

MINUTES OF THE ANNUAL MEETING OF THE  
STOCKHOLDERS OF

**SM PRIME HOLDINGS, INC.**

On 15 June 2020  
(via Remote Communication)

**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

**GREGORIO U. KILAYKO**

Independent Director  
Chairman, Risk Oversight Committee  
Member, Corporate Governance Committee  
Member, Related Party Transactions Committee  
Member, Audit Committee

**JOSELITO H. SIBAYAN**

Independent Director  
Chairman, Corporate Governance Committee  
Chairman, Related Party Transactions Committee  
Member, Audit Committee

**HANS T. SY**

Director  
Chairman, Executive Committee

**HERBERT T. SY**

Director  
Member, Executive Committee

**JORGE T. MENDIOLA**

Non-Executive Director  
Member, Audit Committee  
Member, Risk Oversight Committee  
Member, Related Party Transactions Committee

**JEFFREY C. LIM**

Director and President  
Member, Executive Committee

**ALSO PRESENT:**

**TERESITA T. SY-COSON**

Adviser to the Board

ELIZABETH T. SY  
JOSE T. SIO  
JOHN NAI PENG C. ONG  
ELMER B. SERRANO  
ARTHUR A. SY.  
TERESA CECILIA H. REYES  
MARVIN PERRIN L. PE  
ALEXANDER D. PONENTO  
CHRISTOPHER S. BAUTISTA

Adviser to the Board  
Adviser, Audit Committee and Risk Committees  
Chief Finance Officer/ Compliance Officer  
Corporate Secretary  
Assistant Corporate Secretary  
Vice President-Finance  
Chief Risk Officer  
Vice-President - Investor Relations  
Vice-President - Internal Audit

Stockholders present in person or represented by proxy

24,771,312,215 shares (Please see Record of Attendance here attached as **Annex A**)

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## 1. Call to Order

The meeting opened with an invocation followed by the Philippine National Anthem. The host then acknowledged the presence of all directors and key officers of **SM Prime Holdings, Inc.** (the **Company**), with certain directors and officers attending the meeting from various locations in the Mall of Asia Complex and some directors joining remotely.

Mr. Henry T. Sy, Jr., Chairman of the Board, welcomed stockholders and guests to the first ever virtual Annual Stockholders' Meeting of the Company, streaming live via Zoom Webinar. The Chairman thanked the stockholders for registering online, for joining the meeting and for voting. The Chairman remarked that the Company trusts that its stakeholders fully understand that everyone has to comply with the Government's directive on social distancing for the safety of all the people involved.

The Chairman also announced that the chat box of the livestream platform has been opened for stockholders to raise their questions and comments. He explained that the Company through its Investor Relations team will endeavor to answer questions not addressed during the meeting via email.

The Chairman then called the meeting to order. Atty. Elmer B. Serrano, Corporate Secretary, recorded the minutes of meeting.

## 2. Certification of Notice and Quorum

Before proceeding with the meeting, the Chairman requested the Corporate Secretary to certify to the posting and publication and existence of a quorum.

The Corporate Secretary certified that, in compliance with the rules issued by the Securities and Exchange Commission, notice of the meeting, the Definitive Information Statement, along with the Company's "Guidelines for Participation via Remote Communication and Voting *in Absentia*" were uploaded via PSE EDGE and posted on the Company's website on 21 May 2020. Further, the Corporate Secretary certified that the same notice of meeting was published in the following newspapers of general circulation, both in print and online formats: (1) on 17 May 2020, at the

Business Sections of Manila Bulletin and Philippine Star; and (2) on 18 May 2020, at the Business Section of the Philippine Daily Inquirer and at the Banking & Finance Section of Business World.

The Corporate Secretary also certified that based on record of attendance, stockholders attending by proxy and stockholders who have registered to remotely join the virtual meeting represent 24,771,312,215 common shares, representing 85.78% of the issued and outstanding capital stock of the Company as of record date of 20 May 2020. He then certified that a quorum was present for the transaction of business by the stockholders.

The Corporate Secretary announced that SyCip Gorres Velayo & Co. has been engaged as third party tabulator of votes cast for the meeting. He also informed participants that the meeting will be recorded.

