

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

**15 September 2015**

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

**I. CALL TO ORDER**

The presiding officer, **MR. KINGSON U. SIAN**, called the meeting to order at 9:11 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, all notices of the Annual Meeting had been sent to all stockholders of the Corporation as of 10 August 2015 the record date of the Annual Meeting. The Corporate Secretary likewise certified that there exists a quorum for the transaction of business for the Annual Meeting, there being present stockholders, either present in person or by proxy, holding 84.31% of the subscribed and outstanding capital stock of the Corporation and that only stockholders who have registered may be heard at this meeting.

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

Upon motion made and duly seconded, the reading of the Minutes of the Annual Stockholders' Meeting held last 16 September 2014 was dispensed with as copies thereof had earlier been furnished to all stockholders of record of the Company. Thereafter, upon motion made and duly seconded, the Minutes of the Annual Stockholders' Meeting held last 16 September 2014 were approved.

**IV. REPORT OF MANAGEMENT**

On behalf of the Corporation, Dr. Andrew L. Tan, the Corporation's Chairman and CEO, delivered the management report for the year 2014:

Since the beginning, we have always been guided by our long-established principles of integrity, hardwork, and quality service. They are the cornerstones of our creative team- our values in nurturing a growing company with a drive for constant innovation, leading to another great year for AGI.

AGI has come a long way in building a solid reputation in the property development, food and beverage manufacture and distribution, quick-service restaurants and integrated tourism development businesses. But everything that we have achieved carries with it a far greater responsibility to sustain its continuing growth, as profoundly exemplified by AGI and its subsidiaries.

In 2014, AGI's revenues grew by 1.6 percent to P125.4 billion from 123.4 billion a year ago. Excluding non-recurring gains, net income rose to a record high of P21.00 billion, an increase of 8 percent compared to that of 2013.

Megaworld turned in a stellar performance with consolidated revenues of P53.1 billion, a jump of 46.6 percent from P36.2 billion last year. This consists of real estate sales, rental income, hotel operations and other revenues. A substantial portion came from the sale of condominium units and residential lots, representing 46.3 percent of total revenues. Consolidated net profit increased by 138.6 percent to P21.6 billion inclusive of P12.2 billion non-recurring gains. Net income (excluding non-recurring gains) went up by 13.6 percent to P9.4 billion from P8.3 billion in the previous year.

The consolidation of Global-Estate Resorts, Inc. (GERI) under the Megaworld group in June 2014 forged a more structure organization that has substantially increased our land bank.

Travellers International, which operates Resorts World Manila, posted an impressive revenue in just five years of operation, with a compound annual growth rate of 67.3 percent from P2.4 billion in

2009 to P31.6 billion in 2014. The company has taken another step forward with the groundbreaking of its second integrated resort in Parañaque – the Westside City Resorts World in October 2014.

Emperador delivered another record-breaking performance in 2014 with P32 billion revenues, 7 percent higher than that in 2013. Net income rose by 6 percent to P6.2 billion. 400 million bottles of Emperador brandy such as the iconic Emperador Light and Emperador Deluxe were produced to fill the growing demand here in the Philippines and in other countries.

In February 2014, Emperador signed a licensing agreement with global beverage maker Diageo, giving Emperador the right to manufacture and distribute another world-class brand in the Philippines – the Smirnoff Mule. The classic signature drink is an exciting addition to Emperador’s portfolio.

Also in Emperador’s portfolio, The BaR has become the number one flavored vodka in the Philippines, as well as Carlo Rossi, a brand under the Ernest and Julio Gallo wines, which is now the most popular wine brand in the country. And there is the iconic Pik-Nik brand which is fast-gaining leverage, riding on the success of its “Fun” campaigns.

Through its subsidiary Grupo Emperador Spain S.A., Emperador invested €60 million for 50 percent of Bodega Las Copas S.L. considered as the most modern vineyard in Spain and the largest vineyard in Europe. With this investment, Emperador has taken the initiative of setting a firm foothold in the global market.

