservation sales also continued their upward trajectory, hitting Php135 billion—the highest number in the Company's history. Meanwhile, the dynamic take-up of our office and commercial offerings allowed us to double our rental income to Php14.3 billion in only four years' time. Our hotel business similarly gained momentum, growing 14 percent year on year to Php1.5 billion.

The unified efforts of the Megaworld team led to the Company's strong performance as well as its continued prominence in the industry.

In 2018, we received the highest number of awards in a single year in our history. We were recognized with 100 awards—40 percent of which were international awards. Among our standout honors were seven "Best Developer" awards. In addition, the Company's senior leadership was named the grand winner of the "Executive Leadership Team of the Year," a testament to exceptional leadership skills resulting in the maximization of stakeholders values.

All our milestones are progressively setting the tone for the future of the Company.

Early last year, we rolled out our “iTownships” initiative to future-proof Megaworld’s groundbreaking township concept. Since then, we have fast-tracked the incorporation of smart technology, digital technology, design innovations, and connectivity capabilities into our developments. We have also focused significantly on enhancing the green and sustainable features of our properties, as well as enriching them through museums and creative installations.

The Company’s commitment to build iTownships is not confined to its developments in Metro Manila. We announced in February 2018 that our Davao Park District, our first township in Mindanao, would be an iTownship in its own right, making use of smart technology and innovations.

While we craft a legacy of bringing value to people’s lives through our real estate offerings, we are also pursuing opportunities that will allow us to become more transformative and impactful as a developer.

In July 2018, Megaworld, through its wholly owned subsidiary Suntrust Properties, Inc., acquired Stateland, Inc., a 42-year-old real estate company known for building affordable quality homes and communities in South Luzon and several parts of Metro Manila. The acquisition has allowed Megaworld to expand its raw land portfolio by another 150 hectares. It has also allowed the Company to own Stateland’s existing developments spanning more than 200 hectares, on top of several allied and related properties.

By the end of 2018, Megaworld had already expanded its land portfolio by around 350 hectares due to large land acquisitions in Luzon, of which about 150 hectares came from Stateland.

Our Company is strategically taking the township lifestyle into more locations in the Philippines. Today, the Megaworld Group is present in over 30 cities across the country. In these cities, we consistently launch new projects to infuse new value and evolve the landscape so it always stays vibrant, relevant, and meaningful.

On the residential front, we announced our new condominium developments in Uptown Bonifacio, McKinley West, ArcoVia City, Westside City, Southwoods City, Maple Grove, Capital Town, The Mactan Newtown, and The Upper East. We are also growing our residential offerings in the Ortigas and Makati central business districts, as well as in the Iloilo Business Park.

To date, Megaworld remains the country’s largest developer and landlord of office spaces with a leasable office portfolio of around 1.1 million square meters. The most notable among our 2018 achievements in the office segment is our landmark agreement with JPMorgan Chase to build its 25-level office building in Uptown Bonifacio, which offers an estimated 70,000 square meters of gross leasable area. It is the country’s biggest single office lease transaction in both value and space take-up in Philippine real estate history.

The growth of our Megaworld Lifestyle Malls is just as solid. We opened in Iloilo Business Park the Festive Walk Iloilo, our 17th mall, and the first full-scale lifestyle mall in Western Visayas. Meanwhile, we opened three new community malls—Three Central and San Lorenzo Place in Makati City, and The Village Square in Alabang- to cater to a captive market in smaller, tighter-knit neighborhoods.

Nation-building is something we actively pursue in our townships. Last year, we fast-tracked the opening of the La Salle-supervised Newtown School of Excellence at The Mactan Newtown, Megaworld’s first school venture in the Visayas. Its first school year starting June 2018 welcomed more than 60 Nursery, Kindergarten 1, and Kindergarten 2 students.

Through hotel developments, Megaworld is ready to supply more hotel rooms to support the government’s goal of 10 million tourist arrivals by 2020. In 2018, we opened two homegrown hotel brands, including Savoy Hotel Manila, and Twin Lakes Hotel in Tagaytay. We also announced our intention to bring our Belmont Hotel brand to our townships in Iloilo, Boracay, and Cebu. Similarly, a new Savoy Hotel will find a home at The Mactan Newtown.

Meanwhile, in The Upper East in Bacolod, we are set to build a luxury boutique hotel that will help boost the MICE (Meetings, Incentives, Conventions and Exhibitions) industry in the region.

