

COVER SHEET

ASO94-004462

S.E.C. Registration Number

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| G | L | O | B | A | L | - | E | S | T | A | T | E | R | E | S | O | R | T | S | , | I | N | C | . |
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(Company's Full Name)

7 T H F L O O R R E N A I S S A N C E T O W E R S

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(Business Address: No. Street City/ Town/ Province)

Atty. Dominic V. Isberto

Contact Person

576-3376

Company Telephone Number

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| 1 | 2 |
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Month
fiscal year

| | |
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| 3 | 1 |
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Day

Annual Corporate Governance Report 2014

FORM TYPE

Last Thursday of June

Month Day

annual meeting

Secondary License Type, If Applicable

[illegible]

Dept. Requiring this Doc

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Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document I.D

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter GLOBAL-ESTATE RESORTS, INC.
3. 7TH FLR. RENAISSANCE TOWER, MERALCO AVENUE, PASIG CITY 1600
Address of Principal Office Postal Code
4. SEC Identification Number AS094-004462 5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-426-523-000
7. +632 576 3376; +632 576 4804
Issuer's Telephone number, including area code
8. N/A
Former name or former address, if changed from the last report

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2014 ANNUAL CORPORATE GOVERNANCE REPORT OF GLOBAL-ESTATE RESORTS, INC.

A. BOARD MATTERS

1) Board of Directors

| | |
|---|----------|
| Number of Directors per Articles of Incorporation | Nine (9) |
|---|----------|

| | |
|---|----------|
| Actual number of Directors for the year | Nine (9) |
|---|----------|

(a) Composition of the Board

Complete the table with information on the Board of Directors:

| Director's Name | Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)] | If nominee, identify the principal | Nominator in the last election (if ID, state the relationship with the nominator) | Date first elected | Date last elected (if ID, state the number of years served as ID) | Elected when (Annual /Special Meeting) | No. of years served as director ¹ |
|--------------------------|---|------------------------------------|---|--------------------|---|--|--|
| Andrew L. Tan | ED | Alliance Global Group, Inc. | - | Jan. 2011 | 30 July 2013 | Annual Meeting | Two (2) yrs. and eleven (11) mos. |
| Robert John L. Sobrepeña | NED | Fil-Estate Management, Inc. | - | Mar. 1994 | 30 July 2013 | Annual Meeting | Nineteen (19) yrs. and nine (9) mos. |
| Ferdinand T. Santos | ED | Fil-Estate Management, Inc. | - | Mar. 1994 | 30 July 2013 | Annual Meeting | Nineteen (19) yrs. and nine (9) mos. |
| Wilbur L. Chan | ED | Alliance Global Group, Inc. | - | Jan. 2011 | 30 July 2013 | Annual Meeting | Two (2) yrs. and eleven (11) mos. |
| Miguel B. Varela | ID | - | Alliance Global Group, Inc. No relationship to nominator. | Sept. 2012 | 30 July 2013; one (1) year | Annual Meeting | One year and three (3) months |

¹ As of 31 December 2013

| | | | | | | | |
|----------------------|-----|-----------------------------|---|-----------|-----------------------------|----------------|-----------------------------------|
| Garry V. De Guzman | NED | Alliance Global Group, Inc. | - | Jan. 2011 | 30 July 2013 | Annual Meeting | Two (2) yrs. and eleven (11) mos. |
| Gerardo C. Garcia | ID | - | Alliance Global Group, Inc. No relationship to nominator. | Aug. 2011 | 30 July 2013; two (2) years | Annual Meeting | Two (2) years and four (4) mos. |
| Lourdes T. Gutierrez | NED | Alliance Global Group, Inc. | - | June 2011 | 30 July 2013 | Annual Meeting | Two (2) yrs. and six (6) mos. |
| Robert Edwin C. Lim | NED | Alliance Global Group, Inc. | - | June 2011 | 30 July 2013 | Annual Meeting | Two (2) yrs. and six (6) mos. |

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

As explicitly contained in the Corporation's Revised Manual of Corporate Governance, the Board is committed to respect and protect the rights of its investors and minority interests. It recognizes the right of the shareholders to elect, remove, and replace directors and vote on certain corporate acts in accordance with the Corporation Code. The following rights of the shareholders are likewise enshrined in the By-Laws and the Revised Manual of Corporate Governance – right to cumulative voting in the election of directors, pre-emptive right, right to inspect corporate books and records in accordance with law, right to information or to be provided upon request with copies of periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and officers.

- (c) How often does the Board review and approve the vision and mission?

The vision and mission of the Corporation have remained the same since its incorporation in 1994. However, the entry of a new majority shareholder in 2011 and the expansion of the business of the Company to include integrated residential, golf, and other leisure-related properties, and integrated tourism estates development, have created a need for the Company to revisit its vision and mission, with the end in view of contributing to the further growth and stability of the Company. The Board will take on this task in the coming months.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

| Director's Name | Corporate Name of the Group Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|--------------------------|---|--|
| Andrew L. Tan | Alliance Global Group, Inc. | Chairman |
| | Fairways & Bluewater Resort Golf & Country Club | Non-Executive |
| | Twin Lakes Corporation | Executive |
| | Oceanfront Properties, Inc. | Executive; Chairman |
| Robert John L. Sobrepeña | Fil-Estate Management, Inc. | Executive; Chairman |
| | Fil-Estate Corporation | Executive; Chairman |
| | Fil-Estate Properties, Inc. | Executive; Chairman |
| | Fil-Estate Golf Dev't, Inc. | Executive; Chairman |
| | Fil-Estate Urban Dev't. Corp. | Executive; Chairman |
| | Fil-Estate Realty Corp. | Executive; Chairman |
| | Twin Lakes Corp. | Non-Executive |
| | Novo Sierra Holdings Corp. | Executive; Chairman |
| | Fil-Estate Ecocentrum Corp. | Executive; Chairman |
| | MRT Development Corp. | Executive; Chairman |
| Ferdinand T. Santos | Fil-Estate Management, Inc. | Executive |
| | Fil-Estate Properties, Inc. | Executive |
| | Fil-Estate Golf and Development, Inc. | Executive |
| | Fil-Estate Urban Dev't. Corp. | Executive |
| | Fil-Estate Ecocentrum Corp. | Executive |
| | Novo Sierra Holdings Corp. | Executive |
| | Twin Lakes Corp. | Non-Executive |
| | Fairways & Bluewater Resort Golf & Country Club, Inc. | Executive |
| | Megaworld Global-Estate, Inc. | Executive; Chairman |
| | MRT Development Corp. | Executive |
| Wilbur L. Chan | Fairways & Bluewater Resort Golf & Country Club, Inc. | Executive; Chairman |
| | Fil-Estate Urban Dev't. Corp. | Non-Executive |
| | Fil-Estate Ecocentrum Corp. | Non-Executive |
| | MRT Development Corp. | Non-Executive |
| Garry V. de Guzman | Fairways & Bluewater Resort Golf & Country Club, Inc. | Executive |
| | Twin Lakes Corp. | Non-Executive |
| | Megaworld Global-Estate, Inc. | Non-Executive |
| Lourdes T. Gutierrez | Twin Lakes Corp. | Non-Executive |
| | Megaworld Global-Estate, Inc. | Non-Executive |
| Robert Edwin C. Lim | Oceanfront Properties, Inc. | Non-Executive |
| Miguel B. Varela | None | None |

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

| | | |
|----------------|------|------|
| Gerardo Garcia | None | None |
|----------------|------|------|

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

| Director's Name | Name of Listed Company | Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman. |
|--------------------------|--|--|
| Andrew L. Tan | Megaworld Corporation Empire East Land Holdings, Inc. | Executive, Chairman Executive, Chairman |
| Miguel B. Varela | Megaworld Corporation | Independent |
| Gerardo C. Garcia | Megaworld Corporation | Independent |
| Robert John L. Sobrepeña | Fil-Estate Corporation | Executive, Chairman |
| Ferdinand T. Santos | Fil-Estate Corporation | Executive, President |

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

| Director's Name | Name of the Significant Shareholder | Description of the relationship |
|-----------------|-------------------------------------|--|
| n/a | n/a | There is no relation among the members of the Board of Directors which links them to significant shareholders in the Company and/or in its group.* |

* There are three directors of the Company, namely, Messrs. Andrew L. Tan, Robert John L. Sobrepeña, and Ferdinand T. Santos, who are individual shareholders and/or directors/officers of significant shareholders of the Company, as shown in the table under item A(1)(d)(i) above. The significant shareholders being referred to are Alliance Global Group, Inc. (where Mr. Tan is Chairman) and Fil-Estate Management, Inc. (where Mr. Sobrepeña is Chairman, and Mr. Santos, President).