Expanding its global footprints, Emperador has also acquired 100 percent of Whyte and Mackay for a sum of £430 million. Whyte and Mackay is one of the largest makers of Scotch whiskies in the world. In its portfolio are world-famous brands such as The Dalmore Single Highland Malt, Jura Premium Single Malt and Whyte and Mackay Blended Scotch Whisky.

The introduction of Whyte and Mackay brand of whiskies in the country opens up a whole new opportunity for Emperador, as whisky is the second fastest-growing liquor segment in the world, next to brandy. Through Whyte and Mackay’s international distribution channels, Emperador’s product portfolio can find its way to more than 50 countries all over the globe. In turn, Whyte and Mackay can take advantage of Emperador’s Asian Distribution network.

In the quick-service restaurant business, McDonald’s achieved positive gains with total revenues growing by 17.3 percent, mainly on account of the opening of more than 50 new restaurants, reimagining of existing restaurants, and business extensions such as delivery service, drive-thru, and the introduction of new products. In 2014, McDonald’s contributed 15 percent and 4 percent of AGI’s consolidated revenues and net profit, respectively.

Where we are today is a solid testament of our unified efforts and achievements, with only the best of intentions to serve. On that note, I would like to express my deepest appreciation to all our employees and to the management team, and to our business partners for their unwavering dedication and support throughout these years.

We look forward with utmost confidence and optimism that the years ahead will bring us to a new level of growth on a global scale. We are leveraging on a significant measure of success to pursue greater goals, made more reassuring by a highly consumer-centric portfolio, contributing to the country’s economy.

Thank you.

## **V. OPEN FORUM**

Question 1: Good morning. My name is Alfred Reteirer. I have several questions regarding the presentation. First thing, West Side is this now the new name for Bay City?

Mr. Sian: Yes, the old name is Bayshore City, we changed name to West Side City which we believe is more appropriate for the location and what we want to do in the place, other than that it is still the same site.

Question 2: I have a question regarding Emperador. Actually, I was assuming, this buying more brands, introducing Emperador Deluxe and so on, that the margin will go up, but actually the net margin is going down. Is this temporary or do you see it permanently?

Mr. Co: The margin that you are seeing is that when you look at the purely domestic Emperador produced here in the Philippines, our margin is actually up. What you are seeing is a consolidated margin with Whyte & Mackay. The Whyte & Mackay margins are a bit lower so that's why on the blended basis the margin is a little bit lower, but for the Philippine operation, our margin is actually up. We have the highest margin ever, high 30s.

Question 3: We have a big net cash position in Emperador which is very positive. What do you intend to do with the money?

Mr. Co: Yes, we have very good balance sheet and we intend to keep it that way so we are looking for opportunities out there. If there are opportunities that we can deploy the money, we will do so.

Question 4: So there is a chance that you will also go International?

Mr. Co: Yes, that's our plan. In fact, with the acquisition of Whyte & Mackay, our Whyte & Mackay products are in the 50 countries nationwide and we are in 300 cities around the world, so we are using that as a platform to pipeline our Emperador coming from the Philippines and also coming from our Spain operation.

Question 5: I don't know who is responsible for McDonalds Philippines, but actually, I saw that the margin is very small in Golden Arches compared with Jollibee and other food franchise businesses. It seems to be about half the size. Is it temporary or is this something permanent?

Mr. Sian: Well, the margin is also a function of size that's why for the last few years, as you've seen we've been expanding aggressively. In fact, we are slightly delayed. We intend to hit 500 stores by this year but we'll hit that next year, probably, most likely, first half of next year. We're currently at 464 stores, we'll probably end this year with low 480s, but certainly, next year the goal is to hit 500 stores so as we can increase the scale that will obviously help improve the margins. The other thing to note is unlike Jollibee, McDonalds is a franchise so obviously we need to pay additional to our master – the US McDonalds, That makes a difference also in the margin.

Question 6: But it will stay around 3.5% more or less?

Mr. Sian: Well, as we improve the scale that will help the margin.

Question 7: Hi. Good morning sir! My name is Diana Franco. I would like to ask sir, are there any Capital Expenditure plans for this year?

