

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

held on 30 July 2013

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

**Board Attendance**

Present:	Dr. Andrew L. Tan	-	Director/Chairman
	Mr. Robert John L. Sobrepeña	-	Director/Co-Chairman
	Mr. Wilbur L. Chan	-	Director
	Atty. Ferdinand T. Santos	-	Director
	Atty. Garry V. De Guzman	-	Director
	Ms. Lourdes T. Gutierrez	-	Director
	Mr. Robert Edwin C. Lim	-	Director
	Mr. Gerardo C. Garcia	-	Independent Director
Absent:	Atty. Miguel B. Varela	-	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 09:19 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 Corporations' stock transfer agent, all notices of the Annual Meeting were sent to all stockholders of the Corporation as of 14 May 2013, the record date of the Annual Meeting. He likewise certified that there existed a quorum for the transaction of business for the Annual Meeting, there being present stockholders holding 6,600,591,751 shares of common stock of the Corporation representing 77.78% of the subscribed and outstanding capital stock of the Corporation.

**III. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF  
SHAREHOLDERS HELD ON 28 JUNE 2012**

Upon motion made and duly seconded, the reading of the Minutes of the Annual Stockholders' Meeting held last 28 June 2012 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 28 June 2012 were approved.

**IV. REPORT OF MANAGEMENT**

The President of the Company, Presiding Officer Atty. Santos delivered the Management Report for the year 2012. He reported that for the year 2012, the Company generated revenues of P1.4 Billion, achieving a revenue growth of 32% and realized a net income of P265 Million, achieving its targeted growth of 20%. He added that, with these results, the company was able to establish a track record of earnings, 2012 being the second year in a row that the company reported earnings after two consecutive years of losses in 2009 and 2010.

The sale of lots in the master planned integrated tourism estates where the Company focused on, in Boracay Newcoast and in Twin Lakes, Tagaytay /Laurel, began to contribute revenues to the company, contributing 33% of revenues in 2012. Recurring income from hotel operations and rentals dramatically increased thereby contributing to 14% of the company's total revenues. This represents an increase of 375% from the previous year.

**PROJECTS LAUNCHED**

Atty. Santos reported that the Company launched three additional components of the first master planned integrated tourism estate in Boracay Newcoast, namely: the Oceanway Residences I, a cluster of four modern medium rise residential condominiums, and Oceanway Residences II, another cluster of three residential condominiums, overlooking the Fairways and Bluewater golf course. Another component is the 559-room Boracay Savoy Hotel which is positioned to transform Boracay into the Ibiza of Asia through various electronic dance music festivals and concerts.



Including the Newcoast Village, Town Center Shophouse District, and Boutique Hotel District, this brings to six the components so far launched in Boracay Newcoast, involving a total net saleable area of combined lots and condominium units of 176,000sq.m. with a total contract value of P12.5 Billion.

The Company also launched the Domaine Le Jardin in Twin Lakes, a 50-hectare exclusive residential village overlooking Taal Lake and Taal volcano, making available an inventory with a contract value of P2.5 Billion.

The Company also launched the expansion of Sta. Barbara Heights Phase II, a residential/commercial development in Sta. Barbara, Iloilo, which is strategically close to the Iloilo International Airport. This contributed additional inventory with a contract value of P654 Million.

## **PROJECTS COMPLETED**

The Company completed 6 residential subdivisions located outside of Metro Manila with a total combined area of 112 hectares.

The Company also completed the permanent golf clubhouse of Fairways and Bluewater Resort Golf & Country Club as well as the Fairways & Bluewater Hotel Grand lobby. It also increased the number of available rooms for hotel operations from 192 to 333 in the Fairways & Bluewater Complex. This contributed substantially to the Company's recurring income generated from hotel operations.

## **LAND BANK**

The Company's land bank stands at 2,141 hectares. In addition, it has 1,014 hectares available for development under joint venture arrangements.

## **2012 SUMMARY**

In summary, the company has been able to achieve revenues of Php 1.4 Billion and hit its earnings target of Php 265 Million for the year 2012. Having launched projects within two of its flagship tourism estates which began to contribute to revenues, it also well on its way to achieving its objective of being the country's premier developer of master-planned integrated tourism estates.

