

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

**28 June 2012**

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

**Board Attendance**

**Present:**

Dr. Andrew L. Tan	Director/Chairman
Mr. Robert John L. Sobrepeña	Director/ Co-Chairman
Mr. Wilbur L. Chan	Executive Director
Atty. Ferdinand T. Santos	Director/ President
Atty. Garry V. de Guzman	Director
Miss Lourdes T. Gutierrez	Director
Mr. Robert Edwin C. Lim	Director
Atty. Cresencio P. Aquino	Independent Director
Mr. Gerardo C. Garcia	Independent Director

**I. CALL TO ORDER**

The designated Chairman of the Meeting and Presiding Officer, Atty. **FERDINAND T. SANTOS**, called the meeting to order at 9:03 A.M.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary, **DOMINIC V. ISBERTO**, informed the body that, based on the certification of the Corporation's stock transfer agent, all notices of the Annual Meeting had been sent to all stockholders of the Corporation as of 21 May 2012, the record date of the Annual Meeting. The Corporate Secretary likewise certified that there existed a quorum for the transaction of business for the Annual Meeting, there being present, as of 8:50 A.M., stockholders holding 8,379,350 shares of common stock of the Corporation representing **79.01%** of the subscribed and outstanding capital stock of the Corporation.

**III. APPROVAL OF THE MINUTES OF PREVIOUS ANNUAL AND SPECIAL STOCKHOLDERS MEETINGS**

Upon motion made and duly seconded, the reading of the Minutes of the Annual Stockholders' Meeting held last 30 June 2011 was dispensed with since copies of the Minutes had earlier been distributed to all stockholders in attendance. Thereafter, upon motion made and duly seconded, the Minutes of the Annual Stockholders' Meeting held on 30 June 2011 were approved.

Also, upon motion made and duly seconded, the reading of the Minutes of the Special Stockholders' Meeting held last 08 November 2011 was dispensed with since copies of the Minutes had earlier been distributed to all stockholders in attendance. Thereafter, upon motion made and duly seconded, the Minutes of the Special Stockholders' Meeting held on 08 November 2011 were approved.

**IV. REPORT OF MANAGEMENT**

The President of the Company, Presiding Officer Atty. Santos delivered the Management Report for the year 2011. Atty. Santos reported that Dr. Andrew Tan's vision and decisive leadership has steered the company towards growth and profitability in a short span of time. He enumerated concisely what the management did in 2011 and what it plans to do for 2012.



**A. Achievements and Progress Report for 2011**

1. Atty. Santos cited that, during the 30 June 2011 Annual Stockholders' Meeting, management outlined the primary objectives of generating earnings and establishing its position as a leading developer of master planned integrated tourism estates in the Philippines. It identified a six-point strategy and action items to be undertaken to achieve such objective. As a result, for the year 2011, the Company generated revenues of **P1.051 Billion**, and realized a net income of **P220 Million**. Such revenues and income are modest by industry and Alliance Global standards but that they are considered a milestone for the Company, considering that it is emerging from two consecutive years of losses. It has been more than 10 years since it generated such income. The Company is back to profitability again.
2. For old projects, Atty. Santos reported that the Company completed 10 residential subdivisions and is nearing completion of 3 others. These projects are located outside of Metro Manila and have a total combined area of approximately 190 hectares.

The Company also completed the entire 36 holes of the Jack Nicklaus/Arnold Palmer golf course in Forest Hills in Antipolo City.

3. Also in 2011, the Company entered into co-development agreements with affiliate companies for the completion of the following projects: (i) Capitol Plaza, a 33-storey mixed-use condominium project located in Quezon City; (ii) Central Park Place, a mixed-use condominium project along Pioneer St. in Mandaluyong City; (iii) Sherwood Hills Golf and Country Club, and also Sherwood Hills Residential estate both in Trece Martirez City.

The Company likewise resumed development of The Steps Cluster 1 project, a mid-rise residential condominium in Sto. Domingo, Quezon City. This project is expected to be completed this year.

4. The Company increased its own land bank from 1,057 hectares to 2,141 hectares. In addition, it has 1,122 hectares available for development under joint venture arrangements.
5. In 2011, the Company launched the following components of its first integrated-tourism estate in Boracay Newcoast, namely: (i) Newcoast Village; (ii) Shophouse District; (iii) Boutique Hotel. It also completed two additional buildings for use by club members of Fairways and Bluewater Resort Golf and Country Club, bringing to four the total number of completed buildings. With the increased number of rooms, all present shareholder- members can be accommodated in their requests for lodgings in the Club.

The Company also rehabilitated the Graham Marsh designed golf course in Fairways and Bluewater, the only golf course in Boracay.