Mr. Sian: We have announced starting with Megaworld a 65 billion CAPEX for this year, over the next 3 years from 2015 to 2018. The announcement was over 200 billion pesos of CAPEX so that's in progress so that 65 billion is across all the companies under Megaworld. For Resorts World Manila, around 8 billion. As you've seen, the construction is going full blast. For McDonalds, we've budgeted around 2.7 billion for the entire year. Some of that will probably flow through next year because of some delays in the build out, but, certainly as I said, we intend to hit 500 stores by next year, and then Emperador, 21 billion was put aside for this year.

Question 8: How do we plan to fund those CAPEX?

Mr. Sian: As you can see we have quite a bit of cash so we will fund it internally and of course, debt market is always an option. But, with the amount of cash we will probably, most likely, fund most of it internally.

Question 9: Good morning! I'm Jovit Marzan. Sir, what are the medium to long term growth prospects for property, liquor and gaming industry?

Mr. Sian: Well, we have a term that we call in the corporate world, we'd like to future proof our businesses, and I think over the last few years we've done that. If we start off with Megaworld with over 4,300 hectares of land, that's secured. That's one way of future proofing your business. These were all secured with the low cost basis and that allows us to controllably develop over the next 20 years without even adding to the land bank. Obviously, we are opportunistic. If there's a good deal out there, we'll obviously look at it and replenish our land bank. But, with 4,300 hectares, that's good enough for at least 20 years development. For Emperador we've been a dominant player in brandy, and we will continue to be that way for the foreseeable future but without losing sight on our focus on that business. We look at a growth market which is whisky and we took the opportunity to buy a significant asset through Whyte & Mackay. That will give us another drive of growth into the future as well as our investments in Spain that gives us additional legs to stand on including Smirnoff to drive future growth not relying on just a single product. For Travellers, the expansion plans is on the way. We will be a dominant player in the tourism industry, not just in gaming but in the tourism industry in general, owing to the number of hotel rooms that we're building. As stated earlier, at least five thousand rooms will be built by 2020 and that should put us well ahead a lot of groups as a dominant player in this industry. GADC, yes we're second biggest player but we are very focused in growing that business and to the scale that would drive more efficiencies to that business.

Question 10: Is there any change in dividend pay-out for AGI?

Mr. Sian: I just want to add to my earlier statement that we are focused primarily on consumer-centric business, so there'll be no diversion into other businesses, so we're quite focused on growing those businesses. On dividend policies, there is no change. We have kept our dividend policy since 2000, and we will continue to do the same.

## **VI. APPOINTMENT OF INDEPENDENT AUDITORS**

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

"RESOLVED, that the Punongbayan and Araullo be appointed as the independent auditors of the Corporation for the audit of the Corporation's financial statements for the year ending December 31, 2015."

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

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

"RESOLVED, that 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 be ratified."

## **VIII. ELECTION OF DIRECTORS**

Upon motion made and duly seconded, the following were nominated to the Board of Directors: **Andrew L. Tan, Kingson U. Sian, Winston S. Co, Katherine L. Tan, Kevin Andrew L. Tan, and Sergio R. Ortiz-Luis, Jr., and Alejo L. Villanueva, Jr.** as the independent directors.

Upon motion made and duly seconded, the Presiding Officer declared the nominations closed. Since there were only seven nominees to the Board, the Presiding Officer declared all seven nominees elected as Directors.

## **IX. Other Matters**

Question 1: Good morning Dr. Tan I want to ask about the Andy Player brandy, when will it be launched?

Mr. Co: It's a whisky. The products will be available in the market by next month.

Mr. Tan: I blended this whisky myself and I have been working on this for 20 years already. The opportunity actually rise after we have acquire White & Mackay and that give us a very good source of whisky ingredients.

Question 2: Is this all local ingredients?

Mr. Tan: It cannot be local because whisky is distilled from grain so these are mostly imported but we have local material. It's blend with some local material also.

Question 3: Can you give the SRP, Suggested Retail Price?

Mr. Co: It will be retailed at PhP150 a bottle.

Mr. Tan: I will be very happy to share it with you. It's a wonderful whisky.

## **X. ADJOURNMENT**

The meeting was adjourned at 10:00 A.M.

CERTIFIED CORRECT:

**(Sgd.)DOMINIC V. ISBERTO**  
Corporate Secretary