

This Preliminary Offer Supplement and the information contained herein are subject to completion or amendment without notice. The Offer Shares may not be sold nor may an offer to buy be accepted prior to the time that the Preliminary Offer Supplement is issued in final form. Under no circumstances shall this Preliminary Offer Supplement constitute an offer to sell or the solicitation of an offer to buy any Offer Shares nor shall there be any offer, solicitation or sale of the Offer Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



**SAN MIGUEL CORPORATION**  
40 San Miguel Avenue, Mandaluyong City, Philippines 1550

**OFFER SUPPLEMENT**

**Offer of 400,000,000 Series 2 Preferred Shares  
with an Oversubscription Option of up to 266,666,700 Series 2 Preferred Shares  
under its 866,666,700 Series 2 Preferred Shares Shelf Registration**

consisting of:<sup>1</sup>

**Series 2-L Preferred Shares  
with a dividend rate of [•]% p.a.**

**Series 2-N Preferred Shares  
with a dividend rate of [•]% p.a.**

**Series 2-O Preferred Shares  
with a dividend rate of [•]% p.a.**

**at an Offer Price of ₱75.00 per Preferred Share  
to be listed and traded on the Main Board of The Philippine Stock Exchange, Inc.**

**Joint Issue Managers**

Bank of Commerce  
BDO Capital & Investment Corporation  
China Bank Capital Corporation

**Joint Lead Underwriters and Bookrunners**

Asia United Bank Corporation	Bank of Commerce <sup>2</sup>	BDO Capital & Investment Corporation
BPI Capital Corporation	China Bank Capital Corporation	Land Bank of the Philippines
Philippine Commercial Capital, Inc.	PNB Capital and Investment Corporation	RCBC Capital Corporation
SB Capital Investment Corporation	Union Bank of the Philippines	

**Selling Agents**

The Trading Participants of The Philippine Stock Exchange, Inc.

**THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.**

This Offer Supplement is dated September 12, 2023.

<sup>1</sup> The Series 2-M Preferred Shares were issued on August 23, 2023 via private placement and listed on August 29, 2023.

<sup>2</sup> Bank of Commerce is an affiliate of the Company.

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**Telephone number: (632) 8632-3000**  
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San Miguel Corporation (“**SMC**”, the “**Company**”, the “**Parent Company**” or the “**Issuer**”) prepared the Prospectus dated [September 12, 2023] (the “**Prospectus**”) relating to the shelf registration and the offer and sale, in tranches, in the Philippines within the Shelf Period (as defined below), subject to the registration requirements of the Securities and Exchange Commission (“**SEC**”), of up to 866,666,700 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated, perpetual Series 2 Preferred Shares with a par value of ₱5.00 per share (the “**Shelf Registered Shares**”) with a total offer size of up to ₱65,000,002,500 (the “**Shelf Registration**”).

The Shelf Registered Shares shall be issued in tranches within a period of three (3) years from the effective date of the Registration Statement, subject to applicable regulations (the “**Shelf Period**”) at a subscription price of ₱75.00 per share.

This Offer Supplement dated [September 12, 2023] relates to the offer and sale (the “**Offer**”) by the Company of up to 666,666,700 cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated, perpetual Series 2 Preferred Shares with a par value of ₱5.00 per share (the “**Offer Shares**” or the “**Series 2-L, Series 2-N, and Series 2-O Preferred Shares**”) to be issued under the Shelf Registration. The offer and sale of the Offer Shares shall be by way of an offer of 400,000,000 Series 2 Preferred Shares (the “**Base Offer**”). In the event of an oversubscription, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners, in consultation with the Company, reserve the right, but do not have the obligation, to increase the Offer size up to an additional 266,666,700 Series 2 Preferred Shares (the “**Oversubscription Option**”). The Offer Shares are to be issued in up to three (3) subseries: Series 2-L, Series 2-N, and Series 2-O, at an offer price of ₱75.00 per share (the “**Offer Price**”). The Offer Shares will be issued from the Series 2 Preferred Shares currently held in treasury of the Company.

In the event that the Oversubscription Option is exercised, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, have the discretion to allocate the Oversubscription Option of up to 266,666,700 Series 2 Preferred Shares to the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at the end of the Offer Period. In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period, the Shelf Registered Shares will automatically be increased by such principal amount of Oversubscription Option shares that will not be taken up or exercised.

The Offer Shares are being offered for subscription solely in the Philippines through Asia United Bank Corporation, Bank of Commerce, BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, RCBC Capital Corporation, SB Capital Investment Corporation, and Union Bank of the Philippines, (each a “**Joint Lead Underwriter and Bookrunner**” and collectively the “**Joint Lead Underwriters and Bookrunners**”), and the Selling Agents named herein.

The Offer Shares will be listed and traded on the Main Board of The Philippine Stock Exchange, Inc. (“**PSE**”). The Offer Shares will be issued and listed on [•] (the “**Issue Date**” or the “**Listing Date**”) under the ticker codes SMC2L, SMC2N, and SMC2O, respectively.

This Offer Supplement contains the final terms of the Offer Shares and must be read in conjunction with the Prospectus. Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Issuer and the Offer is only available on the basis of the combination of the Prospectus and this Offer Supplement. All information contained in the Prospectus are deemed incorporated by reference in this Offer Supplement.

SMC has an authorized capital stock of ₱30,000,000,000.00, divided into 3,790,000,000 common shares, 300,000,000 Series “1” Preferred Shares, and 1,910,000,000 Series “2” Preferred Shares, all with a par value of ₱5.00 per share.

Following the Offer, assuming the Oversubscription Option is exercised in full, the Company will have the following issued and outstanding shares: (a) 2,383,896,588 common shares; (b) 223,333,500 Series 2-F preferred shares; (c) 169,333,400 Series 2-I preferred shares; (d) 266,666,667 Series 2-J preferred shares; (e) 183,904,900 Series 2-K preferred shares; (f) 173,333,325 Series 2-M preferred shares; and (g) 666,666,700 Series 2-L, Series 2-N and Series 2-O Preferred Shares.

The holders of the Offer Shares do not have identical rights and privileges with holders of the existing common shares of the Company. Any and all preferred shares of the Company shall have preference over the common shares in dividend distribution and in case of liquidation or dissolution. For further discussion on the rights and privileges of the Offer Shares, please refer to the section on “*Description of the Offer Shares*”.

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer’s Board of Directors (the “**Board of Directors**”) to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders. See “*Description of the Offer Shares*”.

Cash dividends on the Offer Shares will be payable once for every Dividend Period (as defined below) on such date set by the Board of Directors at the time of declaration of such dividends (each a “**Dividend Payment Date**” in accordance with the terms and conditions of the Offer Shares, which date shall be any day within the period commencing on (and including) the last day of a Dividend Period and fifteen (15) calendar days from the end of the relevant Dividend Period. A “**Dividend Period**” shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the outstanding Series 2 Preferred Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall be at the fixed rates of [•]%, [•]%, and [•]% per annum, respectively, in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the “**Initial Dividend Rate**” for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date when each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, as the case may be, are redeemed, the higher of the applicable Initial Dividend Rate and the relevant Step-Up Rate. (Please see below relevant definitions.)

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-L Preferred Shares, five (5) years and three (3) months from the Issue Date (the “**Series 2-L Step-Up Date**”), in respect of the Series 2-N Preferred Shares, eight (8) years from the Issue Date (the “**Series 2-N Step-Up Date**”), and in respect of the Series 2-O Preferred Shares, ten (10) years from the Issue Date (the “**Series 2-O Step-Up Date**”) (each of the Series 2-L Step-Up Date, the Series 2-N Step-Up Date, and the Series 2-O Step-Up Date being a “**Step-Up Date**”), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) For the Series 2-L Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL reference rate (each reference rate, a “**BVAL**”) (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the Bankers Association of the Philippines (“**BAP**”) or the *Bangko Sentral ng Pilipinas* (“**BSP**”), as published on the website of the Philippine Dealing System Group (“**PDS**”) or, if unavailable, the Philippine Dealing & Exchange Corp. (“**PDEx**”) page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-L Step-Up Date, plus 3.00% (the “**Series 2-L Step-Up Dividend Rate**”);
- (b) For the Series 2-N Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEx page of Bloomberg (or such successor website or page of the publication agent

or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-N Step-Up Date, plus 3.00% (the “**Series 2-N Step-Up Dividend Rate**”); and

- (c) For the Series 2-O Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-O Step-Up Date, plus 3.00% (the “**Series 2-O Step-Up Dividend Rate**”);

provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the relevant Step-Up Date (which is five (5) years and three (3) months from the Issue Date of the Series 2-L Preferred Shares, eight (8) years from the Issue Date of the Series 2-N Preferred Shares, and ten (10) years from the Issue Date of the Series 2-O Preferred Shares).

(Each of the Series 2-L Step-Up Dividend Rate, Series 2-N Step-Up Dividend Rate, and the Series 2-O Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”.)

For further discussion, please refer to the section on “*Summary of the Offer*”.

Dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be cumulative. If for any reason the Issuer’s Board of Directors does not declare dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares prior to such Dividend Payment Date. See “*Description of the Offer Shares*”.

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

1. in respect of Series 2-L Preferred Shares, on the third (3<sup>rd</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-L Optional Redemption Date**”);
2. in respect of Series 2-N Preferred Shares, on the fifth (5<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-N Optional Redemption Date**”); and
3. in respect of Series 2-O Preferred Shares, on the seventh (7<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-O Optional Redemption Date**”)

(each of the Series 2-L Optional Redemption Date, Series 2-N Optional Redemption Date, and Series 2-O Optional Redemption Date, being an “**Optional Redemption Date**”), after giving not more than sixty (60) nor less than thirty (30) days’ prior written notice from the intended date of redemption, at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due them on such Optional Redemption Date as well as all accumulated dividends due and payable (“**Arrears of Dividends**”) after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, the Series 2-L, Series 2-N, and Series 2-O Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-L, Series 2-N, and Series 2-O Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next

succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price, provided that if the Accounting Event or Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

Each Offer Share has a liquidation right equal to the Offer Price of the Offer Share plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "**Liquidation Right**").

After listing on the PSE, the Issuer reserves the right to purchase the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other Series 2-L, Series 2-N, and Series 2-O Preferred Shares. The Series 2-L, Series 2-N, and Series 2-O Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in the Prospectus and this Offer Supplement) and cancelled or kept as treasury shares, as applicable. The Offer Shares are re-issuable.

All payments in respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**"), including, but not limited to, stamp, issue, registration, documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Series 2-L, Series 2-N, and Series 2-O Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer **shall not** be liable for (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares by any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event payments in respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer may redeem each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at any time in whole but not in part, at the Offer Price plus all accrued and unpaid dividends, if any ("**Redemption by reason of Tax Event**"). See "*Summary of the Offer*" and "*Description of the Offer Shares*".

Documentary stamp tax for the issuance of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares and the documentation, if any, shall be for the account of the Issuer.

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-L, Series 2-N, and Series 2-O Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards ("**PFRS**"), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available

to the Issuer (“**Accounting Event**”), the Issuer may redeem each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares in whole, but not in part, at the Redemption Price (“**Redemption by reason of an Accounting Event**”). See “*Summary of the Offer*” and “*Description of the Offer Shares*”.

The obligations of SMC under the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are unsecured and are subordinated obligations to all of the indebtedness of the Company. The rights and claims of holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will (subject to the extent permitted by law) rank senior to the holders of the common shares of the Company and *pari passu* with the other preferred shares.

In the event of the winding-up of the Company, the Series 2-L, Series 2-N, and Series 2-O Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares rank *pari passu* with other preferred shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless SMC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

There are no terms in the Offer Shares that limit the ability of SMC to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Offer Shares. See “*Summary of the Offer*” and “*Description of the Offer Shares*”.

The Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be issued in scripless form. Settlement of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares in respect of any transfer or change of title of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities on the PSE. If the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are subsequently uplifted and issued in certificated form, title to the Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Shareholders to be maintained by SMC Stock Transfer Service Corporation, the Registrar and Stock Transfer Agent. See “*Summary of the Offer*” in this Offer Supplement.

The gross proceeds from the Base Offer shall be ₱30,000,000,000.00 or, should the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full its Oversubscription Option, the total gross proceeds from the Offer shall be ₱50,000,002,500.00. The net proceeds from the Base Offer, after deducting from the gross proceeds the total underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be ₱29,740,806,871.00. The net proceeds from the Oversubscription Option should the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full its Oversubscription Option, after deducting gross proceeds, selling fees, and taxes is estimated to be ₱19,880,002,484.00. The Company will use the said net proceeds for: (a) repayment of the Company’s Philippine Peso-denominated short-term loan facilities; (b) repayment of the Series B Bonds and Series H Bonds; and (c) in the event of exercise of the Oversubscription Option, additional investments in the Manila International Airport (the “**Airport**”) and other airport-related projects. See “*Use of Proceeds*” in this Offer Supplement.

The Joint Lead Underwriters and Bookrunners, shall receive an estimated fee of up to 0.55% of the gross proceeds of the Offer, exclusive of applicable gross receipts tax, net of any creditable withholding tax, and inclusive of amounts to be paid to the Selling Agents.

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in the Prospectus or this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company, the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents.

The distribution of this Offer Supplement and the offer and sale of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares may, in certain jurisdictions, be restricted by law. The Company, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners require persons into whose possession this Offer Supplement comes, to inform themselves of and observe all such restrictions. This Offer Supplement does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of the Company in any jurisdiction, to or from any person to whom it is unlawful to make such offer in such jurisdiction, other than in the Philippines.

Unless otherwise stated, the information contained in the Prospectus and this Offer Supplement has been supplied by the Company. To the best of its knowledge and belief, the Company (which has taken all reasonable care to ensure that

such is the case) confirms that the information contained in the Prospectus and this Offer Supplement is correct, and that there is no material misstatement or omission of fact which would make any statement in this Offer Supplement misleading in any material respect. The Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Offer Supplement and in the listing application and all documents submitted to the PSE. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners have exercised reasonable due diligence required by regulations in ascertaining that all material representations contained in the Prospectus and this Offer Supplement, and any amendment or supplement thereto are true and correct and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading. No representation, warranty or undertaking, express or implied, is made by any of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, and no responsibility or liability is accepted by any thereof to the accuracy, adequacy, reasonableness or completeness of the information and materials contained herein (excluding any and all information pertaining to the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners) or any other information provided by the Company in connection with the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, their distribution or their future performance.