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

| | Guidelines | Maximum Number of Directorships in other companies |
|------------------------|------------|--|
| Executive Director | n/a | The Company has not set a limit on the number of seats in other companies which an individual director or the CEO may hold simultaneously. The Revised Manual of Corporate Governance of the Company, however, allows the Board to adopt guidelines on the number of directorship that is members can hold in other companies. |
| Non-Executive Director | n/a | -do- |
| CEO | n/a | -do- |

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

| Name of Director | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|--------------------------|-------------------------|--|--------------------|
| Wilbur L. Chan | 2,611,826 | None | 0.02% |
| Robert John L. Sobrepeña | 1,617,485 | 1,080,070,946*** Through Fil-Estate Management, Inc. | 9.846% |
| Ferdinand T. Santos | 30,009 | | |
| Miguel B. Varela | 511** | None | 0% |
| Andrew L. Tan | 1 | 5,405,000,000 Through Alliance Global Group, Inc. 2,500,000,000 Through Megaworld Corporation | 71.955% |
| Garry V. de Guzman | 1 | None | 0% |
| Lourdes T. Gutierrez | 1 | None | 0% |
| Robert Edwin C. Lim | 1 | None | 0% |
| Gerardo C. Garcia | 1 | None | 0% |
| TOTAL * | 4,259,836 | 8,985,070,946 | 81.806% |

* The above information on shareholding is updated as of 21 June 2013.

** Five hundred ten (510) out of the five hundred eleven (511) shares are registered in the books of the Company under "MIGUEL B. VARELA &/OR CECILIA M. VARELA."

*** As of 31 December 2013 (Per Certification of Fil-Estate Management Inc. dated 21 January 2014)

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

Identify the Chair and CEO:

| | |
|-----------------------|--|
| Chairman of the Board | Andrew L. Tan – Chairman |
| CEO/President | Andrew L. Tan - CEO Ferdinand T. Santos – President |

Article IV, Section 2, of Amended By-Laws of the Company provides that the Chairman shall also be the CEO and his main responsibility is to define the strategic vision of the Company and align its operations to said vision. He guides the Board in formulating the objectives of the Company, and assists in establishing the operating policies and developing the means to achieve the objectives.

Significantly, the administration and direction of the day-to-day affairs of the Corporation are reposed in the President, per Article IV, Section 4, of the Amended By-Laws of the Company. The President has the general supervision and management of the business affairs and property of the Company, and ensures that the administrative and operational policies are carried out under his supervision and control. The President is also a director of the Company and, as such, is able to provide the Board with timely and first-hand feedback on the effectiveness of the policies that

the Board adopts.

Thus, notwithstanding, that the roles of Chairman and CEO are assumed by the same person, the concentration of the administrative functions in the person of the President ensures that the Board gets the benefit of independent views in formulating, evaluating, and assessing the effectiveness of the policies of the Company.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

| | Chairman and Chief Executive Officer | President |
|-------------------------|---|---|
| Role | Defines the strategic vision of the Corporation. Assists the Board in formulating company objectives and developing means for their attainment. | Administers and directs the day-to-day business affairs of the Corporation. |
| Accountabilities | Accountable for aligning the policies, objectives, and goals of the Company to its vision. | Accountable for the overall operations, and current profitability. |
| Deliverables | Company vision; sound and aligned policies, objectives, and goals. | Projects, plans, programs, and operating budgets for approval by the Board. |

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board engages the expertise of the Organization Development Department under the Human Resource Division of the Company to craft the requisite programs that are essential to the creation of a viable and effective succession planning for management. These programs encompass a spectrum of human resource tools and processes that will be integrated in the Company's policies, procedures, and practices for selection, hiring, and training.

Under these programs, employees with relevant skill sets and utmost potential for advancement and growth are identified and given development experiences and training that will prepare them for greater opportunities and responsibilities in the Company.

The Board also looks beyond the internal organization of the Company and is open to sourcing from outside to ensure that the best candidates for any top key management position are properly considered, for the mutual benefit of the Company, its clients, and its stakeholders.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The Company has no written policy on this matter but the diversity of experience and background is considered in the nomination process. The present composition of the Board will show that most if not all of the members have extensive experience and proficiency in the core business of the Company which they obtained from their respective stints as executives of companies in the real estate industry where the Company belongs. Their diversity in experience and background reveals itself in the market segment that such other companies cater to, and the varied landscapes of such companies' known projects with challenges and settings that are unique for every project. The members of the Board also come from diverse backgrounds as professionals in their respective fields.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. Please refer to the answer to the immediately preceding question.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

| | Executive | Non-Executive | Independent Director |
|------------------|--|--|---|
| Role | Administers and directs the operation of the Company | Develops, reviews, and reforms strategies | Develops, reviews, and reforms strategies |
| Accountabilities | Accountable for the overall operations of the business | Accountable for the effectiveness of the strategies of the Company | Monitors the effectiveness of the strategies of the Company |
| Deliverables | Projects, plans, programs | Sound policies | Independent analysis |

Provide the company's definition of "independence" and describe the company's compliance to the definition.

"Independence" means freedom from the control of management and absence of business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of objective judgment in carrying out one's responsibilities as a director.

The Company scrutinizes the professional, business, and personal affiliations, as well as the professional experience and background, of candidates for independent director. The Company reviews their qualifications as against the Guidelines for Nomination and Election of Independent Directors as contained in SEC Memorandum Circular 16-02, and the provisions of Rule 38 of the Securities Regulations Code.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Company has no written policy fixing a 5 consecutive year-term limit for independent directors and governing the second term of independent directors. The Company, however, adheres to and is compliant with SEC Memorandum Circular No. 9, Series of 2011, which governs the term limits for independent directors. The Company abides by the rules imposing the 5 consecutive year-term limit, 2-year cooling-off period, second 5-year term, and the perpetual ban against independent directors who served for 10 years in the same company.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

| Name | Position | Date of Cessation | Reason |
|------|----------|-------------------|--------|
| n/a | n/a | n/a | n/a |

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

| Procedure | Process Adopted | Criteria |
|--------------------------------------|--|---|
| a. Selection/Appointment | | |
| (i) Executive Directors | <p>The Company conducts the nomination process in accordance with the provision of Rule 38 of the Securities Regulation Code (SRC). The Nomination Committee reviews, evaluates, pre-screens, and shortlists all candidates. The Nomination Committee then prepares a Final List of Candidates which is distributed to the shareholders through the filing with the SEC and distribution of an Information Statement prior to the meeting where the election of directors will be had. Only nominees contained in the Final List are eligible for election.</p> <p>A vacancy occurring in the Board other than by removal by stockholders or by expiration of term, is filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, as provided for under Article III of the By-Laws of the Company. If the remaining directors have no more quorum, the vacancy is filled at a regular or special meeting of the stockholders.</p> | <p>The nominees are pre-screened in accordance with screening policies and parameters promulgated by the Nomination Committee pursuant to Rule 38 of the SRC.</p> <p>In formulating such pre-screening policies and parameters, the Nomination Committee uses as guide and framework the different provisions pertaining to the qualifications and disqualifications of directors including independent directors, as found in SEC Memorandum Circular No. 16 (Series of 2002), SEC Memorandum Circular No. 9 (Series of 2011), Article III of the By-Laws of the Company, SRC Rule 38, and Sections 5.2.6 and 5.2.7 of the Company's Revised Manual of Corporate Governance.</p> |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |
| b. Re-appointment | | |
| (i) Executive Directors | -do- | -do- |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |
| c. Permanent Disqualification | | |
| (i) Executive Directors | A director or a candidate may be disqualified permanently from election/re-election due to any valid ground for permanent disqualification. The grounds and the process | A director or candidate for director may be disqualified from election/re-election permanently when he is engaged in a business that is antagonistic to that of the Company, as defined under |

| | | |
|--------------------------------------|--|---|
| | <p>for permanent disqualification are considered/integrated in the nomination process that is adopted by the Nomination Committee, as explained under item (a) of this table.</p> <p>An incumbent director may likewise be removed from office and his term cut-short upon the existence of any of the grounds for permanent disqualification. The procedure for removal of a director with or without cause is as explained under item (e) of this table.</p> | Article III of the By-Laws of the Company, or when any of the grounds for permanent disqualification under Section 5.2.7 of the Revised Manual of Corporate Governance of the Company exists. |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |
| d. Temporary Disqualification | | |
| (i) Executive Directors | A director or a candidate may be disqualified temporarily from election/re-election due to any valid ground for temporary disqualification. The grounds/process are considered/integrated in the nomination process that is adopted by the Nomination Committee, as explained under item (a) of this table. | A director or candidate for director may be disqualified from election/re-election temporarily when he is engaged in a business that is antagonistic to that of the Company, as defined under Article III of the By-Laws of the Company, or when any of the grounds for temporary disqualification under Section 5.2.7 of the Revised Manual of Corporate Governance of the Company exists. |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |
| e. Removal | | |
| (i) Executive Directors | The Company applies the provisions of Section 28 of the Corporation Code pertaining to the requirements and procedure for removal of directors. A director may be removed upon the vote of at least 2/3 of the stockholders in a meeting duly called for such purpose. | No specific criteria are set. Removal of any director may be with or without cause, pursuant to Section 28 of the Corporation Code. |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |

| f. Re-instatement | | |
|------------------------------|--|---|
| (i) Executive Directors | The Company has no specific rules governing re-instatement of directors. | The Company has no specific rules governing the re-instatement of directors. |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |
| g. Suspension | | |
| (i) Executive Directors | The Company observes due process and affords the concerned director an opportunity to be heard on any fact or claim that may warrant his suspension from office. | The Company did not lay down specific criteria or grounds for suspension of directors. A director holds a position of trust and confidence. Thus, any act, omission, or event attributed to him which may cause such trust and confidence to wane may be a ground for suspension, if not removal. |
| (ii) Non-Executive Directors | -do- | -do- |
| (iii) Independent Directors | -do- | -do- |

Voting Result of the last Annual General Meeting

| Name of Director | Votes Received |
|--------------------------|--|
| Andrew L. Tan | More than two-thirds of stockholders present or represented by proxy |
| Wilbur L. Chan | More than two-thirds of stockholders present or represented by proxy |
| Robert John L. Sobrepeña | More than two-thirds of stockholders present or represented by proxy |
| Ferdinand T. Santos | More than two-thirds of stockholders present or represented by proxy |
| Garry V. De Guzman | More than two-thirds of stockholders present or represented by proxy |
| Lourdes T. Gutierrez | More than two-thirds of stockholders present or represented by proxy |
| Robert Edwin C. Lim | More than two-thirds of stockholders present or represented by proxy |
| Gerardo C. Garcia | More than two-thirds of stockholders present or represented by proxy |
| Miguel B. Varela | More than two-thirds of stockholders present or represented by proxy |

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

The Company devised a formal orientation program for new directors. It will be implemented starting January 2014.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

The Directors did not attend in-house training and external courses during the past three (3) years.

