



INVESTMENTS CORPORATION

MINUTES OF THE ANNUAL MEETING OF THE
STOCKHOLDERS

SM INVESTMENTS CORPORATION

On June 24, 2020
(via Remote Communication)

PRESENT:

DIRECTORS

JOSE T. SIO

Chairman
Adviser, Executive Committee
Member, Audit Committee
Member, Risk Management Committee
Member, Compensation Committee
Member, Related Party Transaction

TERESITA T. SY

Vice-Chairperson
Chairperson, Executive Committee
Chairperson, Compensation Committee

HENRY T. SY, JR.

Vice-Chairman

HARLEY T. SY

Executive Director
Member, Executive Committee

FREDERIC C. DYBUNCIO

President and Chief Executive Officer
Member, Executive Committee

ALFREDO E. PASCUAL

Lead Independent Director
Member, Audit Committee
Member, Compensation Committee
Chairman, Corporate Governance Committee

Chairman, Related Party Transaction
Member, Risk Management Committee

TOMASA H. LIPANA

Independent Director
Chairperson, Audit Committee
Member, Corporate Governance Committee

ROBERT G. VERGARA

Independent Director
Member, Corporate Governance Committee
Member, Related Party Transaction
Chairman, Risk Management Committee

ALSO PRESENT:

ELIZABETH T. SY
HANS T. SY
HERBERT T. SY
GREGORY L DOMINGO
ROBERTO G. MANABAT
FRANKLIN C. GOMEZ
ELMER B. SERRANO
ARTHUR A. SY.
TIMOTHY DANIELS

Adviser to the Board
Adviser to the Board
Adviser to the Board
Adviser to the Board
Independent Adviser
SVP-Finance
Corporate Secretary
Assistant Corporate Secretary
Consultant, Investor Relations

Stockholders present via remote
attendance or represented by proxy

1,033,903,209 shares (85.83% of Outstanding Shares)
(Please see Record of Attendance attached as **Annex A**)

1. Call to Order

The meeting opened with the Philippine National Anthem. The host then acknowledged the presence of all directors and key officers of **SM Investments Corporation** (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. Jose T. Sio, 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 June 2, 2020. Further, the Corporate Secretary certified that the same notice of meeting was published both in print and online formats, in the Business Section of the Philippine Star 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 1,033,903,209 common shares, representing 85.83% of the issued and outstanding capital stock of the Company as of record date of May 24, 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 April 24, 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 April 24, 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	%
1,033,902,990	86	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 April 24, 2019 are approved."

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

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

“Good afternoon dear shareholders. Allow me to report on our performance for 2019 and subsequently on our active response during this pandemic in aid and support of our stakeholders.

The Philippine Economy

In 2019, economic conditions were favorable, driven by strong consumption, low inflation and a healthy fiscal and monetary system. In particular, strong consumption aided by growth in OFW remittances and services boded well for SM Investments Corporation and its businesses.

Looking at our consolidated results, SM’s revenues increased 12% to PHP502 billion. Net earnings grew 20% to PHP45 billion. This solid performance was driven by all of our three core businesses in retail, property and banking. Banks comprised 43% of our total earnings while property and retail contributed 38% and 19% respectively.

Retail Financial Highlights

In retail, total revenues increased 9% to PHP367 billion. Net income grew 10% to PHP12 billion as we grew our portfolio by 412 new outlets last year.

THE SM STORE opened two new stores in Ortigas and Olongapo during the year. This brought the total to 65 department stores with gross selling area of over 807,000 square meters.

Our specialty retail chains opened an additional 162 stores and continued to exhibit strong sales and superior margins led by appliances, sports apparel and health and beauty.

Meanwhile in food retailing, we opened 248 stores across SM Markets, Alfamart and Waltermart. 68% of these store openings were in provinces with SM Markets being among the first movers to establish its retail presence in these areas.

Alfamart, which is expanding in residential communities, opened an additional 228 new stores in 2019. It surpassed its 700-store target across the country to cap the year with a total of 754 stores.

By year end, our total retail footprint stood at 3 million square meters of gross selling area nationwide.

Property Financial Highlights

In Property, SM Prime's consolidated revenues increased by 14% to PHP118 billion driven by strong residential take-up and improved mall revenues. Consolidated net income grew 18% to PHP38 billion.

Philippine mall revenues increased by 8% to PHP58 billion. Revenues from the residential group, led by SM Development Corporation surged 24% to PHP45 billion. The rest of SM Prime's businesses in office buildings, hotels and convention centers contributed combined revenue growth of 14% to nearly PHP10 billion.

Banking Financial Highlights

Our banks, BDO Unibank and China Bank both grew strongly during the year. BDO's net interest income grew by 22% to PHP120 billion on improved net interest margins. Net income rose 35% to PHP44 billion. Customer loans expanded by 9% to PHP2.2 trillion while total deposits increased to PHP2.5 trillion. BDO had a strong balance sheet with total resources of PHP3.2 trillion by the end of the year.

