

**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS OF**  
**ALLIANCE GLOBAL GROUP, INC.**

18 September 2018

Grand Ballroom, Eastwood Richmond Hotel, 17 Orchard Road,  
Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines

**I. CALL TO ORDER**

The President, Mr. KINGSON U. SIAN, welcomed the stockholders to the meeting. He then turned over the floor to the Chief Executive Officer, Mr. KEVIN ANDREW L. TAN, who was designated as the presiding officer of the meeting. Thereafter, the presiding officer called the meeting to order at 9:15 a.m.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary, Mr. DOMINIC V. ISBERTO, informed the body that, based on the certification of the Corporation's stock transfer agent, the notices of the Annual Meeting had been sent to stockholders as of 10 August 2018, the record date of the Annual Meeting. He likewise certified that there exists a quorum to transact the business in the agenda, there being present, either in person or by proxy, stockholders holding 82.70% of the subscribed and outstanding capital stock of the Corporation and that only stockholders who have registered may be heard at the meeting.

**III. APPROVAL OF MINUTES OF PREVIOUS ANNUAL MEETING**

Since copies of the Minutes of the Annual Stockholders' Meeting held last 17 September 2017 had earlier been furnished to all stockholders in attendance, upon motion made and duly seconded, the reading of the said minutes was dispensed with and the same were approved.

**IV. REPORT OF MANAGEMENT**

On behalf of the Corporation, DR. ANDREW L. TAN, Chairman and CEO, delivered the management report for the year 2017:

The year 2017 was marked by trailblazing achievements, unprecedented in the history of Alliance Global Group, Inc (AGI). Our subsidiaries continued to record new performance milestones, surpassing everyone's expectations.

Overall, we have made further inroads to become a uniquely diversified global conglomerate, a position we have deliberately carved out for ourselves less than a decade ago when we decided to pursue an aggressive expansion program. AGI ended 2017 with a net income of P21.8 billion, reflecting a compounded annual growth rate of 16% for the past 10 years as consolidated revenues reached P141.6 billion. Attributable profit stood at P14.9 billion, also growing at an annual clip of 16% for the same period.

Our property arm, Megaworld Corporation, posted another stellar performance as net income reached P13.2 billion on revenues of P50.1 billion. It attained its target of launching 20 real estate projects during the year and then exceeded expectations with reservation sales of P105 billion, a first in its 28-year history. Megaworld now has 667 residential towers, 57 office buildings and 15 lifestyle malls all over the Philippines, and still has over 4,400 hectares in 30 cities for future development.

Its rental income amounted to P11.8 billion, well on its way to achieving its target of P20 billion in 2020. As of end-2017, Megaworld's inventory of office and retail spaces totals 1.3 million square meters.

Its world-class and high-tech office buildings are home to a number of multinationals belonging to the Fortune 500 companies. Megaworld's distinctive lifestyle malls offer a range of unique features and experiences, having established themselves as major retail, dining and entertainment destinations.

AGI continues to gain headway in the tourism industry as our hotel operations raked in P4.2 billion in revenues. The Group currently has a total capacity of 3,200 room keys spread over a diversified portfolio of renowned global hotel brands under Travellers International Hotel Group, Inc. (Travellers) and our own prestigious hotel brands under Megaworld. Our target is to bring this number to 12,000 keys within the next three to five years.

In the near-term, the Group is set to expand its international hotel brands with the addition of the Hilton, Sheraton, Okura and Ritz-Carlton to complement our existing Marriott and Holiday Inn hotels. Our own hotel brands also got a boost with the launch in 2017 of Savoy Hotel in Boracay, allowing us to expand our strategic foothold in one of the country's prime tourist destinations. Savoy is a welcome addition to our existing hotel brands Richmonde and Belmont.

Our spirits business through Emperador Inc. registered total revenues of P42.7 billion in 2017 as it continued its brandy dominance in the local and international markets, while also expanding its presence in the global whisky segment through Scotland-based Whyte and Mackay (WMG).

WMG has been breaking new records in sales, making its mark as a significant growth driver of Group performance. This was led by its single malt whisky brands, The Dalmore and Jura, which have been enjoying brisk sales in Europe and Asia, mainly in China. In 2017, WMG launched a new blended malt brand, Shackleton, which gained strong market response. It is scheduled for broader distribution in 2018.