The Company, however, conducted a *Project Management Workshop* for the heads and members of the Contract & Procurement and Project Development & Management Divisions in 2012. It also sent its key officers and managers from Finance Division and from Legal Division to a seminar on *SEC Disclosure Rules* in 2012. Also, the Company required its key officers, supervisors and managers to attend the Work Instruction Creation Program on February 2013. In addition, it sent its key officers and managers of the Contracts, Procurement and Project Management Division, Project Development and Property Management Division, Legal Division & Building Administration to attend the Basic Occupations Safety & Health for Construction on July 2013 organized in coordination with Synerquest Management Consultancy Services, Inc.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

| Name of Director/Officer | Date of Training | Program | Name of Training Institution |
|--------------------------|------------------|---|------------------------------|
| - | - | The Company has not designed yet a continuing education programs for directors. | - |

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

| Business Conduct & Ethics | Directors | Senior Management | Employees |
|---------------------------|--|---|-----------|
| (a) Conflict of Interest | A director should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on his part, a director should fully and immediately disclose it and should not participate in the decision-making process, or should seriously consider resigning if there exists a continuing material conflict of interest. | Officers and other employees of the Company are liable for violation of the Employee Handbook if they are found guilty of engaging in competitive operations or business similar to those of the Company. | |

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

| | | |
|---|--|---|
| (b) Conduct of Business and Fair Dealings | A director should conduct fair business transactions with the Company and ensure that his personal interest does not bias, conflict, or prejudice Board decisions. | Officers and other employees of the Company are liable for violation of the Employee Handbook if they are found guilty of committing acts of inefficiency, incompetence, and negligence relative to their accountabilities; committing petty or other acts of dishonesty; offering or accepting anything of value in exchange for a job, work assignment, favorable work location or condition of employment; or obtaining or attempting to obtain materials based on fraudulent or falsified order and conspiracies with persons doing so, in which the Company has suffered or stands to suffer monetary loss or improper withdrawing of company records, equipment, tools, or other assets from company premises without authority; or engaging or conniving anomalous transactions. |
| (c) Receipt of gifts from third parties | A director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. | Officers and other employees of the Company are liable for violation of the Employee Handbook if they are found guilty of accepting directly or indirectly of sum of money, commission, offer, promises in consideration of any act, decision on service, connected with the performance of an employee's duties, and also if found guilty of entering into arrangements with suppliers, customers or guests to obtain "kickbacks" or other preferential treatment. |
| (d) Compliance with Laws & Regulations | A director should acquire a working knowledge of the statutory and regulatory requirements affecting the Company. | All officers and other employees are given the benefits mandated by law including but not limited to those affecting wages, hours, and conditions of work. |
| (e) Respect for Trade Secrets/Use of Non-public Information | A director should secure and keep confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without authority of the Board. | Officers and other employees of the Company are liable for violation of the Employee Handbook if they are found guilty of unauthorized disclosure of confidential information which includes but not limited to, company records, trade secrets, financial operations statements and other company documents to other companies or persons, whether competitor not. |
| (f) Use of Company Funds, Assets and Information | A director should act judiciously. Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if | Officers and other employees of the Company are liable for violation of the Employee Handbook if they are found guilty of using company time, premises, vehicles, tools, equipment, or materials for personal benefit, and for unauthorized use of company facilities. |

| | | |
|--|--|---|
| | necessary, make inquiries and request clarification. | |
| (g) Employment & Labor Laws & Policies | A director should acquire a working knowledge of the statutory and regulatory requirements affecting the Company. | All officers and other employees are given the benefits mandated by law including but not limited to those affecting wages, hours, and conditions of work. |
| (h) Disciplinary action | In case of violation of the Company's Revised Manual of Corporate Governance, a director of the Company shall be meted with the following penalties: reprimand, for first violation; suspension for second violation, the duration of which shall depend on the gravity of the violation; and removal from office, as maximum penalty, in case of third violation. | <p>The sanctions against directors for violation of the Revised Manual of Corporate Governance likewise apply to officers and other employees of the Company.</p> <p>In addition, officers and other employees of the Company are liable for violation of applicable provisions under the Employee Handbook, and may face penalties ranging from reprimand to termination, depending on the seriousness of the acts committed.</p> <p>All employees who are charged with any violation of the Employee Handbook are entitled to due process of law.</p> |
| (i) Whistle Blower | The Company has not adopted yet any formal policy on whistle blower. | |
| (j) Conflict Resolution | The Company has not adopted yet any formal policy and procedure on resolution of conflicts involving directors. As to officers and other employees, the Company has a grievance procedure laid-out in the Employees' Handbook. | |

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Copies of the Employee Handbook which contains the Employee's Code of Discipline are disseminated to all senior management and employees. The contents of the Employee Handbook are explained to new employees as part of their orientation.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company implements and monitors compliance through its Human Resource Division, with the support of the Division Heads who are tasked with cascading Company policies to the employees and monitoring their adherence to the policies.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses,

children and dependent siblings and parents and of interlocking director relationships of members of the Board.

| Related Party Transactions | Policies and Procedures |
|--|---|
| (1) Parent Company | Related party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Company, its shareholders and creditor. Transactions with related parties are monitored and disclosed in the notes to the financial statements of the Company. |
| (2) Joint Ventures | |
| (3) Subsidiaries | |
| (4) Entities Under Common Control | |
| (5) Substantial Stockholders | |
| (6) Officers including spouse/children/siblings/parents | |
| (7) Directors including spouse/children/siblings/parents | |
| (8) Interlocking director relationship of Board of Directors | |

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

| | Details of Conflict of Interest (Actual or Probable) |
|----------------------------------|--|
| Name of Director/s | None. |
| Name of Officer/s | |
| Name of Significant Shareholders | |

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

| | Directors/Officers/Significant Shareholders |
|---------|--|
| Company | In compliance with disclosure requirements of related accounting standards and the Securities Regulation Code reporting requirements, we promptly and properly disclose to the public all material information, including all related party transactions through detailed disclosures provided in the related Notes to financial statements (Note 19. Related Party Transactions) SEC Form 17-A, Annual Report and SEC's Form 20-IS, Definitive Information Statement, |
| Group | |

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

| Names of Related | Type of Relationship | Brief Description of the |
|------------------|----------------------|--------------------------|
|------------------|----------------------|--------------------------|

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

| Significant Shareholders | | Relationship |
|--------------------------|-----|--------------|
| n/a | n/a | n/a |
| | | |

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

| Names of Related Significant Shareholders | Type of Relationship | Brief Description |
|---|-------------------------|-------------------|
| Alliance Global Group, Inc. (AGI) | Parent Company | Provide advances |
| Fil-Estate Management, Inc. (FEMI) | Significant Shareholder | Provide advances |
| Megaworld Corporation (MEG) | Significant Shareholder | Provide Advances |

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

| Name of Shareholders | % of Capital Stock affected (Parties) | Brief Description of the Transaction |
|---|---------------------------------------|--------------------------------------|
| The Company is not aware of any shareholder agreement or similar arrangement which may impact on the control, ownership and strategic direction of the Company, | | |

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

| | Alternative Dispute Resolution System |
|--------------------------------------|---|
| Corporation & Stockholders | No conflicts or differences arose during the last three (3) years between the Company and its stockholders. The Company will study a system to adopt for alternative resolution of disputes. |
| Corporation & Third Parties | The Company explores and negotiates amicable settlement through its Customer Relations Department and its Offsetting Department. The conflicts or differences with third parties usually involve buyers of different projects of the Company, and contractors or suppliers. |
| Corporation & Regulatory Authorities | Conflicts or differences that arose between the Company and regulatory authorities during the last three (3) years were resolved through dialogues and technical conferences, and the agencies' own alternative dispute resolution mechanisms, where applicable. |

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Notices of meetings of Board of Directors specifying the date, time, and place, are communicated to the members in accordance with the provision of Article III, Section 5, of the By-Laws. Regular meetings of the Board of Directors are held once every quarter, in accordance with the provisions of Section 4 of the same Article.

