

**MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS  
OF GLOBAL-ESTATE RESORTS, INC.**

held on 25 June 2015

Grand Ballroom, Eastwood Richmond Hotel, Orchard Road  
Eastwood City, Bagumbayan, Quezon City

**Board Attendance**

Present:	Dr. Andrew L. Tan	-	Director/Chairman
	Atty. Monica T. Salomon	-	Director/President
	Ms. Lourdes T. Gutierrez-Alfonso	-	Director
	Mr. Wilbur L. Chan	-	Director
	Atty. Ferdinand T. Santos	-	Director
	Atty. Garry V. De Guzman	-	Director
	Mr. Kevin Andrew L. Tan	-	Director
	Mr. Gerardo C. Garcia	-	Independent Director
	Atty. Miguel B. Varela	-	Independent Director

**I. CALL TO ORDER**

The designated Chairman of the Meeting, Monica T. Salomon, called the meeting to order at 09:05 A.M.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary, Atty. Dominic V. Isberto, informed the body that, based on the certification of the Corporation's stock transfer agent, all notices of the Annual Meeting were sent to all stockholders of the Corporation as of 4 May 2015, the record date of the Annual Meeting. He likewise certified that there exists a quorum for the transaction of business for the Annual Meeting, there being present either in person or represented by proxy, stockholders representing 90.12% of the total subscribed and outstanding capital stock of the Corporation.

**III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS HELD ON 26 JUNE 2014**

Upon motion made and duly seconded, the reading of the Minutes of the Annual Stockholders' Meeting held last 26 June 2014 was dispensed with since copies of the Minutes were already distributed to all stockholders. Thereafter, upon motion made and duly seconded, the Minutes of the Annual Stockholders' Meeting held on 26 June 2014 was approved.

**IV. REPORT OF MANAGEMENT**

The President of the Corporation, Ms. Salomon, delivered the Management Report for the year 2014.

Highlights of the report are as follows:

Since 2011, when Alliance Global Group, Inc. acquired a majority stake in Fil-Estate Land, Inc. and re-launched the Company as Global-Estate Resorts, Inc. or GERI, GERI has evolved from a property holding company to be the leading developer of integrated tourism estates. In June 2014, GERI was consolidated under Megaworld when it acquired Alliance Global's stake in the Company. Megaworld now owns 80% of GERI, making GERI part of the Megaworld umbrella, together with Empire East Land Holdings, Inc. and Suntrust Properties, Inc. Each of these property companies focuses on a particular market segment in the real estate business with GERI focusing on the leisure market through its integrated tourism estates.

In a span of four (4) years, GERI's net income rose by 274%. From a net loss of Php493M in 2010, GERI generated a net income of Php857M in 2014, inclusive of non-recurring gain of Php377M. The highest growth year-on-year was in 2014, when net income grew by 151% from Php341M in 2013. Without the non-recurring gain, GERI's net income grew by 41% to Php479M.

In the last four years, consolidated revenues, including non-recurring gain, grew by 344%. From consolidated revenues of Php757M in 2010, GERI generated revenues of Php3.4B in 2014. The highest year-on-year growth was registered in 2014, when consolidated revenues grew by 97% from Php1.7B in 2013. Without the non-recurring gain, consolidated revenues grew by 75% to Php2.98B in 2014.

Real Estate Sales remains to be the biggest contributor to revenues, reaching Php2.046B in 2014, representing 67% of Consolidated Revenues.

Real Estate Sales came from GERI's five (5) leisure-oriented townships located in key tourism destinations and prime growth areas in the country-- Boracay Newcoast in the Island of Boracay, Twin Lakes in Tagaytay, Sta. Barbara Heights in Iloilo, Southwoods City and Alabang West south of Manila. GERI's townships follow the integrated urban township model of Megaworld with emphasis on the leisure component. Thus, Boracay Newcoast offers a beach lifestyle, Twin Lakes offers vineyard resort living, Southwoods City has a lifestyle hub, and Alabang West offers the Beverly Hills lifestyle.

In 2014, GERI launched several projects:

- a. Alabang West, a 62-hectare Beverly Hills-themed township south of Manila. In a span of 6 months, from launch date, average selling price has increased by 13%. The Company has allocated Php10B for the development of Alabang West in the next five years. Construction is scheduled to start this year.
- b. Pahara, a 26-hectare residential subdivision in Southwoods City. In a span of one year, from launch date, average selling price increased by 28%. Land development of Pahara is on-going.
- c. Phase 3 of Sta. Barbara Heights Residential Estates in Sta. Barbara, Iloilo.
- d. Shiraz Cluster of The Vineyard Residences in Twin Lakes.