The Company has acquired Mulligan Hotel and completed the construction of Villas Catalina, Lucia, and Micaela, bringing the total number of the company's available hotel rooms from 51 to 192. It began to operate these hotel rooms which are now contributing revenues.

6. In line with the Company's thrust to protect and nurture the environment, it completed the sewage treatment plant in Fairways and Bluewater. It has put in place a sewage system that does not discharge liquid effluent into the sea. The processed effluent is contained in the golf course lakes for use in irrigating or watering the course. The by-product sludge in the sewage is also utilized in the golf course as organic fertilizer. This system is called as zero-waste management.
7. During the year, the Company acquired a 50%-interest in Oceanfront Corporation, a joint venture company that owns a 20-hectare parcel of land adjacent to the Company's Boracay Newcoast project. This increased the Company's landholding in Boracay Newcoast to 140 hectares.
8. Also in 2011, the Company organized Twin Lakes Corporation which is the vehicle that will undertake the 10 to 15-years development plan of the Twin Lakes projects in Tagaytay and

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Laurel, Batangas -- the Company's second master-planned integrated tourism estate. Twin Lakes Corporation will focus on the development of this 1,149 hectare integrated tourism estate.

9. In March 2011, the Company organized Megaworld Global-Estate Inc., a 60% subsidiary which serves as its exclusive marketing arm. On its first nine months of operation, it has shown itself equal to the challenge by delivering P 1.1 Billion in reservation sales. For the first 5 months of 2012, it generated a total of P 3.0 Billion in reservation sales. It is targeting a total of P6 Billion in reservation sales for the year.

In summary, the company has achieved its objectives for 2011 through carefully planned strategies. Revenues increased to 1 Billion pesos and a Net Income of P 220 Million was realized. In just one year the Company is back to profitability. It has completed many of its old projects, thereby fulfilling its commitments to buyers, and shoring up the Company's credibility. With these achievements, the company has conveyed a strong message in 2011: it is earning and delivering.

## **B. Plans for 2012**

Atty. Santos briefly described the economic condition and forecast for 2012. He said that GDP is forecast by government to grow in 2012 from 4.5 -5.5%. Economist Victor Abola of the University of Asia & the Pacific, during an economic briefing, was even more aggressive and stated that the Philippine economy is expected to accelerate to a growth of 7% in the second quarter of the year and hit a full-year growth of 6% to 7%. In addition, the government is bent in implementing the Public-Private Partnership Program in order to jumpstart the economy. In other words, the country will see greater government spending for infrastructure projects.

Also, tourist arrivals are expected to increase. Already, the Department of Tourism reported an all-time high arrival of tourists during the first quarter of 2012. DOT projects an increase of 17% in tourist arrival for the entire year.

Given this economic environment for year 2012 the Company has defined its primary objectives as follows: first, generate earnings growth of at least 20% over last year; and, second, enhance GERI's position as the leading developer of master-planned tourism estates.

The Company has employed a three-point strategy to achieve these objectives: (i) generate revenue growth; (ii) focus on project development; and, (iii) stay the course by maintaining a prudent financial policy.

### On Generating Revenue Growth

The success of any enterprise is dependent on its ability to generate revenue growth. The Company intends to grow its revenues by (i) increasing recurring income, and (ii) launching new projects. The company intends to grow its recurring income by adding more rooms to its pool of hotel units in Boracay. With its available 192 rooms at the start of the year, revenues are expected to grow.

In terms of launches of new projects, the Company shall open the expansion of Sta. Barbara Heights, a residential/commercial development in Sta. Barbara, Iloilo and very near to the Iloilo International Airport.

In Boracay Newcoast, the Company will launch Oceanway Residences, a cluster of four modern Spanish style medium rise residential condominiums overlooking the Fairways and Bluewater golf course on either side.

Also in Boracay Newcoast, the company will launch the 559-room Boracay Savoy Hotel. As Boracay's first pool concert arena, Savoy Hotel will transform Boracay Newcoast as the Ibiza of Asia through various electronic dance music festivals and concerts. Part of the Savoy Hotel complex is a row of retail establishments with a 400 sq. m. dance roof deck overlooking the pool and bar area.

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Moving over to the Company's second master planned integrated tourism estate project, Twin Lakes, the Company will also launch *Domaine Le Jardin*, a 50-hectare exclusive residential village overlooking Taal Lake and Taal Volcano.

The Company will also soon launch *The Vineyard*, the first vineyard resort community in the country. This project has an area of 177 has.

With all of these current and new projects, we are confident to achieve our target of a 20% increase in our income over last year.