2) Attendance of Directors

| Board | Name | Date of Election | No. of Meetings Held during the year | No. of Meetings Attended | % |
|-------------|--------------------------|------------------|--------------------------------------|--------------------------|-----|
| Chairman | Andrew L. Tan | 30 July 2013 | 16 | 16 | 100 |
| Member | Robert John L. Sobrepeña | 30 July 2013 | 16 | 16 | 100 |
| Member | Ferdinand T. Santos | 30 July 2013 | 16 | 16 | 100 |
| Member | Wilbur L. Chan | 30 July 2013 | 16 | 16 | 100 |
| Member | Lourdes T. Gutierrez | 30 July 2013 | 16 | 16 | 100 |
| Member | Garry V. De Guzman | 30 July 2013 | 16 | 16 | 100 |
| Member | Robert Edwin C. Lim | 30 July 2013 | 16 | 16 | 100 |
| Independent | Miguel B. Varela | 30 July 2013 | 16 | 15 | 94 |
| Independent | Gerardo C. Garcia | 30 July 2013 | 16 | 16 | 100 |

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

The non-executive directors do not have a separate meeting during the year without the presence of any executive director.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Article III, Section 6, of the Amended By-Laws of the Corporation provides that a majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business, while every decision of at least a *majority* of the directors present at a meeting at which a quorum is present shall be valid as a corporate act, except for the election of officers which requires the vote of a majority of all the members of the Board.

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

Board papers for Board of Directors' meetings are provided to the Board one day in advance.

(b) Do board members have independent access to Management and the Corporate Secretary?

Board members have independent access to Management and the Corporate Secretary insofar as access to information is concerned. They can request for information that they need in order to arrive at intelligent decision on matters requiring their approval.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Corporate Secretary shall maintain and shall have custody of the Company books and records, and shall be the recorder of the Company's formal actions and transactions, according to Article IV, Section 7, of the Amended By-Laws. The specific duties of the Corporate Secretary are to record or to see the proper recording of the minutes and transactions of all meetings of the directors and stockholders, maintain minute books in the form and manner required by law, attest to all corporate documents requiring such attestation, attend to the giving and serving of all notices of the Company required by law or by the By-Laws to be given, certify to such corporate acts/documents/certificates and make reports or statements as may be required of him by law or by government rules and regulations, act as inspector at the election of directors, sign certificates of stock, and perform other duties as are incident to his office or as may be assigned to him by the Board of Directors or President.

The Corporate Secretary also has the responsibility to secure the complete agenda before each Board meeting and to notify the members of the Board prior to each meeting and ensure that they have before them accurate information that will enable them to arrive at intelligent decision on matters requiring their approval.

The role of the Corporate Secretary, however, does not expressly include facilitating the training of directors, keeping directors updated regarding any relevant statutory and regulatory changes. These tasks, however, may be assigned to him anytime by either the Board of Directors or President as part of the other duties that are incidental to his office.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

The Corporate Secretary need not be formally trained in legal, accountancy, or company secretarial practices, but, if not discharging the functions of general counsel, must possess a working knowledge of legal principles and be aware of the operations of the laws, rules and regulations necessary in the performance of his duties and responsibilities. He must also have a working knowledge of financial and accounting principles and of the operations of the Company.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒

No ☐

(in the case of Audit Committee members)

| Committee | Details of the procedures |
|------------------|---|
| Executive | There are no detailed procedures. The Committee members have full access to management, personnel, and records, and can request for information that they need in order to arrive at intelligent decision on matters requiring their action |
| Audit | <p>The Audit Committee shall have the authority to conduct or order the investigation into any manner within the scope of its responsibilities. The Committee may invite members of management, organization staff, the Internal Audit Group or external auditor to attend and provide pertinent information or data.</p> <p>The Audit Committee shall have full access to management, personnel and records in the performance of its duties and responsibilities.</p> |
| Nomination | There are no detailed procedures. The Committee members have full access to management, personnel, and records, and can request for information that they need in order to arrive at intelligent decision on matters requiring their action. |
| Remuneration | -do- |
| Others (specify) | n/a |

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

| Procedures | Details |
|--|---------|
| There are no detailed procedures. The Board may seek external professional or technical opinion or advice as it deems necessary in connection with any matter which is pending before the Board, and which opinion or advice the members may consider in their individual assessment and evaluation of the issues. | n/a |

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

| Existing Policies | Changes | Reason |
|-------------------|--|--------|
| - | There were no changes in existing policies which had an effect on the business of the company. | - |

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

| Process | CEO | Top 4 Highest Paid Management Officers |
|---|--|---|
| (1) Fixed remuneration | None | Company salary structure, market rates used as a guide, salary adjustment based on performance and changes in responsibilities and authorities. |
| (2) Variable remuneration | None | |
| (3) Per diem allowance | None | |
| (4) Bonus | None | Based on approval of the Board |
| (5) Stock Options and other financial instruments | The Executive Stock Option Plan shall be administered by the Executive Compensation Committee, who shall determine the eligible participants of the Plan for a particular calendar year, the number of shares to be covered by each option so granted, the formula to be used in determining the number of shares, the vesting percentage and vesting schedule of the options and other relevant matters, taking into consideration the grantees responsibilities, nature and value of their services and accomplishments, and their present and potential contribution to the success of the Company. | |
| (6) Others (specify) | None | |

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

| | Remuneration Policy | Structure of Compensation Packages | How Compensation is Calculated |
|-------------------------|---|---|---|
| Executive Directors | Follow company's salary structure, benefit package and Board approved rate/package | Compensation package is composed of basic monthly salary plus number of months bonus as approved by the Board | Basic monthly salary multiplied by twelve months divided by 313 days for daily rate factor which is used in computing other benefits. |
| Non-Executive Directors | Each director received a reasonable per diem for attendance in meetings of the Board of Directors | | |

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Yes.

Provide details for the last three (3) years.

| Remuneration Scheme | Date of Stockholders' Approval |
|---|--------------------------------|
| Executive Stock Option Plan(ESOP) for Executive Directors | November 08, 2011 |

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

| Remuneration Item | Executive Directors | Non-Executive Directors (other than independent directors) | Independent Directors |
|--|--|--|-----------------------|
| (a) Fixed Remuneration | 8,330,000 | - | - |
| (b) Variable Remuneration | - | - | - |
| (c) Per diem Allowance | 200,000 | 150,000 | 100,000 |
| (d) Bonuses | 385,000 | - | - |
| (e) Stock Options and/or other financial instruments | 200,000,000 stock options ⁶ | - | - |
| (f) Others (Specify) | - | - | - |
| Total | 9,065,000 | 100,000 | 100,000 |

| Other Benefits | Executive Directors | Non-Executive Director (other than independent directors) | Independent Directors |
|---|---------------------|---|-----------------------|
| 1) Advances | - | - | - |
| 2) Credit granted | - | - | - |
| 3) Pension Plan/s Contributions | - | - | - |
| (d) Pension Plans, Obligations incurred | - | - | - |
| (e) Life Insurance Premium | 2,040 | - | - |
| (f) Hospitalization Plan | 22,628 | - | - |
| (g) Car Plan | - | - | - |
| (h) Others (Specify) | - | - | - |
| Total | 24,668 | - | - |

⁶ Updated to reflect SEC Form 17-C filed on 12 March 2014 which reported the grant of options to subscribe to 100 million common shares of the Company pursuant to the Company's Executive Stock Option Plan.

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

| Director's Name | Number of Direct Option/Rights/Warrants* | Number of Indirect Option/Rights / Warrants | Number of Equivalent Shares | Total % from Capital Stock |
|--------------------------|--|---|-----------------------------|----------------------------|
| Andrew L. Tan | 50,000,000 | - | 50,000,000 | 0.00025% |
| Robert John L. Sobrepeña | 50,000,000 | - | 50,000,000 | 0.00025% |
| Wilbur L. Chan | 50,000,000 | - | 50,000,000 | 0.00025% |
| Ferdinand T. Santos | 50,000,000 | - | 50,000,000 | 0.00025% |

**Updated with date of grant 18 February 2013*

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

| Incentive Program | Amendments | Date of Stockholders' Approval |
|--|------------|--------------------------------|
| No amendments or discontinuance of any incentive program was introduced. | | |

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

| Name of Officer/Position (For 2013) | Total Remuneration (For 2013) |
|---|-------------------------------|
| Roberto S. Roco – Senior Vice President(SVP) and Chief Finance Officer ⁷ | 6,993,694 |
| Lailani V. Villanueva – Chief Finance Officer and Compliance Officer ⁸ | |
| Atty. Marie Emelyn Gertrudes C. Martinez – SVP for Legal | |
| Jennifer Romualdez – Vice President for Contracts and Procurements | |
| Catherine Marcelo – Vice President for | |

⁷ Mr. Roberto S. Roco's term ended on 30 July 2013.