### 3. Approval of Minutes of the Annual Stockholders' Meeting held on 23 April 2019

The Chairman proceeded to the next item in the agenda which is the approval of the minutes of the annual meeting of stockholders held on 23 April 2019. A copy of the minutes was posted on the Company's website soon after last year's annual meeting adjourned. The minutes have also been appended to the Definitive Information Statement for this meeting.

The Corporate Secretary stated for the record that unqualified votes cast for each item for approval shall be counted in favor of the matter under consideration.

The Corporate Secretary then presented the tabulation of votes for the approval of the minutes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,771,312,215	100%	0	0	0	0

With the above votes in favor, the following resolution was passed and adopted:

**"RESOLVED**, that the minutes of the annual meeting of stockholders held on 23 April 2019 are approved."

### 4. Approval of 2019 Annual Report and 2019 Audited Financial Statements

The Chairman then requested Mr. Jeffrey C. Lim, President, to render his report on the results of operations for 2019. The President reported as follows:

"Good afternoon, ladies and gentlemen. I hope you are all well and safe as you listen to your company's live broadcast via the Internet of SM Prime's 2020 Annual Stockholders' Meeting.

It is very unusual for us to meet this way to deliver to you our 2019's performance.

The year 2019 marked the Silver Anniversary of your company. In my 25 years of service at SM Prime Holdings Inc., it has grown from a mall developer to being one of the leading integrated property developers in the Philippines and Southeast Asia.

The success of your company is a reflection of your support and trust that you put to our employees, management and Board of Directors.

In 2019, your company sustained a double-digit growth in its consolidated net income recording an 18% increase to PHP38.1 billion from PHP32.2 billion in 2018. This is fueled by our strong consolidated revenue of PHP118.3 billion, 14% higher than a year ago. These remarkable results that we achieved are the fruits of our collective efforts, highlighted by the strategic consolidation of our property assets in 2013.

Since 2013, we have almost doubled our consolidated revenue from PHP59 billion in 2013 to PHP118 billion with a compounded annual growth rate of 12%. Our consolidated net income of PHP16 billion in 2013 has increased to PHP38 billion in 2019, with a compounded annual growth rate of 15%. Since the integration, our total assets of PHP336 billion in 2013 has doubled to PHP667 billion in 2019.

SM Prime's mall business contributed 54% to consolidated revenues, followed by residential business with 38%, while the rest came from our growing other businesses such as offices, hotels and convention centers.

Through our continuous and strategic expansion, the mall business generated PHP63.6 billion in rental revenues in 2019, a 7% increase from the previous year.

Our residential business unit, led by SM Development Corporation (SMDC), continued to grow in 2019, registering a revenue growth of 24% to PHP45.2 billion from the prior year. In addition, SMDC's reservation sales increased to PHP90 billion in the same year being reported.

SM Prime's other business segments contributed PHP9.6 billion to the consolidated revenues, 14% higher from the previous year's PHP8.4 billion.

The 2019 Coronavirus outbreak and implementation of enhanced community quarantine (ECQ) measures in most parts of the country last March have caused severe disruptions to the company's business activities. Despite the difficulties due to the pandemic, the SM Supermalls continued to operate to allow tenants to provide basic necessities and serve our communities.

Your company, SM Prime, has extended more than Php 10billion support in form of cash donations, medical equipment and facilities, waived rent in our malls, and salaries paid during the period of enhanced

community quarantine. This benefited our various stakeholders and front liners from communities, business partners, employees and service contractors such janitors and security guards.

Since the start of the general community quarantine, our core businesses have gradually resumed operations, strictly observing safety protocols, and in compliance with guidelines issued by the government. We expect the operating environment will continue to be challenging given the so called new normal. However, we are hopeful that as more stores are allowed to open, business will improve. The residential segment's preparation to resume construction on residential projects is also on full swing, while selling activities continued online even during the stricter quarantine. On the other hand, the office segment remained in operation throughout the quarantine period. While business is not back to normal operations, we remain optimistic about an eventual recovery.

Your Management and Board are working not only to sustain the business amid this pandemic, but we are also on the lookout for opportunities that will give long-term value. We have maintained a robust balance sheet despite the revenue setbacks in the last 2-3 months as a result of the healthy balance between recurring and developmental income streams within the company's portfolio. With this, and our governance principles on conservative use of debt and prudent risk management, we are re-assessing the company's business plans to ensure resources are allocated where they will deliver sustainable and long-term growth.