#### On Project Development

Equally important to revenue growth is project development. Therefore, the Company will also focus on completing projects. Not only will this ensure that commitments to buyers are met, it will also result in the full recognition of income under the prescribed percentage of completion method.

Thus, this year, the company will continue developing the following existing residential projects: (i) *Newport Hills* in Lian, Batangas; (ii) *Plaridel Heights* in Plaridel, Bulacan; and, (iii) *Forest Hills* in Antipolo City. On the newer projects, various phases of *Boracay Newcoast* that were already launched are estimated to be completed over a 3 to 4-year period.

The same development timeline of 3 to 4 years from launch is expected for the *Twin Lakes* projects.

The Company will utilize reputable technical consultants and contractors with proven track records who work with the Company's in-house architectural and engineering teams to complete development.

As focus is placed on project development, the Company will be cognizant of its commitment to deliver on time, give quality products to buyers, and keep costs down.

Budgeted capital expenditure for the year is P2.5 Billion.

#### On Prudent Financial Policy

Finally, the company will continue to maintain its prudent financial policy. In order to fund development, the Company will continue to maintain its policy of utilizing equity, sales, co-development or joint venture arrangements, and of incurring debt only when appropriate and under favorable terms.

With the increase in authorized capital stock from P10 Billion to P20 Billion, the Company is ready to pursue any capital raising opportunity that may present itself. Having achieved a very sound financial position, i.e., with P21 Billion in assets largely funded by P16 Billion in equity, zero bank debt, and a positive net income, the Company is prepared to pursue any financing option.

With the continued support of the shareholders, Board of Directors, management, and staff, the Company is confident that it will achieve its goals for 2012 and move closer to its vision of becoming the leading developer of integrated master-planned tourism estates.

## **V. OPEN FORUM**

Below is a summary of the questions asked and of the answers given during the meeting:

**Question 1:** Will the Company declare dividends, either in cash or in stocks, anytime soon?

*Answer:* Management cannot foretell when dividends will be declared. The closest that we can say relative to dividends is that if your company has sufficient retained earnings, if it has enough accumulated cash surplus, and if the exigencies of our business would so allow, then management will not hesitate to recommend to your Board the declaration of dividends.

**Question 2:** About the Sto. Domingo project, I noticed that informal settlers are still around the condominium. Is there a plan to relocate the informal settlers to another place?

*Answer:* Those informal settlers, if we may call them that, are actually situated outside of our property. They are actually sitting on the road, on one of the streets abutting our project. We have already made representations with the local city government to have them removed. We have been continuously pursuing the matter.

*Follow-up question:* DMCI has a project along South Luzon Expressway where there are also informal settlers around except that they are separated by a perimeter fence to prevent them from entering the project premises. I am comparing this DMCI project with the Sto. Domingo project.

*Answer:* We do have a perimeter fence around Sto. Domingo. The difference is that our Sto. Domingo project is a cluster of three buildings. We are developing the first building which we intend to finish within the year and then we will proceed with the other two buildings.

**Question 3:** The Company used to have a property in San Pablo which was being rented by Shoemart. Does it still own that place?

*Answer:* Yes, the property which is being rented by Shoemart is in front of the Subdivision called Riverina. We still own 50% of that property, jointly with our landowner partners.

**Question 4:** With regards to the Company's holdings in MRT, does it still own any real estate in the MRT Stations?

*Answer:* Actually, GERI owns an equity interest in MRT Development Company, the company that is undertaking all real estate developments along the MRT line.

*Follow-up question:* With regards to the capital stock, how much of it is, in percentage, being quoted to the public? About more than 20%?

*Answer:* We are compliant with the requirements of the PSE and the SEC. Right now, I do not recall the exact figure sir, but that's a matter of record.

*Follow-up question:* Would you say at least more than 10%?

*Answer:* Definitely.

*Follow-up question:* During the last years' Annual Shareholders Meeting, a plan was mentioned about a BPO project. Can you tell us more about this?

*Answer:* I assume that you are referring to the BPO project that we plan to pursue on the lot pads around the Trinoma area. At this point, we are still in discussion with our joint venture partners. As soon as we have something definite, we will make the corresponding disclosure or announcement to our shareholders.

**Question 5:** What is the impact on GERI of the controversies in Camp John Hay project?

*Answer:* For the information of everyone, GERI is not involved in the legal controversy between Camp John Hay and the Bases Conversion Development Authority (BCDA). GERI does not own or hold any equity interest in Camp John Hay.

