



MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

Held on 18 April 2012 at 9:00 o'clock in the morning

Grand Ballroom, InterContinental Hotel Manila

Ayala Center, Makati City

	No. of Shares	Percentage of Total
Outstanding Shares Represented	22,094,905,103	84.73%
Voting Shares Represented	9,376,019,892	71.88

Directors Present:

Fernando Zobel de Ayala, *Chairman*

Jaime Augusto Zobel de Ayala, *Vice Chairman*

Antonino T. Aquino, *President and CEO*

Oscar S. Reyes, *Chairman, Audit and Risk Committee*

Francis G. Estrada, *Chairman, Personnel and Compensation Committee*

Delfin L. Lazaro, *Member, Executive Committee*

Jaime C. Laya, *Member, Audit and Risk Committee*

Mercedita S. Nollado, *Member, Audit and Risk Committee*

Aurelio R. Montinola III

No director was absent from the meeting.

CALL TO ORDER

Mr. Fernando Zobel de Ayala, Chairman of the Board of Directors, called to order the annual meeting of the stockholders.

NOTICE OF MEETING AND DETERMINATION OF QUORUM

The Corporate Secretary, Mr. Solomon M. Hermosura, reported that written notice of the meeting, stating the time, date, place, and purposes thereof, including the required Information Statement, was duly sent to each stockholder of record as of 20 February 2012 in accordance with the requirements of the Securities and Exchange Commission and the By-Laws of the Corporation. In addition, notice of the meeting was published in the 13 April 2012 issue of the Philippine Daily Inquirer, a newspaper of general circulation in the country.

The Secretary also confirmed that stockholders owning 22,094,905,103 shares or 84.73% of the outstanding 26,077,763,662 total outstanding shares of the Corporation as of record date of 20 February 2012, and stockholders owning 9,376,019,892 shares or 71.88% of the outstanding common shares of the Corporation as of record date of 20 February 2012, were present in person or by proxy. Thereafter, the Chairman, declared the existence of a quorum for the transaction of business. ✓

APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

The next item in the agenda was the approval of the minutes of the annual stockholders' meeting held on 13 April 2011. Copies of the minutes were given to the stockholders upon their registration for the meeting.

Upon motion of Ms. Anna Gonzalez, which was duly seconded by Ms. Arlene Arao, stockholders owning 9,346,016,628 shares or 99.68% of the total voting shares represented at the meeting approved the minutes. No shareholder voted against the approval of the minutes while stockholders owning 0.32% of the total number of voting shares represented at the meeting abstained.

ANNUAL REPORT OF OFFICERS

The report to the stockholders consisted of three parts: the Chairman's Message, the Report of the President, and an audio visual presentation.

Chairman's Message

The Chairman said that the Philippine property sector remained upbeat and experienced sustained demand across the residential, retail, office, and hotel sectors. The Corporation continued to pursue the aggressive investment plan it started in 2010.

In 2011, the Corporation posted another record breaking year by posting a net income of PHP7.1 billion. This was a 31% increase over the previous year. Combined with better capital efficiency, the Corporation increased its return on equity (ROE) to 12% from 10% the prior year.

The Corporation expanded its business to cover new cities and reached out to consumers in lower income segments. This was part of the broader initiative of the Ayala group of companies to take a strategy of greater social inclusion in each of the businesses.

The Chairman informed the stockholders that Amaia launched six (6) new projects and introduced two (2) new formats – Amaia Steps and Amaia Skies. On the other hand, BellaVita, the Corporation's 5th residential brand, which caters to the socialized housing segment, was launched in December 2011. With these two brands, the Corporation has diversified its residential portfolio and broadened the sources of growth for the residential business in the coming years.

With five (5) brands in the residential business, the Corporation has a full range of residential projects that would address the housing needs of consumers across nearly all economic segments. Combined, these brands generated records sales in 2011.

The Corporation saw attractive opportunities to offer the Ayala brand of retail and office formats in progressive provinces. Given the success of earlier launches, there was significant room to expand in new locations across the country.

Looking for attractive opportunities to expand the hotels and resorts portfolio in the coming years, the Corporation increased the capacity of the Pangalusian Island Resort in Palawan and broke ground in four (4) sites of the Hotel Kukun brand. ✓

Amid its aggressive expansion, the Corporation continued to broaden its sustainability reporting, which was compliant with the application level A of the Global Reporting Initiative Guidelines. For 2011, the Corporation reported on 79 GRI indicators, which was 39% more than what was reported in 2010.

