



## MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

7 April 2014 at 9:00 AM

Ballroom 2, Fairmont Makati

1 Raffles Drive, Makati Avenue, Makati City

	No. of Outstanding and Voting Shares	Percentage of Total
<b>Shareholders Present:</b>	<b>1,213,065,425</b>	<b>77.88%</b>

### Directors Present:

Fernando Zobel de Ayala	<i>Chairman of the Board Chairman, Executive Committee Member, Nomination Committee Member, Personnel and Compensation Committee</i>
Jaime Augusto Zobel de Ayala	<i>Vice Chairman of the Board Member, Executive Committee Member, Personnel and Compensation Committee</i>
Antonino T. Aquino	<i>President Member, Executive Committee Member, Nomination Committee Member, Sustainability Committee</i>
Delfin L. Lazaro	<i>Member, Executive Committee</i>
Mercedita S. Nollado	<i>Member, Audit and Risk Committee Member, Personnel and Compensation Committee</i>
Aurelio R. Montinola III	<i>Member, Audit and Risk Committee</i>
Oscar S. Reyes	<i>Chairman, Audit and Risk Committee Chairman, Nomination Committee Member, Executive Committee Member, Sustainability Committee</i>
Jaime C. Laya	<i>Chairman, Sustainability Committee Member, Audit and Risk Committee</i>
Francis G. Estrada	<i>Chairman, Personnel and Compensation Committee</i>

✓

## **1. Call to Order**

After the national anthem, the Chairman, Mr. Fernando Zobel de Ayala, called the meeting to order at 9:00 a.m. He welcomed the stockholders, members of the Board, the President and other officers of the Corporation.

## **2. Notice of Meeting**

The Secretary certified that notice of the meeting was sent to each stockholder of record as of 11 February 2014 in accordance with the By-Laws and applicable rules. The notice was published on April 1, 2014 in the Philippine Daily Inquirer, a newspaper of general circulation.

## **3. Determination of Quorum**

The Secretary certified that there was a quorum for the meeting with stockholders owning 21,213,065,425 or 77.88% of the 27,239,781,370 outstanding and voting shares present in person or by proxy.

## **4. Procedures for Discussion and Voting**

The Chairman requested that any stockholder who wished to speak should identify himself after being acknowledged by the Chair and limit his remarks to the item in the Agenda under consideration.

Thereafter, the Secretary discussed the voting procedures. A stockholder may vote manually using the ballot provided to him upon his registration and placing the voted ballot in the ballot boxes located at the Registration table and inside the Ballroom. A stockholder may also vote online using any of the ten (10) computers at the stations for online voting outside the Ballroom. The paper ballot and the website platform for online voting set forth the proposed resolutions for consideration by the stockholders and each proposed resolution would be shown on the screen in front as it is taken up.

The Secretary also informed the stockholders that they generally act by the affirmative vote of stockholders owning at least a majority of the outstanding voting stock present at the meeting, but the approval of the amendments to the Third and Seventh Articles of the Articles of Incorporation, and the amendment of the Stock Option Plan would require the affirmative vote of stockholders representing two-thirds (2/3) of the outstanding capital stock. The election of directors shall be by plurality of votes and every stockholder shall be entitled to cumulate his votes.

Each outstanding share of stock entitles the registered stockholder to one vote.

The Secretary also announced that the stockholders may cast their votes anytime during the meeting. All votes received shall be tabulated by the Office of the Corporate Secretary and the results of the tabulation shall be validated by the external auditor, SyCip Gorres Velayo & Company (SGV). As the stockholders take up an item in the Agenda, the Secretary would report on the votes that have been tabulated and the final tally of votes would be reflected in the minutes of the meeting.

## **5. Approval of the Minutes of the 2013 Stockholders' Meeting**

The Chairman then proceeded with the approval of the minutes of the annual stockholders' meeting held on 17 April 2013. He stated that copies of the minutes were distributed to the stockholders prior to the meeting and a copy of the minutes is posted and could be accessed on the website of the Corporation. He

then opened the floor for comments. There being no question on the item under consideration, the Chairman requested for a motion for approval.

On motion of Mr. Joni Pilar C. Lopez, seconded by Ms. Ellen A. Palma, the stockholders approved the minutes and adopted the following Resolution No. S-01-14, which was shown on the screen:

**Resolution No. S-01-14**

**RESOLVED**, to approve the minutes of the annual stockholders' meeting held on 17 April 2013.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the motion for the approval of the minutes and the adoption of Resolution No. S-01-14 are as follows:

	For	Against	Abstain
Number of Voted Shares	19,467,688,025	12	1,745,377,100
% of Voting Shares Present	91.77%	0%	8.23%

**6. Annual Report of Officers**

Chairman's Message

The Chairman noted that 2013 marked the 25<sup>th</sup> anniversary of the Corporation. Through a quarter of a century, the Corporation has earned the trust of its customers and its place as one of the most respected real estate developers in the country.

From early projects such as the Makati business district, the Ayala Center Makati, the Ayala Alabang Village, the Cebu Business Park, and recently, Bonifacio Global City and Nuvali, the Corporation has constantly redefined the standard of quality in Philippine real estate. Through the years, the Corporation has proven its development model of building integrated communities that appreciate over time, creating value for the customers and shareholders. As a company that has weathered many property cycles, the Corporation emerged not only bigger, but also stronger over the years.