China Bank reported net interest income grew 14% to PHP26 billion supported by strong non-interest income. Net income grew 24% to PHP10 billion driven by the sustained growth of its core businesses and supported by fee-based income. Gross loans expanded 13% to PHP578 billion while total deposits increased 7% to PHP775 billion.

Embracing technology and innovation

Digital technology has allowed our businesses to enhance customer experience and improve our services. Our banks have strengthened their digital capabilities including mobile and online banking services, enhanced their cyber resiliency and invested in digital infrastructure to ensure consistent delivery of quality products and services.

In retail, we partnered with end-to-end customer solutions that allow digital payments and cashless transactions. To complement our physical retail stores we launched ShopSM, an online shopping platform and enhanced the Click & Collect concept, an in-store pick-up option for online shoppers. Moreover, SMIC's joint venture with mobile wallet GrabPay in the Philippines combined our expansive network of establishments and merchant partners with the strength of Grab's fintech platform.

Deepening our Commitment to Sustainability

SM recognizes the importance of operating sustainably. In 2019, these efforts were underpinned by several milestones. To help our small and medium enterprise mall tenants mitigate disaster risk, SM Prime launched the SM Resilience Center in SM City Clark. This serves as a data storage facility and a capacity building center for over 1,600 SMEs today.

On a national scale, we partnered with the National Resilience Council in its “Adopt-a-City” campaign focusing on building local government units' capacity to mitigate climate risks.

Through BDO, we have funded over PHP43 billion in renewable energy projects through the Sustainable Finance Framework aligned with the ASEAN Green Bond Principles. These projects have a total installed capacity of 2,168 megawatts and provide clean energy to 1.9 million households per year.

Inclusion and Key Awards

Our company's efforts in management, governance and sustainability have not gone unnoticed. As we worked on building a globally competitive workforce, we were placed among the Forbes Global 2000 - World's Best Employers 2019 for the third consecutive year and likewise ranked among the Forbes Global 2000 - World's Best Regarded Companies 2019 for the second consecutive year.

Our inclusion in the 2020 Bloomberg Gender-Equality Index reflects our commitment to gender equality and an inclusive work environment.

Good governance is likewise deeply rooted in our culture. Our inclusion in the FTSE4Good Index Series is a solid seal of approval for our strong environmental, social and governance practices.

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Furthermore, ten of our companies were recognized in the ASEAN Corporate Governance initiative.

To further strengthen our commitment to the UN Sustainable Development Goals, we affirmed this by becoming a member of the United Nations Global Compact and co-hosted the UNGC-GRI Sustainability Summit in Manila. We invite you to read more of our commitment to Sustainability and the progress we are making in our 2019 Sustainability Report.

Our COVID-19 Response

As we all know, the start of 2020 has brought with it a significant global challenge in the form of the COVID-19 pandemic. In the interest of protecting lives, majority of the Philippines has had to enter into an eight-week long lockdown period. As we experienced the lockdown, we responded swiftly to the threat of COVID-19.

We set our priorities to:

1. Assure our employees and partners with our support to maintain their economic well-being
2. Mobilize medical donations, relief missions and other forms of support swiftly using our vast network
3. Serve our communities with essential products and services in support of the national agenda while ensuring the safety of our customers and employees
4. Expand our customer access channels with various modes of delivery

SM has assured all of its employees their regular compensation as well as the extension of an Emergency Financial Assistance to front line workforce, security guards and janitorial staff during the Enhanced Community Quarantine period.

On a daily basis, SM has undertaken measures to protect the safety and welfare of its workforce. These included issuing protective gear, providing necessary health equipment and conducting testing among all of its employees for a safe work environment.

The extensiveness of the quarantine affected the sustainability of operations of tens of thousands of micro, small and medium enterprises.

In this light, SM, through SM Supermalls, has waived rentals worth PHP8.8 billion up until May 15 this year to all tenants nationwide.

Through joint efforts, SM has donated over PHP400 million of essential medical supplies and equipment and reached out to marginalized sectors most affected economically.

This comprises over PHP300 million of critical medical supplies and equipment as well as PPEs and PCR tests to 120 hospitals nationwide.

SM also donated PHP100 million through Project Ugnayan of the private sector and Caritas of the Catholic Church to urban poor families impacted by the lockdown.

Through relief operations of SM Foundation and Uniqlo, over 80 poor communities were provided Kalinga or care packs.

In terms of health facilities, SM built seven emergency quarantine facilities for COVID-19 patients.

SM MOA Arena was transformed into a mega swabbing facility which can accommodate 1,000 to 1,500 tests per day.

We recognize our responsibility to customers and the community while complying with quarantine measures as SM ensured the continued operation of supermarkets, banks and pharmacies in its various locations.

We've implemented various approaches to get our tenants' and supplier partners' products to consumers in addition to online purchases.

This pandemic has revealed that digital technology offers fundamental opportunities to connect and serve communities. In this light, SM implemented several e-commerce programs to continue to meet customer needs during the quarantine. SM malls, The SM STORE and the mall's tenant partners pivoted from offline to online on several digital platforms which included: Personal Shoppers, Concierge Services, and Curbside Pick Ups.