## **ECONOMIC INDICATORS FOR 2013**

The country's GDP grew by 6.6% in 2012, exceeding the official 5 – 6% goal and the forecast of 5.5% of the Asian Development Bank. The ADB has increased the country's GDP growth rate forecast for 2013 to 6% up from the 5% announced last October. Growth is expected to remain strong in 2014, although the bank said this could dip to 5.9%.

The IMF, in turn, has forecasted a growth rate for the country of 6% this year and 5.5% next year. NEDA projects a growth for the country of 6% to 7% this year and 6.5% to 7.5% in 2014 as it projects the world economy to recover in the next two years.

Among government's key priority sectors which will be given more focus this year are tourism, BPO, housing and real estate. The country's first quarter performance exceeded these forecasts as GDP grew by 7.8%.

Tourist arrivals are expected to increase. In 2011, the DOT recorded 3.9 million tourists visiting the country. In 2012, 4.27 million tourists visited the country, up by 22%. As of April 2013, tourist arrivals already totaled 1,650,000 up by 11% and is projected to increase to 5.5 million for the whole year. By 2016, government projects tourist arrivals to reach 10 million.

The European Union just recently lifted the Aviation safety ban on the Philippines which will mean higher volume of tourists traffic coming from Europe. In Boracay, tourist arrivals for the first quarter hit 400,000 and is expected to exceed 1.5 million this year.

The country's credit rating has been upgraded by Fitch and Standard & Poor to BBB Investment Grade. Moody's is contemplating an upgrade as well. On the socio-political front, we have just been witness to a successful and generally peaceful midterm elections where local leaders and senators were elected.



Not all has been positive, however. The PSE index as well as the peso has seen a major drop as investors have started pulling out of emerging markets fearing an end to the stimulus policies being implemented by the US Federal Reserve.

The BSP considers these movements, however, as part of investor reassessment of global risk. Investors are unlikely to abandon the Phils as underlying fundamentals remain sound.

## OBJECTIVES FOR 2013

Given this overall favorable economic environment for the next few years, The Company continues to project revenue growth and earnings growth of at least 20% that is sustainable over the medium term, as it pursues our long term objective of becoming the leader in the development of master planned integrated tourism estates.

## STRATEGIES

The Company shall achieve its objectives through the following strategies:

### Innovative Concepts

The Company's focus is on the development of master planned integrated tourism and leisure estates located in major tourist destinations in the country. This is a highly innovative concept envisioned by the Chairman of which Global-Estate Resorts, Inc. is the pioneer. It is envisioned that these tourism estates will provide for every want and need of the rapidly growing domestic and foreign tourist market.

As these tourism estates are developed, novel and unique complementary segments will be introduced. An example of this is the Vineyard resort community, a 177 has. development within Twin Lakes, which the Company recently launched, that will be the first and only development in the country that combines residential and commercial development with a vineyard component. These components are the Vineyard Residences, Twin Lakes Hotel, Shopping Village, and the Vineyard and Winery.

### Launch of Additional Components

The Company will launch more components within its integrated tourism estates projects, among them, in Boracay Newcoast, are Boracay Portico, a cluster of ten condominium buildings which will make available an inventory of P1.9 B, and Boracay Belmont Luxury Hotel, another triple cluster of condotels which will likewise make available an inventory of P 2.5 B.

In Twin Lakes, for launch are the Chardonnay and Merlot in the Vineyard, the first two out of three residential condominiums with a spectacular view of Taal Lake and Taal Volcano and the Vineyard. Total inventory with a contract value of P 1.3 Billion from these projects will be made available for sale.

### Project Expansion

In 2012, the Company acquired an additional 7 hectares to increase the total area of Sta. Barbara Heights in Iloilo to 166 has. This year, the Company intends to launch Phase 3 of the project with an area of 41 hectares which will include commercial and residential components. This will generate another P700 Million in inventory available for sale.

### Total Inventory in Major Projects

The total available inventory of the components in our major projects previously launched and for launch this year amount to P 22.6 B broken down as follows:

<u>Project</u>	<u>Saleable Area</u> <u>Sqm.</u>	<u>Value (Php)</u>
Boracay Newcoast	200,543	17.0 B
Twin Lakes	178,834	3.8 B
Sta. Barbara Heights	282,439	1.8 B
<b>TOTAL</b>	<b><u>661,817</u></b>	<b><u>22.6 B</u></b>



## **Aggressive Marketing**

The Company's in-house marketing company which is staffed with dedicated account executives focused on specific projects has generated reservation sales of:

P 1 Billion        In 2011  
P 8 Billion        In 2012  
P 5.6 Billion    As of June 2013

The Company is targeting reservation sales of P8 Billion by year end and is confident to achieve this goal with the aid of aggressive advertising and other promotional activities.