The Corporation's accomplishments include the building of Makati City as the country's premier business district, thriving with economic activity that contributes to the nation's progress; the takeover of Bonifacio Global City that has resulted in the dramatic transformation of raw land into the vibrant community that it is today; and all across the country, the Corporation is now rolling out township developments that are catalysts for progress in areas outside Metro Manila.

The Chairman expressed his belief that this is the best way the Corporation can foster more inclusive growth to help stimulate economic activity in less-developed areas. In addition, it was noted that the Corporation was able to prepare communities to join the workforce through social assessments and coordination with local institutions.

Across its developments, the Corporation remains at the forefront of sustainable business practices. The Corporation constantly improves its practices to be at par with the best across the globe. In all business decisions, the Corporation endeavors to balance its triple bottom-line goal of ensuring profitability while preserving the environment and protecting the welfare of the communities in and around its developments. The Corporation also responds to climate and geological challenges and makes a careful assessment and selection of land, focusing on storm-water, geo-hazard sensitivity and resource efficiency.

The Corporation undertakes rigorous due diligence and planning processes that conform to best practices. This is extremely important in light of the series of devastating natural calamities that hit the country in recent times. The knowledge and awareness gained from these studies have helped keep many of the Corporation's developments safe from such calamities and have allowed it to focus on providing assistance to many of the affected communities.

The Corporation will continue to preserve the same values of integrity and excellence from which the Corporation was built. These values are the pillars and foundation of the Ayala brand that have allowed the Corporation to achieve so much in the past 25 years. There is a promising future for the Corporation and the country. The favorable demographics and solid macro-economic fundamentals put the Philippines in a unique growth trajectory. The anticipated increase in gross domestic product per capita will support the Corporation's residential, shopping center, hotels and office businesses.

The Chairman also noted the announcement a week ago that Mr. Antonino Aquino will turn over the office of the President and Chief Executive Officer to the current Chief Operating Officer, Mr. Bernard Vincent O. Dy, and that the Board will formalize the turn over at its organizational meeting immediately after the stockholders' meeting.

The Chairman expressed gratitude to the Corporation's team, most especially Mr. Aquino, who provided exceptional leadership at a critical time when he assumed the presidency in 2009. The Chairman noted that Mr. Aquino has been part of the Ayala group since 1980. He spent many years running the Ayala Property Management Corp. and he transitioned to become part of the Manila Water Company (MWC) team when Ayala Corporation took over the water concession in the East Zone of Metro Manila in 1997. In 1999, Mr. Aquino assumed the presidency of MWC and accelerated the dramatic transformation of the operations of the company which absorbed former employees of the Metropolitan Waterworks and Sewerage System (MWSS). He came back to the Corporation at a critical time of intense competition and a business environment that was challenged by the uncertainties brought about by the global financial crisis, and since then he and the exceptional management team developed and shaped a clear vision, plan, and goal for the Corporation. Mr. Aquino's tireless energy and unique leadership skill rallied the entire organization to redefine its businesses and reinforce its dominance in the Philippine real estate market. Under their leadership, the Corporation has once again become the largest and most diversified real estate company in the country.

Today, the Corporation maintains a distinct position as a prime developer of large tracts of mixed-use communities, unparalleled in design, concept, and standard. The Corporation has expanded residential unit launches from only 2,229 in 2009 to 28,482 by 2013. Revenues grew from Php30 Billion to Php82 Billion over the same period. The Corporation has almost tripled the net income from Php4 Billion to Php11.7 Billion. This puts the Corporation ahead of the original plan set for the organization five years ago. As the market recognized this, the Corporation's market capitalization in turn more than quadrupled, from Php83 Billion in 2008 to Php351 Billion at the end of 2013. The dividend distributions and returns for all shareholders have also been raised.

The Chairman, once again, thanked Mr. Aquino for his immeasurable contribution and the brand of leadership he has demonstrated throughout his term as President of the Corporation.

The Chairman stated that Mr. Aquino would not have been able to achieve these exceptional results without a very strong and committed executive management team. They have supported and executed the vision of the Corporation.

The Chairman thanked the executive management team for sharing the bold vision, for dramatically increasing the size of the Corporation, its geographic reach, and for broadening customer access to products. He also stated that, as the test of a true leader is the ability to ensure the continuity of the organization beyond one's leadership, the Corporation is confident that Mr. Aquino left the Corporation under the solid leadership of Mr. Dy, who, being with the Corporation over the past 17 years, would keep the Corporation on track with its vision and goals in the coming years.

This phenomenal growth that the Corporation has achieved in recent history would also not have been possible without the solid financial position that it has maintained through the years. In order for the Corporation to preserve a strong balance sheet while staying nimble enough to take advantage of market opportunities, it sought the stockholders' approval for a share carve-out, similar to that made in 2008. While the Corporation has sufficient debt capacity and cash from operations to fund its planned capital expenditure of PhP70 Billion this year, it would like to ensure that it has enough flexibility to tap the equity capital market in an efficient manner should there be large unplanned capital expenditures in the future. This will ensure that the Corporation will be in a position to take advantage of value-accretive opportunities in the market, similar to its acquisition of the Food Terminal Incorporated (FTI) property.