Ms. Salomon provided updates on other projects:

1. Boracay Newcoast

- a. Oceanway Residences 1 (1<sup>st</sup> Cluster), which offers fully-furnished condominium units, is ready for turnover.
- b. Newcoast Village which offers premium residential lots is 92% complete and turnover is expected to start this year or early next year.
- c. Shophouse and Boutique Hotel Districts - land development is nearing completion and early turnover of shophouse and boutique hotel lots is expected next year.
- d. Savoy Hotel - turn-over is expected in 2017.
- e. Belmont Hotel - construction has started and turnover is expected in 2018.

2. Twin Lakes

- a. Shopping Village - started operations with the opening of Starbucks in March followed by Bag of Beans.
- b. Vineyard Residences is under construction and condominium units will be turned over beginning 2018.
- c. Twin Lakes Hotel is under construction.





- d. Domaine Le Jardin - land development is nearing completion and residential lots will be turned over early next year.
3. Sta. Barbara Heights Residential Estates - Phase 1 lots are being turned over to buyers. Phase 2 is almost complete and Phase 3 is under construction.
4. Southwoods Mall and Office Towers- The Mall is expected to be completed by the second half of next year.

#### 2014 Key Results

- Reservation Sales of Php13.5B (exceeds the target of Php10B).
- Consolidated Revenues of Php3.4B
- Real Estate Sales of Php2.05B
- 151% Increase in Net Income to Php857M

#### 2015 Targets

- Reservation Sales of Php14.5B. (As of May 2015, 50% of target has been achieved.)
- 30% increase in Net Income from Php479M in 2014
- Php5B CAPEX for the development of existing projects
- Launch of 5 new projects in 2015
- 16% increase in Hotel Operation Revenues due to increase in hotel occupancy and additional rooms

Moving forward, GERI will grow its rental revenues with the operation of Twin Lakes Shopping Village and completion of Southwoods Mall and Office Towers, which will generate 92,200 square meters of leasable spaces.

The Company will gradually develop its landbank, which consists of 3,000 hectares in Metro Manila, Luzon, Visayas and Mindanao. To sustain growth momentum, GERI has taken steps, thru Global-Estate Center of Excellence, to enhance organizational capability by focusing on the development of a competent and customer-oriented workforce. GERI will continue to collaborate with Megaworld in the development of its integrated tourism and urban townships.

#### **V. OPEN FORUM**

**Question 1:** It was mentioned in the report that the Company has programmed Php 5B for capital expenditures for 2015. I'd like to know how the Company will fund those capital expenditures.

**Answer:** The 5B CAPEX will be funded by 2.5B from internally generated funds and 2.5B from bank loans.

**Question 2:** How do you manage the environmental impact of your projects in the Boracay Island?

**Answer:** We incorporated some environment-friendly features in our design. First, we have our own sewage treatment plant which will treat sewer discharge which we can recycle to irrigate the golf course and our green spaces. We also have a storm drain facility which will direct storm water to detention ponds in the project. Finally, our streets will be lighted with solar-powered lamps, and we initiate coastal clean-up activities in coordination with the local government.

**Question 3:** I noticed that in spite of the fact that our sales jumped from 856M to 2B, our income just increased barely at 41% without non-recurring gain. Why is this so?

**Answer:** The recognition of income from real-estate sales depends on the percentage of completion of the project. There are some gross profits deferred for this year that we will recognize only the following year.

**Follow-up**

**Question:** Is that the reservation sales that you're talking about?

**Answer:** No, I was referring to the actual recognized sales for the period. If you will notice in the income statement, there is an account we tagged as deferred gross profit of current year sales, which is part of the gross profit that we will recognize the following year based on the completion of the project.

**Follow-up**

**Question:** I also noticed that rental income and the hotel income decreased, is there any explanation for this?

**Answer:** The decrease in hotel income last year was due to the China travel ban, but if you notice this year, the income from hotel operations increased during the first quarter due to the exploration of other markets. The decrease in rental income can be attributed to the sale by GERI of a rental lot, but rental income is expected to increase on account of Twin Lakes Shopping Village and Southwoods Mall and Office Towers, which are expected to generate a total of 92,200 additional leasable spaces.

**Follow-up**

**Question:** Up to now, our Price Earnings ratio is about in the range of 40, as compared to our parent company Megaworld, which is about 16, do we hope to decrease this P.E. ratio in the next two years?

**Answer:** Stock price is largely market driven. What the Company can do right now is just to focus on the completion of its projects and improve its income.

**Question 4:** When are we going to declare dividends, either stock or cash?

**Answer:** Right now, we need the funds for the completion of our projects. As soon as we free up our retained earnings, we will be able to declare some dividends.

