

MINUTES OF THE ANNUAL MEETING OF THE  
STOCKHOLDERS OF

**SM INVESTMENTS CORPORATION**

Held at Forbes Ballrooms 1 & 2, Conrad Hotel Manila  
Seashell Boulevard corner Coral Way, Mall of Asia Complex, Pasay City  
On April 27, 2016 at 2:30 p.m.

INCUMBENT DIRECTORS PRESENT:

<b>TERESITA T. SY</b>	Vice-Chairperson Member, Audit and Risk Management Committee Chairperson, Compensation and Remuneration Committee Chairperson, Executive Committee
<b>HENRY T. SY, JR.</b>	Vice-Chairman
<b>HARLEY T. SY</b>	Director and President
<b>JOSE T. SIO</b>	Director Executive Vice President and Chief Financial Officer Adviser, Audit and Risk Management Committee Member, Compensation and Remuneration Committee Member, Executive Committee
<b>VICENTE S. PEREZ, JR</b>	Independent Director Chairman, Audit & Risk Management Committee Member, Nomination Committee Member, Compensation and Remuneration Committee
<b>AH DOO LIM</b>	Independent Director Member, Audit & Risk Management Committee Member, Nomination Committee
<b>JOSEPH R. HIGDON</b>	Independent Director Chairman, Nomination Committee

ALSO PRESENT:

<b>ELIZABETH T. SY</b>	Adviser to the Board
<b>HANS T. SY</b>	Adviser to the Board
<b>HERBERT T. SY</b>	Adviser to the Board
<b>STEPHEN C. CUUNJIENG</b>	Adviser to the Board
<b>ATTY. CORAZON I. MORANDO</b>	Adviser to the Board
<b>ROBERTO G. MANABAT</b>	Adviser to the Board
<b>ELMER B. SERRANO</b>	Corporate Secretary Compliance Officer

**MARIANNE M. GUERRERO** Assistant Corporate Secretary  
Alternate Compliance Officer

Stockholders present in person or represented by proxy 709,824,002 (88.39%) (Please see Record of Attendance attached as Annex "A")

## **1.0 Call to Order**

Mr. Henry T. Sy, Jr., Vice Chairman of the Board, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Elmer B. Serrano, recorded the minutes of the proceedings.

## **2.0 Certification of Notice and Quorum**

The Chairman inquired from the Corporate Secretary whether notices were duly sent and if there was a quorum for the transaction of business by the stockholders.

The Corporate Secretary certified that written notices of the annual stockholders' meeting together with the agenda and the Definitive Information Statement were sent beginning April 5, 2016 to all stockholders of record as of March 28, 2016 by BDO Trust and Investments Group, the Transfer Agent of SM Investments Corporation (the "Corporation") by personal delivery and by mail, as well as published in the Philippine Star, Business World and Business Mirror on April 4, 2016, in accordance with the Amended By-Laws of the Corporation, and published on the website of the Corporation, [www.sminvestments.com](http://www.sminvestments.com).

The Corporate Secretary certified that based on the proxies submitted and validated, as well as the registration record of those personally present at the meeting, that 709,824,002 voting shares or 88.39% of the aggregate number of 803,055,405 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 likewise informed the stockholders that SyCip, Gorres, Velayo & Co., the Corporation's external auditor, was present and has been engaged to monitor and validate the tally of votes cast.

## **3.0 Approval of Minutes of the Annual Meeting of Stockholders held on April 29, 2015**

The Chairman proceeded to the approval of the Minutes of the annual meeting of the stockholders held on April 29, 2015, a copy of the minutes of which was furnished the stockholders as an attachment to the Definitive Information Statement and published in the Corporation's website, [www.sminvestments.com](http://www.sminvestments.com).

Upon motion made and duly seconded, and with all unqualified votes being cast in favor of the approval of the minutes, the following resolution was passed and adopted:

**"RESOLVED**, That the stockholders of SM Investments Corporation approve the Minutes of the Annual Stockholder's Meeting held on April 29, 2015, a copy of which is hereto attached as Annex 'A'."

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation's external auditor, SyCip, Gorres, Velayo & Co., stockholders owning 694,879,389 voting shares or 97.89% of the total number of voting shares represented at the meeting approved the said resolution, no stockholder voted against the approval, while stockholders owning 222,020 voting shares or 0.03% of the total number of voting shares abstained.