In closing, the Chairman expressed gratitude to the entire team, the investors, creditors, business partners and loyal customers of the Corporation who have likewise given their steadfast support through the years.

#### President's Report

The President, Mr. Antonino T. Aquino, started with a note that in 2009, the Corporation set a 5-10-15 plan to grow the business. The goal was to achieve, within a five-year period, a net income of Php10 Billion and a 15% return on equity. The President was then pleased to report that the Corporation surpassed Php10 Billion of net income one year ahead of plan. Notably, this translates to a 30% compounded annual growth rate. In the same period, the Corporation achieved a 5-fold increase in the share price, twice higher compared to the Philippine Stock Exchange stock index increase.

The foundation for the Corporation's future growth is anchored on five key elements:

- First, the doubling of the Corporation's land bank;
- Second, having an aggressive growth trajectory for each of the business units;
- Third, the strengthening of the Corporation's balance sheet;
- Fourth, the continuing emphasis on sustainability; and
- Fifth, the intensifying of the Corporation's organizational capabilities.

The Corporation's land banking activities in the last four years had been extensive. It has grown to more than 8,400 hectares. This represents a long-term development platform for the Corporation's "main product" - the large-scale, integrated, mixed-use, sustainable developments.

Through the years, the Corporation focused on developing communities with residential, shopping centers, office and hotel products, all in one integrated complex. The successful Makati central business district is an example of the main product which the Corporation is now replicating in multiple sites all over the country. This includes: (1) Makati, where an entertainment and sports district has been added to cater to families in Circuit Makati; (2) Taguig, where the Corporation has established Bonifacio Global City, and now the Arca South, a new business district and gateway to the south; (3) two sites in Alabang and three sites in Pasig; (4) Quezon City, with six major sites established, including Vertis North, which will be the city's first modern central business district; (5) San Jose Del Monte, Bulacan, where the Altaraza has been launched, the first integrated, mixed-use development, a community that will benefit from the MRT 7 and Circumferential Road 6 project of the government; (6) Pampanga, where the 1,000-

hectare Alviera development has been introduced, located between Clark and Subic, right along the SCTEX; (7) Anvaya, where a sustainable 18-hole golf and sports club was opened and carefully developed to preserve natural features; (8) South of Metro Manila, where the Corporation continued to expand Nuvali, the flagship eco-city; (9) Cavite, which will benefit from the Cavite-Laguna Expressway and Daanghari-SLEX link project; (10) Tagaytay, where the Corporation has various leisure offerings; (11) Cebu, where, through key partnerships, the Corporation will have new developments in Mactan and Mandaue; (12) Negros Occidental, where the Corporation will soon start developing the Bacolod Capitol; (13) Iloilo, where Atria Park District, our first development in the province, was launched; (14) Palawan, where the Corporation is pioneering the country's first eco-tourism estate with Lio, in addition to El Nido Resorts; (15) Cagayan de Oro; and (16) Davao, where, through joint ventures, the Corporation is now present in the city center and will develop a water-front district nearby. Indeed, all these sites show how the growing land bank had established the Corporation's presence in every major city and province in the country today.

Equally important as a foundation for future growth is how each of the business units executed their own growth trajectory to contribute to the over-all goal.

The Residential Business Group has maintained its leadership position in the market and continues to be the largest contributor to the Corporation's net income. While the main contributors were Ayala Land Premier, Alveo, and Avida, there is a significant increase in the number of units by Amaia and BellaVita, which cater to the broader base of the market. The Corporation now has a product for each of the market segments.

To balance growth, the Corporation has been increasing investments in shopping centers, offices, and hotels.

The Corporation is on track with the plan to double its gross leasable area with new shopping centers. Fairview Terraces was opened with the first Wellworth department store and about three dozen Family Marts all over Metro Manila.


The plan to triple the Corporation's office spaces are also on track. Building spaces have also been provided for QualiMed, the Corporation's healthcare business which completes its mixed-use offerings.

Similarly, the Corporation is on course to quadruple the number of rooms in its portfolio of hotels and resorts. The latest Seda Hotel recently opened in Nuvali.

New business lines that improve operational efficiencies in the developments were formed. The Corporation's subsidiary, PhilEnergy, has pioneered the use of district cooling systems which results to the efficient use of electricity. Meanwhile, the Corporation's construction group has added new technology to its operations and manufactures some of its construction components to support expansion.

Another foundation for future growth is solid financial capability. The major landbanking and the business units' aggressive expansion were well supported by strong balance sheet. The Corporation successfully raised funds from the equities and retail bond markets. These funds were used judiciously and enabled the Corporation to expand its landbanks, and sustain the high income growth trajectory. The debt maturities were spread out to long tenors.

The Corporation's 2014 financing plan will largely come from internally generated cash and additional retail bond placements. For future opportunities that will further increase the net income growth, the Corporation will be seeking shareholders' approval of another share carve-out.