Emperador has also strengthened its portfolio of world-renowned brandies through Bodegas Fundador, whose premium brands like Fundador Supremo 18YO won the 2017 "Brandy of the Year" award. To further grow its dominance in the global brandy category, Emperador also acquired the Domecq brandies and wines during the year. In the Philippines, the "Tama Ka Dyan" campaign was launched to help improve sales and strengthen the position of our flagship Emperador Light as brand of choice for Filipinos.

Our leisure and entertainment business under Travellers saw Resorts World Manila (RWM) continue to set the benchmark for gaming thrills and excitement. In 2017, Travellers, a joint venture between AGI and Genting Hong Kong, recorded P21.1 billion in revenues.

In the coming months, Travellers is set to unveil the Grand Wing, which we believe will raise the bar in the industry. Once fully operational, the 14,000-square meter premium gaming facility under Phase 3 Expansion Program should help regain Travellers' leading position in the country's fast-growing gaming sector.

Our quick service restaurant business, Golden Arches Development Corporation (GADC), marked another sterling year as net income reached P1.7 billion on revenues of P25.5 billion. This was attributed to the healthy 5.8% growth in systemwide same-store sales. Also, in 2017, GADC opened 52 McDonald's restaurants all over the country, bringing its total store count to 566 and making inroads in new territories such as Antique, Sorsogon, Masbate and Agusan del Sur. McDonald's is set to bring its number of restaurants in the Philippines to 1,000 within the next few years, riding high on its popular brand and growing patronage.

AGI's unique and diversified business has now come to a whole new level, with its foray into transport infrastructure development through our new wholly-owned subsidiary, Infracorp Development, Inc. (Infracorp). Its first undertaking is a 2-kilometer Skytrain monorail project that will link the MRT Guadalupe Station to our township in Uptown Bonifacio, thereby improving access to and in Fort Bonifacio. The project is expected to be operational by 2021.

Infracorp, through AGI, is also a party to the mega consortium that will rehabilitate the Ninoy Aquino International Airport (NAIA). The project is expected to bring the NAIA annual capacity to 47 million passengers by 2020 and then raise this further to 65 million by 2022.

Through the years, AGI has banked on the unwavering commitment of all our stakeholders to sustain corporate growth while contributing significantly to the country's economy. I once again rely on this dedication to galvanize our various subsidiaries in being more innovative in developing and implementing strategic initiatives in the pursuit of our business objectives for 2018 and beyond.

## **V. OPEN FORUM**

After the Chairman's message, the Chief Executive Officer, Mr. Kevin Tan, made a short presentation on the results for the year 2017. Thereafter, the floor was opened for questions from the stockholders.

Question 1: Good morning. I'm Maria Jessica Hernandez. So you have mentioned that Megaworld has a number of developments outside of Metro Manila. My question is, what are the opportunities outside of Metro Manila and in which areas do you see significant growth potential?

Mr. Kevin Tan: As you can see in the presentation, we see huge, huge opportunities for projects outside Metro Manila. We saw strong demand, for example, for our Maple Grove project in Cavite. Our initial launch for commercial lots had sales value of about 8.3 billion and was fully taken up in a couple of months. We are seeing also demand for condominiums in places where there were no condominium market to begin with. For example, we launched condominium projects in Iloilo, Southwoods, and Bacolod, and we had done very, very well in selling these condominiums out. We are also about to launch condominium projects in Pampanga where we could be one of the firsts as well. So we still believe that there are still more opportunities outside of Metro Manila with the improving infrastructure and rapid urbanization of new places, new areas.

Question 2: Good morning, everyone. Good morning. Dr. Andrew L. Tan and Mr. Kevin Tan. I'm Sam Canoa, a stockholder of Alliance Global and Megaworld. I would like to ask some questions about the rehabilitation plan of the NAIA consortium. We all know what happened to the operation of the NAIA last August. So what are the contingency plans for the occurrence such as hijacking, calamities, and accidents inside and outside the airport? What are your plans about it?

Mr. Kevin Tan: Well, first of all, I think what happened was quite unfortunate. But I think the current administration of the airport had dealt with it in the best possible way it could. I think, though, in consultation with them, there were some learnings from this experience, and we intend to undertake some of these learnings, for example, I think the government is already doing this, things like rapid exit ways, which the government has been constructing already, since the beginning of the year and actually completed some parts of it already. I think that will greatly help during these kinds of situations. I think also some additional protocols were already put in place as a result as well, so impact of occurrences like these will be minimal.