Unless otherwise indicated, all information in the Prospectus and this Offer Supplement is as of June 30, 2023. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Prospectus and this Offer Supplement shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company and its subsidiaries since such date. No representation or warranty, express or implied, is made or given by the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Registrar, or their respective affiliates or legal advisers as to the accuracy, completeness or sufficiency of the information contained in this Offer Supplement, and nothing contained in this Offer Supplement is, or shall be relied upon, as a promise, representation or warranty by the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Registrar, or their respective affiliates or legal advisers. This Offer Supplement is neither intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Registrar, or their respective affiliates or legal advisers that any recipient of this Offer Supplement should purchase the Offer Shares.

Market data and certain industry forecasts used throughout the Prospectus and this Offer Supplement were obtained from internal surveys, market research, publicly available information, and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Joint Issue Managers, or the Joint Lead Underwriters and Bookrunners makes any representation, undertaking or other assurance as to the accuracy or completeness of such information, or that any projections will be achieved, or in relation to any other matter, information, opinion or statements in relation to the Offer. Any reliance placed on projections or forecasts is a matter of commercial judgment.

**THE OFFER SHARES ARE BEING OFFERED ON THE BASIS OF THE PROSPECTUS AND THIS OFFER SUPPLEMENT ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED IN THE PROSPECTUS AND THIS OFFER SUPPLEMENT.**

Each person contemplating an investment in the Offer Shares should make his own due diligence and analysis of the creditworthiness of the Company and his own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Offer Shares. A person contemplating an investment in the Offer Shares should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. Investing in the Offer Shares involves a higher degree of risk compared to debt instruments. For a discussion of certain factors to be considered in respect of an investment in the Offer Shares, see "*Risk Factors*" in the Prospectus.

An application to list the Series 2-L, Series 2-N, and Series 2-O Preferred Shares has been filed with the PSE and has been approved by the PSE on [•]. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Offer Supplement. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Offer Supplement. Such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Offer Shares by the PSE.

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OF COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS OFFER SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

SAN MIGUEL CORPORATION

By:



RAMON S. ANG  
President and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES)  
MANDALUYONG CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this SEP 12 2023 in Mandaluyong City, affiant exhibiting to me his Passport No. P2247867B expiring on May 21, 2029 as competent evidence of identity.

Doc No.: 342 ;  
Page No.: 79 ;  
Book No.: IV ;  
Series of 2023.



JOSE ANGELITO M. ILANO  
Commission No. 0520-23  
Notary Public for Mandaluyong City  
Until December 31, 2024  
SMC, 40 San Miguel Ave., Mandaluyong City  
Roll of Attorneys No. 62172  
PTR No. 5111178; 01/05/23; Mandaluyong City  
IBP Lifetime Member No. 018308; 12/14/17; Quezon City  
MCLE Compliance No. VII-0016522; 04/28/22; Pasig City



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## SUMMARY OF THE OFFER

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*The following do not purport to be a complete listing of all the rights, obligations, and privileges of the Offer Shares. Some rights, obligations or privileges may be further limited or restricted by other documents and subject to final documentation. Prospective shareholders are enjoined to perform their own independent investigation and analysis of the Issuer and the Offer Shares. Each prospective shareholder must rely on its own appraisal of the Issuer and the Offer, and its own independent verification of the information contained herein and any other investigation it may deem appropriate for the purpose of determining whether to participate in the Offer and must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective shareholder's independent evaluation and analysis.*

*The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offer Supplement and in the Prospectus. This overview may not contain all of the information that prospective investors should consider before deciding to invest in the Offer Shares. Accordingly, any decision by a prospective investor to invest in the Offer Shares should be based on a consideration of the Prospectus and this Offer Supplement as a whole. Should there be any inconsistency between the summary below and the final documentation, the final documentation shall prevail.*

<b>Issuer</b>	San Miguel Corporation
<b>Instrument</b>	Cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable Philippine Peso-denominated perpetual Series 2 Preferred Shares
<b>Offer Size</b>	<p>400,000,000 Series 2 Preferred Shares (subject to the Oversubscription Option as provided below), to be offered in up to three (3) subseries: Series 2-L, Series 2-N, and Series 2-O Preferred Shares.</p> <p>The Offer Shares will be issued out of the Series 2 Preferred Shares held in treasury by the Company.</p>
<b>Oversubscription Option</b>	<p>In the event of an oversubscription, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners, in consultation with the Company, reserve the right, but do not have the obligation, to increase the Offer size by up to an additional 266,666,700 Series 2 Preferred Shares (the “<b>Oversubscription Option</b>”).</p> <p>In case the Oversubscription Option is partly exercised or not exercised at all during the Offer Period for the Offer Shares, the Shelf Registered Shares will automatically be increased by such principal amount of Oversubscription Option shares that will not be taken up or exercised.</p>
<b>Par Value</b>	The Offer Shares shall have a par value of ₱5.00 per share.
<b>Offer Price</b>	The Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall be offered at a price of ₱75.00 per share.
<b>Registration and Listing</b>	<p>To be registered with the SEC, and to be listed on the Main Board of the <b>PSE</b>, subject to compliance with SEC regulations and PSE listing rules. Upon listing, the Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall be traded under the ticker codes “<b>SMC2L</b>”, “<b>SMC2N</b>”, and “<b>SMC2O</b>”, respectively.</p> <p>The Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall be issued out of the Shelf Registered Shares.</p>
<b>Issue Date</b>	[November 20, 2023] or such other date when the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are listed on the Main Board of the PSE.
<b>Use of Proceeds</b>	The Company will use the net proceeds from the Offer for: (a) repayment of the

Company's Philippine Peso-denominated short-term loan facilities; (b) repayment of the Series B Bonds and the Series H Bonds; and (c) in the event of exercise of the Oversubscription Option, additional investments in the Airport and other airport-related projects. See "Use of Proceeds" in this Offer Supplement.

**Offer Period**

The Offer Period shall commence at 9:00 a.m. on [November 6, 2023] and end at 12:00 noon on [November 13, 2023]. The Issuer, the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners reserve the right to extend or terminate the Offer Period with the approvals of the SEC and the PSE, as applicable.

**Dividend Rate**

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall be at the fixed rates of:

Series 2-L Preferred Shares: [•]% per annum

Series 2-N Preferred Shares: [•]% per annum

Series 2-O Preferred Shares: [•]% per annum

in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the "Initial Dividend Rate" for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are redeemed, the higher of the applicable Initial Dividend Rate and the applicable Step-Up Rate. *(Please see below relevant definitions.)*

**Dividend Payment Date**

Cash dividends on the Offer Shares will be payable once for every Dividend Period on such date set at the time of declaration by the Board of Directors (each a "Dividend Payment Date") in accordance with the terms and conditions of the Offer Shares. The Dividend Payment Date shall be any day within the period commencing on (and including) the last day of a Dividend Period and fifteen (15) calendar days from the end of the relevant Dividend Period.

If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

Dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares prior to such Dividend Payment Date. See "Description of the Offer Shares".

**Dividend Period**

A “**Dividend Period**” shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the outstanding Series 2 Preferred Shares.

**Conditions on Declaration and Payment of Cash Dividends**

The declaration of cash dividends will be subject to the discretion of the Board of Directors to the extent permitted by law.

The Board of Directors will not declare and pay cash dividends on any Dividend Payment Date where:

- (a) payment of the cash dividend would cause SMC to breach any of its financial covenants; or
- (b) the profits available to SMC to distribute as cash dividends are not sufficient to enable SMC to pay in full both the cash dividends on the Offer Shares and the dividends on all other classes of the shares of SMC that are scheduled to be paid on or before the same date as the cash dividends on the Offer Shares and that have an equal right to dividends as the Offer Shares.

If the profits available to distribute as dividends are, in the opinion of the Board of Directors, not sufficient to enable SMC to pay in full on the same date both cash dividends on the Offer Shares and the dividends on other shares that have an equal right to dividends as the Offer Shares, SMC is required (i) to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that Dividend Payment Date on any shares with a right to dividends ranking in priority to that of the Offer Shares; and (ii) to pay cash dividends on the Offer Shares and any other shares ranking equally with the Offer Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Offer Shares.

Any such cash dividends deferred or not declared in accordance with the above provisions shall constitute “Arrears of Dividends” which shall accrue cash dividends at the prevailing Dividend Rate. The profits available for distribution are, in general and with some adjustments, equal to the accumulated realized profits of SMC less accumulated realized loss.

Cash dividends on the Offer Shares will be cumulative. If for any reason the Board of Directors of SMC does not declare a cash dividend on the Offer Shares for a Dividend Period, SMC will not pay a cash dividend on the Dividend Payment Date for that Dividend Period. However, on any future Dividend Payment Date on which cash dividends are declared, holders of the Offer Shares will receive the accrued and unpaid cash dividends due them on such Dividend Payment Date as well as all Arrears of Dividends to the holders of the Offer Shares prior to such Dividend Payment Date.

Holders of the Offer Shares shall not be entitled to participate in any other or further dividends, cash, property or stock beyond the dividends specifically payable on the Offer Shares. SMC will covenant that, in the event:

- (a) any cash dividends due with respect to any Series “1” and Series “2” Preferred Shares then outstanding for any period are not declared and paid in full when due;

- (b) where there remains outstanding Arrears of Dividends; or
- (c) any other amounts payable under the terms and conditions of the Offer Shares described in the Prospectus are not paid in full when due for any reason,

then it will not declare or pay any dividends or other distributions in respect of, or repurchase or redeem, securities ranking *pari passu* with, or junior to, the Offer Shares (or contribute any moneys to a sinking fund for the redemption of any securities ranking *pari passu* with, or junior to, the Offer Shares) until any and all Arrears of Dividends and accrued but unpaid cash dividends have been paid to the holders of the Offer Shares.

#### **Optional Redemption and Purchase**

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

- (a) in respect of Series 2-L Preferred Shares, on the third (3<sup>rd</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-L Optional Redemption Date**”);
- (b) in respect of Series 2-N Preferred Shares, on the fifth (5<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-N Optional Redemption Date**”); and
- (c) in respect of Series 2-O Preferred Shares, on the seventh (7<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-O Optional Redemption Date**”)

(each of the Series 2-L Optional Redemption Date, Series 2-N Optional Redemption Date, and Series 2-O Optional Redemption Date, being an “**Optional Redemption Date**”), after giving not more than sixty (60) nor less than thirty (30) days’ prior written notice to the intended date of redemption, at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due them on such Optional Redemption Date as well as all Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, the Series 2-L, Series 2-N, and Series 2-O Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-L, Series 2-N, and Series 2-O Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price, provided that if the Accounting Event or Tax Event is specific to a subseries, then the foregoing optional redemption may be exercised only with respect to such subseries.

After listing on the PSE, the Issuer reserves the right to purchase the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at any time in the open market or by

public tender or by private contract at any price through PSE without any obligation to purchase or redeem the other Series 2-L, Series 2-N, and Series 2-O Preferred Shares. The Series 2-L, Series 2-N, and Series 2-O Preferred Shares so purchased may either be redeemed (pursuant to their terms and conditions as set out in the Prospectus and this Offer Supplement) and cancelled or kept as treasury shares, as applicable.

#### **Step-Up Dividend Rate**

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-L Preferred Shares, five (5) years and three (3) months from the Issue Date (the “**Series 2-L Step-Up Date**”), in respect of the Series 2-N Preferred Shares, eight (8) years from the Issue Date (the “**Series 2-N Step-Up Date**”), and in respect of the Series 2-O Preferred Shares, ten (10) years from the Issue Date (the “**Series 2-O Step-Up Date**”), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) for the Series 2-L Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP), as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-L Step-Up Date, plus 3.00% (the “**Series 2-L Step-Up Dividend Rate**”);
- (b) for the Series 2-N Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-N Step-Up Date, plus 3.00% (the “**Series 2-N Step-Up Dividend Rate**”); and
- (c) for the Series 2-O Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the PDS or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-O Step-Up Date, plus 3.00% (the “**Series 2-O Step-Up Dividend Rate**”).

Provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the Step-Up Date (which is five (5) years and three (3) months from the Issue Date of the Series 2-L Preferred Shares, eight (8) years from the Issue Date of the Series 2-N Preferred Shares, and ten (10) years from the Issue Date of the Series 2-O Preferred Shares).

(Each of the Series 2-L Step-Up Dividend Rate, Series 2-N Step-Up Dividend Rate, and the Series 2-O Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”).

Dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be cumulative. If for any reason the Issuer's Board of Directors does not declare dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares prior to such Dividend Payment Date. See "*Description of the Offer Shares*".

**No Sinking Fund**

The Company is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares.

**Accounting Event**

An accounting event shall occur if an opinion of any recognized person authorized to perform auditing services in the Government has stated that there is more than an insubstantial risk that the funds raised through the issuance of the Offer Shares may no longer be recorded as equity pursuant to the PFRS, or such other accounting standards which succeed PFRS, as adopted by the Government, applied by SMC for drawing up its consolidated financial statements for the relevant financial year and such event cannot be avoided by SMC taking reasonable measures available to it.

**Tax Event**

A tax event shall occur if dividend payments become subject to higher withholding tax or any new tax (including a higher rate of an existing tax) as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to SMC.

**Purchase of the Offer Shares**

After listing on the PSE, SMC may purchase the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, then tradeable at that time at any time in the open market or by public tender or by private contract at any price through the PSE without any obligation to purchase or redeem the other outstanding Series 2-L, Series 2-N, and Series 2-O Preferred Shares.

**Redemption by reason of a Tax Event**

In the event payments in respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at any time in whole but not in part, at the Redemption Price. See "*Description of the Offer Shares*".

**Redemption by reason of an Accounting Event**

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-L, Series 2-N, and Series 2-O Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with PFRS, or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer, the Issuer may redeem each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares in whole, but not in part, at the Redemption Price. See "*Description of the Offer Shares*".