## **Recurring Income**

The Company will increase its recurring income from hotel operations, increasing hotel occupancy from 70% to 80%. With the completion of conference facilities which are sorely lacking in Boracay, the Company will be able to secure bookings from corporate accounts which it previously could not accommodate.

In addition, the Company initiated tie-ups with major tour operators from China, India, Australia and Russia, which are rapidly growing tourist markets.

## **Development**

The Company's projected CAPEX for the year is P 3.5 Billion. This will go towards the continuous development of the components launched in the integrated tourism estates, and the completion and expansion of existing subdivisions.

As the Company increases the percentage of completion of these projects, it will not only meet delivery commitments to customers but will also realize gross profits on prior year's sales, thereby generating more income. As of December 31, 2012, deferred gross profits that may be realized over the next 3 to 4 years as development progresses amount to P858 Million.

## **Fund raising**

The projected CAPEX and working capital requirements of the company will be funded by internally generated funds and by an increase in capital of the company that was recently implemented.

## **Increase in Capital**

On November 8, 2011, in a special stockholders' meeting, the stockholders approved the increase in capital of the company from P10 Billion to P20 Billion and authorized that the increase in capital stock be made by way of a follow-on offering, rights offering or private placement.

On June 21, 2013, pursuant to the stockholders' approval authorizing the increase, the Board authorized the Company to enter into a subscription agreement with Megaworld Corp., whereby Megaworld subscribed to 25% of the 10 Billion increase equivalent to 2.5 billion shares priced at a premium of five percent over the company's volume weighted average share price (VWAP) for the last thirty (30) trading days prior to the execution of the agreement. At five percent (5%) premium over VWAP of P2.15 per share, the subscription price was set at P2.26 per share for a total subscription price of P5,650,000,000.

Twenty five percent (25%) of the subscription was paid on June 26, 2013 and the balance of Seventy five percent (75%) shall be payable upon the happening of the following: (i) approval by the SEC of the increase in capital which the Company already secured; (ii) approval by the PSE of the exemption from rights or public offer which likewise was secured; and (iii) approval by the stockholders of the transaction.

The Board of Directors approved the execution of the subscription agreement in view of the following:

1. The funds provided by the AGI subscription in 2011 have been substantially utilized.
2. More funds are required for development, land banking and general corporate uses in order to attain the company's twin objectives.



3. Recent developments which have resulted in the drop in share prices have made alternative modes of raising equity such as a public or rights offering inappropriate.

## SUMMARY

Atty. Santos presented the accomplishments of the Company for 2012 and outlined the strategies to achieve its twin objectives in 2013. The Company will achieve revenue growth and earnings growth of at least 20% for the year. It is confident that this growth in revenues and earnings can be sustained over the long term due to the following:

- The build-up of recurring income from hotel and rental operations.
- The availability of numerous components within our two existing tourism estates, for launch in the future.
- The availability of a steady supply of future projects due to our huge land bank consisting of owned properties and those under joint venture.
- The steady build-up of reservation sales that started in 2011 and is projected to hit a cumulative total of P 17 Billion by year end.
- The continuous development of the projects launched that will make it possible to recognize income as development progresses.
- The assured availability of funds for development, land acquisition and working capital.

The Company looks forward to achieving the Chairman's vision for the Company to become the undisputed leader in the development of master-planned integrated tourism estates in the country and bring Philippine tourism to a higher level.

## V. OPEN FORUM

**Question 1:** What is the free-float prior to and then after the subscription by Megaworld to GERI's increase in capital stock?

**Answer:** Prior to the subscription of Megaworld, the free-float was at 22%, after the subscription, it went down to 18% but that is still above the 10% CAP or minimum that has been set by the SEC and PSE. (Answer given by Mr. Roberto S. Roco, CFO)

**Question 2:** What is the breakdown of the uses from the additional subscription?

**Answer:** The breakdown of the uses of the additional subscription is as follows: for Project Development, Php 4.5 Billion is allocated; for land acquisition, Php 700 Million is earmarked; and, for general corporate uses, we have set aside about Php 450 Million.