The Chairman reported that the market has positively recognized all the strategies, investments, and operating results. The Corporation's share price significantly increased, which reaffirmed the market's confidence in its ability to execute its 5-10-15 Plan.

The Corporation also declared and paid cash dividends amounting to PhP1.9 billion, which translated to a higher payout ratio of 35%.

Given the renewed foreign investor interest in the country and the stock market, the Chairman stated that it was imperative that the Corporation would continue to ensure its stockholders had enough headroom and trading liquidity for its common shares.

The Chairman expressed that the Corporation would continue to grow and achieve its goal to reach PhP10 billion net income and 15% return in equity by 2014. He expressed confidence in the Corporation's highly capable and talented management team, its strict adherence to the values of integrity and excellence, and firm commitment to sustainable business practices.

In closing, the Chairman thanked his fellow directors for their guidance, the Management team and employees for their hard work, and the customers, business partners, and the stockholders for their support.

After his message, the Chairman called the President, Mr. Antonino T. Aquino, to give his report.

President's Report

The President's Report was composed of two (2) parts – (i) progress with respect to the 5-10-15 Plan and (ii) the Corporation's forward plans.

For the first part of his report, the President gave a background on the 5-10-15 Plan.

In 2009, the Corporation launched its 5-10-15 Plan that set the objective of attaining in five (5) years a net income of PhP10 billion and a 15% ROE.

As of 2011, the Corporation was ahead of its PhP10 billion target. Net income reached PhP7.1 billion, which was 31% higher than the previous year's net income and on top of a 35% net income growth recorded the previous year.

Regarding the ROE target, the Corporation generated an ROE of 12% for 2011, 2-percentage points more than the ROE in 2010.

The Corporation took advantage of the robust economic prospects last year by launching 67 projects across the country and its business lines with a gross value of PhP70 billion, of which PhP30 billion was spent last year. ✓

The net income and ROE performances were achieved through the execution of the Corporation's five-pillar strategy of growth, margin improvement, capital efficiency, organizational development, and brand building.

The Corporation premised its Plan on the favorable economic environment, strong GDP growth, low levels of interest, positive OFW remittances, resilient personal consumption expenditures, increased level of BPO activity, and increase in tourist arrivals.

The President discussed the Corporation's geographic expansion that enabled it to broaden its coverage and create new markets in various areas across the country. For its market diversification, the Corporation expanded its customer base to cover the economic and socialized housing segments, enabling the Corporation to offer a full range of residential brands and product lines catering to the entire strata of the Philippine economic pyramid. The Corporation strengthened its recurring income base through its commercial leasing portfolio by replicating its product diversification across the country. The Corporation's own hotel brand Kukun would cater to the growing number of business travelers and tourists across the commercial districts in the country. These initiatives were meant to provide the Corporation with a strong diversified and stable growth platform and income base.

Aside from increasing revenues, the Corporation also focused on margin improvements to maximize the bottom line and pursued a more efficient use of its assets under a capital efficiency program.

While it substantially increased its dividend distribution to stockholders, the Corporation also raised more than PhP25 billion from the debt capital market. This enabled it to make optimal use of its balance sheet and make available cash for expansion purposes.

The strong balance sheet allowed the Corporation to reduce the cost of its borrowing as it took advantage of the low interest rate environment.

Cognizant that its aggressive expansion programs would expose it to some risks, the Corporation implemented and strengthened its enterprise wide risk management program as part of its organizational development initiatives. It has instituted a company-wide disaster preparedness plan, increased employee productivity and reduced corporate overhead, as well as increased its sustainability initiatives to enhance the value of its properties.

For the second part of his report, the President declared the following plans:

- Launch of 67 new projects worth PhP 90 billion across major businesses throughout the country
- Establishment of permanent offices abroad to easily reach out to the overseas Filipino market;
- Opening of three (3) major shopping center developments – first phase of Glorietta in Ayala Center, Harbor Point in Subic, and Centrio Mall in Cagayan de Oro.
- Doubling of office space in the BPO sector
- Major expansions in branded international hotels, Hotel Kukun, and the island resorts
- Doubling of the land bank size to sustain long term growth in key urban and provincial areas
- Participation in the government's Public and Private Partnerships (PPP) programs
- Fortification of the construction capabilities ✓

In closing, Mr. Aquino thanked the Board of Directors for its guidance, the Management team and the employees for all the hard work, and the business partners, customers, and loyal stockholders for their continuing support.