**Follow-up**

**Question:** Will the Company operate a casino in Boracay?

**Answer:** GERI is not engaged in Casino operations. We are a real-estate developer.

**Follow-up**

**Question:** How about Megaworld?

**Answer:** Megaworld doesn't operate casinos either.

**Question 5:** My certificate is still under the name of Fil-Estate, is there anything we can do to have it under GERI's name?

**Answer:** Yes, we can have it converted to Global-Estate Resorts. It would not entail any cost. Our Corporate Secretary will approach you after the meeting and attend to your request.

**Follow-up**

**Question:** Regarding PAHARA, homeowners of Manila Southwoods are protesting regarding the delivery of gravel and sand and some other materials in the construction of PAHARA. Since you were able to construct, where did you pass? Did you pass through the Southwoods Avenue?

**Answer:** We have an access road in Phase 5. We do not pass through Southwoods Avenue.



## **VI. APPROVAL OF THE 2014 AUDITED FINANCIAL STATEMENTS**

The Presiding Officer informed the stockholders that copies of the Audited Financial Statements for the calendar year ending December 31, 2014, together with the Annual Report of Management and the Interim Financial Statements for the period ending 31 March 2015, were transmitted to stockholders together with the Definitive Information Statement and Notice and Agenda of the Meeting.

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

*"RESOLVED, that the Corporation's Audited Financial Statements for the calendar year ending 31 December 2014 be approved."*

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

The Presiding Officer proposed the ratification of all resolutions of the Corporation's Board of Directors, Board Committees and all acts of the corporate officers since 26 June 2014 Annual Stockholders' Meeting up to the present.

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

*"RESOLVED, that all resolutions of the Corporation's Board of Directors, Board Committees and all acts of the corporate officers since the 26 June 2014 Annual Stockholders' Meeting up to the present are hereby ratified and approved."*

## **VIII. ELECTION OF DIRECTORS**

The Presiding Officer informed the stockholders that the Corporation will be electing nine (9) directors. She added that, pursuant to the Securities Regulation Code, SRC, Rule 38, and the Corporation's Revised Manual of Corporate Governance, the Corporation is mandated to elect at least two (2) Independent Directors out of the nine directors.

Atty. Garry V. de Guzman, on behalf of the Nomination Committee, informed the stockholders that, pursuant to the Corporation's Revised Manual on Corporate Governance adopted on February 15, 2011, the Nomination Committee has reviewed the qualifications and evaluated all candidates nominated to become members of the Board of Directors.

Atty. De Guzman added that based on the Information Statement and the individual notices to its stockholders on record as of 4 May 2015, the final list of candidates of nominees for directors of the Company are as follows: **Dr. Andrew L. Tan, Atty. Monica T. Salomon, Ms. Lourdes T. Gutierrez-Alfonso, Atty. Ferdinand T. Santos, Mr. Wilbur L. Chan, Atty. Garry V. de Guzman, and Mr. Kevin Andrew L. Tan**, as regular directors; and **Atty. Miguel B. Varela, and Mr. Gerardo C. Garcia**, as independent directors.

It was moved and seconded that, considering that there are only nine (9) nominees and only nine (9) seats in the Board, those nominated as regular directors and as independent directors, respectively, be considered as having been elected by acclamation. In the absence of objection, the Presiding Officer declared the nominees elected to the Board of Directors by unanimous vote of all shareholders now present in person or represented by proxy.

## **IX. APPOINTMENT OF EXTERNAL AUDITOR**

The Presiding Officer informed the stockholders that the Board of Directors, upon consultation with the Audit Committee, has recommended the appointment of Punongbayan and Araullo as external auditor of the Corporation's financial statements for the year ending 31 December 2015.

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




"RESOLVED, that the engagement of Punongbayan & Araullo as external auditor of the Corporation for the audit of the Corporation's financial statements for the year ending 31 December 2015, be approved."

**X. ADJOURNMENT**

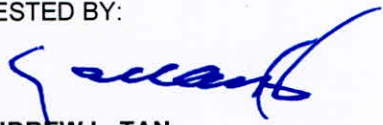
The meeting was adjourned at about 09:45 A.M.

CERTIFIED CORRECT:



**DOMINIC V. ISBERTO**  
Corporate Secretary

ATTESTED BY:



**ANDREW L. TAN**  
Chairman



**LOURDES T. GUTIERREZ-ALFONSO**  
Director



**FERDINAND T. SANTOS**  
Director




**KEVIN ANDREW L. TAN**  
Director



**MIGUEL B. VARELA**  
Independent Director



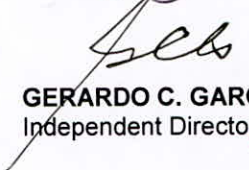
**MONICA T. SALOMON**  
President/Director



**WILBUR L. CHAN**  
Director



**GARRY V. DE GUZMAN**  
Director



**GERARDO C. GARCIA**  
Independent Director