Sam Canoa: The President of the Ayala Corporation infrastructure group mentioned that the consortium submitted to the financial department the full plan, the list of the banks, identified the equipment suppliers for baggage handling system, and people movers, including Siemens and Takenaka Corporation in Japan. Who are the local and foreign banks and other equipment suppliers to provide the new technology or concept to rehabilitate NAIA?

Mr. Kevin Tan: At this point, I am not in the liberty to say exactly who are the suppliers who have bidden, and who are the banks, but I can tell you that we have gotten quite a lot of interests from all the banks, from all the big banks. Obviously, a project of this size will require quite a lot of funding, so there will be a syndicated loan, and I think there will be more than five banks who will probably participate in this project. Same as well with the equipment supplier, we are talking to many, even for the upgrading of the control tower, it is also quite a big endeavor in that department, so I can tell you right now that definitely the NAIA project has caught the attention of a lot of these suppliers. They see this is a good opportunity. They recognize the potential of the project. The potential of passenger capacity and they see the potential in the Philippines. That's why we are gaining a lot of interest.

Sam Canoa: Last July 2018 I was in Singapore, taking the plane to Changi. The reason why Singapore's Changi International Airport is one of the best airports in the world is because there are a lot of facility, services, and attractions, like arcades and a movie theater. The spokesperson of the NAIA consortium mentioned that the group sees a NAIA with more space to make flying a pleasant and memorable experience, just like when passengers pass through airports abroad, including the one in Singapore, which Changi Airport operates. Most of the companies involved have their own commercial and retail operations, including the Alliance Global. What are the facilities, services, and attractions that the group can offer to the passengers?

Mr. Kevin Tan: Well, first off, it's good that we have Changi as our partner. Obviously, they can bring a lot of their expertise in the attractions that you mentioned into this project. We do plan to expand all of the terminals, both what we call airside which is after expansion and landside which is before. The Philippines has one of the largest number of well-wishers in our airports. So our goal now is to improve the experience not just for the passengers but also for the family members that come to pick up or bring their families, or what we call "*make them hatid*" abroad. We have a plan to improve both airside and landside to improve their experience and the attractions come with that.

Sam Canoa: Lastly, this is the shortest question. What will be the corporate name of the NAIA consortium?

Mr. Kevin Tan: We have not decided on that yet. But if we will definitely come up with something, we will definitely announce it very soon.

Sam Canoa: Thank you and I am looking forward to the start of the rehabilitation next year July.

Mr. Kevin Tan: No, we plan to start the rehabilitation earlier. We hope to start it even first or second quarter next year.

Question 3: Good morning. I'm Judd Reyes. My question is for the capital expenditure program. I just wanted to find out how you will be funding it, and in relation to that, if you will be putting a cap on the borrowings for the capital expenditure.

Mr. Kevin Tan: As we have indicated, we have a commitment to spend about 240 billion over the next few years. It is for the ongoing expansion of all the subsidiaries. To fund these projects we intend to use mostly our internally generated cash plus some borrowing. But be rest assured that we are conscious in keeping our financial gearing to our current 38% net debt to equity and I think as we have mentioned this is the lowest among the largest conglomerates.

Question 4: Good morning. My name is Robert Go. I am a frequent visitor of Resorts World Manila. I am a frequent player. This is about the cash dividend. Do we have a cash dividend declaration last year because my fellow stockholder, Mr. John Lao, is inquiring about it?

Mr. Kevin Tan: Right now we embarked on this buyback program. And as mentioned last year, we set aside Php5 billion for the buyback, to which more than half has already been bought back at around 205 million shares, so we are still continuing this program. As of today, that is what we are doing. As for any cash dividend, we will make an announcement probably by May next next year.

Robert Go: Concerning Mr. Kingson U. Sian. Good morning, Sir. This is about Resorts World Manila. When is the opening of the Grand Wing? I've been playing there and there are too many flies and the area is not like cash bingo in the Old Wing. Do we have to transfer to the Old Wing and bingo there?