The President's report was followed by an audio visual presentation on the Corporation's various projects, and accomplishments and goals.

After the video presentation, the Chairman opened the floor for questions or comments from the stockholders relating to the annual report or the 2011 audited financial statements.

Stockholders' Questions and Comments

The relevant and significant comments and queries of the stockholders were as follows:

- a. *Minutes of meetings.* Stockholder Guillermo Gili suggested that the minutes of a preceding stockholders' meeting be sent together with the notice of a stockholders' meeting to all stockholders of record.
- b. *Informal settlers.* On Mr. Gili's inquiry on the effects of Executive Order No. 152 on the conduct of demolition and eviction activities involving the homeless and underprivileged citizens, Mr. Aquino replied that the Corporation has taken a balanced approach to getting a decent relocation for the informal settlers and, at the same time, pursuing its business interests. The Corporation also entered into partnerships with Habitat for Humanity and Gawad Kalinga to assist in providing better relocation areas for informal settlers.
- c. *Daang Hari bid.* Mr. Gili congratulated Ayala Corporation for winning the bid for the Daang Hari project. He said that this would give the Corporation enough advantage in the area.
- d. *Trinoma development.* In reply to Stockholder Frederico Aldecoa's query about the relocation status of informal settlers around Trinoma, Mr. Aquino said that the National Housing Authority (NHA), which was obligated to deal with the informal settlers, has been clearing the area. When President Benigno C. Aquino Jr. ordered the suspension of the relocation, the Corporation decided to develop areas where the clearing was successfully conducted. Mr. Aquino further said that the Corporation has been in a continuing dialogue with the NHA regarding the matter.
- c. *Property managers.* Stockholder Ed Lucero commented that, as a real estate broker for Ayala Land Premier, some of his clients had expressed their concern that the administration personnel of the condominium developments have not delivered the services expected from them. The Chairman assured Mr. Lucero that the Corporation would continue to work to improve the quality and standard of these services.
- d. *Future plans.* Stockholder Elias Dulalia asked about the Corporation's plans for the next two years. The Chairman replied that the Corporation would move into a period of record expansion along many product lines in different geographic locations.
- e. *Bicol plans.* Stockholder Vicente Baltazar asked if there were upcoming plans from the Corporation for the Bicol region. Mr. Aquino replied that the Corporation has presence in Naga. A retail project in Legaspi and Pili was undergoing evaluation. ✓

f. *Flood prevention.* Stockholder Angelina Jose called the Board's attention to the flooding in Brgy. Pinagkaisahan, Taguig City, outside the Bonifacio Global City. Mr. Aquino replied that the Corporation would check on what may be done to prevent the flooding.

There being no other comments or questions from the stockholders, and on motion made by Ms. Elena Salazara and duly seconded by Ms. Joni Lopez, stockholders owning 9,353,517,444 voting shares or 99.76% of the total number of voting shares represented at the meeting approved the annual report, including the 2011 audited financial statements, in their entirety. Out of the total number of voting shares represented at the meeting, stockholders owning 0.14% of the total number of voting shares represented at the meeting voted against the approval and stockholders owning 0.10% of the total number of voting shares represented at the meeting abstained from voting.

RATIFICATION AND APPROVAL OF ALL RESOLUTIONS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE, AS WELL AS ACTS OF THE MANAGEMENT SINCE 13 APRIL 2011 UNTIL 18 APRIL 2012

Mr. Hermosura explained and sought the ratification and approval of all resolutions adopted by the Board of Directors and the Executive Committee, as well as all the acts of the Management since the annual stockholders' meeting on 13 April 2011 until 18 April 2012.

The resolutions of the Board and its committees were reflected in the minutes of meetings and included the approval of contracts and agreements, projects, investments, and treasury matters, and other acts which have been covered by disclosures to the Philippine Stock Exchange ("PSE") and the Securities and Exchange Commission ("SEC"). The acts of Management were those taken to implement the resolutions of the Board of its committees, or taken in the general conduct of business.