⁸ Ms. Lailani V. Villanueva was elected as the CFO and Compliance Officer on 30 July 2013

| |
|--|
| Corporate Services |
| Karen Maderazo – Vice President for HR ⁹ |
| Abraham Mercado – Vice President for Marketing ¹⁰ |

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

| Committee | No. of Members | | | Committ ee Charter | Functions | Key Responsibilities | Power |
|------------|--|--|-------------------------------------|---|---|---|---|
| | Executive Director (ED) | Non- executive Director (NED) | Independ ent Director (ID) | | | | |
| Audit | 0 to 2 | 0 to 2 | 1 | With an existing Committ ee Charter | Oversight responsibiliti es for the financial reporting process, internal control, risk management, internal audit, external audit, management and legal, tax and regulatory compliance | Financial reporting, risk management, internal control, internal audit, external audit | Authority to conduct or order the investigati on into any matter within the scope of its responsibi lities. |
| | Total no. of members is 3 one of whom should be an independent director. | | | | | | |
| Nomination | 0 to 2 | 0 to 2 | 1 | No existing Committ ee charter | Review, evaluation, pre-screening and shortlisting of all candidates nominated to become a member of the Board of Directors | Nomination and preparation of Final List of Candidates for election to the Board of Directors | Authority to inquire into the qualificati ons and disqualific ations of the nominees |
| | Total no. of members is 3 one of whom should be an independent director. | | | | | | |

⁹ Ms. Karen Maderazo was appointed Vice President for HR on 1 October 2013.

¹⁰ Abraham Mercado resigned last September 26, 2013

| | | | | | | | |
|------------------|--|--------|---|-------------------------------|--|---|---|
| Remuneration | 0 to 2 | 0 to 2 | 1 | No existing Committee charter | Establishment of a formal and transparent procedure for developing a policy on executive remuneration and for fixing remuneration packages of corporate officers and directors; oversight over remuneration of senior management and other key personnel | Development of policies on remuneration of officers and directors | Authority to review existing Human Resources Development or Employee Handbook to strengthen provision on conflict of interest, salaries and benefits policies, etc. |
| | Total no. of directors is 3 one of whom should be an independent director. | | | | | | |
| Others (specify) | n/a | | | | | | |

2) Committee Members

(a) Executive Committee

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|----------------------|---------------------|----------------------|--------------------------|-----|------------------------------------|
| Chairman | Andrew L. Tan | 30 July 2013 | n/a | n/a | n/a | n/a |
| Member (ED) | Ferdinand T. Santos | 30 July 2013 | | | | |
| Member (ED) | Wilbur L. Chan | 30 July 2013 | | | | |
| Member (NED) | Lourdes T. Gutierrez | 30 July 2013 | | | | |
| Member (ID) | n/a | | | | | |

(b) Audit Committee

| Office | Name | Date of Appointment | No. of Meetings Held* | No. of Meetings Attended | % | Length of Service in the Committee * |
|--------------|-----------------------|---------------------|-----------------------|--------------------------|-------|--------------------------------------|
| Chairman | Miguel B. Varela (ID) | 30 July 2013 | 1 | 1 | 100 % | 5 mos. |
| Member (ED) | n/a | | | | | |
| Member (NED) | Lourdes T. Gutierrez | 30 July 2013 | 1 | 1 | 100 % | 5 mos. |
| Member (ID) | Gerardo C. Garcia | 30 July 2013 | 1 | 1 | 100 % | 5 mos. |
| Member | n/a | | | | | |

* Covers the period July to December 2013 only since members of the Committee were

appointed during the Organizational Meeting of the Board which was held after the Annual Meeting on 30 July 2013.

Disclose the profile or qualifications of the Audit Committee members.

Below are the profile or qualifications of the Audit Committee members:

MIGUEL B. VARELA, Filipino, 73 years old, was elected as Independent Director on 30 July 2013. He has been an Independent Director of Megaworld Corporation since June 2006. He is presently the President of the Philippine Chamber of Commerce and Industry (PCCI) was formerly President and now presently Director of Manila Bulletin Publishing Corporation, Director of Ausphil Tollways Corporation, Director, NPC Alliance Corporation, Vice Chairman Richmonde Hotel, among others. Chairman of the Employers Confederation of the Philippines (ECOP), Board of Trustee of Philippines Trade Foundation, Inc. Chairman of Pribadong Institusyon Laban sa Kahirapan (PILAK). Chairman of the Philippine Association of Voluntary Arbitration Foundation (PAVAF), and Vice Chairman of Philippine Dispute Resolution Center, Inc. (PDRCI). He is also the Vice President of the International Labor Organization, Inc., and Vice Chairman and Trustee, Foundation for Crime Prevention. He is an accredited international arbitrator of the Paris-based International Court of Arbitration. A member of the Philippine Bar, he pursued his Bachelor of Laws in the Ateneo de Manila Law School and his Associate in Liberal Arts from the San Beda College. He attended a Top Management and Productivity Program from the Asian Institute of Management (AIM) as well as special courses sponsored by ILO, Geneva, Switzerland, Asian Productivity Organization (APO), and the Nikkeren, Japan, covering areas of Managerial Management and Organizational Development, Productivity, Legal Management, Labor and Industrial Relations, Development of SME's among others. He is a member of the Philippine Bar Association, a Commissioner of the Consultative Commission on Constitutional Reform and a Lifetime Member of the Philippine Constitution Association (PHILCONSA). He is the recipient of various awards and citations such as San Beda College's Outstanding Alumni Award for Business Leadership, and San Beda Hall of Fame Awardee. Presidential Medal of Merit for Outstanding Service to the Republic of the Philippines, Tamaraw Leadership Award, Katipunan Leadership Award and Leadership Award from ECOP, PCCI and ASEAN Productivity Organization and Confederation of Asia-Pacific Chamber of Commerce and Industry (CACCI) Medallion for Distinguished Service Award. He was also conferred by the Central Luzon State University with the degree of Doctor of Humanities (*honoris causa*), and by the Eulogio "Amang" Rodriguez University of Science and Technology with a Doctorate in Business Technology (*honoris causa*).

LOURDES T. GUTIERREZ, Filipino, 49 years old, was elected as Director of the Company on 30 June 2013. She is currently the Chief Operating Officer of Megaworld Corporation. Ms. Gutierrez joined Megaworld in 1990. She is a Certified Public Accountant and is a member of Megaworld's Management Executive Committee. Ms. Gutierrez graduated Cum Laude from the Far Eastern University with the degree of Bachelor of Science Major in Accounting. She is the Chairman of Megaworld's property management arm, First Oceanic Property Management, Inc. and Eastwood Cinema 2000, Inc. She is currently the Director and Vice Chairman of Suntrust Properties, Inc., also a Director of Forbes Town Properties & Holdings, Inc., Megaworld Resort Estates, Inc., Megaworld Homes, Inc., Oceantown Properties, Inc., Palm Tree Holdings & Development Corporation, Eastwood Cyber One Corporation, Prestige Hotels & Resorts, Inc., and Lucky Chinatown Cinemas, Inc. She is a trustee and Corporate Secretary of Megaworld Foundation, Inc. Prior to joining Megaworld, she was Audit Manager of Philippine Aluminum Wheels, Inc. and Senior Auditor in Cabanero Katigbak Clemente & Associates and RubberWorld Philippines.

GERARDO GARCIA, Filipino, 71 years old, was elected as Independent Director of the Company on 30 July 2013. He concurrently serves as Independent Director in the boards of Megaworld Corporation since June 1994, and Empire East Land Holdings, Inc. since October 1994. He is also a Director of Megaworld Land, Inc., Suntrust Properties, Inc. and Philippine Tech. & Development Ventures, Inc. From October 1994 to December 1997, Mr. Garcia served as President of Empire East Land Holdings, Inc. Prior to joining Empire East Land Holdings, Inc., Mr. Garcia served as Executive Vice President of UBP Capital Corporation. He holds a bachelor's degree in Chemical Engineering and a Masters Degree in Business Administration from the University of the

Philippines.

Describe the Audit Committee's responsibility relative to the external auditor.

The Audit Committee reviews and evaluates the professional qualifications, performance and independence of the external auditor and the lead partner; reviews and approves with the external auditor, before the audit commences, the nature and scope of the audit plans, including scope, audit resources and expenses, and reporting obligations; reviews and approves the fees, remuneration and terms of engagement of the external auditor for audit and non-audit services; evaluates and approves non-audit work by external auditor, including the fees payable therefor, and evaluates any non-audit work undertaken to ensure that the same does not conflict with audit functions; reviews the reports or communications of the external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management and other material issues that affect the audit and financial reporting; ensures that the external auditor complies with auditing standards; and, ensures that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of the Corporation is changed every five (5) years or earlier.

(c) Nomination Committee

| Office | Name | Date of Appointment | No. of Meetings Held in 2012* | No. of Meetings Attended in 2012 | % | Length of Service in the Committee * |
|--------------|-----------------------|---------------------|-------------------------------|----------------------------------|-------|--------------------------------------|
| Chairman | Miguel B. Varela (ID) | 30 July 2013 | 1 | n/a | n/a | 5 mos. |
| Member (ED) | Wilbur L. Chan | 30 July 2013 | 1 | 1 | 100 % | 5 mos. |
| Member (ED) | n/a | | | | | |
| Member (ID) | n/a | | | | | |
| Member (NED) | Garry V. De Guzman | 30 July 2013 | 1 | 1 | 100 % | 5 mos. |

* Covers the period July to December 2013 only since members of the Committee were appointed during the Organizational Meeting of the Board which was held after the Annual Meeting on 30 July 2013.

