

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 24 April 2018 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 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	<b>25,160,726,736</b> 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.**, called the meeting to order, and presided over the proceedings. The Corporate Secretary, Atty. Elmer B. Serrano, recorded the minutes of the meeting.

**2. Certification of Notice and Quorum**

The Corporate Secretary certified that written notices of the annual stockholders' meeting together with the agenda and the Definitive Information Statement were sent beginning 28 March 2018 to all stockholders of record as of 28 March 2018 by personal delivery and by mail.

The notice was also published in Manila Bulletin and the Philippine Star on 03 April 2018, in accordance with the Amended By-Laws of the Corporation.

The Chairman inquired from the Corporate Secretary whether there was a quorum for the transaction of business by the stockholders.

The Corporate Secretary certified that based on the proxies recorded and on the registration of those personally present at the meeting, that **25,160,726,736** common shares or 87.12% 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., the external auditor of the Corporation, was officially engaged, and was present, to monitor and validate the tally of votes cast.

The Chairman then declared that there was a quorum for the transaction of business.

**3. Approval of the Minutes of the Annual Meeting of Stockholders held on 25 April 2017**

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 25 April 2017. Copies of the minutes were provided to all stockholders prior to the meeting and were also posted on the Corporation'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 25 April 2017 and the following resolution was passed and adopted:

**“RESOLVED**, that the Minutes of the Annual Stockholders’ Meeting of SM Prime Holdings, Inc. held on 25 April 2017 are approved.”

Below is the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
25,157,090,236	99.99%	0	0%	3,636,500	0.01%

#### 4. Approval of the Annual Report and Audited Financial Statements for the Year 2017

The Chairman then requested the President and CEO, Mr. Jeffrey C. Lim, to render his report on the Company’s results of operations for 2017. The President reported as follows:

“Good afternoon, ladies and gentlemen, and welcome to SM Prime’s 2018 Annual Stockholders’ Meeting.

It is that time of the year again when we gather to look at the performance of your company in the past year. Our strategy to roll out more malls, launch more residential projects, and complement existing ones with offices and hotels to achieve integrated developments, continue to drive double-digit growth for SM Prime, in both revenues and net income.

Let me share with you the highlights of your company during the past year.

SM Prime benefitted from the overall economic progress of the country this year, which effects continuously spreads to the provincial areas. We followed this growth path in our business expansion plans in the provinces.

In 2017, we registered a consolidated revenue of almost PHP91 billion, an increase of 14% from the previous year. Of this, 62% is recurring revenue. This growth translates to around PHP28 billion net income, a 16% increase from 2016.

New and expanded malls from the past two years contributed to the growth of rental income, while higher construction accomplishment and sale of residential projects launched in 2013 to 2016 pushed the developmental revenues.

“For this year, SM Prime’s mall business remain as the biggest contributor to the Company’s consolidated revenue, accounting for 58%. The residential segment followed with 33% contribution, while the other business segments make up to the remaining 9%.

Our malls maintained a 7% same-mall-sale, delivering a rent income of PHP45 billion, an increase of 11% from the previous year on the back of PHP53 billion revenue, which delivered a 9% growth from 2016.

The increase in revenue was due to rising contribution of rentals from new malls opened in the provinces for the past two years such as SM City San Jose Del Monte in Bulacan, SM City Trece Martires in Cavite, SM City East Ortigas and SM CDO Downtown Premier in Cagayan de Oro and S Maison at the Conrad Manila.

In the Philippines, SM Prime kept its leadership in the shopping center industry by the end of 2017 with a total of 67 malls - 34% of which are in Metro Manila, 51% in Luzon, 7% in Visayas and 7% in Mindanao - offering a total gross floor area of 8.0 million square meters. Your Company has also seven malls in China with a total of 1.3 million square meters of gross floor area.

The residential business of your Company recorded remarkable operating results in 2017 with total revenues of PHP30 billion, an 18% growth from 2016. Operating income significantly improved by 24% to PHP9 billion from PHP7 billion the previous year.