**Taxation**

All payments in respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government, including but not limited to, stamp, issue, registration, documentary, value added or

any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, SMC will pay additional amounts so that the holders of Series 2-L, Series 2-N, and Series 2-O Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable; provided, however, that SMC shall not be liable for:

(a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares by any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

**Form, Title and Registration of the Preferred Shares**

The Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be issued in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer Shares and lodged with the Philippine Depository & Trust Corporation (“PDTC”) as Depository Agent on Issue Date through Trading Participants of the PSE (“Trading Participants”) nominated by the applicants. For this purpose, applicants shall indicate in the proper space provided for in the Application to Purchase (as defined below) the name of the Trading Participant under whose name their Offer Shares will be registered. After Issue Date, shareholders may request the Registrar, through their nominated Trading Participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be shown in an electronic register of shareholders (the “Registry of Shareholders”) which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of SMC) at least once every quarter a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.



<b>Selling and Transfer Restrictions</b>	After listing, the subsequent transfers of interests in the Offer Shares shall be subject to normal selling restrictions for listed securities as may prevail in the Philippines from time to time.
<b>Governing Law</b>	The Series 2- L, Series 2-N, and Series 2-O Preferred Shares will be issued pursuant to the laws of the Republic of the Philippines.
<b>Features of the Preferred Shares</b>	Please refer to “ <i>Description of Offer Shares</i> ” on page 12 of this Offer Supplement.
<b>Other Terms of the Offer</b>	
<b>Minimum Subscription to the Preferred Shares</b>	Each Application shall be for a minimum of 500 Offer Shares, and thereafter, in multiples of 100 Offer Shares. No Application for multiples of any other number of Offer Shares will be considered.
<b>Eligible Investors</b>	<p>The Offer Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, subject to limits under Philippine law. However, under certain circumstances, SMC may reject an Application or reduce the number of the Offer Shares applied for subscription.</p> <p>Subscription to the Offer Shares may be restricted in certain jurisdictions. Foreign investors interested in subscribing or purchasing the Offer Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence, or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Offer Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Offer Shares.</p>
<b>Procedure for Application</b>	<p>Applications to Purchase the Offer Shares may be obtained from any of the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents. All Applications shall be evidenced by the Application to Purchase, duly executed in each case by an authorized signatory of the applicant and accompanied by two (2) completed specimen signature cards, the corresponding proof of payment for the Offer Shares covered by the Application and all other required documents including documents required for registry with the Registrar and Depository Agent. The duly executed Application to Purchase and required documents should be submitted to the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, or the Selling Agents by the end of the Offer Period. The Application to Purchase must also be signed by the nominated Trading Participant signifying its conformity to receive the Offer Shares on Issue Date.</p> <p>If the applicant is a corporation, partnership, or trust account, the Application must be accompanied by the following documents:</p> <ol style="list-style-type: none"> <li>(a) a certified true copy of the applicant’s latest articles of incorporation and by-laws and other constitutive documents, each as amended to date, duly certified by the corporate secretary or equivalent officer;</li> <li>(b) the applicant’s SEC certificate of registration, duly certified by the corporate secretary or equivalent officer;</li> <li>(c) a duly notarized corporate secretary’s certificate setting forth the resolution of the applicant’s board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the application and (ii) the designated signatories for the purpose, including their respective specimen</li> </ol>

signatures;

- (d) certified true copy of latest General Information Sheet (“GIS”) duly certified by the corporate secretary or equivalent officer;
- (e) photocopy of any one (1) of the following valid identification documents (“ID”): passport/driver’s license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen’s ID or such other ID and documents as may be required by or acceptable to the selling bank or the Receiving Agent, as applicable; and
- (f) specimen signature card with specimen signatures of the signatory or signatories of the Application to Purchase.

Individual applicants must also submit a photocopy of any one (1) of the following valid IDs: passport/driver’s license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen’s ID or such other ID and documents as may be required by or acceptable to the selling bank.

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates must indicate such exemption or entitlement in the Application to Purchase and also submit additional documents as may be required by the Issuer, including but not limited to, the documents described on page 35 of this Offer Supplement.

For Applications to Purchase to be submitted by the Trading Participants, please refer to the [Trading Participant Implementing Guidelines].

**Payment for the Offer Shares**

The Offer Price of the Offer Shares must be paid in full upon submission of the Application to Purchase.

Payment shall be in the form of:

- (a) a Metro Manila clearing cashier’s/manager’s or corporate check, or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to “**SMC Preferred Shares Offer**”; or
- (b) through the Real Time Gross Settlement (“RTGS”) facility of the BSP to the relevant Joint Issue Manager, the Joint Lead Underwriter and Bookrunner, or the Selling Agent to whom such Application was submitted. Standard transaction fees for RTGS payments will be for the account of the investor; or
- (c) via direct debit from their deposit account maintained with the relevant Joint Issue Manager, the Joint Lead Underwriter and Bookrunner, or the Selling Agent; or
- (d) through other means as may be agreed between the applicant and the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, or Selling Agent.

**Acceptance/Rejection of Application**

The actual number of the Offer Shares that an applicant will be allowed to subscribe to is subject to the confirmation of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. SMC, through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, reserves the right to accept or reject, in whole or in part, or to reduce any application due to any grounds specified in the relevant underwriting agreement to be entered into by SMC with the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners (“**Underwriting Agreement**”). Applications which were unpaid or where payments were insufficient and those that

do not comply with the terms of the Offer shall be rejected. Delivery of personal checks does not constitute payment until actual receipt of cleared funds. Moreover, any payment received pursuant to the Application does not constitute as approval or acceptance by SMC of the Application.

An Application, when accepted, shall constitute an agreement between the applicant and SMC for the subscription to the Offer Shares at the time, in the manner and subject to terms and conditions set forth in the Application to Purchase and those described in the Prospectus and this Offer Supplement. Notwithstanding the acceptance of any Application by SMC, the actual subscription by the applicant for the Offer Shares will become effective only on the Issue Date.

#### **Refunds for Rejected Applications**

In the event that the number of the Offer Shares to be allotted to an applicant, as confirmed by the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Selling Agents, or the concerned Trading Participant, is less than the number covered by its Application, or if an Application is wholly or partially rejected by SMC, then SMC shall refund, without interest, within five (5) Business Days from the end of the Offer Period, all, or a portion of the payment corresponding to the number of the Offer Shares wholly or partially rejected. All refunds shall be made through the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Selling Agent, the concerned Trading Participant, or the Receiving Agent, as applicable, with whom the applicant has filed the Application at the risk of the applicant.

#### **Withdrawal of the Offer**

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PSE.

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if any of the following events occurs, in which case the Underwriting Agreement shall be deemed terminated, namely:

- a. an outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell Securities (the “**Approvals**”) and by the Prospectus and this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it, in the reasonable determination of the Joint Lead Underwriters and Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and the Prospectus and this Offer Supplement, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer’s or Joint Lead Underwriters and Bookrunners’ inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period;

- b. an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Shares by any court or governmental agency or authority having jurisdiction on the matter, including the SEC and the PSE;
- c. cancellation, revocation or termination of the Approvals;
- d. trading in the PSE is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by the PSE;
- e. there is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, (c) any of the features, yield or marketability of the Offer Shares, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;
- f. any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- g. the Issuer decides to or is compelled by any competent court or government authority to stop or is about to stop its operations, which is not remedied within five (5) Business Days from such decision of the Issuer or competent court or government authority (as the case may be);
- h. the Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
- i. a general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

- j. the commencement or threatened commencement by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares in general which renders the performance of their underwriting commitment impossible or impracticable;
- k. any event occurs which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing the Joint Lead Underwriters and Bookrunners to cease, from performing their underwriting obligations;
- l. any representation, warranty or statement of the Issuer in the Underwriting Agreement, in any certificate, or any information given in the Prospectus and the Offer Supplement is untrue or misleading in any material respect or omitted to state a material fact necessary to make the statements therein in light of the circumstances in which they were made, provided that such: (i) was not known and could not have been known to the Joint Lead Underwriters and Bookrunners on or before commencement of the Offer Period despite the exercise of due diligence, and (ii) has a material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;
- m. unavailability of PDTC's lodgment facilities and the PSE's listing facilities used for the Offer and/or listing prior to or on the target Listing Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of PSE, if the impact of such unavailability remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Bookrunners in good faith; and
- n. any force majeure event, other than the events enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares after the Offer Period.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an Applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to the Issue Date pursuant to this section and the "*Plan of Distribution – Withdrawal of the Offer*" of this Offer Supplement, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.

Notwithstanding the foregoing, the Company and the Joint Lead Underwriters and Bookrunners recognize and acknowledge that the PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may

impose appropriate and reasonable sanctions and penalties on the relevant party for the cancellation of the Offer on or after the commencement of the Offer Period and prior to the Issue Date if, subsequently, the PSE determines that the cancellation or suspension of the Offer was not warranted based on the facts gathered and properly evaluated by the PSE and after due and proper proceedings initiated by the PSE not later than five (5) Business Days after such cancellation or suspension.

**Local Small Investors** The Company will not allocate any Offer Shares for the Local Small Investors Program of the PSE.

**Expected Timetable** The timetable of the Offer is expected to be as follows:

PSE Issuance of Notice of Approval of the Listing Application	[23 October 2023]
Initial Dividend Rate Setting	[23 October 2023]
Initial Dividend Rate Announcement	[23 October 2023]
SEC Issuance of Permit to Sell	[Week of 30 October 2023]
Offer Period	[6 – 13 November 2023]
Trading Participants' Submission of Firm Undertaking	[9 November 2023]
Confirmation of Trading Participants' Allocation	[10 November 2023]
Issue Date and commencement of trading on the PSE	[20 November 2023]

Any change in the dates included above may be subject to approval of the SEC and the PSE, as applicable, and other conditions.

**Joint Issue Managers** Bank of Commerce, BDO Capital & Investment Corporation, and China Bank Capital Corporation

**Joint Lead Underwriters and Bookrunners** Asia United Bank Corporation, Bank of Commerce, BDO Capital & Investment Corporation, BPI Capital Corporation, China Bank Capital Corporation, Land Bank of the Philippines, Philippine Commercial Capital, Inc., PNB Capital and Investment Corporation, RCBC Capital Corporation, SB Capital Investment Corporation, and Union Bank of the Philippines

For more information on the Joint Lead Underwriters and Bookrunners and their underwriting commitments, please see *“Plan of Distribution”* in this Offer Supplement.

**Assigned Joint Lead Underwriters for the Trading Participants** Bank of Commerce and PNB Capital and Investment Corporation

**Selling Agents** The Trading Participants of The Philippine Stock Exchange, Inc.

**Depository Agent** Philippine Depository & Trust Corp.

**Registrar/Stock Transfer Agent** SMC Stock Transfer Service Corporation

**Receiving Agent** SMC Stock Transfer Service Corporation

**Counsel to the Issuer** Picazo Buyco Tan Fider & Santos

**Counsel to the Joint Issue  
Managers and the Joint Lead  
Underwriters and  
Bookrunners**

SyCip Salazar Hernandez & Gatmaitan

## DESCRIPTION OF THE OFFER SHARES

Set forth below is information relating to the Offer Shares. This description is only a summary and is qualified by reference to Philippine law and the Amended Articles of Incorporation and Amended By-laws of SMC, as may be amended from time to time.

### Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and the by-laws of the corporation.

SMC has an authorized capital stock of ₱30,000,000,000.00, divided into 3,790,000,000 common shares, 300,000,000 Series 1 Preferred Shares, and 1,910,000,000 Series 2 Preferred Shares, all with par value of ₱5.00. Below is a table illustrating the issued and outstanding shares of the Company as of August 31, 2023:

Share Class	Issued	Outstanding
Common Shares .....	3,288,649,125	2,383,896,588
Series "2-F" .....	223,333,500	223,333,500
Series "2-I" .....	169,333,400	169,333,400
Series "2-J" .....	266,666,667	266,666,667
Series "2-K" .....	183,904,900	183,904,900
Series "2-M" .....	173,333,325	173,333,325
<b>TOTAL</b>	<b>4,305,220,917</b>	<b>3,400,468,380</b>

### The Issuance of the Offer Shares

On June 14, 2012, the stockholders of the Company approved the amendment of the Articles of Incorporation creating the Series 2 Preferred Shares and delegated to the Board of Directors the authority to determine the terms and conditions of the issuance of the Offer Shares through the approval of the relevant enabling resolutions.

On September 7, 2023 the Board of Directors authorized the sale and offer of up to 866,666,700 Offer Shares, at an offer price of ₱75.00 per share under a shelf registration to be issued in tranches within a period of three (3) years, under such terms and conditions as the management of SMC may deem advantageous to it (the "Enabling Resolutions"). The approval by the Board of Directors of the Enabling Resolutions to issue Offer Shares is pursuant to the Amended Articles of Incorporation of the Company which allow the issuance of Offer Shares through enabling resolutions.

The Offer Shares will be issued from Series 2 Preferred Shares currently held in treasury by the Company.

The Company has filed an application for the listing of the Offer Shares on the PSE. At any time after the Offer Shares are listed on the Main Board of the PSE, SMC may purchase the Offer Shares, then tradeable at that time, at any time in the open market or by public tender or by private contract at any price through the PSE.

### Shelf Registration and Features of the Offer Shares

In accordance with the Amended Articles of Incorporation of the Company and as approved by the Board of Directors of the Company through the Enabling Resolutions, the Offer Shares are Philippine Peso-denominated, redeemable, perpetual, cumulative, non-voting, non-participating and non-convertible, redeemable, re-issuable, Philippine Peso-denominated, and perpetual, each with different features on dividend rate, redemption, and adjustment of dividend rate. The number of Offer Shares to be allocated to each subseries shall be determined by the Board of Directors of the Company. SMC can issue the Offer Shares only upon full payment by the subscribers of the offer price for the said shares which shall be ₱75.00 per share.