(d) Remuneration Committee

| Office | Name | Date of Appointment | No. of Meetings Held in 2012 * | No. of Meetings Attended | % | Length of Service in the Committee* |
|--------------|-----------------------|---------------------|--------------------------------|--------------------------|-------|-------------------------------------|
| Chairman | Miguel B. Varela (ID) | 30 July 2013 | 1 | 1 | 100 % | 3 mos. |
| Member (ED) | Andrew L. Tan | 30 July 2013 | 1 | 1 | 100 % | About 6 mos. |
| Member (NED) | Garry V. de Guzman | 30 July 2013 | 1 | 1 | 100 % | About 6 mos. |
| Member (ID) | n/a | | | | | |
| Member | n/a | | | | | |

* Covers the period July to December 2013 only since members of the Committee were elected

during the Organizational Meeting of the Board which was held after the Annual Meeting on July 30, 2013.

* The meeting held by the Remuneration Committee was on 18 February 2013.

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

| Office | Name | Date of Appointment | No. of Meetings Held | No. of Meetings Attended | % | Length of Service in the Committee |
|--------------|--|---------------------|----------------------|--------------------------|---|------------------------------------|
| Chairman | <i>There are no other committees constituted by the Board.</i> | - | - | - | - | - |
| Member (ED) | - | - | - | - | - | - |
| Member (NED) | - | - | - | - | - | - |
| Member (ID) | - | - | - | - | - | - |
| Member | - | - | - | - | - | - |

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

| Name of Committee | Name | Reason |
|-------------------|------|--------|
| Audit | n/a | n/a |
| Nomination | n/a | n/a |
| Remuneration | n/a | n/a |
| Others (specify) | n/a | n/a |

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

| Name of Committee | Work Done | Issues Addressed |
|-------------------|---|--|
| Executive | The members of the Executive Committee were elected on 30 July 2013 during the Organizational Meeting of the Board of Directors. | n/a |
| Audit | Recommendation of external auditor; review of scope of work of the external auditor, fees, and terms of engagement; recommendation on the approval of the financial statement; approval of an Audit Committee Charter | Appointment of External Auditor; Financial Statements; Audit Committee Charter |
| Nomination | Preparation of Final List of Candidates; recommendation of a candidate to the Board to replace the independent director who resigned middle of the year. | Election of directors; replacement for the independent director who resigned |

| | | |
|------------------|--|------|
| Remuneration | Recommendation on the grant of stock options pursuant to the Executive Stock Option Plan (ESOP) adopted in November 2011 | ESOP |
| Others (specify) | n/a | n/a |

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

| Name of Committee | Planned Programs | Issues to be Addressed |
|-------------------|---|--|
| Executive | The planned programs will be identified once the Committee is organized. | The issues to be addressed will be identified once the Committee is organized and members are elected. |
| Audit | Preparation of an Internal Audit Plan Implementation of learning programs on improving audit consciousness and compliance; | To review financial reporting and internal control system To understand responsibilities, processes, and procedures |
| Nomination | Pre-screening of qualifications of all nominees to the Board | To ensure all nominees are qualified |
| Remuneration | Evaluation of existing remuneration policy on executive compensation | To rationalize compensation |
| Others (specify) | n/a | n/a |

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Board and Management team remain firmly committed to the effective management and mitigation of strategic operational, financial and compliance related risks throughout the organization.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The directors have reviewed the effectiveness of the risk management system and ensure the adequacy.

(c) Period covered by the review;

Year 2013

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness;

The risk management system is reviewed annually.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

| Risk Exposure | Risk Management Policy | Objective |
|---|--|---|
| Liquidity Risk | The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payment for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six month and one-year period are identified monthly. | The Company maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and ability to sell long term financial assets. |
| Credit Risk | The company deals only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payment are received to mitigate credit risk and continuously monitors defaults of customers and counterparties. | To collect accounts receivable on time and generate cash. |
| Delay in government approvals, licenses and permits may affect the target completion of each project. | The Company is taking every effort to ensure that it will comply with all the requirements in a timely and orderly manner in securing the approval, permits and licenses. | No delays in obtaining government permits, approvals and clearances. |
| Interest Risk | To mitigate exposure to interest rate risk the Company actively monitors and manages within pre-determined limit prescribed by management the mixed of fixed and floating-rate borrowings, its debt maturity profile, as well as the amount of debt the Company has or can prospectively have outstanding with any one of its relationship banks | To reduce the overall interest expense and exposure to changes in interest rates. |
| Foreign Currency Risk | Foreign currency risk is avoided by limiting its obligations to | Avoid foreign currency risk on foreign currency obligation. |

| | | |
|--|-------------------------------|--|
| | Peso denominated obligations. | |
|--|-------------------------------|--|

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

| Risk Exposure | Risk Management Policy | Objective |
|---|--|---|
| Liquidity Risk | The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payment for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a six month and one-year period are identified monthly. | The Company maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and ability to sell long term financial assets. |
| Credit Risk | The Group deals only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payment are received to mitigate credit risk and continuously monitors defaults of customers and counterparties. | To collect accounts receivable on time and generate cash. |
| Delay in government approvals, licenses and permits may affect the target completion of each project. | The Group is taking every effort to ensure that it will comply with all the requirements in a timely and orderly manner in securing the approval, permits and licenses. | No delays in obtaining government permits, approvals and clearances. |
| Interest Risk | To mitigate exposure to interest rate risk the Group actively monitors and manages within pre-determined limit prescribed by management the mixed of fixed and floating-rate borrowings, its debt maturity profile, as well as the amount of debt the Group has or can prospectively have outstanding with any one of its relationship banks | To reduce the overall interest expense and exposure to changes in interest rates. |
| Foreign Currency Risk | Foreign currency risk is avoided by limiting its obligations to Peso denominated obligations. | Avoid foreign currency risk on foreign currency obligations. |

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

| Risk to Minority Shareholders |
|--|
| While there is a risk that the controlling shareholders' voting power may be restrictive or authorize preferences, the Board is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the <i>right to vote on all matters that require their consent or approval</i> , such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board. |

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|---|---|---|
| Liquidity Risk/ Interest Risk/ Foreign Currency Risk | The Board oversees fund management. Monitor and control risk exposure. Assesses the stability of financing/investing institution that we will place our excess cash | Assess day-to-day, week-to-week and 30 days fund requirements. Monitor the availability of funds based on the requirements of the Company. Invest the excess funds in a reputable institution at low risk. Closely monitor the debt portfolio and foreign currency denominated asset and liability. |
| Credit Risk | The Board through the credit committee assesses the capability of buyer to pay. | The credit committee will evaluate buyer if it is capable to pay in accordance with the Company's terms of payment. Established accreditation with different banks that will provide bank loan to our buyers. |
| Delay in government approvals, licenses and permits may affect the target completion of each project. | The Board monitors that the company secures all government approvals for permits and licenses. Oversees that the company follows all government regulations. | The Company closely monitors the approval of government permits and licenses and continuously comply to all government regulations in order for us to have no delays in securing government permits. |

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

| Risk Exposure | Risk Assessment (Monitoring and Measurement Process) | Risk Management and Control (Structures, Procedures, Actions Taken) |
|---------------|---|--|
|---------------|---|--|

| | | |
|---|---|---|
| Liquidity Risk/ Interest Risk/ Foreign Currency Risk | The Board oversees fund management. Monitors and controls risk exposure. Assesses the stability of financing/investing institution that we will place our excess cash | Assess day-to-day, week-to-week and 30 days fund requirements. Monitor the availability of funds based on the requirements of the Company. Invest the excess funds in a reputable institution at low risk. Closely monitor the debt portfolio and foreign currency denominated asset and liability. |
| Credit Risk | The Board through the credit committee assesses the capability of buyer to pay. | The credit committee will evaluate buyer if it is capable to pay in accordance with the Company's terms of payment. Established accreditation with different banks that will provide bank loan to our buyers. |
| Delay in government approvals, licenses and permits may affect the target completion of each project. | The Board monitors that the company secures all government approvals for permits and licenses. Oversees that the company follow all government regulations. | The group closely monitor the approval of government permits and licenses and continuously comply to all government regulations in order for us to have no delays in securing government permits. |

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

| Committee/Unit | Control Mechanism | Details of its Functions |
|-----------------|--|---|
| Audit Committee | Assists the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the Company's process for monitoring compliance with laws and regulations and the code of conduct. | Mainly responsible for recommending the appointment of external auditors whose report they review; monitor the system of internal controls and corporate compliance with laws, regulations and code of ethics; serve as a direct channel to the Board for the internal auditor, compliance officer and the general counsel. |

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, internal control, risk management, internal audit, external audit, management and legal, tax and regulatory compliance while the Management is responsible for the implementation of the internal control system of the Company.

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

There is an ongoing review on the effectiveness of the internal control system.

(c) Period covered by the review;

Year ended 2013.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

The Audit Committee reviews periodically the adequacy and effectiveness of the internal control system of the Company and the criteria used for assessment.