**Follow-up question:** Will GERI, the Global-Estate Resorts, Inc., be merged with Megaworld Corporation?

**Answer:** No. GERI will remain to be a separate and independent listed Company vis-à-vis Megaworld.

**Question 3:** Why did GERI resort to private placement instead of rights or follow-on offering?

**Answer:** It is the norm among listed companies that their Articles of Incorporation carry a provision on waiver of pre-emptive rights. Given that the stock market is down, private placement is the most expedient and cost effective mode of raising capital through equity. If it is the intent of the shareholder to acquire more shares, he can very well easily buy from market and does not have to pay for any premium.

**Question 4:** Are there plans for "cooperation" between the Company's tourism projects and AGI's planned casino project to take advantage (of) the synergy between tourism and gaming?

**Answer:** Well, we see the synergy between our two Corporations, GERI and Megaworld in certain areas and not necessarily in the areas that you mentioned but in operational areas specifically like Engineering, Purchasing, Marketing and Planning. Definitely, we can also explore other possibilities but for the present, we see that there can be cooperative efforts in the areas mentioned.



**Question 5:** Does the company have any plans of declaring dividends?

**Answer:** As of December 31, 2012, our retained earnings amount to Php 3.9 Billion. This amount, however, has been appropriated for project development, and is therefore not available for dividend distribution.

As we (are) able to meet our development commitments and provided that we have the required retained earnings and there is surplus cash, rest assured, that management will recommend to the Board to take into consideration the declaration of dividends.

**Question 6:** May I ask the percentage of stockholdings in the company of Mr. Andrew Tan and company?

**Answer:** Right now, Alliance Global Group, Inc. owns a substantial number of shares in GERI. I believe that, I think it's about a little over 60% of the Outstanding Subscribed Capital.

**Question 7:** What happened with the projects handled by Fil-Estate which are subject to many claims for refund from buyers like myself which to now have remained unpaid? I spoke I think 2 years ago in front of this gathering and I complained about my investment. In September 1996, I purchased almost 4 Million worth of properties and shares (golf shares), but after more than 15 years, I received the first letter from the company stating that they cannot provide me with the Title.

**Answer:** I believe that, that matter which you now wish to discuss is the subject, presently, of a pending litigation. The matter is therefore subjudice, and this is not the proper venue or forum to discuss the matter, but I'll be very happy to meet you after this meeting and continue discussing it with you to find a happy solution to the problem, Sir.

About old projects, if you will recall Sir, in the 2012 Stockholders' Meeting, we reported that about 10 old projects of Fil-Estate then were completed in 2011. For 2012, we also completed another 6 projects, and the company stands by its commitment that all the projects of old will be addressed.

All these problems will be addressed but just give time to your company to do so.

**Question 8:** I would like to know if you foresee any adverse effect on the company due to the recent bombing in Cagayan De Oro?

**Answer:** We have yet to know the repercussions of and the cause or the person responsible for the bombing that happened in Cagayan de Oro. It may be an isolated incident, but we really don't know. We are still awaiting for reports and we will be able to make an assessment after that. The peace and order situation affects business in our country. However, we cannot immediately jump into conclusion on whether or not the bombing would generally affect businesses especially here in Luzon or Metro Manila.

**Question 9:** What's the reason for doing the placement through MEG instead of AGI? Are there certain competencies in MEG that are not in AGI?

**Answer:** There are very good synergies, as Atty. Santos has mentioned. There are very good synergies between Megaworld and GERI in the fields of marketing, engineering, purchasing, so we are seeing more cooperation, moving forward between the two companies, that's why the placement was made through Megaworld instead of AGI.

**Follow-up question:** What are the plans for future consolidation of GERI into MEG? What are also the plans of the current shares of AGI into GERI? Are there plans of doing maybe a share swap or something like that?

**Answer:** As of now, we don't have any plan as to the GERI shares held by AGI. We will just continue to stay that way. Now, for the shares that Megaworld owns, the GERI shares that was subscribed by Megaworld this is, I think that is less than (20%), it is 22% so we will just follow the equity accounting. It is not going to be a full consolidation.