The Offer Shares form part of the Shelf Registered Shares to be issued in tranches within a period of three (3) years from the effective date of the Registration Statement. The specific terms of each tranche of offer and sale of the Shelf Registered Shares shall be determined by the Company taking into account prevailing market conditions at the time of sale and shall be set out in the relevant offer supplement. After the Registration Statement of the Company for the Shelf Registered Shares becomes effective, the Company will secure a permit to sell from the SEC for the Offer Shares.



The Offer Shares have a par value of ₱5.00 per share and with the following general features (for the specific terms of the Offer Shares, please see “Description of the Offer Shares” on page 14 of this Offer Supplement):

- (a) **Dividends** – The Board of Directors shall have the sole discretion to declare dividends on the Series 2 Preferred Shares, including the Offer Shares, provided that SMC has unrestricted retained earnings and the rate of dividend or formula for determining the same rate shall be indicated in the relevant enabling resolutions.

The holders of the Series 2 Preferred Shares, including the Offer Shares, shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on the shares as aforementioned, nor shall they be entitled to any other kind of dividend payment whether cash, property, or stock, other than corresponding to the dividend rate determined by the Board of Directors.

For the dividend rights on the Offer Shares, please see Description of the Offer Shares” on page 14 of this Offer Supplement

***Dividend Policy in Respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares***

The declaration and payment of cash dividends on the Offer Shares on each Dividend Payment Date (as defined below) will be subject to the sole and absolute discretion of the Issuer’s Board of Directors to the extent permitted by law, and subject to the covenants (financial or otherwise) in the agreements to which the Company is a party. The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders.

Cash dividends on the Offer Shares will be payable once for every Dividend Period (as defined below) on such date set at the time of declaration by the Board of Directors (each a “**Dividend Payment Date**”) in accordance with the terms and conditions of the Offer Shares. The Dividend Payment Date shall be any day within the period commencing on (and including) the last day of a Dividend Period and fifteen (15) calendar days from the end of the relevant Dividend Period. A “**Dividend Period**” shall refer to the period commencing on the Issue Date and having a duration of three (3) months, and thereafter, each of the successive periods of three (3) months commencing on the last day of the immediately preceding Dividend Period up to, but excluding the first day of the immediately succeeding Dividend Period; provided that, the first Dividend Period of the Offer Shares shall be the period commencing on the Issue Date and ending on the last day of the then current Dividend Period for the outstanding Series 2 Preferred Shares. If a Dividend Payment Date occurs after the end of a Dividend Period, there shall be no adjustment to the amounts of dividends to be paid.

The dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be calculated on a 30/360-day basis.

If the Dividend Payment Date is not a Business Day, dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

As and if cash dividends are declared by the Board of Directors, cash dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares shall be at the fixed rate of [•]%, [•]%, and [•]% per annum, respectively, in all cases calculated for each share by reference to the Offer Price thereof in respect of each Dividend Period (each, the “**Initial Dividend Rate**” for the relevant subseries).

Dividend Rate means (a) from the Issue Date up to the relevant Step-Up Date, the applicable Initial Dividend Rate, and (b) from the relevant Step-Up Date, until the date the Series 2- L, Series 2-N, and Series 2-O Preferred Shares are redeemed, the higher of the applicable Initial Dividend Rate and the applicable Step-Up Rate. (Please see below relevant definitions.)

Dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares will be cumulative. If for any reason the Issuer’s Board of Directors does not declare dividends on the Series 2-L, Series 2-N, and Series 2-O Preferred Shares for a Dividend Period, the Issuer will not pay dividends on such Dividend Payment Date for such Dividend Period. However, on any future Dividend Payment Date on which dividends are

declared, holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares must receive the dividends due to them on such Dividend Payment Date as well as all dividends accrued and unpaid to the holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares prior to such Dividend Payment Date.

#### ***Dividend Rate Step-Up***

Unless the Offer Shares are redeemed by the Issuer, in respect of the Series 2-L Preferred Shares, five (5) years and three (3) months from the Issue Date (the “**Series 2-L Step-Up Date**”), in respect of the Series 2-N Preferred Shares, eight (8) years from the Issue Date (the “**Series 2-N Step-Up Date**”), and in respect of the Series 2-O Preferred Shares, ten (10) years from the Issue Date (the “**Series 2-O Step-Up Date**”), or on the next Business Day in case the relevant Step-Up Date falls on a non-Business Day, the dividends on each subseries will be adjusted as follows:

- (a) for the Series 2-L Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 10-year BVAL (or if the 10-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-L Step-Up Date, plus 3.00% (the “**Series 2-L Step-Up Dividend Rate**”);
- (b) for the Series 2-N Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the interpolated 15-year BVAL (or if the interpolated 15-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-N Step-Up Date, plus 3.00% (the “**Series 2-N Step-Up Dividend Rate**”); and
- (c) for the Series 2-O Preferred Shares, the higher of the (i) applicable Initial Dividend Rate; or (ii) the 3-day simple average of the 20-year BVAL (or if the 20-year BVAL is not available or cannot be determined, any such successor rate as determined by the BAP or the BSP, as published on the website of the Philippine Dealing System Group or, if unavailable, the PDEX page of Bloomberg (or such successor website or page of the publication agent or electronic service provider) for the three (3) consecutive Business Days preceding and inclusive of the Series 2-O Step-Up Date, plus 3.00% (the “**Series 2-O Step-Up Dividend Rate**”);

provided, that in the event the relevant Step-Up Date falls on a day that is not a Business Day:

- (i) the rate setting will be done on the immediately succeeding Business Day using the average of the relevant BVAL rates for the three (3) consecutive Business Days preceding and inclusive of the said rate setting date; and
- (ii) the higher of the applicable Initial Dividend Rate and the applicable Step-Up Dividend Rate will be applied commencing on the relevant Step-Up Date (which is five (5) years and three (3) months from the Issue Date of the Series 2-L Preferred Shares, eight (8) years from the Issue Date of the Series 2-N Preferred Shares, and ten (10) years from the Issue Date of the anniversary of the Series 2-O Preferred Shares).

(Each of the Series 2-L Step-Up Dividend Rate, Series 2-N Step-Up Dividend Rate, and the Series 2-O Step-Up Dividend Rate being a “**Step-Up Dividend Rate**”.)

- (b) **Conversion** – The Offer Shares are not convertible to any common shares or other preferred shares of the Company.

- (c) **Redemption** – SMC has the option, but not the obligation, to redeem in whole, but not in part, any subseries of the Offer Shares at such time that the Board of Directors shall determine. The Offer Shares, when redeemed, shall not be considered retired and may be re-issued by SMC at a price to be determined by the Board of Directors.

As and if declared by the Board of Directors, SMC may redeem the Offer Shares on the redemption price determined therefor.

If at any time, SMC is allowed to redeem more than one subseries of the Offer Shares, and provided that such subseries is already redeemable in accordance with the terms and conditions of their issuance, SMC has the option to redeem, without preference or priority, in whole (but not in part), any or all of the subseries of the Offer Shares.

SMC is not legally required, has not established, and currently has no plans to establish, a sinking fund for the redemption of the Offer Shares.

#### ***Redemption of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares***

As and if approved by the Board of Directors, the Company may redeem in whole (but not in part), any subseries of the Offer Shares as follows:

- a. in respect of Series 2-L Preferred Shares, on the third (3<sup>rd</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-L Optional Redemption Date**”);
- b. in respect of Series 2-N Preferred Shares, on the fifth (5<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-N Optional Redemption Date**”); and
- c. in respect of Series 2-O Preferred Shares, on the seventh (7<sup>th</sup>) anniversary of the Issue Date or on the last day of any Dividend Period thereafter (each a “**Series 2-O Optional Redemption Date**”)

(each of the Series 2-L Optional Redemption Date, Series 2-N Optional Redemption Date, and Series 2-O Optional Redemption Date, being an “**Optional Redemption Date**”), after giving not more than sixty (60) nor less than thirty (30) days’ prior written notice to the intended date of redemption, at a redemption price equal to the Offer Price of the Offer Shares plus all dividends due them on such date of redemption as well as all Arrears of Dividends after deduction of transfer costs customarily chargeable to stockholders, as applicable, to effect the redemption (the “**Redemption Price**”). Such notice to redeem shall be deemed irrevocable upon issuance thereof.

For the avoidance of doubt, on the applicable Optional Redemption Date, the Issuer has the option to redeem, in whole but not in part, the Series 2-L, Series 2-N, and Series 2-O Preferred Shares.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Series 2-L, Series 2-N, and Series 2-O Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Price and the amount of dividends to be paid.

The Issuer may also redeem the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, in whole but not in part, at any time prior to any Optional Redemption Date if an Accounting Event or a Tax Event (each as defined below) has occurred and is continuing. The redemption due to an Accounting Event or a Tax Event shall be made by the Issuer at the Redemption Price.

#### ***Redemption by reason of tax event***

All payments in respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government, including, but not limited to, stamp, issue, registration,

documentary, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that the holders of Series 2-L, Series 2-N, and Series 2-O Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer shall not be liable for: (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares, including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares or on the liquidating distributions as may be received by a holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares; (c) any expanded value added tax which may be payable by any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares on any amount to be received from the Issuer under the terms and conditions of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares by any holder of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares which shall be for the account of the said holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

In the event payments in respect of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares become subject to additional withholding or any new tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to the Issuer ("**Tax Event**"), the Issuer may redeem each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at any time in whole but not in part, at the Redemption Price ("**Redemption by reason of Tax Event**").

***Redemption by reason of an Accounting Event***

In the event an opinion of a recognized accounting firm authorized to perform auditing services in the Government has been delivered to the Issuer stating that there is more than an insubstantial risk that the Series 2-L, Series 2-N, and Series 2-O Preferred Shares may no longer be recorded as equity in the audited consolidated financial statements of the Issuer prepared in accordance with Philippine Financial Reporting Standards ("**PFRS**"), or such other accounting standards which succeed PFRS as adopted by the Issuer for the preparation of its audited consolidated financial statements for the relevant financial year, and such event cannot be avoided by use of reasonable measures available to the Issuer ("**Accounting Event**"), the Issuer may redeem each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares in whole, but not in part, at the Redemption Price ("**Redemption by reason of an Accounting Event**").

- (d) **Liquidation** – In the event of a return of capital in respect of liquidation, dissolution, bankruptcy or winding up of the affairs of SMC but not on a redemption or purchase by SMC of any of its share capital, the holders of the Offer Shares at the time outstanding will be entitled to receive, in Pesos, out of the assets of SMC available for distribution to shareholders, together with the holders of any other shares of SMC ranking, as regards repayment of capital, *pari passu* with the Offer Shares and before any distribution of assets is made to holders of any class of shares ranking after the Offer Shares as regards repayment of capital, liquidating distributions in an amount equal to the Redemption Price of (and including) the date of commencement of the winding up of SMC or the date of any such other return of capital, as the case may be. If, upon any return of capital in the winding up of SMC, the amount payable with respect to the Series 1 Preferred Shares and Series 2 Preferred Shares, inclusive of the Offer Shares are not paid in full, the holders of such shares will share proportionately in any such distribution of the assets of SMC in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Offer Shares will have no right or claim to any of the remaining assets of SMC and will not be entitled to any further participation or return of capital in a winding up.

### ***Liquidation Right of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares***

Each of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares has a liquidation right equal to the Offer Price of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares plus an amount equal to any dividends declared but unpaid in respect of the previous Dividend Period and any accrued and unpaid dividends for the then current Dividend Period to (and including) the date of commencement of the Company's winding up or the date of any such other return of capital, as the case may be (the "**Liquidation Right**").

In the event of the winding-up of the Company, the Series 2-L, Series 2-N, and Series 2-O Preferred Shares rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Offer Shares. The Offer Shares, however, rank *pari passu* with other preferred shares. There is a substantial risk that an investor in the Offer Shares will not receive any return of the principal amount or any unpaid amounts due under the terms of the Offer unless SMC can satisfy in full all of its other obligations ranking senior to the Offer Shares.

- (e) **Voting Rights** – Holders of the Series 2 Preferred Shares shall not be entitled to vote except in cases expressly provided by law. Thus, the holders of the Offer Shares are not eligible, for example, to vote for or elect the Board of Directors of SMC. Holders of the Series 2 Preferred Shares, including the Offer Shares, however, may vote on matters which the Revised Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. The following acts require the approval of the shareholders representing at least two-thirds (2/3) of the issued and outstanding capital stock of SMC in a meeting duly called for the purpose:

- Amendment of the Amended Articles of Incorporation (including any increase or decrease of capital stock);
- Delegation to the Board of Directors of the power to amend or repeal the Amended By-laws or to adopt a new by-laws;
- Sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the assets of SMC;
- Incurring, creating or increasing bonded indebtedness;
- Increase or decrease of authorized capital stock;
- Merger or consolidation of SMC with another corporation or corporations;
- Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which SMC was organized;
- Ratification of contracts of a director or an officer with SMC;
- Extension or shortening of the corporate term of SMC;
- Declaration and issuance of stock dividends; and
- Dissolution of SMC.

However, for the amendment of the Amended By-laws of SMC, the approval of the shareholders representing at least a majority of the issued and outstanding capital stock of SMC in a meeting duly called for the purpose is required.

- (f) **Pre-emptive Rights** – Holders of the Series 2 Preferred Shares including the Offer Shares, shall have no pre-emptive right to any issue or disposition of any class of any share of SMC.

### **Other Rights and Incidents Relating to the Preferred Shares**

The other rights and incidents relating to the Offer Shares, which may also apply to other classes of shares of SMC, are as follows:

#### **Derivative Suit**

Philippine law recognizes the right of a shareholder to institute, under certain circumstances, proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate

rights, as for example, where the directors themselves are the malefactors.

### **Appraisal Rights**

The Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all of the assets of the corporation;
- the investment of corporate funds in another corporation or business for any purpose other than the primary purpose for which the corporation was organized; and
- a merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. The SEC will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

### **Shareholders' Meetings**

At the annual meeting or at any special meeting of shareholders of the Company, the latter may be asked to approve actions requiring shareholder approval under Philippine law.

