

MINUTES OF THE ANNUAL MEETING OF THE  
STOCKHOLDERS OF

**SM PRIME HOLDINGS, INC.**

Held at the Forbes Ballroom 1 & 2, Conrad Manila  
Seaside Boulevard corner Coral Way, Pasay City  
On 23 April 2019 at 2:30 p.m.

**DIRECTORS PRESENT:**

HENRY T. SY, JR.	Chairman of the Board Member, Executive Committee
JOSE L. CUISIA, JR.	Vice Chairman and Lead Independent Director Chairman, Audit Committee Member, Risk Oversight Committee Member, Corporate Governance Committee
HANS T. SY	Director and Chairman, Executive Committee Chairman, Executive Committee
JOSELITO H. SIBAYAN	Independent Director Chairman, Corporate Governance Committee Chairman, Related Party Transactions Committee Member, Audit Committee
JORGE T. MENDIOLA	Non-Executive Director Member, Audit Committee Member, Risk Oversight Committee Member, Related Party Transactions Committee
HERBERT T. SY	Non-Executive Director Member, Executive Committee
GREGORIO U. KILAYKO	Independent Director Chairman, Risk Oversight Committee Member, Corporate Governance Committee Member, Related Party Transactions Committee
JEFFREY C. LIM	Director and President Member, Executive Committee

**ALSO PRESENT:**

ELIZABETH T. SY	Adviser to the Board Member, Executive Committee
TERESITA T. SY-COSON	Adviser to the Board

JOSE T. SIO	Adviser, Audit Committee Adviser, Risk Oversight Committee
ELMER B. SERRANO	Corporate Secretary
ARTHUR A. SY	Assistant Corporate Secretary
JOHN NAI PENG C. ONG	Senior Vice President/Chief Finance Officer/ Compliance Officer Member, Executive Committee
TERESA CECILIA H. REYES	Vice President-Finance
MARVIN PERRIN L. PE	Vice President-Enterprise Risk Management
CHRISTOPHER S. BAUTISTA	Vice President-Internal Audit
ALEXANDER D. PONENTO	Vice President-Investor Relations
Stockholders present in person or represented by proxy	24,954,311,131 shares (Please see the Record of Attendance here attached as <b>Annex A</b> )

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## 1. Call to Order

Mr. Henry T. Sy, Jr., Chairman of the Board, welcomed the stockholders of **SM Prime Holdings, Inc.** (the **Company**) and called the meeting to order. Atty. Elmer B. Serrano, Corporate Secretary, recorded the minutes of the meeting.

## 2. Certification of Notice and Quorum

The Corporate Secretary certified that written notices and agenda of the annual stockholders' meeting together with the Definitive Information Statement were sent beginning 20 March 2019 to all stockholders of record as of 20 March 2019, by personal delivery and by mail.

The notice was also published in Manila Bulletin on 05 March 2019 and in the Philippine Star on 08 March 2019, in accordance with the By-laws of the Company.

The Corporate Secretary also certified that based on the proxies recorded and on the registration of those personally present at the meeting, that 24,954,311,131 common shares or 86.41% of the aggregate number of 28,879,231,694 shares issued, outstanding and entitled to vote, were either present in person or represented by proxy at the meeting. He then certified that a quorum was present for the transaction of business by the stockholders.

The Corporate Secretary also announced that SyCip Gorres Velayo & Co. was officially engaged and was present to monitor and validate the tally of votes cast, including any vote casted using the online voting facility for certificated stockholders which was introduced by the Company this year.

Before proceeding with the next item in the agenda, the Corporate Secretary informed the stockholders that the Company, the Board of Directors, and the Sy Family would like to express its deepest appreciation and gratitude to the late Chairman Emeritus of the Company, Mr. Henry Sy, Sr., for his invaluable service rendered and the lasting legacy he has achieved for the Company. The stockholders gave Mr. Henry Sy, Sr. a warm round of applause.