Mr. Kingson U. Sian: Thank you for the question. As you know, the Grand Wing, half of the ground floor has opened already. The other half, we are about to open already by next month, October. So that should complete the ground floor. And the second floor casino should open by first quarter next year. But this month, we are also opening the new Hilton Hotel. In fact, this past Saturday, we had our first social event there. It is on soft opening but we have technically opened the Hilton Hotel. By next month, we will fully open the hotel. It will be done in stages. By end of the year, we intend to open the Sheraton Hotel. And by first quarter next year, the Hotel Okura. And then, for the bingo, yes, we are doing the bingo now in the old wing because of the space, but we will also do a bingo set up in the Grand Bar. We will also unveil the Grand Bar which is part of the ground floor in the Grand Wing, by October, next month.

Robert Go: What about the walkway in the Maxims Hotel?

Mr. Kingson U. Sian: The walkway will open also in October so that all our patrons will be protected from the weather.

Robert Go: And the gas, yes. This is a question for Dr. Andrew L. Tan. How come they don't sell Andy Player in the Resorts World Mall? We don't have an Andy Player there. The store near the casino entrance.

Mr. Winston S. Co: Sir, are you referring to the retail store? The retail store only carries imported products. When you go to our retail store, you can see imported products: imported whisky, imported brandy. The only local product there is the Emperador gold bottle. That's the only one because basically that is for the gamers, the high rollers, and the international visitors.

Robert Go: So Andy Player is not prestigious?

Mr. Winston S. Co: Well, they are called the world's finest, you know. It is an imported portfolio store. So we have our expensive offerings in there.

Robert Go: Then, the annual report, page 19, the picture on the lower part, in the casino area. I think this is in the second floor. Can you remove the picture, maybe next year? Because it has some sad moments there. I think it was in Bar 1180. They were burned down. And the last question I am going to ask is about the McDonalds. How come you don't use recycled tissue paper? I think it is more economical, cost effective.

Mr. Kevin Tan: I assure you we are studying that right now. We want to be a sustainable company.

Robert Go: Yes, your nearest rival in the wash room is using virgin paper but on the tables they use recycled tissue paper. I don't know if that is sanitary, approved by the FDI or the Department of Health. You have to use quality tissue paper. Because your nearest rival use old recycled tissues on the tables, on the plates.

Mr. Kevin Tan: We will take that into consideration, Sir. Thank you.

Question 5: Good morning, Sir. I'm Juvy Camara. We all know that AGI's net profit went up significantly in the first half. Do you think you can sustain this for the rest of the year?

Mr. Kevin Tan: Yes, for the first half we did grow revenues of about 9%, net profit about 17% so we had a good first half. I definitely think we can sustain this, because we are now in the *ber* months. And traditionally *ber* months are traditionally good months for our liquor business, McDonalds. Also traditionally good times for our mall business, our hotels, and also our gaming. So I am very, very confident that we can definitely sustain our growth for the second half. Thank you.

## **VI. AMENDMENT OF BY-LAWS TO CHANGE THE DATE OF ANNUAL MEETING OF STOCKHOLDERS**

The Presiding Officer informed the stockholders that the Board of Directors had approved the amendment of Article 7, Section 5 of its Amended By-Laws to change the date of the annual meeting of stockholders to Every Third Thursday of June of each year. The annual meeting will now be held earlier in the year and closer to the release of the previous year results. The Board of Directors now wishes to submit to the body, for its approval, said amendment.

Upon motion made and duly seconded, the stockholders approved the following resolutions:

“RESOLVED, that the Corporation amend Article 7, Section 5 of its Amended By-Laws to read as follows:

Annual Meeting – The annual meeting of the stockholders shall be held on the third **Thursday of June** of each calendar year when they shall elect by a plurality vote by ballot a Board of seven (7) directors to serve for one year until their successors are elected and qualified.

Written Notice of the annual meeting of the company shall be sent to each registered stockholder at least ten (10) days prior to the date of such meeting. Waiver of such notice may only be made in writing.

“RESOLVED, FURTHER, that any one of the officers of the Corporation be authorized and directed to execute and deliver the necessary certificates and other documents with the Securities and Exchange Commission and other government agencies and perform all actions as may be necessary to fully implement this resolution.”

## **VII. APPOINTMENT OF INDEPENDENT AUDITORS**

Upon motion made and duly seconded, the stockholders approved a resolution appointing Punongbayan and Araullo as the independent auditors of the Corporation for the audit of its financial statements for the year ending December 31, 2018.