### **Quorum**

The Revised Corporation Code provides that, except in instances where the assent of shareholders representing two-thirds of the outstanding capital stock is required to approve a corporate act (usually involving the significant corporate acts where even non-voting shares may vote, as identified above) or where the by-laws provide otherwise, a quorum for a meeting of shareholders will exist if shareholders representing a majority of the capital stock are present in person or by proxy.

### **Voting**

Holders of the Offer Shares shall not be entitled to vote except in cases specifically set forth in the Amended Articles of Incorporation of the Company and as expressly provided by law. At any such shareholders' meeting where holders of the Offer Shares are allowed to vote, each holder of the Offer Shares shall be entitled to vote in person, or by proxy, all shares held by him which have voting power, upon any matter duly raised in such meeting.

The By-laws of SMC provide that proxies shall be in writing and signed and in accordance with the existing laws, rules and regulations of the SEC. Duly accomplished proxies must be submitted to the office of the Corporate Secretary not later than ten (10) trading days prior to the date of the shareholders' meeting.

### **Fixing Record Dates**

The Board of Directors has the authority to fix in advance the record date for shareholders entitled: (a) to notice of, to vote at, or to have their votes voted at, any shareholders' meeting; (b) to receive payment of dividends or other distributions or allotment of any rights; or (c) for any lawful action or for making any other proper determination of shareholders' rights. The Board of Directors may, by resolution, direct the stock transfer books of the Company be closed for a period not exceeding twenty (20) working days preceding the date of any meeting of shareholders. The record date shall in no case be more than sixty (60) days or less than thirty five (35) days preceding such meeting of shareholders.

**Accounting and Auditing Requirements/Rights of Inspection**

Philippine stock corporations are required to file copies of their annual financial statements with the SEC. Corporations whose shares are listed on the PSE are also required to file quarterly and annual reports with the SEC and the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board of Directors is required to present to shareholders at every annual meeting a financial report of the operations of the corporation for the preceding year. This report is required to include audited financial statements.

**Changes in Control**

There is no provision in the Amended Articles of Incorporation and Amended By-laws of SMC which would delay, deter or prevent a change in control of SMC. There are no existing arrangements to which SMC is a party or which are otherwise known to SMC that may result in a change in control of SMC.

Differences in the features of the Common Shares, the Series 1 Preferred Shares, and the Series 2 Preferred Shares

Feature	COMMON SHARES	SERIES "1" PREFERRED SHARES <sup>3</sup>	SERIES "2" PREFERRED SHARES <sup>4</sup>
<b>Entitlement to Dividends</b>	<b><u>Declaration of Dividends at the Option of the Board</u></b>	<b><u>Declaration of Dividends at the Option of the Board</u></b>	<b><u>Declaration of Dividends at the Option of the Board</u></b>
	The holders of common shares may be entitled to receive dividends upon declaration made at the sole option of the Board of Directors.	The holders of Series "1" Preferred Shares shall be entitled to receive cash dividends upon declaration made at the sole option of the Board of Directors.	<i>The holders of Series "2" Preferred Shares shall be entitled to receive cash dividends upon declaration made at the sole option of the Board of Directors.</i>
	<b><u>No Fixed Dividend Rate</u></b>	<b><u>Fixed Dividend Rate</u></b>	<b><u>Fixed Dividend Rate</u></b>
	There is no fixed dividend rate for common shares.  Historically, the Company declares a cash dividend of ₱0.35 on a quarterly basis.	<i>The annual dividends for Series "1" Preferred Shares shall be based on the 5-year PDST-F rate plus a spread which the Board of Directors has authorized management to determine ("<b>Dividend Rate</b>") calculated in respect of each share by reference to the issue price thereof (the "<b>Issue Price</b>").  <i>On this basis and pursuant to such authority granted to management, the Dividend Rate has been determined to be eight percent (8%) per annum.</i></i>	<i>The dividend rate shall be determined by the Board of Directors prior to the Issue Date.</i>
		<b><u>Dividend Rate Adjustment</u></b>	<b><u>Dividend Rate Adjustment</u></b>
		<i>Unless the Series "1" Preferred Shares are redeemed at the end of the fifth year of the issue date thereof (the "<b>Issue Date</b>"), the Dividend Rate shall be adjusted to the higher of: (i) the Dividend Rate; and (ii) the prevailing 10-year PDST- F Rate (or such successor benchmark rate) as displayed under the heading "Bid Yield" as published on the PDEX page (or successor page) of Bloomberg (or successor electronic service provider) at</i>	<i>Dividend rate adjustment, if any, shall be determined by the Board of Directors prior to the Issue Date</i>

<sup>3</sup> Features of the Series "1" Preferred Shares as quoted from the Amended Articles of Incorporation of the Company.

<sup>4</sup> Features of the Series "2" Preferred Shares as quoted from the Amended Articles of Incorporation of the Company.



Feature	COMMON SHARES	SERIES "1" PREFERRED SHARES <sup>3</sup>	SERIES "2" PREFERRED SHARES <sup>4</sup>
		<p>approximately 11:30a.m., Manila time on the date corresponding to the end of the fifth year from the Issue Date (or if not available, the PDST-F Rate on the banking day prior to such date, or if still not available, the nearest preceding date on which the PDST-F Rate is available, but if such nearest preceding date is more than five days prior to the date corresponding to the end of the fifth year from the Issue Date, the Board of Directors, at its reasonable discretion shall determine the appropriate substitute rate), plus a spread of up to 300 basis points, in either case calculated in respect of each share by reference to the Issue Price.</p>	
	<p><b><u>Subordinate to Series "1" and Series "2" Preferred Shares</u></b></p>	<p><b><u>When Payable</u></b></p>	<p><b><u>When Payable</u></b></p>
	<p>No dividend shall be declared and paid to holders of common shares unless cash dividends shall have been declared and paid to all holders of the Series "1" and Series "2" Preferred Shares.</p>	<p>The dividends declared shall be payable quarterly, beginning on the third month after the Issue Date of the Series "1" Preferred Shares and every three months thereafter (each, a "<b><i>Dividend Payment Date</i></b>").</p>	<p>It is envisioned that the dividends declared shall be payable quarterly, beginning on the third month after the Issue Date of the Series "2" Preferred Shares and every three months thereafter (each, a "<b><i>Dividend Payment Date</i></b>").</p>
	<p><b><u>Non-cumulative</u></b></p>	<p><b><u>Cumulative</u></b></p>	<p><b><u>Cumulative</u></b></p>
	<p>The dividends on the common shares are non-cumulative.</p>	<p>The dividends on the Series "1" Preferred Shares are cumulative. (This means that if the profits in any year are not enough to pay the preferred dividends, the deficiency is made up from the profits of the subsequent year.)</p>	<p>It is envisioned that the dividends on the Series "2" Preferred Shares shall be cumulative. (This means that if the profits in any year are not enough to pay the preferred dividends, the deficiency is made up from the profits of the subsequent year.)</p>
		<p><b><u>Non-Participating</u></b></p>	<p><b><u>Non-Participating</u></b></p>
		<p>The holders of the Series "1" Preferred Shares shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on said Series "1" Preferred Shares.</p>	<p>The holders of the Series "2" Preferred Shares shall not be entitled to any participation or share in the retained earnings remaining after dividend payment shall have been made on said Series "2" Preferred Shares. The holders of the Series "2" Preferred Shares shall not be</p>

Feature	COMMON SHARES	SERIES "1" PREFERRED SHARES <sup>3</sup>	SERIES "2" PREFERRED SHARES <sup>4</sup>
<b>Redeemability</b>	<p><b><u>Non-redeemable</u></b> Common Shares are not redeemable.</p>	<p><b><u>Redeemable</u></b> <i>The Series "1" Preferred Shares are redeemable in whole or in part, at the sole option of the Company, at the end of three years from the Issue Date or on any Dividend.</i></p> <p><i>Payment Date thereafter, at the price equal to the Issue Price plus any accumulated unpaid cash dividends.</i></p> <p><i>The Series "1" Preferred Shares, when redeemed, shall not be considered retired and may be re-issued by the Company at a price to be determined by the Board of Directors.</i></p> <p><i>Series "1" Preferred Shares are also perpetual or have no stated maturity.</i></p>	<p><i>entitled to participate or share in any other distribution or payment of dividends other than corresponding to the dividend rate prescribed in the Enabling Resolutions.</i></p> <p><b><u>Redeemable</u></b> <i>It is envisioned that the Series "2" Preferred Shares shall be redeemable in whole or in part, at the sole option of the Company.</i></p> <p><i>The Series "2" Preferred Shares, when redeemed, shall not be considered retired and may be re-issued by the Company at a price to be determined by the Board of Directors.</i></p> <p><i>Series "2" Preferred Shares are also perpetual or have no stated maturity.</i></p>
<b>Rights Upon Liquidation/ Dissolution/ Bankruptcy/ Winding Up</b>	<p><b><u>Subordinate to Series "1" and Series "2" Preferred Shares</u></b> The right of the holders of Common Shares to receive any asset of the Company in case of liquidation, dissolution, bankruptcy or winding up of the Company is subordinate to the holders of the Series "1" and Series "2" Preferred Shares.</p>	<p><b><u>Preference over Common Shares upon Liquidation</u></b> <i>In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Company, the holders of the Series "1" Preferred Shares and the Series "2" Preferred Shares shall enjoy preference in the payment, in full, or if the remaining assets of the Company are insufficient, on a pro-rata basis as among all holders of outstanding Series "1" and Series "2" Preferred Shares, of the Issue Price of their shares plus any previously declared and unpaid dividends, before any asset of the Company is paid or distributed to</i></p>	<p><b><u>Preference over Common Shares upon Liquidation</u></b> <i>In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Company, the holders of the Series "1" Preferred Shares and the Series "2" Preferred Shares shall enjoy preference in the payment, in full, or if the remaining assets of the Company are insufficient, on a pro-rata basis as among all holders of outstanding Series "1" and Series "2" Preferred Shares, of the Issue Price of their shares plus any previously declared and unpaid dividends, before any asset of the</i></p>

Feature	COMMON SHARES	SERIES "1" PREFERRED SHARES <sup>3</sup>	SERIES "2" PREFERRED SHARES <sup>4</sup>
		<i>the holders of Common Shares.</i>	<i>Company is paid or distributed to the holders of Common Shares.</i>
<b>Voting Rights</b>	<b><u>With Voting Rights</u></b>	<b><u>No Voting Rights</u></b>	<b><u>No Voting Rights</u></b>
	<p>Common stockholders have the right to vote on all matters requiring stockholders' approval. Under the Revised Corporation Code, the following corporate actions require the approval of the stockholders of a corporation:</p> <ul style="list-style-type: none"> <li>• Amendment of articles of incorporation;</li> <li>• Adoption and amendment of by-laws;</li> <li>• Sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;</li> <li>• Incurring, creating or increasing bonded indebtedness;</li> <li>• Increase or decrease of capital stock;</li> <li>• Merger or consolidation with another corporation or other corporations;</li> <li>• Investment of corporate funds in another corporation or business;</li> <li>• Dissolution;</li> <li>• Removal of directors;</li> <li>• Ratification of the contract of a self-dealing director or officer/ratification of act of a disloyal director who obtains profits to the prejudice of the corporation;</li> <li>• Extension or shortening of the corporate term;</li> <li>• Declaration of stock dividends;</li> <li>• Approval of management contracts;</li> </ul>	<p><i>The holders of the Series "1" Preferred Shares shall not be entitled to vote except in the following instances:</i></p> <ul style="list-style-type: none"> <li>• <i>Amendment of articles of incorporation;</i></li> <li>• <i>Adoption and amendment of by-laws;</i></li> <li>• <i>Sale, lease exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;</i></li> <li>• <i>Incurring, creating or increasing bonded indebtedness;</i></li> <li>• <i>Increase or decrease of capital stock;</i></li> <li>• <i>Merger or consolidation with another corporation or other corporations;</i></li> <li>• <i>Investment of corporate funds in another corporation or business; and</i></li> <li>• <i>Dissolution.</i></li> </ul>	<p><i>The holders of the Series "2" Preferred Shares shall not be entitled to vote except in the following instances:</i></p> <ul style="list-style-type: none"> <li>• <i>Amendment of articles of incorporation;</i></li> <li>• <i>Adoption and amendment of by-laws;</i></li> <li>• <i>Sale, lease exchange, mortgage, pledge, or other disposition of all or substantially all of the corporate property;</i></li> <li>• <i>Incurring, creating or increasing bonded indebtedness;</i></li> <li>• <i>Increase or decrease of capital stock;</i></li> <li>• <i>Merger or consolidation with another corporation or other corporations;</i></li> <li>• <i>Investment of corporate funds in another corporation or business; and</i></li> <li>• <i>Dissolution.</i></li> </ul>

Feature	COMMON SHARES	SERIES "1" PREFERRED SHARES <sup>3</sup>	SERIES "2" PREFERRED SHARES <sup>4</sup>
	<p>and</p> <ul style="list-style-type: none"> <li>Delegation of the power to amend or repeal by-laws or adopt new by-laws to the board of directors or trustees.</li> </ul>		
<b>Pre-Emptive Right</b>	<b><u>No Pre-Emptive Right</u></b>	<b><u>No Pre-Emptive Right</u></b>	<b><u>No Pre-Emptive Right</u></b>
	There shall be no pre-emptive right to any issuance of common shares.	<i>The holders of the Series "1" Preferred Shares shall have no pre-emptive right to any issue or disposition of any share of any class of the Company.</i>	<i>The holders of the Series "2" Preferred Shares shall have no pre-emptive right to any issue or disposition of any share of any class of the Company.</i>
<b>PSE Listing</b>	<b><u>Listed with the PSE</u></b>	<b><u>Listed with the PSE</u></b>	<b><u>Listed with the PSE</u></b>
	The common shares of the Company are listed with and traded on the PSE.	<i>The Series "1" Preferred Shares are listed with the PSE, but subject to trading suspension.</i>	<i>The Series "2" Preferred Shares are listed with the PSE, but, to the extent redeemed, subject to trading suspension. The additional issuance of Series "2" Preferred Shares shall be listed with the PSE upon issuance.</i>

## USE OF PROCEEDS

The gross proceeds from the Base Offer shall be ₱30,000,000,000.00 or, should the Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full the Oversubscription Option, the total gross proceeds of the offer shall be ₱50,000,002,500.00. The net proceeds from the Base Offer, after deducting from the gross proceeds the total issue management, underwriting and selling fees, listing fees, taxes and other related fees and out-of-pocket expenses, is estimated to be ₱29,740,806,871.00. The net proceeds from the Oversubscription Option should the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer, exercise in full its Oversubscription Option, after deducting from the gross proceeds, selling fees, and taxes is estimated to be ₱19,880,002,484.00.