The Corporation's continued emphasis on sustainability is another foundation for future growth. The Corporation has always incorporated sustainability best practices in the design and the execution of its products. It has integrated storm-water facilities into the master plan and place a high value on pedestrian and transit connectivity. The Corporation makes sure that developments have the signature abundant open areas and green spaces that it is known for. This has given the Corporation's products their competitive edge.

As part of social responsibility, the Corporation volunteered to build 600 storm-resilient housing and seven school buildings for typhoon-affected communities in Estancia, Iloilo.

The Corporation has proven its organizational capability with the smooth execution of aggressive growth plan. Through an empowered, decentralized approach, business units and subsidiaries implemented their growth agendas and were able to move faster and more effectively. The Corporation also made sure that there was collaboration and synergy among the business units to ensure the proper execution of integrated mixed-use projects.

This is how the Corporation laid the foundation for its future growth.

In closing, the President expressed his confidence that the Corporation will be able to build upon the foundation set in the last four years under Mr. Dy's leadership. The President also thanked the Chairman, Board members and shareholders, and colleagues, for the confidence and generous support they have extended to him all these years. Finally, the President stated that the Corporation will continue to grow and enrich more lives for generations to come with its committed management and workforce, and with continued support from the shareholders.

After the report of the President, an audio-visual presentation was shown to the stockholders.

Thereafter, the Chairman opened the floor for questions or comments from the stockholders on the annual report or the financial statements.

Mr. Ed Lucero congratulated the Board and Management of the Corporation for a "fantastic achievement" for 2013. He gave special mention to Mr. Aquino for a job well done.

Mr. Philip Turner inquired whether the Corporation is still paying for the damages caused by the accident in Serendra. Upon request of the Chairman, Mr. Dy answered that Serendra, Inc., an affiliate of the Corporation, is still in the process of doing repairs on the existing buildings, replacing all gas ranges with electrical ranges, all of which are expected to be completed by mid-year of 2015. In the interim, all those who were affected were given accommodations in the Serendra complex. The costs of most of these are covered by insurance.

Mr. Turner asked whether the Corporation has a risk management prevention section, commenting that prevention is better than cure. To this, Mr. Dy responded that in relation to gas leak control it is quite critical for the Corporation's retail and control groups to step-up the inspection of all retail establishments to ensure the safety of the customers.

Mr. Turner sought clarification on the difference as to the figures stated in the agenda from that found in the report. As requested by the Chairman, Mr. Jaime E. Ysmael, the Chief Finance Officer, responded that the proposed share carve-out is very similar to that made in 2008. It was explained that the intention is to raise cash to acquire properties and also to pay off debts incurred prior to the issuance of the shares.

✓

Based on experience, the Corporation had used up the 2008 allocation only in 2012 and 2013 when it acquired the FTI property, which has since generated significant cash inflows and revenues and net income for the Corporation. As the Corporation has exhausted the full 1 Billion share carve-out, the proposal is to have another share carve-out to give the Corporation maximum flexibility to fund large opportunistic capital expenditures although there are no plans to issue equity in the current year and the Corporation has enough debt capacity to take care of its capital expenditure program. It would be prudent for the Corporation to have that mechanism in place to allow flexibility if a new opportunity similar to FTI comes around. Mr. Ysmael also gave assurance that the Corporation would issue shares judiciously and would only do so when there are value-accretive acquisitions as it had practiced in 2012 and 2013.

Mr. Turner then asked why the Corporation has so many subsidiaries and if their number could be reduced. Upon request of the Chairman, Mr. Aquino answered that the major subsidiaries of the Corporation are only those that specifically address the business unit group agenda while the others are a result of joint ventures that the Corporation has entered into to take advantage of the lands being offered by its partners in the joint ventures. Thus, the subsidiaries of the Corporation, while they may be quite a large number, are all fairly managed by the existing management team.

Mr. Turner commented that it appears that none of the subsidiaries will be merged. To this, Mr. Aquino stated that the Corporation's subsidiaries have a fairly good track record and are profitable.

Reverting to his previous question, Mr. Turner asked if the Corporation could have a risk management prevention section or some kind of report so that it would know that it is driving at the safety side. At the request of the Chairman, Mr. Ysmael responded that part of the initiatives of the Corporation in the last couple of years is to strengthen the enterprise-wide risk management process as part and parcel of the "5-10-15" plan, that is, in the organization's capability-building component. Realizing that the Corporation will have an increased level of activity, it will be facing much higher risks, including the safety risks not only in the construction but also in the existing installations. The Corporation has beefed-up its risk management process and it actively monitors all the possible risks. The Corporation has re-assessed its risk management program and put in place a Safety Council that will ensure that all safety concerns both in the construction and operating aspects are adequately addressed. The Council is headed by a senior management committee member. The Corporation continues to learn from the process and there is definitely the intent to continue beefing-up the risk management. The Corporation has in fact a Chief Risk Officer (CRO) who is empowered to set all those risk management-related policies and the CRO reports to the Audit and Risk Committee.