**Question 6:** My question is related to the recent news report that says, in three years' time, the income of GERI will reach about P1 to P2 Billion. From the results of operations in 2011, GERI earned P220 Million which is commendable as a major turnaround. For 2012, I heard from the management report given earlier, that we are looking at a 20% increase, so that will be equivalent to a net income of about P270 to P280 Million in 2012. How do we bridge the gap from 270 million to 1 to 2 billion of net income in three years' time?

*Answer:* With the launches of new projects that we have, the level of reservation sales that we mentioned earlier, and the expected completion date based on our timetable, we feel that we may hit the income level mentioned in the news report.

*Follow-up question:* In the balance sheet of GERI as of March 31, we have something like over P800 million in deferred gross profit which was reported as a liability. This appears to be profits expected from projects that are nearing completion. When will this deferred gross profit actually flow into the P and L as income?

*Answer:* Your observation is correct. There is a deferred income that will be recognized in the future as projects are completed. The time frame is within two to three years.

## **VI. APPROVAL OF THE 2011 AUDITED STATEMENTS**

The Presiding Officer informed the stockholders that copies of the Audited Financial Statement for the calendar year ending December 31, 2011, together with the Annual Report of Management and the Interim Financial Statements for period ending 31 March 2012, were attached to the Definitive Information Statement that was transmitted to the shareholders together with the Notice and Agenda of the Meeting.

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

**“RESOLVED, that the Audited Financial Statements for the calendar year ending 31 December 2011 be approved.”**

## **VII. RATIFICATION OF ALL ACTS AND RESOLUTION OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS**

The Presiding Officer proposed the ratification of all acts of the Board of Directors and corporate officers, as well as all resolutions passed by the Board and the corporate officers, since the June 30, 2011 Annual Stockholders' Meeting up to the present.

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

**“RESOLVED, that all acts of the Company's Board of Directors and corporate officers, as well as all resolutions adopted by them, since the 30 June 2011 Annual Stockholders' Meeting up to the present are hereby ratified and approved.”**

## **VIII. AMENDMENT TO THE ARTICLES OF INCORPORATION**

The Presiding Officer informed the stockholders that the Board of Directors resolved to amend Article II, under Secondary Purposes, of the Articles of Incorporation. The amendment shall be by way of an addition to the Secondary Purposes which reads as follows:

*“13) To develop, manage and operate special economic or enterprise zones, including integrated tourism enterprise zones, as well as to develop, manage and operate registered-tourism enterprises and/or such other enterprises within these special economic or tourism zones.”*

The Presiding Officer added that, as reported in the Company's Definitive Information Statement, the amendment is intended to authorize the registration of the Company under the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and Philippine Economic Zone Authority (PEZA) to empower the Company to utilize the full potential of its existing land bank in key tourism areas as well as other areas which are potential special economic zones. The proposed amendment will enable the Company to avail of

numerous incentives (i.e. income tax holiday and duty and tax-free importation of capital equipment) granted to entities registered under TIEZA and/or PEZA.

The Presiding Officer proposed to ratify the said amendment. Upon motion made and duly seconded, the stockholders representing at least 2/3 of the outstanding capital of the Company, approved the following resolution:

**“RESOLVED, to ratify the amendment to Article II, under Secondary Purposes, of the Articles of Incorporation to include the following secondary purpose:**

***“13) To develop, manage and operate special economic or enterprise zones, including integrated tourism enterprise zones, as well as to develop, manage and operate registered-tourism enterprises and/or such other enterprises within these special economic or tourism zones.”***

#### **IX. ELECTION OF DIRECTORS**

The Presiding Officer informed the stockholders that the Company will be electing nine directors. He added that, pursuant to the Securities Regulations Code, SRC Rule 38, and the Company's Manual of Corporate Governance, the Company is required to have at least two Independent Directors.

Atty. Cresencio P. Aquino, on behalf of the Nomination Committee, presented the Final List of Candidates, as follows: **Dr. Andrew L. Tan, Mr. Robert John L. Sobrepeña, Mr. Wilbur L. Chan, Atty. Ferdinand T. Santos, Atty. Garry V. De Guzman, Ms. Lourdes T. Gutierrez, and Mr. Robert Edwin C. Lim, as regular directors; and Atty. Cresencio P. Aquino, and Mr. Gerardo P. Garcia, as independent directors.**

It was moved that, considering that there are only nine nominees and only nine 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 acclamation.

#### **X. 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 auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2012.

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

**“RESOLVED, that the engagement of Punongbayan & Araullo as external auditors of the Company, for the audit of the Company's financial statements for the year ending 31 December 2012, be approved.”**

#### **XI. ADJOURNMENT**

There being no other matters to discuss, the meeting was adjourned at about 9:50 A.M.

CERTIFIED CORRECT:



**DOMINIC V. ISBERTO**  
Corporate Secretary