#### **4.0 Approval of the Annual Report for the Year 2015**

The Chairman then called on Mr. Frederic DyBuncio, Executive Vice President, to deliver the President's annual report on operations on behalf of the Corporation's President, Mr. Harley T. Sy. Mr. Dybuncio reported on the operating and economic environment in 2015 and the Corporation's notable performance, highlighting the following:

- Conducive macroeconomic environment for 2015
- 2015 consolidated revenues and earnings of SMIC
- Strong performance of SM shares in the Philippine Stock Exchange and market leading positions of the Corporation
- Operational highlights of the retail, property and banking businesses
- Environmental, Social and Governance initiatives of the Corporation
- Strategic plans for retail, property and banking businesses

Mr. DyBuncio thanked the stockholders of the Corporation and reiterated management's commitment to growth.

After the President's report, the Chairman opened the floor to stockholders to provide them the opportunity to ask questions or give comments.

There being no comment and question from the stockholders, the Annual Report and the Audited Financial Statements as of December 31, 2015 of the Corporation as audited by SGV & Co. were presented for notation and approval. The Chairman noted that the Audited Financial Statements as of December 31, 2015 of the Corporation as audited by SyCip, Gorres, Velayo & Co. were appended to the Corporation's Definitive Information Statement distributed to all stockholders of record for this meeting as well as included in the stockholders' kit provided to all attending stockholders prior to the start of this year's Annual Shareholders' Meeting.

On motion made and duly seconded, and with all unqualified votes being cast in favor of the approval of the Annual Report, the following resolution was unanimously approved:

**"RESOLVED**, That the President's annual report and the Financial Statements as of December 31, 2015 of SM Investments Corporation as audited by SyCip, Gorres, Velayo & Co., are noted, approved and ratified."

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation's external auditor, SyCip, Gorres, Velayo & Co., stockholders owning 694,879,389 voting shares or 97.89% of the total number of voting shares represented at the meeting approved the said resolution, no stockholder voted against the approval, while stockholders owning 222,020 voting shares or 0.03% of the total number of voting shares of the Corporation abstained.

## 5.0 Ratification of Acts of the Board of Directors and the Management

The next item in the agenda was the ratification of all acts, transactions and contracts entered into, as well as resolutions made and adopted by, the Board of Directors and its duly constituted committees, and the Management of the Corporation from the date of the annual stockholders meeting in 2015 up to the present stockholders' meeting.

Upon motion made and duly seconded, and with all unqualified votes being cast in favor of the ratification of the acts of the Board of Directors and its duly constituted committees and of Management from April 29, 2015 up to the date of the meeting, the stockholders approved the following resolutions:

**"RESOLVED**, That the acts of the Board of Directors and its duly constituted committees and of Management of SM Investments Corporation (the 'Corporation') from the date of the last annual stockholders' meeting up to the date of meeting (April 27, 2016), are, in all respects, approved, ratified and confirmed."

**"RESOLVED**, That all contracts, acts, proceedings, elections and appointments heretofore made or taken by the Board of Directors, its committees and/or the Management of the Corporation, and all acts and proceedings performed or taken pursuant thereto, be, and the same hereby are, in all respects, approved, ratified and confirmed."

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation's external auditor, SyCip, Gorres, Velayo & Co., stockholders owning 694,879,389 voting shares or 97.89% of the total number of voting shares represented at the meeting approved the said resolution. No stockholder voted against the approval, while stockholders owning 222,020 voting shares or 0.03% of the total number of votes abstained.

## 6.0 Declaration of 50% Stock Dividend

The next item in the agenda is the declaration of a 50% stock dividend to be funded from Four Billion Fifteen Million Two Hundred Seventy Seven Thousand Twenty Five Pesos (P4,015,277,025.00) of the Corporation's 2015 consolidated net income in favor of the stockholders. The Chairman explained that on account of the consistent positive performance and profitability of the Corporation, the stock dividend declaration was approved by the Board of Directors during its meeting held on March 2, 2016 and was being recommended for approval of the stockholders.