Mr. Alfred Hector inquired about how many of the 20,000 plus residential units launched are of the two new brands, Amaia and Bellavita. Mr. Dy replied that in 2013, the Corporation and its subsidiaries launched about 28,000 residential units, 60% of which are basically of Amaia and Bellavita, that is, about 16,000 to 17,000 units. The other 12,000 units are accounted for by the Ayala Land Premier, Alveo and Avida. The Corporation intends to continue its launches of more Amaia and Bellavita brands to be able to serve the more affordable markets. In terms of value, the 16,000 to 17,000 units launched last year for these two brands accounted for about 20% of the total residential launches. The units of Ayala Land Premier, Alveo and Avida account predominantly in terms of value.

Mr. Hector inquired as to the Corporation's projection for the next five years for Ayala Land Premier and the other brands. Mr. Dy responded that for the next couple of years the launches of the Corporation will be more or less of the same ratio for its various products.

Mr. Hector also asked if socialized mass housing would be a part of the investment property plans (IPT). Mr. Dy replied that there have been discussions in terms of amendments on income tax holiday and Board

of Investments (BOI) incentives. The Corporation continues to monitor this closely and it will adjust accordingly depending on new regulations that may come up.

Mr. Hector commented that the expected interest rates will go up especially for the affordable housing sector. He then asked how this would impact the Corporation's businesses and also whether most of the units are financed through Pag-ibig. Mr. Dy answered that the Corporation sees that the changes would not be that significant to the extent that it would affect its businesses significantly. It was noted that most people, especially overseas Filipino workers, do not really stop from buying whenever financing cost increases or value cost increases but rather they shift from one brand to another.

A shareholder asked if the Corporation has any development plans in Baguio. Mr. Aquino replied that the Corporation is indeed looking north. With the completion of the TPLEX project, the Corporation has already set its eyes on Pampanga, where it is now, and Tarlac, Pangasinan and even the Ilocos region. In the case of Baguio, the Corporation has to choose the area where it would be and it is now looking at a couple of options.

There being no other questions and comments from the stockholders, Mr. Froilan D. Lakip moved for the noting of the annual report and the approval of the 2013 audited financial statements, and the adoption of the following Resolution No. S-02-14, which was shown on the screen, and Mr. Robert Emmanuel J. Jiao seconded the motion:

#### **Resolution No. S-02-14**

**RESOLVED**, to note the Corporation's Annual Report, which consists of the Chairman's Message, the President's Report, and the audio-visual presentation to the stockholders as of 7 April 2014, and to approve the consolidated audited financial statements of the Corporation and its subsidiaries as of 31 December 2013, as audited by the Corporation's external auditor SyCip Gorres Velayo & Co.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the motion for the noting of the annual report and the approval of the 2013 audited financial statements, and the adoption of Resolution No. S-02-14 are as follows:

	For	Against	Abstain
Number of Shares Voted	21,212,897,267	0	167,870
% of Shares Voted	99.99%	0%	0.0008%

#### **7. Ratification of Acts and Resolutions of the Board and its Committees, and Acts of Management in the Preceding Year**

The Secretary explained that the ratification by the stockholders was sought for the acts and resolutions of the Board of Directors, Executive Committee, and other Committees as well as all acts of Management and officers of the Corporation taken or adopted since the annual stockholders' meeting on 17 April 2013 until today. The acts include approval of contracts, projects and investments, treasury matters, and those covered by disclosures to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC), which were reflected in the minutes of the meetings. The acts of Management and officers were taken to implement the resolutions of the Board of Directors or its Committees or taken in the general conduct of business.

The Chairman asked the stockholders if they have any questions or comments on the matter sought to be approved.

At this point, Mr. Turner inquired about the proposed amendments to the Seventh Article of the Articles of Incorporation. Mr. Ysmael responded that the proposed amendments to the Seventh Article would exempt from pre-emptive rights the 1 Billion share carve-out discussed earlier, and shares covered by stock options granted to the members of the management committees of the Corporation's subsidiaries and affiliates.

Mr. Turner asked why the statement of the proposal for amendments to the Seventh Article in the Agenda and in the voting slip (ballot) appears to be different from that stated in the Definitive Information Statement (DIS) given to the stockholders. Mr. Hermosura answered that the proposed amendments to the Seventh Article as set forth in the resolution for the amendments in the ballot and as described in the DIS are the same. Mr. Turner disagreed, and said he would reserve for the moment his vote for the ratification and approval of the acts and resolutions of the Board and Management. (However, later in the meeting, Mr. Turner clarified that he failed to notice the reverse page of the voting slip and that the voting slip and DIS are consistent.)

There being no other questions raised, Mr. Diojenes E. Lopez moved for the approval and ratification of all acts and resolutions of the Board of Directors, Executive Committee, and other Board Committees and the acts of Management taken and adopted since 17 April 2013 until 7 April 2014 to implement the resolutions of the Board or its Committees or taken in the general conduct of business and for the adoption of Resolution No. S-03-14 and Ms. Sarah Joana T. Tanduyan seconded the motion. The text of the following Resolution No. S-03-14 was shown on the screen:

**Resolution No. S-03-14**

**RESOLVED**, to approve, confirm, and ratify all resolutions of the Board of Directors and the Executive Committee, and other Board Committees, as well as all acts of the Management taken or adopted since the annual stockholders' meeting on 17 April 2013 until today, as reported by the Corporate Secretary.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the motion are as follows:

	For	Against	Abstain
Number of Shares Voted	21,212,838,372	12	224,071
% of Shares Voted	99.99%	0%	0.001%

**8. Approval of the Amendments to the Seventh Article of the Articles of Incorporation**

At the request of the Chairman, the Chief Finance Officer, Mr. Jaime E. Ysmael, explained that the proposed amendments to the Seventh Article were approved by the Board of Directors in its meeting held on 21 February 2014. The amendments exempt from pre-emptive rights of the stockholders (1) the issuance of up to One Billion common shares ("Carved-out Shares") for the purpose of raising cash to acquire properties or assets needed for the business of the Corporation or in payment of debt contracted prior to the issuance of the Carved-out Shares, and (2) the issuance of common shares under the Corporation's Stock Option Plan to members of Management Committees of the Corporation's subsidiaries and affiliates.

The Carved-out Shares are reserved or allocated for issuance, in one or more transactions or offerings, (i) for properties or assets needed for the business of the Corporation, or (ii) for cash to acquire properties or assets needed for the business of the Corporation, or (iii) in payment of a debt contracted prior to the issuance of the Carved-out Shares. As with the previous share carve-out, the intention is to use this facility to finance opportunistic acquisitions that can generate significant value, such as the FTI property. The Corporation still has sufficient debt capacity and significant cash from operations and it does not intend to raise equity this year to support its planned capital expenditure program.

The Chairman asked if there were questions on the proposed amendments to the Seventh Article of the Articles of Incorporation.

Mr. Turner commented that the information he was asking earlier was actually found at the back of the voting slip. He then asked how much is the debt that is intended to be paid for through the proposed Carved-out Shares and what is it for. Mr. Ysmael answered that looking at the sequencing of the options by which the proposed share carve-out is intended to be used, payment of debts is the last priority. The intent is to use the Carved-out Shares to acquire properties or to raise cash to acquire properties. It would either swap the shares directly with properties that are strategic or raise money similar to what the Corporation did in 2012 and 2013.

The Chairman added that in the past it has been shown that the Corporation needed to move quickly in the transactions as the windows of opportunity in the capital markets are sometimes very short. With the proposal, the Corporation would be given more flexibility. It was also noted that the Corporation is very careful in the dilution effects of this proposed share carve-out on the shareholders and thus, it has always exercised prudence even in the past for a similar exercise.


There being no other questions on the item, the Chairman requested for a motion for approval.

On motion of Ms. Robelyn T. Magalino, seconded by Mr. Roy Elmor C. Collado, the stockholders ratified and approved the amendments to the Seventh Article of the Articles of Incorporation to exempt from pre-emptive rights the (1) issuance of 1 Billion common shares for acquisitions or debt payments, and (2) the issuance of stock options to members of the Management Committees of the Corporation's subsidiaries or affiliates and adopted Resolution No. S-04-14. The text of the following Resolution No. S-04-14 was shown on the screen.

#### **Resolution No. S-04-14**

**RESOLVED**, as recommended by the Board of Directors in Resolution No. B-14-14, to approve and authorize the exemption from pre-emptive rights of the following: (1) issuance of up to One Billion common shares (i) for properties or assets needed for the business of the Corporation, or (ii) for cash to acquire properties or assets needed for the business of the Corporation, or (iii) in payment of a debt contracted prior to issuance of such shares, and (2) issuance of common shares covered by the Corporation's Stock Option Plans for members of the management committees of the Corporation's subsidiaries or affiliates, and, for this purpose, to amend the Seventh Article of the Articles of Incorporation so that, as amended, the section on Common Shares, beginning from its second paragraph, shall henceforth read as follows (and there are no changes to the rest of the Seventh Article):

Any and all issues of the Corporation's common stocks, except as otherwise specified in this Article Seventh or by law, shall be subject to the stockholders' pre-emptive rights in accordance with law. No



stockholder of the Corporation shall have pre-emptive rights to (i) issues of common shares covered by the Corporation's Stock Option Plans for its employees and officers, and the members of the management committees of its subsidiaries and affiliates, (ii) the issuance, sale or other disposition of treasury shares, and (iii) the issuance of common shares, with the approval of stockholders representing two-thirds (2/3) of the outstanding capital stock, for the purpose of exchanging such shares for properties or assets and/or to raise funds to acquire properties or assets needed for the business of the Corporation and/or in payment of a previously contracted debt. (As amended on 7 April 2014)

One Billion (1,000,000,000) unissued common shares of the Corporation (the "Carved-out Shares") are hereby reserved or allocated for issuance, in one or more transactions or offerings, (i) for properties or assets needed for the business of the Corporation, or (ii) for cash to acquire properties or assets needed for the business of the Corporation, or (iii) in payment of a debt contracted prior to the issuance of the Carved-out Shares. The issuance of all or any part of the Carved-out Shares is not subject to any pre-emptive right by any shareholder and does not require the approval of stockholders. (As amended on 7 April 2014)

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the amendments to the Seventh Article of the Articles of Incorporation are as follows:

- (i) Amendment exempting from pre-emptive rights the issuance of One Billion common shares, and Resolution No. S-04-14 to the extent that it pertains to this amendment:

	For	Against	Abstain
Number of Shares Voted	21,212,741,477	1	323,659
% of Outstanding Capital Stock	99.99%	0.00%	0.002%

- (ii) Amendment exempting from pre-emptive rights the issuance of common shares covered by stock options granted to members of Management Committees of the Corporation's subsidiaries or affiliates, and Resolution No. S-04-14 to the extent that it pertains to this amendment:

	For	Against	Abstain
Number of Shares Voted	21,180,542,179	27,881,001	3,644,300
% of Outstanding Capital Stock	99.85%	0.13%	0.02%

## 9. Approval of the Amendment to the Third Article of the Articles of Incorporation

At the request of the Chairman, the Corporate Secretary, Mr. Hermosura, explained that the amendment was approved by the Board of Directors in its meeting held before the annual stockholders' meeting. It is intended to comply with SEC Memorandum Circular No. 6, series of 2014, directing corporations whose articles of incorporation indicate only a general address as their principal office address (e.g. Metro Manila) to amend their articles of incorporation to specify their complete address, including, if possible, the street number, street name, barangay, city or municipality, the name of the building, the number of the building, and name or number of the room or unit.

The Chairman asked if there are questions to the proposal to amend the Third Article of the Articles of Incorporation. There being no question on the item, the Chairman requested for a motion for approval.

On motion of Ms. Kristin Melissa R. Raval, seconded by Ms. Jean Patricia L. Morales, the stockholders ratified and approved the amendment to the Third Article of the Articles of Incorporation to indicate the complete principal address of the Corporation in compliance with SEC Memorandum Circular No. 6 and adopted Resolution No. S-05-14. The text of the following Resolution No. S-05-14 was shown on the screen.

**Resolution No. S-05-14**

**RESOLVED**, as recommended by the Board of Directors in Resolution No. B-15-14, to approve the amendment to the Third Article of the Articles of Incorporation in compliance with Securities and Exchange Commission Memorandum Circular No. 6, series of 2014, so that, as amended, the Third Article shall henceforth read as follows:

**THIRD.** That the place where the principal office of the Corporation is located is at 31<sup>st</sup> Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Metro Manila, Philippines, but it may establish branch offices in any part of the Philippines or in such other places outside the Philippines as may be approved by the Board of Directors. (As amended on 7 April 2014)

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the amendment to the Third Article of the Articles of Incorporation and the adoption of Resolution No. S-05-14 are as follows:

	For	Against	Abstain
Number of Shares Voted	21,212,766,350	55,412	230,405
% of Outstanding Capital Stock	99.99%	0.0003%	0.001%

**10. Approval of the Amendment of the Stock Option Plan**

At the request of the Chairman, the Chairman of the Personnel and Compensation Committee, Mr. Francis G. Estrada, explained that the amendment of the Stock Option Plan presented for the approval of the stockholders was approved by the Board in its meeting held before the annual stockholders' meeting. The amendment of the Stock Option Plan would include the members of the management committees of the Company's subsidiaries and affiliates as eligible grantees of stock options, which was then presented for ratification and approval by the stockholders.

The Chairman asked if there are questions on the proposal.

Mr. Turner inquired whether the amendment of the Stock Option Plan would include entities outside the Philippines. The Chairman replied in the negative and explained that the amendment is simply to broaden the scope of the Stock Option Plan, that is, from the Corporation's employees only to include those in the subsidiaries. The Chairman stated that the applicability of the Stock Option Plan to subsidiaries of the Corporation outside the Philippines will be properly studied but for the meantime it will be made to apply only to subsidiaries and affiliates located in the country.

There being no other questions on the item, Mr. Melvin Carreon moved for the ratification and approval of the amendment of the Corporation's Stock Option Plan to include the members of the management committees of the Corporation's subsidiaries and affiliates as eligible grantees of stock options and for the adoption of Resolution No. S-06-14, and Mr. Mark Louisse S. Sillo seconded the motion. The text of the following Resolution No. S-06-14 was shown on the screen.

**Resolution No. S-06-14**

**RESOLVED**, as recommended by the Board of Directors in Resolution No. B-01-14, to approve the amendment of the Stock Option Plan of the Corporation to include the members of the management committees of the Corporation's subsidiaries and affiliates as eligible grantees of stock options.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the amendment of the Stock Option Plan of the Corporation and the adoption of Resolution No. S-06-14 are as follows:

	For	Against	Abstain
Number of Shares Voted	21,212,645,466	91,160	298,511
% of Outstanding Capital Stock	99.99%	0.0004%	0.001%

**11. Election of Directors\***

The next item in the Agenda was the election of nine (9) members of the Board of Directors for the ensuing year. The Chairman requested the Chairman of the Nomination Committee to explain this item.

Mr. Oscar S. Reyes, the Chairman of the Nomination Committee, explained that, in accordance with the requirements of the Corporation's By-Laws, the Manual of Corporate Governance and the SEC Rules, the names of the following nominees to the Board of Directors had been submitted to the Nomination Committee, and each one has accepted the nomination in writing:

Fernando Zobel de Ayala  
Antonino T. Aquino  
Jaime Augusto Zobel de Ayala  
Delfin L. Lazaro  
Bernard Vincent O. Dy  
Vincent Y. Tan  
Rizalina G. Mantaring  
Francis G. Estrada  
Jaime C. Laya

Messrs. Estrada and Laya, and Ms. Mantaring had been nominated as independent directors.