Estimated fees, commissions and expenses are as follows:

Particulars	Amount
Underwriting and selling fees for the Series 2-L, Series 2-N, and Series 2-O Preferred Shares being sold by the Company	₱165,000,000.00
Taxes to be paid by the Company	₱15,000,000.00
Philippine SEC filing and legal research fee	₱13,193,126.00
PSE filing fee (inclusive of VAT)	₱56,000,003.00
Estimated legal and other professional fees	₱6,000,000.00
Estimated other expenses	₱4,000,000.00
<b>TOTAL</b>	<b><u>₱259,193,129.00</u></b>

Assuming the Oversubscription Option is fully exercised, the additional incremental estimated fees, commissions and expenses are as follows:

Particulars	Amount
Selling fees for the Series 2-L, Series 2-N, and Series 2-O Preferred Shares being sold by the Company	₱110,000,014.00
Taxes to be paid by the Company	₱10,000,002.00
<b>TOTAL</b>	<b><u>₱120,000,016.00</u></b>

The use of proceeds for this Offer will be for: (a) repayment of the Company's Philippine Peso-denominated short-term loan facilities; (b) repayment of Series B Bonds and Series H Bonds; and (c) in the event of exercise of the Oversubscription Option, for additional investments of the Company in the Airport and other airport-related projects.

### Repayment of Philippine Peso-denominated Short-Term Loan Facilities that were used to refinance certain U.S. Dollar-Denominated Obligations

A portion of the net proceeds from the Offer will be used to repay, in whole or in part, the following Philippine Peso-denominated short-term loan facilities of the Company:

Lender*	Amount	Date Incurred	Date Renewed	Maturity Date

\*Note: To be determined

The interest rates of the short-term loans are within the range of [●]% p.a.

The proceeds of the aforementioned short-term loans were used to refinance the Company's U.S.\$200,000,000.00 facility agreement dated November 16, 2018 between the Company, Mizuho Bank, Ltd. as Mandated Lead Arranger and Bookrunner, and Mizuho Bank, Ltd., Singapore Branch as Original Lenders and U.S.\$250,000,000.00 facility agreement dated September 27, 2017 between the Company and Mizuho Bank, Ltd., Singapore Branch as Original Lender.

### Repayment of the Series B Bonds

Up to ₱7.29 billion from the net proceeds of the Offer will be used for the repayment of the Company's Series B Bonds with a total outstanding amount of ₱7,294,330,000.00, with an annual interest rate of 5.284%, and a maturity date of March 1, 2024. The repayment of Series B Bonds will be made on March 1, 2024.

### Repayment of the Series H Bonds

Up to ₱10.00 billion from the net proceeds of the Offer will be used for the repayment of the Company's Series H Bonds with a total outstanding amount of ₱10,000,000,000.00, with an annual interest rate of 5.55%, and a maturity date of October 4, 2024. The repayment of Series H Bonds will be made on October 4, 2024.

### Investment in Airport and airport-related projects

The Company also intends to use up to ₱15.80 billion from the net proceeds from the Offer to invest in the Airport and other airport-related projects, by way of equity, debt, or other instruments, within twenty-four (24) months from the Issue Date.

As discussed on page 179 of the Prospectus, on September 18, 2019, San Miguel Aerocity Inc. ("SMAI"), signed a concession agreement with the Department of Transportation to construct and operate the Manila International Airport that is envisioned to be an aerotropolis, fill the gap and set the standard for a modern, world-class international airport that will address today's and future capacity requirements for air travel in the Philippines. SMAI is 100% controlled by San Miguel Holdings Corp., which is a wholly-owned subsidiary of SMC.

The proceeds from the Offer will be utilized by the Company through direct or indirect investments in SMAI or such other infrastructure subsidiaries of the Company as it may deem appropriate in furtherance of the completion of such projects subject to and in compliance with existing laws, rules and regulations.

The Board of Directors of the Company authorized its management to make additional investments in any of the aforementioned projects, at such time and in such amount as management may deem appropriate taking into consideration the capital requirements of the relevant infrastructure business, including funding requirements of its projects, opportunities and developments in the relevant industries of the businesses, and requirements of relevant regulatory agencies, among others.

Management expects to make the investments within twenty-four (24) months from the Issue Date. The specific terms and conditions of the additional investment, which may be in the form of subscription to additional shares, or in redeemable perpetual securities, debt, or other form of investment shall also be determined by management and will be disclosed by the Company in accordance with its reporting and disclosure obligations.

In summary, the net proceeds of the Offer shall be used as follows:

Purpose	Allocation out of the Net proceeds of the Base Offer <sup>1</sup>	Allocation out of the Net proceeds of the Offer (Assuming Exercise of Oversubscription Option) <sup>1</sup>	Estimated Timing of Disbursement
Repayment of Philippine Peso-denominated short-term loan facilities	Up to ₱16.53 billion	Up to ₱16.53 billion	within 4 <sup>th</sup> quarter of 2023
Repayment of Series B Bonds	Up to ₱7.29 billion	Up to ₱7.29 billion	March 1, 2024
Repayment of Series H Bonds	Up to ₱5.92 billion	Up to ₱10.00 billion	October 4, 2024
Investments in Airport and other airport-related projects	-	Up to ₱15.80 billion	within 24 months from Issue Date
Total	₱29.74 billion	₱49.62 billion	

<sup>1</sup>Estimate, but in no event will the total allocation exceed the net proceeds from the Offer.

Any shortfall from the net proceeds of the Offer allotted to any of the foregoing will be financed from the Company's internally generated funds.

Pending the above use of proceeds, the Company intends to invest the net proceeds from the Offer in short-term liquid investments including, but not limited to, short-term government securities, bank deposits, and money market placements which are expected to earn prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

The Company shall file the appropriate SEC Form 17-C with the SEC and the PSE upon making any disbursement of the net proceeds of the Offer.

#### **UNDERTAKING ON THE USE OF PROCEEDS**

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

The Company undertakes that it will not use the net proceeds from the Offer for any purpose, other than as discussed above. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of any substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the PSE, and the holders of the Offer Shares in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented. Any material or substantial adjustments to the use of proceeds, as indicated above, should be approved by the Board of Directors or the Executive Committee, and disclosed to the PSE. In addition, the Company shall submit via the PSE's online disclosure system, the Electronic Disclosure Generation Technology ("**EDGE**"), the following disclosures to ensure transparency in the use of proceeds, namely:

- i. any disbursements made in connection with the planned use of proceeds from the Offer;
- ii. quarterly progress report on the application of the proceeds from the Offer on or before the first fifteen (15) days of the following quarter;
- iii. annual summary of the application of the proceeds on or before January 31 of the following year; and
- iv. approval by the Board of Directors or the Executive Committee of any reallocation on the planned use of proceeds. The actual disbursement or implementation of such reallocation must be disclosed by the Company at least thirty (30) days prior to the said actual disbursement or implementation.

The Company shall submit a certification by the Company's treasurer and external auditor on the accuracy of the information reported by the Company to the PSE, as well as a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the Offer Supplement, if any, in the Company's quarterly and annual reports as required in items (ii) and (iii) above. Such detailed explanation will state the approval of the Board of Directors as required in item (iv) above.

## PLAN OF DISTRIBUTION

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SMC plans to issue the Offer Shares to institutional and retail investors in the Philippines through a public offering to be conducted through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. The Offer does not include an international offering.

### Joint Issue Managers

Bank of Commerce, BDO Capital & Investment Corporation, and China Bank Capital Corporation are the Joint Issue Managers for the Offer, and as such, manage and coordinate the various workstreams to ensure the successful execution of the Offer.

### Joint Lead Underwriters and Bookrunners

The Joint Lead Underwriters and Bookrunners have agreed to distribute and sell the Series 2-L, Series 2-N, and Series 2-O Preferred Shares at the Offer Price, pursuant to an underwriting agreement to be entered into with SMC. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners have committed to underwrite the following amounts on a firm basis:

Asia United Bank Corporation	₱[•]
Bank of Commerce	₱[•]
BDO Capital & Investment Corporation	₱[•]
BPI Capital Corporation	₱[•]
China Bank Capital Corporation	₱[•]
Land Bank of the Philippines	₱[•]
Philippine Commercial Capital, Inc.	₱[•]
PNB Capital and Investment Corporation	₱[•]
RCBC Capital Corporation	₱[•]
SB Capital Investment Corporation	₱[•]
Union Bank of the Philippines	₱[•]
<b>TOTAL</b>	<b><u>₱30,000,000,000.00</u></b>

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to SMC of the net proceeds of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares.

The underwriting and selling fees to be paid by the Company in relation to the Offer shall be up to 0.55% of the gross proceeds of the Offer. This shall be inclusive of fees to be paid to the Joint Issue Managers, Joint Lead Underwriters and Bookrunners, and the commissions to be paid to the Trading Participants of the PSE, which shall be equivalent to [•]% of the total proceeds of the sale of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares by such Trading Participant. The Trading Participant's selling commission is inclusive of any value added tax and creditable withholding tax. The latter shall be for the account of the Trading Participant and will be withheld and remitted to the Bureau of Internal Revenue ("BIR") by either the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners or the Issuer.

The Joint Issue Managers, and the Joint Lead Underwriters and Bookrunners are duly licensed by the SEC to engage in underwriting or distribution of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners may, from time to time, engage in transactions with and perform services in the ordinary course of its business for SMC or any of its subsidiaries.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners, except for Bank of Commerce, have no direct relations with SMC in terms of ownership by either of their respective major stockholder/s and have no right to designate or nominate any member of the Board of Directors. Bank of Commerce is an affiliate of the Company.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners have no contract or other arrangement with SMC by which it may return to SMC any unsold Series 2-L, Series 2-N, and Series 2-O Preferred Shares.



## **Overview of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners**

Asia United Bank Corporation (“**AUB**”) was granted the authority to operate as a commercial bank under the Monetary Board Resolution No. 1149 dated September 3, 1997 and commenced operations on October 31, 1997. In 2012, it obtained approval from the BSP to upgrade its license into expanded commercial banking status. In 2013, AUB was granted an authority to operate as a universal bank under MB Resolution No. 356 dated February 28, 2013. The universal banking license authorizes, AUB, in addition to its general powers as a commercial bank, to exercise, among others, powers of an investment house, including securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity securities, project finance and direct equity investment.

Bank of Commerce (“**BankCom**”) a universal bank, traces its origins to the Overseas Bank of Manila, established in Binondo, Manila in 1963. In December 2020, the Intellectual Property Office granted the copyright licenses for “BankCom” as the bank’s official short name. Filipino-owned San Miguel Properties, Inc., a subsidiary of San Miguel Corporation, and San Miguel Corporation Retirement Plan, the registered retirement plan of SMC Group employees, became the controlling shareholders of BankCom in 2008. BankCom’s Investment Banking Group was established in the first quarter of 2022 following the approval by the Bangko Sentral ng Pilipinas in December 2021 of the upgrade of BankCom’s banking license from commercial bank to universal bank, thus allowing BankCom to engage in investment banking activities. In August 2022, BankCom received its SEC license to underwrite securities. The Investment Banking Group underwrites, issue manages, and arranges publicly listed and privately placed securities/instruments.

BDO Capital & Investment Corporation (“**BDO Capital**”) was incorporated in the Philippines in December 1998. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. It is duly licensed by the SEC to operate as an investment house and was licensed by the SEC to engage in underwriting or distribution of securities to the public. As of December 31, 2022, it had ₱4.19 Billion and ₱3.84 Billion in assets and capital, respectively. It has an authorized capital stock of ₱1.10 Billion, of which approximately ₱1.00 Billion represents its paid-up capital.

BPI Capital Corporation (“**BPI Capital**”) is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of June 30, 2023, its total assets amounted to ₱4.23 billion and its capital base amounted to ₱4.07 billion. It has an authorized capital stock of ₱506.43 billion of which approximately ₱260.63 million represents its paid-up capital.

China Bank Capital Corporation (“**China Bank Capital**”) is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house in 2015 as a result of the spin-off of China Banking Corporation’s Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company’s services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. China Bank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2022, it has total assets of ₱3.09 billion and a capital base of ₱3.00 billion.

Land Bank of the Philippines (“**LANDBANK**”) is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. LANDBANK was established in 1963 and it operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy such as infrastructure and utilities, power, micro, small and medium enterprises, healthcare and education, and environment and natural resources management, among others. Its principal office is in Land Bank Plaza, 1598 M.H. Del Pilar corner Quintos Streets, Malate, Manila, Philippines. As of 31 December 2022, total assets of LANDBANK amounted to ₱3.14 trillion, while its capital amounted to ₱210.59 billion.

Philippine Commercial Capital, Inc. (“**PCCI**”) was incorporated on July 25, 1980 and is considered as one of the oldest investment banks in the country. PCCI has established a solid track record and expertise in the Philippine capital markets and consequently obtained a license to operate as a trust entity, investment house and securities dealer.

PNB Capital and Investment Corporation (“**PNB Capital**”), a wholly-owned subsidiary of the Philippine National Bank, offers a spectrum of investment banking services including loan syndications and project finance, bond offerings,

private placements, public offering of shares, securitization, financial advisory and mergers and acquisitions. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997. PNB Capital is licensed by the Philippine SEC to operate as an investment house with a non-quasi-banking license. As of December 31, 2021, it had an authorized capital of ₱2.0 billion and paid-up capital of ₱1.5 billion. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. As of December 31, 2021, total assets of PNB Capital were at ₱2.7 billion while total capital was at ₱2.4 billion.