(e) Where no review was conducted during the year, an explanation why not.

n/a

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

| Role | Scope | Indicate whether In-house or Outsource Internal Audit Function | Name of Chief Internal Auditor/Auditing Firm | Reporting process |
|---|---------------------------|--|--|-------------------|
| 1. Evaluating the reliability and integrity of financial information. | All financial information | In-house | Maria Teresa S. Pasoot | Periodically |
| 2. Evaluating the effectiveness and efficiency of operations and compliance | Policies and procedures | In-house | Maria Teresa S. Pasoot | Periodically |

| | | | | |
|--|-------------------------|----------|------------------------|--------------|
| with established policies and procedures. | | | | |
| 3. Evaluating the means of safeguarding assets and verifying the existence of such assets. | Company assets | In-house | Maria Teresa S. Pasoot | Periodically |
| 4. Evaluating specific operations at the request of the Board or management, as appropriate. | Policies and Procedures | In-house | Maria Teresa S. Pasoot | Periodically |
| 5. Reporting the internal audit performance. | Audit Plan | In-house | Maria Teresa S. Pasoot | Annual |

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Audit Committee together with management and the head of the Internal Audit Group review the qualifications of an Internal Auditor and the organizational structure of the internal audit function, to ensure adequacy of resources and independence of the Internal Audit Group.

- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Internal Audit reports functionally to Audit Committee and administratively to the President and Executive Director.

The head of the Internal Audit Group communicates and interacts directly with the Board, including in executive sessions and between Board meetings, as appropriate.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

| Name of Audit Staff | Reason |
|---------------------|--------------------|
| Santiago P. Andaya | Career growth |
| Roseann N. Quiambao | Career enhancement |

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

| | |
|------------------------|-----|
| Progress Against Plans | 94% |
|------------------------|-----|

| | |
|------------------------|--|
| Issues ¹¹ | No significant issues noted |
| Findings ¹² | No significant findings noted |
| Examination Trends | Lack of updated policy, work flow and documentation procedures |

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- a. Preparation of an audit plan inclusive of a timeline and milestones;
- b. Conduct of examination based on the plan;
- c. Evaluation of the progress in the implementation of the plan;
- d. Documentation of issues and findings as a result of the examination;
- e. Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- f. Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

| Policies & Procedures | Implementation |
|--|----------------|
| Human Resources and Corporate Services Department issued written guidelines on Work Schedule; Sick Leave Procedure; Conversion of Sick/Vacation Leave and Extension of Usage of Birthday Leave; Policies during Typhoons and Floods; Meal and Travel Allowances; Life Insurance Coverage; Amendment to the Policies during Typhoons and Floods; Proper Dress Code; and Amendment on Sick Leave and Vacation Leave Policies | Implemented |
| The Finance Division implements strictly the following: 1. 15 days duration of cash advances subject for liquidation. 2. Limit the approving authority of officer for Purchase Order (PO) based on the amount authorized by the Board. 3. Need to present three price comparison for every PO. 4. Limit the approving authority of officer for the buyers refund based on the amount set by Board. 5. Limit the approving authority to accept request of buyer to change terms of payment beyond the standard terms of payment currently implement by the management. 6. Budget for new projects that needs to be funded within the year needs Board approval. | Implemented |

¹¹ “Issues” are compliance matters that arise from adopting different interpretations.

¹² “Findings” are those with concrete basis under the company’s policies and rules.

| | |
|---|-------------|
| Internal Audit implements risk-based plan to determine priority of the internal audit activity. | Implemented |
|---|-------------|

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

| Auditors (Internal and External) | Financial Analysts | Investment Banks | Rating Agencies |
|---|--|------------------|-----------------|
| <u>Internal Auditor</u> The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and mental attitude. | There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period for reporting. | | |
| <u>External Auditor</u> The External Auditor may not provide the following services to the Company: 1. Management responsibilities; 2. Preparing accounting records and financial statements; 3. Financial information systems design and implementation; and 4. Litigation support and legal services | There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period for reporting. | | |

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The Company is committed to ensure that the Company work towards compliance with the Corporate Governance Code. For 2013¹³, the Company issued its annual certification on compliance with the SEC's Code of Corporate Governance in accordance with the requirements of SEC

¹³ Per SEC Memorandum Circular No. 5 Series of 2013 (20 March 2013), the submission of the Certification of Compliance with the Manual of Corporate Governance is discontinued.

Memorandum Circular 6, Series of 2009 and the same was signed by the Compliance Officer and duly noted by the President/CEO. Throughout the year reported on, the Company has been compliance with the main principles of the Code of Corporate Governance.

H. ROLE OF STAKEHOLDERS

- 1) Disclose the company's policy and activities relative to the following:

| | Policy | Activities |
|--|--|---|
| Customers' welfare | To ensure that all customer concerns are resolved promptly and satisfactorily. | Customer Service Department attends to all complaints and concerns, evaluates the claim to ensure its validity, requests documentary support to facilitate resolution of the claim. |
| Supplier/contractor selection practice | Procurement process is in place for supplies and services. | Bidding process or quote system is observed. |
| Environmentally friendly value-chain | None yet in place. | - |
| Community interaction | None yet in place. | - |
| Anti-corruption programmes and procedures? | The Company does not condone dishonest behavior. | Concerns may be raised to HR or Senior Executive Officers who are bound to maintain the confidentiality of the same. |
| Safeguarding creditors' rights | None yet in place. | - |

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

None in place.

- 3) Performance-enhancing mechanisms for employee participation.

- (a) What are the company's policy for its employees' safety, health, and welfare? (b) Show data relating to health, safety and welfare of its employees.

All employees have been enrolled with an HMO to cover in-patient and out-patient care beginning February 2012. An annual medical check-up of all employees was conducted in June 2012 and in August 2013, and an annual executive check-up for executives and key officers from August to November 2012 and from September to December 2013. The same programs will be implemented in the current year.

Human Resources Division also partnered with various institutions to carry out health awareness programs involving lectures, sampling of medicines, vision tests and affordable eye wears, and blood extraction. The Company retained two in-house physicians to provide medical consultations at the workplace.

- (c) State the company's training and development programmes for its employees. Show the data.

The Company created in September 2012 an Organization Development and Training Unit ("OD") to spearhead its training and development programs. In the same month, the OD Unit conducted a Project Management Workshop which was participated in the by members of the Contracts, Procurement & Project Management Division and of the Project Development & Property Management Division. The OD Unit, now under the Human Resources Division, likewise

launched in February 2013 an organization-wide Work Instruction Creation Program, which lays the ground work for the development of a Training Needs Analysis (TNA) and, ultimately, the creation of a skills-based/competency-based training and behavioral training programs.

Also, the OD Unit, now under the Human Resources Division, provided the following training and development programmes to the employees: i) Disaster management in coordination with Office of the Civil Defense (NDRRMC); (ii) Basic Occupations Safety & Health for Construction in coordination with Synerquest Management Consultancy Services, Inc., for Site Engineers, Legal Team & Building Admin; (iii) Opera Training (technical training) for the FBGRRCI Hotel Team; and, (iv) Micros-Fidelio Materials Control which is a technical training for the FEUDC Finance Team

- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

Management is currently reviewing the proposed program and mechanics which were prepared by the Human Resources Division. There is yet no decision on the matter.

- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

According to the Employees' Handbook, where an employee is charged with an infraction that is punishable by suspension or higher, the department head or the immediate superior submits to the Committee of Employee Discipline a Disciplinary Action Memo. The Committee conducts an investigation in accordance with the requirements of due process, and submits its findings and recommendation to Management for approval. The same procedure is followed in offenses involving corruption and unethical behavior.

Management created an email address where concerned employees may send anonymous reports on alleged corruption & unethical behaviors. Reports received through this email address may only be opened by top management, and may be used by Management as basis to initiate an investigation to the extent that one may be warranted by the contents of the report.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

- (a) Holding 5% shareholding or more (As of 31 December 2013)

| Shareholder | Number of Shares | Percent | Beneficial Owner |
|---|----------------------|---------|-----------------------------|
| Alliance Global Group, Inc. 7 th /F 1880 Eastwood Avenue, Eastwood City, E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City | 5,405,000,000 common | 49.199% | Alliance Global Group, Inc. |
| Megaworld Corporation | 2,500,000,000 | 22.756% | Megaworld Corporation |
| PCD Nominee Corporation (Filipino) 37/F Tower I, The Enterprise Center, 6766 Ayala Avenue, | 1,568,348,994 Common | 14.276% | Various Shareholders |

| | | | |
|--|-------------------------|-------|-----------------------------|
| Makati City | | | |
| Fil-Estate Management, Inc. 6/F Renaissance Tower, Meralco Avenue, Pasig City | 1,080,070,946 Common | 9.83% | Fil-Estate Management, Inc. |

| Name of Senior Management | Number of Direct shares | Number of Indirect shares / Through (name of record owner) | % of Capital Stock |
|-------------------------------------|-------------------------|--|--------------------|
| Andrew L. Tan | 1 | 5,405,000,000 (through Alliance Global) 2,500,000,000 (through Megaworld) | 71.955% |
| Robert John L. Sobrepeña | 1,617,485 | 1,080,070,946 (through Fil-Estate Management, Inc.) | 9.486% |
| Ferdinand T. Santos | 30,009 | | |
| Wilbur L. Chan | 2,611,826 | 0 | 0% |
| Miguel Valera | 511 | 0 | 0% |
| Garry V. de Guzman | 1 | 0 | 0% |
| Lourdes T. Gutierrez | 1 | 0 | 0% |
| Robert Edwin C. Lim | 1 | 0 | 0% |
| Gerardo C. Garcia | 1 | 0 | 0% |
| Other Executive Officers | | | |
| Roberto S. Roco ¹⁴ | 266,448 | 0 | 0% |
| Lailani V. Villanueva ¹⁵ | 0 | 0 | n/a |
| Marie Emelyn Gertrudes C. Martinez | 0 | 0 | n/a |
| Jennifer L. Romualdez | 0 | 0 | n/a |
| Abraham M. Mercado ¹⁶ | 0 | 0 | n/a |
| Catherine D. Marcelo | 0 | 0 | n/a |
| Karen B. Maderazo | 0 | 0 | n/a |
| Atty. Dominic V. Isberto | 0 | 0 | n/a |
| Rolando Siatela | 0 | 0 | n/a |
| | | | |
| TOTAL | 4,259,835 | 9,196,792,946 | 83.366% |

2) Does the Annual Report disclose the following:

| | |
|--|--|
| Key risks | Yes. |
| Corporate objectives | Yes. |
| Financial performance indicators | Yes. |
| Non-financial performance indicators | Yes. |
| Dividend policy | Yes. |
| Details of whistle-blowing policy | No. The Company has not adopted yet any formal policy on whistle blower. |
| Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) | Yes. |

¹⁴ Term ended on 30 July 2013.