With all these, we, in the Management and the Board of Directors, are confident that we will be able to withstand the adverse effects of this pandemic.

Allow me to express my gratitude to you, our dear stakeholders, for your continuous support in these times of difficulties. Together with our employees and frontliners who are bravely facing each day of this crisis with unwavering dedication, may we all work together in facing this crisis with strength and perseverance.

Lastly, I would like to thank the Sy Family, for their immense care and support to all SM employees. We value the acts of kindness and assistance you've continually given us as we face these trials.

Let us all strive as we continue to rise from this adversity and heal as one. Again, good afternoon to everyone. Maraming salamat po."

After the report, the video presentation on "Safe Mallng" prepared by SM Supermalls was shown, which is a reminder to all mallgoers and clients that they are safe and welcome in the Company's malls and commercial establishments.

The Chairman thanked the President for his report and asked the Corporate Secretary to announce the results of voting. The Corporate Secretary presented the tabulation of votes:

<b>In Favor</b>		<b>Against</b>		<b>Abstain</b>	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,754,802,808	99.93	0	0	16,509,407	0.07

With the above votes in favor, the following resolution was passed and adopted:

**“RESOLVED**, that the 2019 Annual Report and the 2019 Audited Financial Statements are approved.”

## **5. 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 15% of the Company’s 2019 Net Income. This amounts to Php0.185 or approximately Php5.34 Billion of cash dividends declared in favor of all stockholders of record as of 30 June 2020, and payable on 14 July 2020. Participants applauded the announcement.

Mr. Jose L. Cuisia, Jr., Vice Chairman and Lead Independent Director, commended the SM Group and the Company’s Management for their timely and generous response to the COVID-19 pandemic, which shows their concern for the safety and well-being of the Company’s employees, mall tenants, occupants of residences, and all customers. Through the efforts of the SM Foundation and the SM Group, as well as the efforts Company, medical frontliners in various public and private hospitals have been provided with personal protective equipment and medical supplies, communities have been provided with critical food and medical assistance. Further, the SM Group has collaborated with government agencies to set up much-needed quarantine and testing facilities. Through these, Mr. Cuisia remarked that the SM Group has clearly shown humanitarian concern not only for their own people, but also for those in need, and has reinforced commitment to work in solidarity with the Filipino people. On behalf of the Independent Directors, Mr. Cuisia expressed his appreciation to the SM Group and the Company’s Management for their exemplary leadership. Finally, Mr. Cuisia congratulated Management for the Company’s excellent performance in 2019.

The Chairman thereafter thanked Mr. Cuisia for his kind words.

## **6. 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 this meeting. These corporate acts are detailed in the Definitive Information Statement provided to all stockholders of record.

The Corporate Secretary presented the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,747,731,167	99.90	4,852,041	0.02	18,729,007	0.08

With the above votes in favor of approval, the following resolution was passed and adopted:

**“RESOLVED**, that the acts of the Board of Directors and Management during their term or from the date of the last annual stockholders’ meeting up to this meeting are ratified and approved.”

#### 7. Election of Directors for 2020-2021

The next item in the agenda is the election of directors for the year 2020-2021. The Chairman requested the Mr. Joselito H. Sibayan, Chairman of the Corporate Governance Committee, to present the nominees to the Board.

Mr. Sibayan stated that the Corporate Governance Committee has pre-screened and short-listed candidates qualified to be elected to the Board of Directors. He then announced the names of the following nominees to the Board for 2020-2021:

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 Corporate secretary thereafter presented the number of votes garnered by each of the nominees:

Nominee	No. of Votes
Henry T. Sy, Jr.	24,582,922,782
Hans T. Sy	23,907,475,596
Herbert T. Sy	23,907,363,596
Jorge T. Mendiola	23,873,530,071
Jeffrey C. Lim	24,671,967,102
Jose L. Cuisia, Jr.	24,504,394,914
Gregorio U. Kilayko	24,561,309,567
Joselito H. Sibayan	23,763,437,457

The Corporate Secretary then announced that since there are only eight (8) nominees and with the votes received, all nominees have obtained sufficient votes for election. The following resolution was therefore passed and adopted:

**“RESOLVED**, that following are elected to the Board of Directors of SM Prime Holdings, Inc. for 2020-2021, to serve as such directors until their successors have been duly qualified and elected:

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

Independent Directors

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

**8. Appointment of External Auditor**

The next item in the agenda is the appointment of the Company’s external auditor for 2020. The Chairman informed the stockholders that the Audit Committee processed and screened the nominees for external auditor and recommended, as confirmed by the Board of Directors, the appointment of SyCip, Gorres, Velayo & Co. as external auditor for 2020.