RCBC Capital Corporation (“**RCBC Capital**”) is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 49 years of experience in underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country’s largest fully integrated financial services conglomerates. As of December 31, 2022, its total assets amounted to ₱3.23 billion, and its capital base amounted to ₱3.16 billion.

SB Capital Investment Corporation (“**SB Capital**”) is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. SB Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. SB Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally. As of December 31, 2022, its total assets amounted to ₱1.63 billion and its capital base amounted to ₱1.60 billion.

Union Bank of the Philippines (“**Union Bank**”) is a publicly listed universal bank whose principal shareholders are Aboitiz Equity Ventures, Inc., Social Security System, and The Insular Life Assurance Company, Ltd. Union Bank has always been among the first to embrace technological innovations to empower its customers. Union Bank leverages on technology and its agile culture to meet the customers’ changing and diverse needs and continuously enhance customer experience. Determined to be an enabler of the Philippines’ bid to be a G20 country by 2050, Union Bank stands firm in its promise to power the future of banking by co-creating innovations for its customers and for a better world.

Union Bank offers a broad range of products and services, which include deposit and related services, consumer finance (comprising credit card services, mortgage and auto loans, and personal/salary loans), corporate banking, commercial banking (comprising middle-market banking), micro, small and medium-sized enterprises banking, cash management, trust and investment services, treasury products distribution, and funding and trading (involving management of Union Bank’s liquidity and funding requirements and handling of transactions in the financial markets covering foreign exchange, fixed income trading and investments, and derivatives). In addition, Union Bank has a private banking unit which offers estate planning solutions and a global and diversified multi-asset fund to its high-net-worth and ultra-high-net-worth clients through its partnership with Lombard Odier and various life insurance products through its bancassurance partnership with Insular Life.

### **Assigned Joint Lead Underwriters for the Trading Participants**

The Assigned Joint Lead Underwriters for the Trading Participants and the PSE to facilitate the reservation and allocation of the Series 2-L, Series 2-N, and Series 2-O Preferred Shares among the Trading Participants. Examples of the Joint Lead Underwriters for the Trading Participants’ obligations include: (i) conducting the allocation process and preparing the trading participant final allocation list; (ii) transmitting the notice of final allocation to participating Trading Participants; and (iii) indicating the requested number of Offer Shares by each participating Trading Participant in the allocation report. For more details on responsibilities of the Assigned Joint Lead Underwriters of the Trading Participants, please refer to the TP Guidelines.

### **Sale and Distribution**

The distribution and sale of the Offer Shares shall be undertaken by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners who shall sell and distribute the Offer Shares to third party buyers/investors. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners are authorized to organize a syndicate of other underwriters, soliciting dealers and/or selling agents for the purpose of the Offer.

Of the 400,000,000 Series 2-L, Series 2-N, and Series 2-O Preferred Shares to be offered, at least [320,000,000] Series

2-L, Series 2-N, and Series 2-O Preferred Shares or about [80%] are being offered through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners for subscription and sale to Qualified Buyers, other investors, and the general public. The Company plans to make available up to [80,000,000] Series 2-L, Series 2-N, and Series 2-O Preferred Shares or about [20%] for distribution to the [125] Trading Participants acting as Selling Agents (the “**Trading Participants Offer**”) (subject to re-allocation as described below). Each Trading Participant shall be allocated [640,000] Series 2-L, Series 2-N, and Series 2-O Preferred Shares (the “**Allocation per TP**”) (computed by dividing the Series 2-L, Series 2-N, and Series 2-O Preferred Shares allocated to the Trading Participants by [125]). Trading Participants may undertake to purchase more than the Allocation per TP. Any requests for shares in excess of the Allocation per TP may be satisfied via the reallocation of any Series 2-L, Series 2-N, and Series 2-O Preferred Shares not taken up by other Trading Participants.

Any Series 2-L, Series 2-N, and Series 2-O Preferred Shares allocated to the Trading Participants but not taken up by them, will be allocated first to the Trading Participants who subscribed for their full allotment and indicated additional demand, at the sole discretion of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners.

Trading Participants who take up the Offer Shares shall be entitled to a selling fee of [•]%, inclusive of any value added tax and creditable withholding tax, and will be paid to the participating Trading Participants within fifteen (15) Business Days after the Issue Date.

The allocation of the Offer Shares between the Institutional Offer and the Trading Participants Offer is subject to adjustment as agreed among the Issuer, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. In the event of an under-application in the Institutional Offer and a corresponding over-application in the Trading Participants Offer, Offer Shares initially allocated to the Institutional Offer may be reallocated to the Trading Participants Offer. If there is an under-application in the Trading Participants Offer and a corresponding over-application in the Institutional Offer, Offer Shares initially allocated to the Trading Participants Offer may be reallocated to the Institutional Offer. The reallocation shall not apply in the event of an over-application or under-application in both the Institutional Offer, on the one hand, and the Trading Participants Offer, on the other hand.

All Series 2-L, Series 2-N, and Series 2-O Preferred Shares not taken up by the Qualified Buyers, Trading Participants, the general public and the clients of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall be purchased by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners pursuant to the terms and conditions of the Underwriting Agreement. Nothing herein or in the Underwriting Agreement shall limit the rights of the Joint Lead Underwriters and Bookrunners from purchasing the Offer Shares for their own respective accounts.

The obligations of each of the Joint Lead Underwriters and Bookrunners will be joint but not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Joint Lead Underwriters and Bookrunners. Unless otherwise expressly provided in the Underwriting Agreement, the failure by a Joint Lead Underwriter and Bookrunner to carry out its obligations thereunder shall neither relieve the other Joint Lead Underwriters and Bookrunners of their obligations under the same Underwriting Agreement, nor shall any Joint Lead Underwriter and Bookrunner be responsible for the obligation of another Joint Lead Underwriter and Bookrunner.

### **Local Small Investors**

The Company will not allocate any Offer Shares for the Local Small Investors Program of the PSE.

### **Trading Participant Allocation Process**

#### Mechanics of Distribution

1. Upon preparation of the report on the Offer Shares to be taken up by Trading Participants (“**Firm Undertaking Report**”) the Assigned Joint Lead Underwriters for the Trading Participants shall, with guidance from the other Joint Lead Underwriters and Bookrunners, input the number of Offer Shares requested by each Trading Participant in a spreadsheet designed for the reservation and allocation of the Offer Shares.
2. The spreadsheet shall distribute the total number of Offer Shares to be allocated to each Trading Participant in accordance with the following process:

- a) If the total number of Offer Shares requested by a Trading Participant, based on its Firm Undertaking Report, does not exceed the Allocation per TP, the Assigned Joint Lead Underwriters for the Trading Participants shall fully satisfy the request of such Trading Participant. Each Trading Participant is assured of not less than the Allocation per TP. The balance, if any, shall be re-distributed among those who have signified a commitment to purchase more than the Allocation per TP in their Firm Undertaking Report until all the Offer Shares allotted for distribution are fully allocated.
- b) If the total number of Offer Shares requested by a Trading Participant exceeds the Allocation per TP, additional shares may be sourced from the Offer Shares not taken up by the other Trading Participants. The Assigned Joint Lead Underwriters for the Trading Participants, with guidance from the other Joint Lead Underwriters and Bookrunners, shall allocate the Offer Shares to Trading Participants by: (i) fully satisfying the orders of those Trading Participants who have firm orders that are less than or equal to the Allocation per TP; and (ii) distributing equitably the remaining Allocation per TP to other Trading Participants with orders for additional shares, but only up to their respective firm orders.
- c) The allocation will be done based on the total number of Offer Shares, regardless of the subseries.
- d) In no case shall any Trading Participant be awarded more than the shares indicated in its Firm Undertaking Report.
- e) If the aggregate number of Offer Shares requested by all Trading Participants is less than the Offer Shares initially allocated to the Trading Participants Offer, the balance shall be returned to the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners for reallocation.

3. All deadlines indicated in the TP Guidelines shall be strictly followed.

#### **Term of Appointment**

The engagement of the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall subsist so long as the SEC Permit to Sell remains valid, unless otherwise terminated pursuant to the Underwriting Agreement.

#### **Manner of Distribution**

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall, at their discretion, determine the manner by which proposals for subscriptions to, and issuances of, the Offer Shares shall be solicited, with the sale of the Offer Shares to be effected only through the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners may appoint other entities, including Trading Participants, to sell on their behalf.

#### **Offer Period**

The Offer Period shall commence at 9:00 a.m. on [November 6, 2023] and end at 12:00 noon on [November 13, 2023], or such other date as may be mutually agreed between the Company, the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners with the approval of the SEC and the PSE, as applicable.

#### **Application to Purchase**

All applications to purchase the Offer Shares shall be evidenced by a duly completed and signed Application to Purchase, together with two (2) fully executed specimen signature cards authenticated by the Corporate Secretary or equivalent officer with respect to corporate and institutional investors, and shall be accompanied by the proof of payment in full of the corresponding purchase price of the Offer Shares, by check or by the appropriate payment instruction, and the required documents which must be submitted to the Receiving Agent, the Joint Issue Managers, or the Joint Lead Underwriters and Bookrunners.

Corporate and institutional purchasers must also submit the following:

- (a) a certified true copy of the applicant's latest articles of incorporation and by-laws and other constitutive

documents or equivalent documents, each as amended to date, duly certified by the corporate secretary or equivalent officer;

- (b) the applicant's SEC certificate of registration, duly certified by the corporate secretary or equivalent officer;
- (c) a duly notarized corporate secretary's certificate or equivalent document setting forth the resolution of the applicant's board of directors or equivalent body authorizing (i) the purchase of the Offer Shares indicated in the application and (ii) the designated signatories for the purpose, including their respective specimen signatures;
- (d) certified true copy of latest General Information Sheet ("**GIS**") duly certified by the corporate secretary or equivalent officer;
- (e) photocopy of any one (1) of the following valid IDs: passport/driver's license, company ID, Social Security System/Government Service and Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank or the Receiving Agent, as applicable; and
- (f) specimen signature card with specimen signatures of the signatory or signatories of the Application to Purchase.

Individual applicants must also submit a photocopy of any one of the following valid IDs: passport/driver's license, company ID, Social Security System/Government Service Insurance System ID and/or Senior Citizen's ID or such other ID and documents as may be required by or acceptable to the selling bank.

For Applications to Purchase to be submitted by the Trading Participants, please refer to the [Trading Participant Implementing Guidelines].

An applicant who is exempt from or is not subject to withholding tax or who claims reduced tax treaty rates shall, in addition, be required to submit the following requirements to the relevant Joint Issue Manager, or the relevant Joint Lead Underwriter and Bookrunner (together with their applications) who shall then forward the same to the Registrar and Paying Agent, subject to acceptance by the Company as being sufficient in form and substance:

1. Tax Residency Certificate for the period when the treaty rate is claimed, duly issued by the tax authority of the foreign country in which the income recipient is a resident.
2. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing payment/remittance of income.
3. Notarized Special Power of Attorney ("**SPA**") issued by the nonresident taxpayer to his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or Request for Confirmation.
4. When applicable, proof that shareholding in respect of which dividends are paid is not effectively connected with a permanent establishment of the foreign enterprise in the Philippines.

Depending on the circumstances of the applicant, additional/special requirements may be requested in accordance with existing rules and regulations issued by the BIR.

In case, the non-resident corporate taxpayer wishes to, instead, avail of the benefits of the tax sparing under the National Internal Revenue Code, it will have to submit the following documents:

1. Original copy of apostilled/duly authenticated Tax Residence Certificate issued by the tax authority of the country of domicile.
2. Original apostilled/duly authenticated copy of the non-resident foreign corporation's ("**NRFC**") articles of incorporation or proof of establishment in its country of residence.
3. Original copy of apostilled/duly authenticated SPA issued by NRFC to its authorized representative.

As in request for confirmation/tax treaty relief application, additional/special requirements may be requested in

accordance with existing rules and regulations issued by the BIR.

In both cases, an original of the duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status, undertaking to immediately notify the Company and the Registrar and Depository Agent of any suspension or revocation of its tax exempt status and agreeing to indemnify and hold the Company, the Registrar and Depository Agent and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or reduced withholding of the required tax will have to be submitted.

The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall be responsible for accepting or rejecting any application or scaling down the amount of Offer Shares applied for. The application, once accepted, shall constitute the duly executed purchase agreement covering the amount of Offer Shares so accepted and shall be valid and binding on the Company and the applicant. The Joint Issue Managers and the Joint Lead Underwriters and Bookrunners shall advise the Selling Agents of any Applications that were rejected and/or scaled down, with copy to the Company.

### **Minimum Purchase**

A minimum purchase of 500 shares shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of 100 shares.

### **Payment for the Offer Shares**

The Offer Price of the Offer Shares must be paid in full upon submission of the application. Payment shall be in the form of either:

- (a) a Metro Manila clearing cashier's/manager's or corporate check, or personal check drawn against a bank account with a BSP-authorized agent bank located in Metro Manila and dated as of the date of submission of the Application to Purchase covering the entire number of the Offer Shares covered by the same Application. Checks should be made payable to "**SMC Preferred Shares Offer**"; or
- (b) through the RTGS facility of the BSP to the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, Selling Agent, or the Receiving Agent to whom such Application was submitted; or
- (c) via direct debit from their deposit account maintained with the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, or the Selling Agent; or
- (d) through other means as may be agreed between the applicant and the relevant Joint Issue Manager, Joint Lead Underwriter and Bookrunner, Selling Agent, or the Receiving Agent.