Upon motion made and duly seconded, and with all unqualified votes being cast in favor of the declaration of stock dividend, the stockholders passed the following resolutions:

**"RESOLVED**, That SM Investments, Inc. (the 'Corporation') is hereby, authorized and empowered to distribute the unrestricted retained earnings of the Corporation in the amount of Four Billion Fifteen Million Two Hundred Seventy Seven Thousand Twenty Five Pesos (P4,015,277,025.00) in the form of stock dividends;

**"RESOLVED, FINALLY**, That to implement the foregoing resolution, the Corporation shall issue as stock dividends, Four Hundred One Million Five Hundred Twenty Seven Thousand Seven Hundred Two (401,527,702) shares of stock of the Corporation, which shares shall have an aggregate par value of Four Billion Fifteen

Million Two Hundred Seventy Seven Thousand and Twenty Pesos (P4,015,277,020.00), to be distributed to stockholders of record as of a date to be set by the Board after approval by the Securities and Exchange Commission of the increase in the Corporation's authorized capital stock to fulfill the dividend declaration; *Provided*, That any fraction of a share shall be deemed to have not been issued and the stockholder entitled to such fractional portion shall receive the cash equivalent thereof."

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation's external auditor, SyCip, Gorres, Velayo & Co., stockholders owning 694,925,519 voting shares or 97.90% of the total number of voting shares represented at the meeting approved the said resolution. Stockholders owning 175,890 voting shares or 0.02% of the total number of voting shares represented at the meeting voted against the approval, while no stockholder abstained.

## **7.0 Approval of Increase in Authorized Capital Stock From P12 Billion To P28 Billion and the Amendment of Article Seven of the Articles of Incorporation To Reflect the Capital Increase**

The Chairman proceeded to the approval of the Corporation's increase in authorized capital stock and the amendment of the Articles of Incorporation to reflect such capital increase to enable the Corporation to fulfill the declaration of stock dividends. The increase in capital and the corresponding amendment to the Seventh Article of the Corporation's Articles of Incorporation was approved by the Corporation's Board of Directors in its meeting held on March 2, 2016 and recommended for shareholders' approval.

Upon motion made and duly seconded, and with all unqualified votes being cast in favor of the increase in authorized capital stock and the corresponding amendment of Article Seven of the Articles of Incorporation to reflect such increase, the stockholders approved the following resolutions:

**"RESOLVED**, That SM Investments, Inc. (the 'Corporation') is hereby, authorized and empowered to increase its authorized capital stock from **Twelve Billion Pesos (P12,000,000,000.00)**, divided into One Billion One Hundred Ninety Million (1,190,000,000) common shares and Ten Million (10,000,000) non-voting, cumulative and redeemable preferred shares, both with a par value of Ten Pesos (P10.00) per share, to **Twenty Eight Billion Pesos (P28,000,000,000.00)**, divided into Two Billion Seven Hundred Ninety Million (2,790,000,000) common shares and Ten Million (10,000,000) non-voting, cumulative and redeemable preferred shares, both with a par value of Ten Pesos (P10.00) per share, subject to the approval of the Securities and Exchange Commission;

**"RESOLVED, FURTHER**, That the Seventh Article of the Articles of Incorporation of the Corporation be amended to read as follows:

**'SEVENTH:** That the authorized capital stock of the Corporation is **Twenty Eight Billion Pesos (P28,000,000,000.00)**, divided into **Two Billion Seven Hundred Ninety Million (2,790,000,000)** common shares and Ten Million (10,000,000) non-voting, cumulative and redeemable preferred shares both with a par value of Ten Pesos (P10.00) per share.

**“RESOLVED, FINALLY,** that any one (1) of the President, Corporate Secretary, Asst. Corporate Secretary or any Director of the Corporation is hereby authorized and empowered, for and on behalf of the Corporation, to sign, execute, deliver and cause the submission of the Corporation’s *amended* Articles of Incorporation, certified by the majority of the Directors and the Corporate Secretary or Asst. Corporate Secretary, and any and all documents necessary for any and all transactions related to the said amendment of the Articles of Incorporation of the Corporation to the Securities and Exchange Commission, and/or other governmental authorities, to sign, execute and deliver any and all documents, and to do any and all acts, necessary and proper, to give the foregoing resolutions force and effect.”

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation’s external auditor, SyCip, Gorres, Velayo & Co., stockholders owning 691,683,693 voting shares or 97.44% of the total number of voting shares represented at the meeting approved the said resolution. Stockholders owning 175,890 voting shares or 0.02% of the total number of voting shares represented at the meeting voted against the approval, while no stockholder abstained.

## 8.0 Election of Directors for 2016-2017

The Chairman then proceeded to the election of the Corporation’s directors for the year 2016-2017. He announced that in accordance with the Corporation’s By-laws, the Nominations Committee had pre-screened and short-listed all candidates qualified and nominated to the Board of Directors. He thus called upon the Chairman of the Nominations Committee, Mr. Joseph R. Higdon, to present the Nominations Committee’s findings and the nominees qualified to be elected to the Board.