## **VIII. RATIFICATION OF ACTS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND OFFICERS**

Upon motion made and duly seconded, the stockholders approved a resolution ratifying all acts and resolutions of the Board of Directors, Board Committees, and Officers of the Corporation during the period up to the date of this meeting.

## **IX. ELECTION OF DIRECTORS**

A representative of the Nomination Committee informed the body of the final list of nominees to the Board of Directors of the Corporation for the current year 2018, as follows: **Andrew L. Tan, Kevin Andrew L. Tan, Kingson U. Sian, Winston S. Co,** and **Katherine L. Tan** as regular directors, and **Sergio R. Ortiz-Luis, Jr.,** and **Alejo L. Villanueva, Jr.** as the independent directors.

The Corporate Secretary then informed the Presiding Officer that no further nominations are allowed. Thereafter, since there were only seven nominees to the Board, upon motion made and duly seconded, the Presiding Officer declared all seven nominees elected as Directors.

## **X. OTHER MATTERS**

Stockholder: Regarding the giveaways that you are distributing to the stockholders, can you give other (items), not liquor? Because The Bar has 70% liquor content. Can you (give) ladies drink next time as giveaway? Some of the stockholders don't drink.

Mr. Winston S. Co: We will take that into consideration next time. It's 35%, 70 proof. So if you want it lighter, you can add tonic water or lime soda, like Sprite or 7-Up.

Stockholder: Good morning, Chairman Andrew L. Tan and the rest of the Board of Directors. I'm Nora Barja. I'm a stockholder. I am also a stockholder of Travellers International Hotel Group, Inc. I would like to address my question to Dr. Andrew Tan. I had been a stockholder of Travellers since November 2013. I bought my shares during the initial public offering. I had been attending the stockholders' meeting of Travellers since June 2014. Last year, due to that unfortunate incident at Resorts World Manila, you cancelled the annual stockholders' meeting which is to be held a few days after that unfortunate incident. I was wondering, Dr. Andrew Tan, this year, I think you always hold it on the second Thursday of June, the meeting of Travellers. Until now, September 18, there is no disclosure as to when you will hold the annual stockholders' meeting of Travellers.

Dr. Andrew L. Tan: Thank you for your question. Kingson, can you (address the question), please?

Mr. Kingson U. Sian: Good morning. Thank you for your question. Yes, we were actually planning to do one this year. We were timing it with the new opening of our hotel. Unfortunately, the schedule moved because of some delays in the construction but rest assured, we will schedule one and we will make the appropriate announcement.

Nora Barja: I hope it will be held before the end of the year.

Mr. Kingson U. Sian: Yes, we are planning but we will make the appropriate announcement once finalized.

Dr. Andrew L. Tan: We are timing it with the opening of the new hotel. Because we would like to show to our stockholders our new hotel.

Nora Barja: Chairman Andrew Tan, can I make a special request? Going all the way to Resorts World Manila at 9:00 am if the meeting is held, I will be transferring before the year ends to Quezon City. It is a long way especially I am only taking a bus or MRT. Is it okay just like Bloomberry Resorts Corporation, can we ask for a free shuttle service every annual stockholders' meeting of Travellers, especially if you will hold it at Resorts World Manila? Because it is very inconvenient for me, I am already more than fifty years old, to go all the way from Quezon City to ride a bus or MRT to attend the meeting. Is it okay if every year, every stockholders' meeting of Travellers, you designate, like me the nearest station is McDonalds Munoz, or you designate China Town or one in Makati, a free shuttle for those who do not own cars like me. I hope you can accord us that special privilege. Thank you and god bless you all.

Mr. Kingson U. Sian: Thank you for your suggestion. We actually do have free shuttle service for members of Resorts World. We have thirty plus stations, but as I said we will look into the schedule, it runs regularly from morning until evening. But certainly, specifically for the date of the annual stockholders' meeting, we will make sure that we have a scheduled shuttle service for our shareholders.

## **XI. ADJOURNMENT**

Upon motion made and duly seconded, the meeting was adjourned at 10:20 A.M.

PREPARED BY:  
**(SGD.) DOMINIC V. ISBERTO**  
Corporate Secretary

NOTED:  
**(SGD.) ANDREW L. TAN**  
Chairman