Mr. Reyes further reported that all the nominees possessed all the qualifications and none of the disqualifications under the Corporation's By-Laws and Manual of Corporate Governance, and were eligible to be nominated and elected directors of the Corporation.

The Chairman noted that the number of nominees was equal to the number of directors to be elected. Given this, and there being no questions from the stockholders and without prejudice to the right of the stockholders to vote for the directors and the tabulation of the votes, the Chairman declared the nine (9)

nominees elected, to serve as directors from 7 April 2014 until their successors are duly elected and qualified.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes received by the nominees are as follows:

Director	For	Against*	Abstain*
Fernando Zobel de Ayala	21,105,026,736	101,984,250	0
% of Shares Voted	99.49%	0.48%	0%
Antonino T. Aquino	21,147,348,308	59,669,243	0
% of Shares Voted	99.69%	0.28%	0%
Jaime Augusto Zobel de Ayala	21,121,982,500	85,026,855	0
% of Shares Voted	99.57%	0.40%	0%
Delfin L. Lazaro	21,133,830,225	73,149,507	0
% of Shares Voted	99.63%	0.34%	0%
Bernard Vincent O. Dy	21,135,259,762	58,795,795	0.06%
% of Shares Voted	99.63%	0.28%	12,924,000
Vicent Y. Tan	21,158,801,847	48,176,595	0
% of Shares Voted	99.74%	0.23%	0%
Francis G. Estrada	21,196,487,506	10,621,700	0
% of Shares Voted	99.92%	0.05%	0%
Jaime C. Laya	21,196,361,473	10,621,700	0
% of Shares Voted	99.92%	0.05%	0%
Rizalina G. Mantaring	21,206,946,932	2,500	0
% of Shares Voted	99.97%	0.00%	0%

\* Votes "Against" have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, the election of directors is by plurality of votes.

Abstentions also have no effect on the outcome of the elections. Under the Corporation Code of the Philippines, shareholders have the right to cumulative voting to ensure minority shareholders' representation in the Board of Directors. A shareholder is entitled to one vote per share times the number of directors to be elected. He may cumulate his votes all in favor of one candidate, or distribute them equally or in any proportion among the candidates.

## 12. Election of Auditors and Fixing of Their Remuneration

At the request of the Chairman, Mr. Oscar S. Reyes, the Chairman of the Audit and Risk Committee, informed the stockholders that the Committee evaluated and was satisfied with the performance of the Corporation's external auditor, SGV. Thus, the Committee and the Board agreed to endorse the election of SGV as the external auditor of the Corporation for the current fiscal year for an audit fee of Three Million Four Hundred Sixty-Five Thousand Pesos (PhP3.465 Million), exclusive of value-added tax and out-of-pocket expenses.

The Chairman opened the floor for comments but no stockholder raised any question or comment. Thereafter, on motion of Ms. Michelle Francisco, seconded by Mr. Ivan C. Ayson, the stockholders elected SGV as external auditor of the Corporation for the current fiscal year and approved SGV's audit fee and adopted the following Resolution No. S-07-14, which was shown on the screen.

### Resolution No. S-07-14

**RESOLVED**, as endorsed by the Board of Directors, to approve the re-election of SyCip Gorres Velayo & Company as the external auditor of the Corporation for the year 2014

✓

for an audit fee of PhP3.465 Million, exclusive of value-added tax and out-of-pocket expenses.

As tabulated by the Office of the Corporate Secretary and validated by SGV, the votes on the election of SGV as external auditor of the Corporation, the approval of its audit fee, and the adoption of Resolution No. S-07-14 are as follows:

	For	Against	Abstain
Number of Shares Voted	21,212,835,927	0	229,010
% of Shares Voted	99.99%	0%	0.001%

### 13. Other Matters

The Chairman opened the floor for questions or comments from the stockholders on matters which are relevant and of general concern to the stockholders.

Mr. Elias B. Dulalia took the floor and congratulated the Board and the Management, noting that despite economic crisis the Corporation has recorded more than 14 Billion net income --- a symbol of good management.

Thereafter, Mr. Dulalia asked the Chairman and the President regarding the Corporation's plan for the next two years. On behalf of the Chairman and the President, Mr. Aquino responded that the Corporation has made clear in its audio-visual presentation shown earlier the specific growth trajectory of each of its business units. The Corporation feels quite strongly that with a very positive economic environment, it could still continue launching with its various products --- the residential, shopping center, office, hotel, medical facilities. The Corporation is positive that it will continue to expand given the good economic environment.

### 14. Adjournment

There being no other matters to discuss, on motion of Mr. Joel Noah C. Gargallo, seconded by Mr. Rodney Jay E. Asinas, the meeting was adjourned.

PREPARED BY:



**SOLOMON M. HERMOSURA**

Corporate Secretary 

ATTESTED BY:



**FERNANDO ZOBEL DE AYALA**

Chairman of the Board & of the Meeting