**VI. APPROVAL OF THE 2012 AUDITED FINANCIAL STATEMENTS**

The Presiding Officer informed the stockholders that copies of the Audited Financial Statements for the calendar year ending December 31, 2012, together with the Annual Report of Management and the Interim Financial Statements for period ending 31 March 2013, were attached to the Amended 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 2012 be approved.

**VII. APPROVAL AND RATIFICATION OF THE SUBSCRIPTION BY MEGAWORLD TO 2.5 B SHARES FROM THE INCREASE IN CAPITAL**

The Presiding Officer proposed the approval and ratification of the subscription by Megaworld Corporation to 25% of the increase in authorized capital stock of the Corporation.

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

WHEREAS, the Company has an authorized capital stock of Ten Billion Pesos (Php 10,000,000,000.00) divided into Ten Billion common shares with a par value of One Peso (Php 1.00) per share;

WHEREAS, on November 8, 2011, the stockholders ratified the increase in authorized capital stock of the Company to Twenty Billion Pesos (Php 20,000,000,000) common shares with a par value of One Peso (Php 1.00) per share;

RESOLVED, AS IT IS HEREBY RESOLVED, to implement the increase in authorized capital and approve the subscription by Megaworld Corporation to twenty-five percent (25%) of the increase in capital stock which is equivalent to Two Billion Five Hundred Million (2,500,000,000) common shares, at the price per share of Two Pesos and Twenty Six Centavos (Php 2.26) or a total subscription price of Five Billion Six Hundred Fifty Million Pesos (Php 5,650,000,000), which price represents a premium of 5% over thirty (30) trading-day volume weighted average price (VWAP) of the common shares of the Company immediately preceding the date of the subscription;

RESOLVED FURTHER, as it is hereby RESOLVED, to authorize the Company to accept payment of twenty-five percent (25%) of the total subscription price on June 26, 2013, and the balance within ten (10) business days after approval by the Securities and Exchange Commission (SEC) of the increase in capital stock, grant by the Philippine Stock Exchange (PSE) of exemption from the rights or public offer requirement, and approval of the subscription by the Company's shareholders;

RESOLVED FURTHER, as it is hereby RESOLVED, to authorize the Company to cause the listing of the subject subscription with the Philippine Stock Exchange;

RESOLVED, FINALLY, as it is hereby RESOLVED, to authorize Atty. Ferdinand T. Santos to sign, execute, and/or deliver for and in behalf of the Corporation the Subscription Agreement with the Megaworld Corporation and the Listing Agreement with the Philippine Stock Exchange, as well as any and all applications, papers, and documents which are necessary to implement the foregoing resolutions.

**VIII. RATIFICATION OF ALL ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND CORPORATE OFFICERS**

The Presiding Officer proposed the ratification of all resolutions of the Board of Directors and all acts of the corporate officers since June 28, 2012 Annual Stockholders' Meeting up to the present.

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



RESOLVED, that, apart from the resolution approving the subscription by Megaworld Corporation which is already ratified and approved, all resolutions of the Company's Board of Directors and all acts of the corporate officers since 28 June 2012 Annual Stockholders' Meeting up to the present are hereby ratified and approved.

**IX. ELECTION OF DIRECTORS**

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

Atty. Garry V. de Guzman, 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. Miguel B. Varela, and Mr. Gerardo P. 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 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's financial statements for the year ending 31 December 2013.

Upon motion 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 2013, be approved.

**XI. ADJOURNMENT**

There being no other matters to discuss, meeting was adjourned at about 10:30 A.M.

CERTIFIED CORRECT:

  
**DOMINIC V. ISBERTO**  
Corporate Secretary

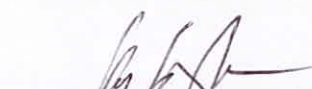
ATTESTED BY :

  
**ANDREW L. TAN**  
Chairman

  
**ROBERT JOHN L. SOBREPEÑA**  
Co-Chairman of the Board

  
**FERDINAND T. SANTOS**  
President/Director

  
**WILBUR L. CHAN**  
Executive Director

  
**GARRY V. DE GUZMAN**  
Director



*Robert Edwin C. Lim*  
ROBERT EDWIN C. LIM  
Director

*Gerardo C. Garcia*  
GERARDO C. GARCIA  
Independent Director

*Lourdes T. Gutierrez*  
LOURDES T. GUTIERREZ  
Director