On motion made by Ms. Michelle Punongbayan, which was seconded by Ms. Andrea Roxas, stockholders owning 9,362,893,464 or 99.86% of the total number of voting shares represented at the meeting approved and ratified all the resolutions of the Board and the Executive Committee, as well as all the acts of Management beginning on 13 April 2011 until 18 April 2012. No shareholder voted against the approval while stockholders owning 0.14% of the total number of voting shares represented at the meeting abstained from voting.

AMENDMENTS TO THE SEVENTH ARTICLE OF THE ARTICLES OF INCORPORATION

For the approval of the amendments to the Articles of Incorporation, Mr. Jaime E. Ysmael, Chief Finance Officer, informed the stockholders that the Supreme Court recently issued a ruling excluding non-voting preferred shares from the computation of equity when computing for a company's level of foreign ownership. If applied to the Corporation, this rule would bring its foreign ownership to 39%, which was very close to the 40% regulatory limit.

In view of this, Management has recommended the issuance of new voting preferred shares to replace the existing non-voting preferred shares that no longer achieved the purpose for which they were created. This would allow foreign investors to purchase a greater number of common shares, thereby increasing trading liquidity in the Corporation's shares, and further unlocking the value of its listed common shares. This would allow the Corporation to remain a Philippine national and be compliant with the constitutional requirement on Filipino ownership. ✓

Mr. Ysmael explained that the features of the new voting preferred shares would be identical to the non-voting preferred shares except for the voting feature and the manner of computing the dividend earned.

In February 2012, the Board approved a process for the replacement of the Corporation's issued non-voting preferred shares with voting preferred shares via a 3-step process.

First, the retirement of the issued non-voting preferred shares by making them redeemable, redeeming them, and then removing them from the capital stock.

Second, the reclassification of the unissued non-voting preferred shares into a new class of voting preferred shares, then an increase in the authorized capital stock by way of issuing additional voting preferred shares.

Then, thirdly, the issuance of new voting preferred shares via a rights issue to replace the previously issued non-voting preferred shares with a dividend rate of 90% of the 10-year PDST R2 equivalent at prevailing rate to around 4.75% re-priceable every 10 years.

In order to give all shareholders the opportunity to subscribe, the Corporation would issue the new voting shares pro-rata on a pre-emptive rights basis to all existing common stockholders which would entitle them to subscribe to one voting preferred share for every common share held. He said that notices would be given to all stockholders on their pre-emptive rights as soon as the approval from SEC is obtained.

Mr. Ysmael also presented the resolutions adopted by the Board on (i) the change of non-voting preferred shares to redeemable and the reclassification of unissued non-voting preferred shares to voting preferred shares, (ii) the increase in capital stock for the issuance of new class of voting preferred shares, and (iii) the decrease of the capital stock upon redemption of the non-voting shares.

Stockholder Emil dela Cruz asked about the ratio between the common shares and the new voting preferred shares. Mr. Ysmael answered that the new voting preferred shares would be issued on 1:1 basis. Every common share would entitle the stockholder to subscribe to one preferred share at a par value of PhP0.10 per share.

Mr. dela Cruz inquired if the shares would be listed in the PSE. Mr. Ysmael replied that the new shares would not be listed. The purpose of the issuance was only to ensure compliance with the constitutional requirement on Filipino ownership.

Mr. dela Cruz further asked if the new voting preferred shares would be in addition to the previous preferred shares issued. Mr. Ysmael replied that the preferred non-voting shares would be retired completely and be replaced with the same number of shares that were outstanding before the approval.

On motion made by Ms. Jennifer Almojuela, which was seconded by Ms. Faye Antolin, the stockholders approved the amendments to the Seventh Article of the Articles of Incorporation.

Listed below are the votes received for each amendment.