Mr. Joseph R Higdon announced that the following have been nominated and qualified by the Nominations Committee for election of the Board for the year 2016 to 2017:

HENRY SY, SR.  
TERESITA T. SY  
HENRY T. SY, JR.  
HARLEY T. SY  
JOSE T. SIO

### Independent Directors

AH DOO LIM  
JOSEPH R. HIGDON  
TOMASA H. LIPANA

Since there were only eight qualified nominees for the eight seats of the Board of Directors, upon motion made and duly seconded, all unqualified votes were cast equally in favor of the nominees in addition to votes for each particular nominee, and such nominees were thus elected to the Board for the period 2016-2017 until their successors shall have been duly elected and qualified. The following resolution was unanimously passed and approved:

**"RESOLVED,** That the following persons are hereby elected directors of SM Investments Corporation for a period of one (1) year and until their successors shall have been duly elected and qualified:

HENRY SY, SR.  
 TERESITA T. SY  
 HENRY T. SY, JR.  
 HARLEY T. SY  
 JOSE T. SIO

Independent Directors

AH DOO LIM  
 JOSEPH R. HIGDON  
 TOMASA H. LIPANA”

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation’s external auditor, SyCip, Gorres, Velayo & Co. the votes received and cast in favor of the said nominees are as follows:

Nominee	Number of shares abstained	Number of shares not voting in favor	Number of shares voting in favor
Henry Sy, Sr.	7,073,957	1,595,825	686,431,627
Teresita T. Sy	7,757,885	3,932,796	683,410,728
Henry T. Sy, Jr.	7,184,634	1,600,565	686,316,210
Harley T. Sy	6,612,414	1,544,465	686,944,530
Jose T. Sio	7,206,602	2,834,452	685,060,355
Ah Doo Lim	-	360,503	694,740,906
Joseph R. Higdon	-	525,152	694,576,257
Tomasa H. Lipana	-	525,152	694,576,257
<b>TOTAL</b>	<b>5,512,056,870</b>	<b>12,918,910</b>	<b>35,835,492</b>

**9.0 Appointment of External Auditors**

The next item in the agenda was the appointment of the external auditor for the year 2016-2017.

The Chairman informed the stockholders that the Audit Committee has previously accepted nominations for external auditor. Afterwards, the Nomination Committee pre-screened and recommended the re-appointment of SyCip, Gorres, Velayo & Co. Upon motion made and duly seconded, and with all unqualified votes being cast in favor of re-appointment of the external auditor, SyCip, Gorres, Velayo & Co. for the period 2016-2017, the following resolution was unanimously passed and approved:

**"RESOLVED,** That the stockholders approve the appointment of SyCip, Gorres, Velayo & Co., as the external auditor of SM Investments Corporation for the year 2016-2017 under such terms and conditions as may be approved by the Board of Directors."

Based on the tabulation of votes from stockholders attending in person, and votes indicated in the proxies submitted to the Corporate Secretary and validated by the Corporation's external auditor, SyCip, Gorres, Velayo & Co., stockholders owning 695,101,409 voting shares or 97.93% of the total number of voting shares represented at the meeting approved the said resolution, no stockholders voted against nor abstained in the approval of the resolution.

#### **10.0 Announcement of Cash Dividend**

The Chairman announced to the stockholders that in addition to the declaration of stock dividends just approved by the shareholders, the Board at its meeting held prior to the annual meeting of stockholders, has also declared cash dividends. This cash dividend declaration amounted to 30% of the Corporation's 2015 consolidated net income amounting to Eight Billion Five Hundred Thirty Seven Million Pesos (Php8,537,000,000.00) or cash dividends of Php10.63 per common share in favor of all stockholders of record as of May 12, 2016, and payable on May 26, 2016.

#### **11.0 Other Matters**

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

#### **12.0 Adjournment**

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

ATTEST:

*Original Signed*  
**HENRY T. SY, JR.**  
Chairman of the Stockholders' Meeting

*Original Signed*  
**ELMER B. SERRANO**  
Secretary of the Stockholders' Meeting

**SM INVESTMENTS CORPORATION**  
Annual Stockholders' Meeting  
April 27, 2016, 2:30 p.m  
Conrad Hotel Manila, Mall of Asia Complex  
Pasay City

Record of Attendance

	<b>No. of Shares</b>	<b>Percent</b>
Total number of shares present or represented at the meeting	709,824,002	88.39%
Total number of shares outstanding	803,055,405 =====	