### 3. Approval of the Minutes of the Annual Stockholders' Meeting of held on 24 April 2018

The Chairman proceeded to the next item in the agenda which is the approval of the minutes of the annual meeting of the stockholders held on 24 April 2018. Copies of the minutes were provided to all stockholders prior to the meeting and were also posted on the Company's website immediately after last year's annual stockholders' meeting.

Upon motion duly made and seconded, the stockholders approved the minutes of the annual meeting held on 24 April 2018 and the following resolution was passed and adopted:

**"RESOLVED**, that the Minutes of the Annual Stockholders' Meeting of SM Prime Holdings, Inc. held on 24 April 2018 are approved."

Below is the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,953,086,906	100.00%	1,224,225	0.00%	0	0%

### 4. Approval of 2018 Annual Report and 2018 Audited Financial Statements

The Chairman then requested Mr. Jeffrey C. Lim, President and CEO, to render his report on the Company's results of operations for 2018. The President reported as follows:

"Good afternoon, ladies and gentlemen, and welcome to SM Prime's 2019 Annual Stockholders' Meeting. I am delighted to present to you this afternoon your Company's 2018 financial results, as well as highlights of its 5-year performance since SM Prime became a fully integrated property developer in 2013.

In 2018, we grew our consolidated net income by 17% to PHP32.2 billion from PHP27.6 billion in 2017. This was mostly due to the increase in our consolidated revenue of 15% from PHP90.9 billion in 2017 to PHP104.1 billion by end 2018. These results were achieved amidst the economic challenges last year which included a higher inflation rate and a slow down in GDP growth.

Outstanding growth has been the consistent theme of your Company these past five years. In five years, we have grown consolidated revenues by 74% and doubled our consolidated net income. Our total assets amounted to PHP604.1 billion as of December 2018.

Your shares in 2013 are worth PHP14.68 per share. As of market close yesterday, your share value has increased more than 168% to PHP39.25 per share.

We ended 2018 with 72 malls in the Philippines, 7 malls in China, 63 housing projects which include high-rise buildings, mid-rise buildings, and house and lot developments, 11 office buildings, 6 hotels, and 4 convention centers.

SM Prime's mall business remains the biggest contributor to the Company's consolidated revenues with a 57% share, followed by the residential business with a 35% contribution and other business segments with 8%. Same-mall-sales improved from 7% to 8% in 2018. This is attributed to the growth of our tenant partners in our strategically located provincial malls and to the high level of occupancy in these same malls.

Total mall revenues registered PHP59.3 billion, an 11% increase from PHP53.2 billion in 2017, while mall operating income improved by 13% at PHP32.2 billion.

The residential business of your Company recorded remarkable growth in 2018. SMDC's revenue is up 22% to PHP36.5 billion from PHP30 billion in 2017. We expect to sustain this growth on the back of a 25% increase in reservation sales to PHP72.3 billion in 2018, from PHP57.8 billion in 2017.

The constant demand for our residential projects affirms our strategy when it comes to choosing both the right location and the right type of residential product for our target market. We continually explore other areas in the country where we could provide more urban-lifestyle housing projects.

Our other business segments posted a 6% increase in revenues, contributing PHP8.4 billion to the consolidated revenues. Growth in combined operating income is higher by 11% to PHP4 billion in 2018 from PHP3.6 billion in 2017.

The Mall of Asia Complex, which will have more exciting developments with the opening of National University this year and the first ever Ikea store in the Philippines next year, is a model we will replicate in other strategic locations across the country. Several of our projects are currently undergoing a transformation into mixed-use integrated developments.

Very recently, we opened a Park Inn Hotel beside SM City Iloilo while another Park Inn Hotel will open beside SM City North EDSA in the second quarter of this year.

We also continue to add more residential developments around our existing malls, such is the case in SM Southmall, SM City Davao, and SM City Novaliches.

Besides residential, we are also building more office spaces to our portfolio of developments as we complete BPO towers in SM CDO Downtown Premier, SM City Fairview, SM City North EDSA and across SM City Iloilo.