SM likewise launched a smartphone messaging community called "Take Out and Delivery at SM" with over 170,000 members nationwide. This largely supported SM food tenants through partnerships with food delivery apps and other fulfillment partners in the country.

In banking, digital transactions have grown by several multiples as our banks maximized online and mobile banking tools during the quarantine to consistently serve the communities' financial needs.

As we continue to build our capabilities to respond to the new realities, our Company's strong financial condition, along with our combined hard work, will allow us to lead a resurgence after this crisis.

To borrow our founder, Henry Sy, Sr.'s words, 'In good times, we do our usual work. But in bad times, we work harder.'

We would like to sincerely thank you our shareholders for your continued faith and trust. Together, let us heal as one."

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:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
1,033,356,602	86%	53,360	nil	493,028	0.04

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 50% of the Company's 2019 Net Income (Parent). This amounts to Php4.25 or approximately Php5.1 Billion of cash dividends declared in favor of all stockholders of record as of July 9, 2020, and payable on July 23, 2020.

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	%
1,033,322,932	86	28,690	nil	551,368	0.05

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. Alfredo E. Pascual, Chairman of the Corporate Governance Committee, to present the nominees to the Board.

Mr. Pascual 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. Jose T. Sio
Ms. Teresita T. Sy
Mr. Henry Sy, Jr.
Mr. Harley T. Sy
Mr. Frederic C. DyBuncio
Mr. Alfredo E. Pascual as Independent Director
Ms. Tomasa H. Lipana as Independent Director
Mr. Robert G. Vergara as Independent Director

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

Nominee	No. of Votes
Mr. Jose T. Sio	923,476,855
Ms. Teresita T. Sy	1,015,260,447
Mr. Henry Sy, Jr.	1,025,850,400
Mr. Harley T. Sy	1,028,727,739
Mr. Frederic C. DyBuncio	1,024,730,900
Mr. Alfredo E. Pascual	938,435,564
Ms. Tomasa H. Lipana	927,988,967
Mr. Robert G. Vergara	1,032,488,117

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 Investments Corporation for 2020-2021, to serve as such directors until their successors have been duly qualified and elected:

Mr. Jose T. Sio
 Ms. Teresita T. Sy
 Mr. Henry Sy, Jr.
 Mr. Harley T. Sy
 Mr. Frederic C. DyBuncio
 Mr. Alfredo E. Pascual as Independent Director
 Ms. Tomasa H. Lipana as Independent Director
 Mr. Robert G. Vergara as Independent Director

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:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
921,766,031	77	112,056,442	9	80,725	0.01

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 <asm2020@sminvestments.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. Jose Ramon Quintos which reads, “In light of the COVID pandemic, what are SM’s plans moving forward in this new environment?”

Vice Chairperson Teresita Sy answered that the pandemic has made the Company focus even more on two important things for its customers: convenience and safety. And two things for the Company: adaptability and transformation.

The Company has been improving both its online and physical experience and operations across the group – and building new ways to serve its customers: from banking, retail, malls and property. Coming from the lockdown, the Company has been able to operate hybrid ways of reaching its customers and the Company is excited to strengthen these offerings.

The Vice Chairperson ended her response by stating that the Company is actively finding new ways to improve its customer experience and operations, and is aiming to transform into a stronger and more adaptive SM after the crisis.

The Corporate Secretary then read the next question that was sent by Mr. Kim Jefferson Loverio which reads, “What are SMIC’s plans and initiatives towards e-commerce market?”

The President, Mr. Frederic C. DyBuncio answered the question. The President responded that the Company had plans and initiatives in place to embrace e-commerce for a number of years. He recognized that up until recently the demand to use e-commerce has been accelerating during the pandemic as more people try digital channels and sometimes this is their only option. Post COVID-19, e-commerce is likely to remain and grow, and the Company is prepared and preparing for that.

In recent years, SM launched online retail shopping sites, worked with partners to develop grocery delivery services and teamed up with e-commerce sites to make SM products widely available online. The Company has also invested in digital science capabilities and applied these to several initiatives including the use of social media for marketing. The Company likewise launched

an electronic wallet and payment technology. The banks under the Group have strengthened their digital capabilities including mobile and online banking services, enhanced their cyber resiliency and invested in digital infrastructure.

Mr. DyBuncio concluded by informing its shareholders that the Company will continue to combine the Company's online and offline capabilities to meet its customers evolving needs.

The Chairman thanked the company officers for 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 and wished everyone good health. Thereafter, the meeting was adjourned.

CERTIFIED CORRECT:

ELMER B. SERRANO
Corporate Secretary

ATTESTED BY:

JOSE T. SIO
Chairman

Annex A

SM Investments Corporation
Annual Stockholders' Meeting
June 24, 2020, 2:30 p.m.

Record of Attendance

Total number of voting shares outstanding	1,204,582,867
Total number of shares present by proxy	598,752,484
Total number of shares participating remotely	435,150,725
Total number of shares represented	<u>1,033,903,209</u>
Attendance percentage	85.83%