Our efforts to create spaces that uplift lifestyles have resulted in an active art component in our developments. Our Iloilo Museum of Contemporary Art (ILOMOCA) opened to much fanfare in 2018 as our first-ever museum venture, which also happened to be the first art institution dedicated to modern art in both the Visayas and Mindanao.

As the Company goes forward, it is not only developing future-ready real estate; it is also strengthening the community that will become its stewards. Our socio-civic arm Megaworld Foundation marked its 20th anniversary in 2018, and renewed its dedication to provide quality education to even more underprivileged youth, as well as address issues that matter most in the Philippines, from poverty and health care, to the preservation of the environment.

This 2019 is significant for Megaworld, as it will officially mark 30 years as a company. For us, it is both a celebration and a challenge. It is a good time to look back on the moments that shaped us, to internalize the experiences and lessons of the past years, and to look forward to the ways in which we can define a lasting legacy.

It is our aim to constantly create, innovate, and inspire. We continue to put in the hard work to make the Megaworld brand and our developments stand the test of time and resonate with generations of Filipinos to come.

## V. OPEN FORUM

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

Question: Sustainability is one of the emerging issues of our time. As a top player in the property market, what is Megaworld doing to make its businesses and projects more sustainable?

Answer: We have already begun our journey to sustainability. This year, we are formulating bolder plans that aims not only to achieve *carbon neutrality*, but also aims to impact society by transforming and improving lives of Filipinos.

As far as carbon neutrality is concerned, we have already mapped out initiatives: First is the switch to 100% renewable energy by 2025. We have already discussed this initiative with our power suppliers. Second is the preservation of over 500 hectares of forest land we currently have in our 4,700-hectare landbank. Finally, the creation of 1,200 hectares of open and green space in our various townships.

As for social impact, we hope to be able to make a difference in the communities where we are located. Currently, our townships have already created 2.5 Million direct and indirect jobs. As we develop our townships, we hope to create up to 10 Million direct and indirect jobs through our real estate activities.

Question: One of your competitors recently filed an application for REIT or *Real Estate Investment Trust* Listing with the Securities and Exchange Commission. Will Megaworld be interested in this? Why or why not?

Answer: It is something we are studying closely this time. Definitely, there are advantages such as additional source of income and increase in capital. We are closely monitoring the final Internal Rate of Return (IRR) in view of minimum public ownership. It will highly depend on the IRR; so as of now, we are still studying.

Question: As highlighted in the presentation earlier, Megaworld has been aggressively expanding outside Metro Manila. What part of Megaworld's business, particularly in revenues and earnings, comes from Metro Manila vis à vis outside Metro Manila, and what are your aspirations in this mix in the next five to ten years?

Answer: If you look by segment, 1/3 of our residential revenues come from projects outside Metro Manila. For offices, it is about 20% and for our lifestyle malls, it would be another 1/3.

We want to maintain a healthy balance. As we have announced earlier, we will be launching six new townships up until next year and all of that will be located outside Metro Manila. Nevertheless, we are seeing growth even in our city center. Metro

Manila is becoming very dense; hence, its expansion to neighboring towns like Cavite, Calabarzon and Bulacan, and we also have heavy presence in those areas.

Question: With regard to the transaction with J.P. Morgan Chase & Co., how long will the least contract be?

Answer: 10 years

Question: With regard to the Sky Train, are there any developments?

Answer: Yes. We are now scheduled for the next level meeting. We already started to receive bids for construction therefore, we can start awarding by the 3<sup>rd</sup> or 4<sup>th</sup> quarter. We hope to commence the groundbreaking ceremony by January.

Question: I would like to know the occupancy rate of our hotels and rental properties.

Answer: Our rental properties, offices and lifestyle malls are operating about 95%. As for our hotels, I believe we are going around 80%.

## **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 2019**, and that the Board has approved such engagement.

Upon motion made and duly seconded, the stockholders approved 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 2019**.

## **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 2018 through 31 December 2018**. 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, 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 2018 through 31 December 2018**, 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 2018 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.

Upon motion duly made and seconded, all the seven (7) nominees were declared elected to the Board of Directors.


#### **IX. ADJOURNMENT**


The meeting was adjourned at 9:57 a.m.

CERTIFIED CORRECT:

  
**ANNA MICHELLE T. LLOVIDO**  
Corporate Secretary

ATTESTED BY:

  
**KINGSON U. SIAN**  
Presiding Officer

  
**ANDREW L. TAN**  
Chairman