SM Development Corporation's reservation sales grew by 21% in terms of sales value to PHP58 billion from PHP48 billion in the previous year. This is driven by the strong sales take-up from projects that are in the Mall of Asia Complex, here in Pasay City, and in Mandaluyong City. This year, a total of 17,300 units were sold, 4% higher from 16,700 units sold in 2016.

The rest of SM Prime's business segments posted 32% increase in revenue to PHP8 billion from PHP6 billion the previous year. This brought operating income growth to almost PHP4 billion in 2017, a 35% increase from 2016's PHP3 billion.

The Commercial Properties Group alone registered a 12% revenue growth, while Hotels and Convention Centers achieved 49% growth in 2017.

Six out of the seven new malls that we opened in 2017 are in the provinces, and four out of the five new residential projects launched were likewise in the provincial cities. This is due to the increase in income of these key locations, and the rapid development in these areas that are supported by the government-spending program.

This 2018, we are opening five new malls - all of these are also in the provinces. We already launched SM Center Imus in Cavite last February. In the coming months and for the rest of the year, we shall be adding into our portfolio SM City Urdaneta Central in Pangasinan, SM City Telabastagan in Pampanga, SM City Legazpi in Albay, and SM Center Ormoc in Leyte.

In the coming years, we are eyeing to complement our malls roll-out in the provinces by bringing along our residential, office and hotel and convention center projects.

For our residential business, we will launch at least 15,000 residential units this year. For our other businesses, Three E-Com under the Commercial Property Group, is scheduled for launch within the year. The Hotel Group, on the other hand, is adding more rooms to the Park Inn Hotel in Clark, Pampanga.

To maintain the double-digit growth in our key business segments, we are earmarking at least PHP80 billion capital expenditure this year.

Together with your unwavering support, we are positive that we will be able to achieve the goals we set for the company.

As a group, we continue to maintain a robust balance sheet that delivers strong financial position, giving us high confidence in our growth plans.

Net gearing for the past year is equivalent to 36:64, which is within management's target of keeping a conservative net debt to equity ratio.

Indeed, 2017 was a momentous year for your company, not only for the successful project launches and continuous developments in our properties.

Let me congratulate everyone as SM Prime made history by being the first publicly listed company in the Philippines that reached the PHP1 Trillion mark in terms of market capitalization. Our friends in the Philippine Stock Exchange recognized this achievement last July.

This recognition serves as a symbol of our fruitful partnerships in the past years, and will serve as an inspiration to the management in pursuing greater heights in the following years.

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.

As we continue to expand our horizon, with steady growth and perseverance, we will materialize our plans and be the country's strategic partner in creating a positive future for our nation.

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.

One stockholder, Mr. Stephen Soliven, inquired if the Company has investment properties in Boracay, Marawi, and other conflict areas in the Philippines. He also asked about the occupancy rates of the Company's hotels and other rental properties. The President responded that the Company does not have any property in Boracay and Marawi. As to the occupancy rates, the President answered that the Company's malls are, on average, 95% to 97% occupied, while its hotels, particularly Conrad Manila, have an occupancy rate of around 70%.

There being no other comments nor questions from the stockholders, the Chairman explained that the 2017 Audited Financial Statements of the Company were appended to the Definitive Information Statement sent to all stockholders of record and distributed to those present today.

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

**"RESOLVED**, that the 2017 Annual Report and the 2017 Audited Financial Statements of SM Prime Holdings, Inc. are approved."

Below is the tabulation of votes:

<b>In Favor</b>		<b>Against</b>		<b>Abstain</b>	
No. of Shares	%	No. of Shares	%	No. of Shares	%
25,109,802,586	99.80%	0	0%	50,924,150	0.20%

## 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, its Committees, and Management 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 resolutions:

**“RESOLVED**, that the acts of the Board of Directors, Board Committees, 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	%
25,109,052,586	99.79%	0	0%	51,674,150	0.21%

#### 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, and an additional special dividend of 5% of the Net Income, or a total cash dividend of 39% of the 2017 Net Income of the Company. This amounts Php0.35 per share, or approximately P10 Billion cash dividend declared in favor of all stockholders of record as of 09 May 2018, and payable on 23 May 2018.