	Number of Votes (% of Voting Shares Represented)
Changing the non-redeemable feature of the preferred shares to redeemable	21,562,417,890 or 97.59%
Reclassification of PhP1.965 billion unissued non-voting preferred shares into a new class of preferred shares with voting rights and a par value of PhP0.10 per share	21,535,904,004 or 97.47%
Increase in the authorized capital stock from PhP21.5 billion to PhP22.803 billion by way of additional voting preferred shares	21,535,904,004 or 97.47%
Decrease in capital stock from PhP22.803 billion to PhP21.5 billion by way of retirement of the PhP13 billion redeemed non-voting preferred shares after the outstanding non-voting preferred shares are redeemed	22,075,019,688 or 99.91%

ELECTION OF DIRECTORS

For the election of the nine (9) members of the Board for the ensuing year, Mr. Francis G. Estrada, Chairman of the Nomination Committee, explained that, in accordance with the requirements of the Corporation's By-Laws, its Manual of Corporate Governance, and the Securities Regulation Code ("SRC"), the following stockholders were duly nominated as directors of the Corporation for the ensuing year, all of whom gave their consent to their nomination:

Fernando Zobel de Ayala	Aurelio R. Montinola III
Jaime Augusto Zobel de Ayala	Oscar S. Reyes
Antonino T. Aquino	Francis G. Estrada
Delfin L. Lazaro	Jaime C. Laya
Mercedita S. Nollado	

Mr. Estrada added that, pursuant to SRC Rule 38, he and Messrs. Laya and Reyes were nominated as Independent Directors. He further informed the stockholders that the Corporation's Nomination Committee had ascertained in good faith that the nine (9) nominees, including the three (3) nominees for Independent Directors, possessed all the qualifications and none of the disqualification to serve as directors of the Corporation. ✓

Upon motion by Ms. Patty Joaquin, which was seconded by Ms. Val Dizon, the nominees were declared elected directors of the Corporation for the ensuing year effective 18 April 2012 and until their successors have been elected and qualified.

The votes received by the nominees (and percentage of voting represented) are as follows:

	Number of Votes (% of Voting Shares Represented)
Fernando Zobel de Ayala	9,349,767,036 or 99.72%
Jaime Augusto Zobel de Ayala	9,349,767,036 or 99.72%
Antonino T. Aquino	9,362,893,464 or 99.86%
Delfin L. Lazaro	9,349,767,036 or 99.72%
Aurelio R. Montinola III	9,302,886,937 or 99.22%
Mercedita S. Nollado	9,316,013,365 or 99.36%
Jaime C. Laya	9,366,643,872 or 99.90%
Francis G. Estrada	9,366,643,872 or 99.90%
Oscar S. Reyes	9,301,011,733 or 99.20%

ELECTION OF AUDITOR AND FIXING ITS REMUNERATION

On the election of the Corporation's external auditor, Mr. Oscar S. Reyes, Chairman of the Audit and Risk Committee, explained that the Committee had evaluated the 2011 performance of the Corporation's auditor, the firm of SyCip Gorres Velayo & Co. ("SGV"), and that it was satisfied with SGV's performance. Thus, the Committee and the Board agreed to endorse the re-election of SGV as external auditor for fiscal year 2012 for a fee of PhP3,100,000.00 million, exclusive of value-added tax ("VAT") and out-of-pocket expenses, and which was 5% higher than the fee last year.

On motion made by Ms. Pivi Diaz, which was seconded by Mr. Jericho Montenegro, the firm of SGV was re-elected as the external auditor of the Corporation for the fiscal year 2012 for an audit fee of PhP3,100,000.00, exclusive of value-added tax ("VAT") and out-of-pocket expenses. Shareholders owning 9,366,643,872 or 99.90% of the total number of voting shares represented at the meeting voted for the re-appointment of SGV as external auditor and shareholders owning 0.10% of voting shares represented at the meeting abstained from voting. No stockholder voted against SGV's re-election as external auditor.

OTHER MATTERS

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

Stockholder David Co asked if the Corporation had programs that would benefit the elderly. Mr. Aquino replied that the malls and theaters of the Corporation would look into such programs.

Stockholder Greg Calixto inquired if the payout of dividends had a fixed ratio. The Chairman replied that the rate of the payout was constantly being evaluated. ✓

ADJOURNMENT

There being no other matters to discuss, and on motion made by Mr. Pedro Soriano and seconded by Ms. Hya Chim, the meeting was adjourned at around 10:37 AM.



SOLOMON M. HERMOSURA
Corporate Secretary

ATTESTED BY:



FERNANDO ZOBEL DE AYALA
Chairman of the Board