Developments are also set to start soon in our newly acquired lot beside SM City Clark where we will build a grand terminal, additional retail spaces, more offices and a convention center to serve the growing demand in this fast developing area.

The mall business continues to lead our expansion in key provincial cities with the opening of four new malls within the year SM Center Dagupan, SM City Olongapo Central, SM City Butuan, and SM Mindpro Citimall.

For our residential business, we are targeting to launch 15,000 to 20,000 residential units across mid-rise, high-rise, and economic house and lot developments this 2019.

The strong synergy among our various property developments is key in achieving this goal. As a group, we continue to maintain a robust balance sheet that delivers on a strong financial position, giving us confidence in our growth plans.

To our Directors and employees, let me express my sincere gratitude for your dedication and hard work. To our shareholders, business partners and customers, for upholding your trust and confidence in our management all these years, thank you.

And lastly, to our founder, Tatang Henry Sy, Sr., we owe our success to you. As we celebrate SM Prime's 25th year this 2019, we are filled with excitement and anticipation for the Company's future with big scale projects that will give rise to new city-like developments. Again, good afternoon to everyone. Maraming, maraming salamat po."

The Chairman thanked the President for his report and opened the floor to stockholders for questions or comments.

There being no comments nor questions from the stockholders, the Chairman explained that the 2018 Audited Financial Statements of the Company were appended to the Definitive Information Statement sent to all stockholders of record and distributed to those present during the meeting.

Upon motion duly made and seconded, the following resolution was then passed and approved by the stockholders:

**"RESOLVED**, that the 2018 Annual Report and the 2018 Audited Financial Statements of SM Prime Holdings, Inc. are approved."

Below is the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,930,503,856	99.90%	1,224,225	0.00%	22,583,050	0.09%

## 5. Approval and Ratification of the Acts of the Board of Directors and Management

The next item in the agenda is the ratification of all acts, transactions and contracts entered into, as well as resolutions made and adopted by the Board of Directors and carried out by Management during their term or from the date of the last annual stockholders' meeting up to the present stockholders' meeting. These corporate acts are detailed in the Definitive Information Statement provided to all stockholders of record.

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

**"RESOLVED**, that the acts of the Board of Directors and Management of SM Prime Holdings, Inc. from the date of the last Annual Stockholders' Meeting up to the date of this meeting are approved and ratified."

Below is the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,926,374,215	99.89%	5,353,866	0.02%	22,583,050	0.09%

## 6. Announcement of Cash Dividends

The Chairman then announced that at the regular meeting of the Board of Directors just adjourned, the Board approved a cash dividend declaration of 34% of previous year's Net Income consistent with the Company's dividend policy. This amounts to Php0.35 per share or approximately P10.1 Billion cash dividend declared in favor of all stockholders of record as of 08 May 2019, and payable on 22 May 2019.

**7. Election of Directors for 2019-2020**

The next item in the agenda is the election of directors for the year 2019-2020. The Chairman requested the Chairman of the Corporate Governance Committee, Mr. Joselito H. Sibayan, to present the nominees to the Board.

Mr. Sibayan stated that the Corporate Governance Committee had pre-screened and short-listed candidates qualified to be elected to the Board of Directors.

Mr. Sibayan announced the names of the following nominees to the Board for 2019-2020:

Mr. Henry T. Sy, Jr.  
Mr. Hans T. Sy  
Mr. Herbert T. Sy  
Mr. Jorge T. Mendiola  
Mr. Jeffrey C. Lim

Independent Directors

Mr. Jose L. Cuisia, Jr.  
Mr. Gregorio U. Kilayko  
Mr. Joselito H. Sibayan

Upon motion duly made and seconded, all unqualified votes were cast equally in favor of the nominees who were thus elected to the Board for 2019-2020. The following resolution was passed and approved:

**RESOLVED**, that the following persons are elected directors of SM Prime Holdings, Inc. for a period of one (1) year until their successors shall have been duly elected and qualified:

Mr. Henry T. Sy, Jr.  
Mr. Hans T. Sy  
Mr. Herbert T. Sy  
Mr. Jorge T. Mendiola  
Mr. Jeffrey C. Lim