#### 7. Election of Directors for 2018-2019

The next item in the agenda is the election of directors for the year 2018-2019. 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 2018-2019:

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 2018-2019. 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 said nominees are as follows:

Nominee	No. of shares voting in favor	No. of shares not voting in favor	No. of shares abstaining
Henry T. Sy, Jr.	25,094,516,547	19,223,500	46,986,689
Hans T. Sy	24,465,822,926	2,721,700	692,182,074
Herbert T. Sy	24,465,822,962	2,721,700	692,182,074
Jeffrey C. Lim	25,119,729,047	2,721,700	38,275,989
Jorge T. Mendiola	24,433,801,042	17,613,150	709,312,544
Jose L. Cuisia, Jr.	24,925,723,984	77,310,771	157,691,981
Gregorio U. Kilayko	25,146,305,945	2,721,200	11,699,091
Joselito H. Sibayan	25,041,882,460	61,596,221	57,248,055

**8. Appointment of External Auditor**

The next item in the agenda is the appointment of the Company's external auditor for 2018. 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 2018. The Board of Directors likewise approved and endorses this appointment.

Upon motion made and seconded, SyCip, Gorres, Velayo & Co. was appointed as the external auditor of the Company for 2018. 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 2018, 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	%
25,156,744,236	99.98%	1,096,000	0%	2,886,500	0.01%

**9. Other Matters**

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

Mr. Ed Lucero, stockholder, commended the Board of Directors for the excellent performance of the Company. Mr. Lucero then asked whether the Company has plans to build a pedestrian overpass connecting SM Megamall to the MRT Ortigas Station. If not, he suggested that the Company consider building one for the convenience of its customers. Mr. Chairman thanked Mr. Lucero for the suggestion and remarked that the Company will study the matter carefully.

Another stockholder, Mr. Sam Canua, requested clarification on the news reports regarding the IKEA outlets rumored to be being put up inside SM Mall of Asia and SM Fairview. The President responded that discussions are still ongoing and that the Company cannot disclose any details since there is no agreement yet on this matter.

Mr. Canua then commented that there should be only one contractor for the common train station to be built near SM North EDSA. The President answered that the Company is not involved in the selection of the contractor for this project and clarified that the Company's discussion with the government is limited to the location of the common station and the access to the developments in the area.

Mr. Canua also asked about the construction of an additional building in SM Fairview. The President replied that the expansion will be open to the public by the end of 2018.

Lastly, Mr. Canua remarked that the Company should consider tightening security in its malls in view of an unfortunate suicide incident inside one of the malls of the Company. The President assured the stockholders that the safety of its clients and customers is of utmost importance to the Company. The President added that the Company closely coordinates with government authorities such as the police and the military since security is a top priority of the Company. Regular training of security guards are also being carried out.

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

Mr. Nestor Lim, stockholder, also took the floor and congratulated the Board of Directors. He then asked if there are plans to re-install the water fountains and drinking stations in SM food courts. The President replied that the Company is looking into the necessity of bringing back these facilities. Mr. Lim then thanked the Company for providing lounges for SM Advantage members in certain malls and asked if the Company will extend this service in its other malls. The President responded that the Management will review and discuss the suggestion with the Company's Retail Group.

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 upon motion duly made and seconded thereupon adjourned.

**CERTIFIED CORRECT:**

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

**ATTESTED BY:**

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

**SM Prime Holdings, Inc.**  
Annual Stockholders' Meeting  
24 April 2018, 2:30 p.m.

**Record of Attendance**

Total number of voting shares outstanding	28,879,231,694
Total number of shares present by proxy	25,160,281,337
Total number of shares present in person	455,399
Total number of shares represented by proxy and in person	<b>25,160,726,736</b>
Attendance Percentage	<b>87.12%</b>

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