### **Refunds**

In the event an Application is rejected or the amount of Offer Shares applied for is scaled down, the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Selling Agents, the concerned Trading Participant, or the Receiving Agent, as may be applicable, upon receipt of such rejected or scaled down Applications, shall notify the applicant concerned that his Application has been rejected or the amount of Offer Shares applied for is scaled down, and return or refund the amount paid by the applicant with no interest thereon. With respect to an applicant whose Application was rejected, the Joint Lead Underwriter and Bookrunner, the Selling Agents, the concerned Trading Participant, or the Receiving Agent, as may be applicable, shall return the check payment of or refund the amount paid by the applicant concerned. With respect to an applicant whose Application has been scaled down, refund shall be made by the concerned Joint Lead Underwriter and Bookrunner, the concerned Selling Agents, the concerned Trading Participant, or the Receiving Agent, as may be applicable, by way of issuance of its own check payable to the order of the applicant and crossed "Payees' Account Only" corresponding to the amount in excess of the accepted Application or through other means as may be agreed between the applicant and the relevant Joint Lead Underwriter and Bookrunner, Trading Participant, Selling Agents, or Receiving Agent. All checks shall be made available for pick up by the applicants concerned at the office of the Joint Issue Managers, the Joint Lead Underwriters and Bookrunners, the Trading Participants, or the Receiving Agent, as may be applicable, to whom the rejected or scaled down Application was submitted within five (5) Business Days after the last day of the Offer Period. Any checks that remain unclaimed after fifteen (15) days from the Issue Date shall be mailed or delivered, at the risk of the applicant, to the address specified in the Application to Purchase. The Company shall not be liable in any manner to the applicant for any check

payment corresponding to any rejected or scaled-down Application which is not returned by the the Joint Lead Underwriters and Bookrunners, the Selling Agent, the Trading Participants, or the Receiving Agent, as may be applicable; in which case, the Joint Lead Underwriters and Bookrunners, the Selling Agents, the Trading Participants, or the Receiving Agent, as may be applicable, shall be responsible directly to the applicant for the return of the check or otherwise the refund of the payment.

#### **WITHDRAWAL OF THE OFFER**

The Company reserves the right to withdraw the offer and sale of the Offer Shares at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PSE.

The Company may also withdraw the offer and sale of the Offer Shares at any time on or after the commencement of the Offer Period and prior to the Listing Date, if any of the following events occurs, in which case the Underwriting Agreement shall be deemed terminated, namely:

- a. an outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or occurrence of any change in local, national or international financial, political, economic or stock market conditions which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Shares in the manner contemplated by the PSE Notice of Approval, the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell Securities (“**Approvals**”) and by the Prospectus and this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Shares in the Philippines, rendering it, in the reasonable determination of the Joint Lead Underwriters and Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and the Prospectus and this Offer Supplement, provided that for the avoidance of doubt, the Offer shall not be withdrawn, cancelled, suspended or terminated solely by reason of the Issuer’s or the Joint Lead Underwriters and Bookrunners’ inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period;
- b. an order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Shares by any court or governmental agency or authority having jurisdiction on the matter, including the SEC and the PSE;
- c. cancellation, revocation or termination of the Approvals;
- d. trading in the PSE is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Shares on the Listing Date or such other date as may be approved by the PSE;
- e. there is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Shares and enter into the transaction documents in connection with the Offer, (c) any of the features, yield or marketability of the Offer Shares, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;
- f. any significant, adverse, and unforeseeable change or development in the Issuer’s long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Shares unsuitable for offering to the public;
- g. the Issuer decides to or is compelled by any competent court or government authority to stop or is about to stop its operations, which is not remedied within five (5) Business Days from such decision of the Issuer or competent court or government authority (as the case may be);

- h. the Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;
- i. a general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;
- j. the commencement or threatened commencement by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Shares in general which renders the performance of their underwriting commitment impossible or impracticable;
- k. any event occurs which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control, such as issuance by any court, arbitral tribunal, or government agency which has jurisdiction on the matter of an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing the Joint Lead Underwriters and Bookrunners to cease, from performing their underwriting obligations;
- l. any representation, warranty or statement of the Issuer in the Underwriting Agreement, in any certificate, or any information given in the Prospectus and the Offer Supplement is untrue or misleading in any material respect or omitted to state a material fact necessary to make the statements therein in light of the circumstances in which they were made, provided that such: (a) was not known and could not have been known to the Joint Lead Underwriters and Bookrunners on or before commencement of the Offer Period despite the exercise of due diligence, and (b) has a material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability;
- m. unavailability of PDTC's lodgment facilities and the PSE's listing facilities used for the Offer and/or listing prior to or on the target Listing Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of PSE, if the impact of such unavailability remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Bookrunners in good faith; and
- n. any force majeure event, other than the events enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Shares or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Shares remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the actual issuance of the Offer Shares to an Applicant shall take place only upon the listing of the Offer Shares on the PSE. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Shares prior to Listing Date pursuant to this section and the "*Summary of the Offer – Withdrawal of the Offer*" of this Offer Supplement, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Shares on Listing Date.



Notwithstanding the foregoing, the Company and the Joint Lead Underwriters and Bookrunners recognize and acknowledge that the PSE is a self-regulatory organization with a mandate to maintain a fair and orderly market. In this regard, the PSE may impose appropriate and reasonable sanctions and penalties on the relevant party for the cancellation of the Offer on or after the commencement of the Offer Period and prior to the Issue Date if, subsequently, the PSE determines that the cancellation or suspension of the Offer was not warranted based on the facts gathered and properly evaluated by PSE and after due and proper proceedings initiated by the PSE not later than five (5) Business Days after such cancellation or suspension.

### **Secondary Market**

SMC may purchase the Offer Shares, then tradeable at that time, at any time without any obligation to make pro rata purchases of Offer Shares from all shareholders.

### **Registry of Shareholders**

The Offer Shares will be issued in scripless form through the electronic book-entry system of SMC Stock Transfer Service Corporation as Registrar for the Offer Shares, and lodged with PDTC as Depository Agent on Issue Date through the Trading Participants nominated by the applicants. Applicants shall indicate in the proper space provided for in the Application to Purchase the name of the Trading Participant under whose name their Offer Shares will be registered. After Issue Date, shareholders may request the Registrar, through their nominated Trading Participant, to (a) open a scripless registry account and have their holdings of the Offer Shares registered under their name, or (b) issue stock certificates evidencing their investment in the Offer Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting shareholder.

Legal title to the Offer Shares will be shown in the Registry of Shareholders which shall be maintained by the Registrar (the "**Registry of Shareholders**"). The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Offer Shares that is effected in the Registry of Shareholders (at the cost of the requesting shareholder). The Registrar shall send (at the cost of the Company) at least once every quarter a statement of account to all shareholders named in the Registry of Shareholders, except certificated shareholders and depository participants, confirming the number of Offer Shares held by each shareholder on record in the Registry of Shareholders. Such statement of account shall serve as evidence of ownership of the relevant shareholder as of the given date thereof. Any request by the shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting shareholder.

For scripless shares, the maintenance and custody fee payable to the PDTC shall be for the account of the shareholder.

### **Expenses**

All out-of-pocket expenses, including but not limited to, registration with the SEC and the PSE, printing, publication, communication and signing expenses incurred by the Joint Issue Managers and the Joint Lead Underwriters and Bookrunners in the negotiation and execution of the transaction will be for the account of SMC irrespective of whether the transaction contemplated herein is completed. Such expenses are to be reimbursed upon presentation of a composite statement of account. See "*Use of Proceeds*" on page 27 for details of the estimated expenses.

## CAPITALIZATION

The following table sets forth the unaudited consolidated short-term and long-term debt and capitalization of SMC as of June 30, 2023. This table should be read in conjunction with the more detailed information and reviewed and unaudited financial statements, including notes thereto, found in Appendix A of the Prospectus.

(in ₱Millions)	As at June 30, 2023 (Unaudited)	Adjustments	Notes	As adjusted for Base Offer Size of 400,000,000 shares	As adjusted for maximum Offer Size of 666,666,700 shares
<b>Current Liabilities</b>					
Loans payable	234,158			234,158	234,158
Accounts payable and accrued expenses	225,584			225,584	225,584
Lease liabilities – current portion	21,615			21,615	21,615
Income and other taxes payable	46,430			46,430	46,430
Dividends payable	3,834			3,834	3,834
Current maturities of long-term debt – net of debt issue cost	129,614			129,614	129,614
<b>Total Current Liabilities</b>	<b>661,235</b>			<b>661,235</b>	<b>661,235</b>
<b>Noncurrent Liabilities</b>					
Long term debt – net of current maturities and debt issue costs	973,917			973,917	973,917
Deferred tax liabilities	43,454			43,454	43,454
Lease liabilities – net of current portion	28,757			28,757	28,757
Other noncurrent liabilities	26,577			26,577	26,577
<b>Total Noncurrent Liabilities</b>	<b>1,072,705</b>			<b>1,072,705</b>	<b>1,072,705</b>
<b>Equity Attributable to Equity Holders of the Parent Company</b>					
Common stock – P5.00 par value	16,443			16,443	16,443
<i>Authorized – 3,790,000,000 shares Issued – 3,288,649,125 shares</i>					
Series 1 Preferred stock – P5.00 par value	1,397			1,397	1,397
<i>As of June 30, 2023 Authorized – 300,000,000 shares Issued – 279,406,667 shares Outstanding – zero, redeemed in April 2020</i>					
Series 2 Preferred stock – P5.00 par value	8,790			8,790	8,790
<i>As of June 30, 2023 Authorized – 1,910,000,000 shares Issued – 1,758,099,686 shares Outstanding – 843,238,467 shares Upon issuance of the Offer Shares</i>					
<i>Authorized – 1,910,000,000 shares Issued – 1,758,099,686 shares Outstanding – 1,683,238,492 shares<sup>1 and 2</sup></i>					
Additional paid-in capital	177,719			177,719	177,719
Capital securities	24,211			24,211	24,211
Equity reserves	10,572			10,572	10,572
Retained earnings					

Appropriated	84,280			84,280	84,280
Unappropriated	111,558			111,558	111,558
Treasury Stock	(156,763)	13,000	1	(113,763)	(93,763)
		30,000	2 <sup>(a)</sup>		
		20,000	2 <sup>(b)</sup>		
Non-controlling interests	<b>355,255</b>			<b>355,255</b>	<b>355,255</b>
<b>Total Equity</b>	<b>633,462</b>			<b>676,462</b>	<b>696,462</b>
<b>Total Capitalization</b>	<b>2,367,402</b>			<b>2,410,402</b>	<b>2,430,402</b>

<sup>1</sup>On August 23, 2023, the Parent Company issued a total of 173,333,325 Sub-series "2-M" Preferred Shares out of the Treasury Shares at ₱75.00 per share amounting to approximately ₱13,000 million.

<sup>2</sup>The Parent Company is making a public offering of (a) 400,000,000 Series "2" Preferred Shares with an (b) oversubscription option of 266,666,700 Series "2" Preferred Shares, out of the Treasury Shares at ₱75.00 per share amounting to ₱50,000 million.

<sup>3</sup>The adjustments do not include any transaction cost.

## **PARTIES TO THE OFFER**

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### **THE ISSUER**

#### **SAN MIGUEL CORPORATION**

40 San Miguel Avenue  
Mandaluyong City 1550  
Philippines

### **JOINT ISSUE MANAGERS**

#### **Bank of Commerce**

24<sup>th</sup> Floor, San Miguel Properties Centre Building,  
#7 St Francis Street,  
Mandaluyong City 1550  
Philippines

#### **BDO Capital & Investment Corporation**

17<sup>th</sup> Floor, BDO Equitable Tower  
8751 Pase de Roxas, Salcedo Village,  
Makati City 1226

#### **China Bank Capital Corporation**

28<sup>th</sup> Floor, BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City 1226

### **JOINT LEAD UNDERWRITERS AND BOOKRUNNERS**

#### **Asia United Bank Corporation**

Joy~Nostalq Center,  
No. 17 ADB Avenue,  
Ortigas Center, Pasig City

#### **Bank of Commerce**

24<sup>th</sup> Floor, San Miguel Property Centre Building,  
#7 St Francis Street,  
Mandaluyong City, Metro Manila

#### **BDO Capital & Investment Corporation**

17<sup>th</sup> Floor, BDO Equitable Tower  
8751 Paseo de Roxas, Salcedo Village,  
Makati City 1226

#### **BPI Capital Corporation**

23<sup>rd</sup> Floor, Ayala Triangle Gardens Tower 2  
Paseo De Roxas Cor., Makati Avenue,  
Makati City 1226

#### **China Bank Capital Corporation**

28<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City 1226

#### **Land Bank of the Philippines**

15<sup>th</sup> Floor, LANDBANK Plaza 1598  
M.H. del Pilar Dr. J. Quintos St.,  
Malate, Manila

#### **Philippine Commercial Capital, Inc.**

6<sup>th</sup> Floor, PCCI Corporate Centre,  
118 L.P. Leviste Street,  
Makati, 1227 Metro Manila

#### **PNB Capital and Investment Corporation**

9<sup>th</sup> Floor PNB Financial Center  
Pres. Diosdado Macapagal Blvd.  
Pasay City 1300

#### **RCBC Capital Corporation**

21<sup>st</sup> Floor Tower 2, RCBC Plaza,  
6819 Ayala Ave,  
Makati City

#### **SB Capital and Investments Corporation**

18<sup>th</sup> Floor, Security Bank Centre,  
6776 Ayala Avenue,  
Makati City 0719

#### **Union Bank of the Philippines**

23<sup>rd</sup> Floor UnionBank Plaza  
Meralco Avenue corner Onyx and Sapphire Roads  
Ortigas Center, Pasig City

**LEGAL ADVISORS**

*To the Issuer*

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Penthouse, Liberty Center – Picazo Law  
104 H.V. dela Costa Street  
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Philippines

*To the Joint Issue Managers, and the Joint Lead  
Underwriters and Bookrunners*

**SyCip Salazar Hernandez & Gatmaitan**  
SyCipLaw Center  
105 Paseo de Roxas  
Makati City 1226  
Philippines

**INDEPENDENT AUDITOR**

**R.G. Manabat & Co., a member firm of KPMG**

9th Floor, The KPMG Center  
6787 Ayala Avenue  
Makati City 1226  
Philippines

**DEPOSITORY AGENT**

**Philippine Depository & Trust Corp.**  
29/F BDO Equitable Tower  
8751 Paseo de Roxas  
Makati City 1226  
Philippines

**RECEIVING AND STOCK TRANSFER AGENT, AND  
REGISTRAR AND PAYING AGENT,**

**SMC Stock Transfer Service Corporation**  
40 San Miguel Avenue  
Ortigas Center  
Mandaluyong City, Metro Manila  
Philippines