The Corporate Secretary then announced the results of voting:

<b>In Favor</b>		<b>Against</b>		<b>Abstain</b>	
No. of Shares	%	No. of Shares	%	No. of Shares	%
24,698,670,868	99.71	72,423,247	0.29	218,100	0.00

With the above votes in favor of approval, the following resolution was passed and adopted:

**“RESOLVED**, that the appointment of SyCip, Gorres, Velayo & Co. as external auditor for 2020 is approved.”

**9. Open Forum**

The Chairman then proceeded with the Question and Answer portion of the meeting. He explained that all stockholders of record were allowed to submit questions in advance via email to info@smprime.com, and through the chat box of the meeting livestream. The Chairman thanked the stockholders for sending their questions and comments.

The Chairman requested the Corporate Secretary to read some of the questions received from the stockholders.



The Corporate Secretary began by reading questions sent by email. The first question came from Mr. Gilbert Niverba, which reads, “[o]ther companies have already reduced their CAPEX programs for the year. Why is SM not reducing its CAPEX budget for the year?”

The Chairman answered that the Company has faced a lot of challenging times in the past, such as the socio-political unrest when Ninoy Aquino was assassinated, and Asian Financial Crisis at the end of the 90’s. The Chairman noted that during these times, the Company saw that people still went to SM malls due to the Company’s flight to quality.

Today, the Company sees the same trend, as evidenced by the surge in condominium sales. The Chairman believes that this is due to the fact that the Company gives the best quality for money, which is what SM stands for. The Chairman added that the Company is more prepared, responsive and resilient because of its people who continuously strategize for business growth. The Chairman concluded that the Company is committed to providing better facilities such as stronger wifi connection and “safer malling” that give regard to the safety of its stakeholders.

The Corporate Secretary then read the next question which sent by Ms. Charisse Balmaceda. The question reads, “[h]ow does e-commerce affect SM shopping malls? Are there plans to incorporate e-commerce in the malls?”

The Chairman requested the President to answer the question. The President responded that the Company acknowledges the growing popularity of e-commerce, especially during this pandemic. Thus, the Company is allocating up to Php100 Million to accelerate its online presence through its e-commerce platform. The Company will start with “Click and Collect”, which will enable its tenants and customers to meet virtually in the platform. The President added that the Company sees e-commerce as a complement to its business.

The Corporate Secretary read the last question received via email from Mr. Daniel Bautista, which was similar to a live question posted in the chat box. It reads, “[s]ince the implementation of the General Community Quarantine in the NCR and in most parts of the country, what are the malls operating now?”

The President answered that the Company has opened all seventy-four (74) malls across the country since 15 May 2020. He added that the essential goods and services establishments continue to be open, while other stores, such as department stores, hardware, and other non-leisure shops are gradually opening to serve the communities. The President stressed that the Company has put in place safety protocols in compliance with Government-issued guidelines.

The Chairman thanked the Corporate Secretary and the President for reading and answering the questions.

## **10. Other Matters**

The Chairman inquired if there were other matters that could properly be taken up at the meeting. The Corporate Secretary confirmed that there were none.

**11. Adjournment**

There being no further business to transact, the Chairman thanked everyone who joined the meeting wished everyone good health. Thereafter, the meeting was adjourned.

**CERTIFIED CORRECT:**

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

**ATTESTED BY:**

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

DRAFT

**SM Prime Holdings, Inc.**  
Annual Stockholders' Meeting  
15 June 2020, 2:30 p.m.

**Record of Attendance**

Total number of voting shares outstanding	28,879,231,694
Total number of shares present by proxy	23,405,516,779
Total number of shares participating remotely	1,365,795,436
Total number of shares represented	24,771,312,215
<b>Attendance percentage</b>	<b>85.78%</b>