Independent Directors

Mr. Jose L. Cuisia, Jr.  
Mr. Gregorio U. Kilayko  
Mr. Joselito H. Sibayan

The votes received and cast in favor of the nominees are as follows:

<b>Nominee</b>	<b>No. of Votes</b>
Henry T. Sy, Jr.	24,867,794,948
Hans T. Sy	24,252,287,248
Herbert T. Sy	24,252,328,648
Jeffrey C. Lim	24,905,624,892
Jorge T. Mendiola	24,232,993,653
Jose L. Cuisia, Jr.	24,766,031,750
Gregorio U. Kilayko	24,819,721,651
Joselito H. Sibayan	24,097,402,717

## 8. Appointment of External Auditor

The next item in the agenda is the appointment of the Company's external auditor for 2019. The Chairman informed the stockholders that the Audit Committee processed and screened the nominees for external auditor and qualified SyCip, Gorres, Velayo & Co. for appointment as external auditor for 2019, as confirmed by the Board of Directors.

Upon motion made and seconded, SyCip, Gorres, Velayo & Co. was appointed as the external auditor of the Company for 2019. The following resolution was passed and approved:

**"RESOLVED**, that SyCip, Gorres, Velayo & Co. is appointed as the external auditor of SM Prime Holdings, Inc. for 2019, under such terms and conditions as may be approved by the Board of Directors."

Below is the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,945,656,406	99.97%	8,454,225	0.03%	200,500	0.00%

At this point, the Chairman gave the floor to stockholders for any other questions or comments.

Mr. Sam Canua, stockholder, commended the Board of Directors for the excellent performance of the Company. Mr. Canua then asked for an update on the properties of the Company after the earthquake in Luzon on 22 April 2019. The President replied that all the properties of the Company are in good and safe condition with some only sustaining superficial damages and that nobody in the malls was hurt during the earthquake.

Mr. Canua then requested for comment on the following reports in the media involving the Company: (1) on the environmental concerns with regard to the reclamation projects of the Company, and (2) the Supreme Court restraining order against tree cutting for the SM City Baguio expansion.

On the SM City Baguio issue, the President replied that the Company could not comment on the matter at this stage since it has not yet received a copy of the reported Supreme Court decision.

On the Company's reclamation projects, the President affirmed that the Company has a contract with the local government and that the Company has diligently complied with all of the requirements under its contract.

Mr. Canua thanked the Board and Management for the responses.

Atty. Pacifico Tacub, stockholder, also took the floor and congratulated the Board of Directors. He also inquired on the Company's malls in the Philippines and in China. The President replied that as of 2018, the Company has 72 malls in the Philippines and 7 malls in China. Atty. Tacub then expressed gratitude to the late Mr. Henry Sy, Sr. for changing the lives of so many including himself.

Finally, Ms. Mary Ann Lehdy, stockholder, commented that future stockholders' meetings can still be better managed by serving the *merienda* plated to avoid long lines. The Chairman thanked Ms. Lehdy and stated that the suggestion is well-taken.

**9. Other Matters**

There being no other comments or questions from the floor, Chairman inquired if there were other matters that could properly be taken up at this meeting. The Corporate Secretary confirmed that there were none.

**10. Adjournment**

There being no further business to transact, the meeting was adjourned upon motion duly made and seconded.

**CERTIFIED CORRECT:**

**ELMER B. SERRANO**  
*Corporate Secretary*

**ATTESTED BY:**

**HENRY T. SY, JR.**  
*Chairman*

DRAFT

**SM Prime Holdings, Inc.**  
Annual Stockholders' Meeting  
23 April 2019, 2:30 p.m.

**Record of Attendance**

Total number of voting shares outstanding	28,879,231,694
Total number of shares present by proxy	23,605,272,883
Total number of shares present in person	<u>1,349,038,248</u>
Total number of shares represented	24,954,311,131
Attendance Percentage	<b>86.41%</b>