¹⁵ Elected as CFO and Compliance Officer on 30 July 2013 to replace Roberto S. Roco.

¹⁶ Resigned on September 26, 2013.

| | |
|--|---|
| of directors/commissioners | |
| Training and/or continuing education programme attended by each director/commissioner | <p>No. The Compliance Officer of the Company meets with the directors and top-level management from time to time to evaluate compliance with the Corporation's Manual on Corporate Governance.</p> <p>The Compliance Officer also coordinates with the Chairman and President to ensure full compliance with the adopted leading practices on corporate governance. The Compliance Officer furnishes the Board of Directors and top-level management with copies of new rules, regulations, circulars and orders of the Securities and Exchange Commission and the Philippine Stock Exchange to continuously update its Directors and top-level management with new requirements for compliance with leading practices on corporate governance. In addition, the Compliance Officer requires and encourages its Directors and top-level management to attend seminars on good corporate governance.</p> |
| Number of board of directors/commissioners meetings held during the year | No. The Company, however, submits a Secretary's sworn certification on the number of board of directors meeting held during the year. The certification (SEC Form 17-C) is submitted on or before January 30 of the following year pursuant to the Revised Code of Corporate Governance, as prescribed by SEC Memorandum Circular No. 6, Series of 2009. |
| Attendance details of each director/commissioner in respect of meetings held | No. The Company, however, submits a Secretary's sworn certification on the attendance in Board meetings of each director held during the year. The certification (SEC Form 17-C) is submitted on or before January 30 of the following year pursuant to the Revised Code of Corporate Governance, as prescribed by SEC Memorandum Circular No. 6, Series of 2009. |
| Details of remuneration of the CEO and each member of the board of directors/commissioners | Yes. |

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure. Not applicable.

3) External Auditor's fee

| Name of auditor | Audit Fee | Non-audit Fee |
|-------------------------|--------------|---------------|
| Punongbayan and Araullo | 1,015,000.00 | 101,500.00 |

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Listed below are the various modes of communication used by the Company to disseminate information between employees and management or the Company and its stockholders:

- Bulletin boards,
- Newsletters
- Magazines
- Electronic mail newsletters or messages
- Memos
- Reports
- Corporate filings filed with the Securities and Exchange Commission and the Philippine Stock Exchange

5) Date of release of audited financial report: April 15, 2014

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

The address of the Company's webpage is www.global-estate.ph. Information on investor-related concerns can be access through the link Investor Relations on the main page, or directly at <http://www.global-estate.ph/investor/investor.html>

| | |
|--|---|
| Business operations | Yes. |
| Financial statements/reports (current and prior years) | Yes. |
| Materials provided in briefings to analysts and media | Yes. |
| Shareholding structure | Yes. |
| Group corporate structure | Yes. |
| Downloadable annual report | Yes. |
| Notice of AGM and/or EGM | No. Notices for AGM and/or EGM are distributed thru the post office or messengerial services addressed to each stockholder at the latter's address appearing in the registry book of the Company, at least fifteen (15) business days from the date of meeting. The Company also sends notice by publication in a newspaper when necessary. |
| Company's constitution (company's by-laws, memorandum and articles of association) | No. The Company's Articles of Incorporation and By-laws are available for download at the SEC website. Upon the written request of a shareholder, the Company also provides a copy of the AOI and By-laws. |

Should any of the foregoing information be not disclosed, please indicate the reason thereto.
Not applicable.

7) Disclosure of RPT

| RPT | Relationship | Nature | Value |
|----------------------------|---------------------|-------------------------|------------|
| Alliance Global Group Inc. | Parent Company | Advances for operations | - |
| Megaworld Corporation | Related Party under | Advances for operations | 26,974,697 |

| | | | |
|--|--------------------------------------|-------------------------------|-------------|
| | common ownership | | |
| Travellers International Hotel Group, Inc. | Related Party under common ownership | Deposit for real estate sales | 449,695,750 |

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Related party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Corporation, shareholders and creditor. No special arrangement is granted to any related party.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

| | |
|-----------------|--|
| Quorum Required | Article V, Section 4, of the Amended By-Laws provides that a majority of the subscribed capital present in person or represented by proxy shall be required at every meeting to constitute a quorum for the election of directors and the transaction of any business. |
|-----------------|--|

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

| | |
|-------------|---|
| System Used | Approval of corporate acts is given through votation of stockholders. |
| Description | Owners of shares of common stock as of Record Date who are either present in person or represented by proxy at the Annual/Special Stockholders' Meeting vote on the election of members of the Board of Directors and on the other matters in the agenda which are submitted for stockholders' approval, including the ratification of the acts of the Board of Directors. A plurality of votes of those present or represented by proxy is required for the election of regular and independent directors, and a majority vote with respect to all other matters proposed (except on matters where the By-Laws or the Corporation Code require a greater number for approval). |

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

| Stockholders' Rights under The Corporation Code | Stockholders' Rights <u>not</u> in The Corporation Code |
|--|---|
| Stockholders' rights concerning Annual/Special Stockholders Meeting are in accordance with the provisions of the Corporation Code. | There are no stockholders' rights concerning the Annual Stockholders' Meeting that differ from those laid down in the Corporation Code. |

Dividends

| Declaration Date | Record Date | Payment Date |
|---|-------------|--------------|
| The Company did not declare dividends during the period covered by this report. | - | - |

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

| Measures Adopted | Communication Procedure |
|--|--|
| The Board dedicates a special time during the Annual/Special Meeting to an Open Forum. | <p>During the Open Forum at the Annual or Special Stockholders' Meeting, the Board opens the floor to the stockholders in order to solicit their views and queries. Any stockholder is free to come forward and express his opinions and concerns, and to pose to any director, including the Chairman of the Board, or any officer or Committee, questions on any matter about the Company.</p> <p>The Board has not laid down any specific procedure for putting forward proposals at stockholders' meetings but any stockholder may freely offer proposals and suggestions during the Open Forum. The stockholders may likewise do so even outside the Annual/Special Meeting through any means they find convenient.</p> |

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders have a right to participate in the above corporate decisions by voting their shares during the Stockholders' Meeting where these matters are taken up. Voting procedures are set out in the Definitive Information Statement sent to the shareholders prior to the meeting.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

Not for the 2013 Annual Shareholders' Meeting. Instead, fifteen (15) business days' advance notice was given.

- a. Date of sending out notices : 06 July 2013
- b. Date of the Annual/Special Stockholders' Meeting : 30 July 2013

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

Below are excerpts of the questions raised by some stockholders and answers given by the Board during the Annual Stockholders' Meeting on 30 July 2013:

“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.

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.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

| Resolution | Approving | Dissenting | Abstaining |
|--|---|--------------------|--------------|
| Approval of the Minutes of the Annual Meeting of Stockholders held on 28 June 2012 | More than 2/3 of stockholders present in person or by proxy | Less than 0% | Less than 0% |
| Approval of the 2012 Audited Financial Statements | More than 2/3 of stockholders present in person or by proxy | No dissenting vote | Less than 0% |
| Ratification of all acts and resolutions of the Board of Directors and Corporate Officers adopted during the | More than 2/3 of stockholders present in person or by proxy | No dissenting vote | Less than 0% |

| | | | |
|--|---|--------------------|--------------|
| preceding year | | | |
| Approval and Ratification of the subscription by Megaworld to 2.5Billion Shares from the Increase in Capital | More than 2/3 of stockholders present in person or by proxy | No dissenting vote | Less than 0% |
| Election of Directors including Independent Directors* | More than 2/3 of stockholders present in person or by proxy | Less than 0% | Less than 0% |
| Appointment of Punongbayan & Araullo as External Auditors | More than 2/3 of stockholders present in person or by proxy | No dissenting vote | Less than 0% |

* For the list of directors, please refer to the table under Item A(5)(b) [Voting Result of the Last Annual General Meeting] of this Report]

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The Company released the outcome of the Annual Stockholders' Meeting held on 30 July 2013 to the media through a press briefing held immediately after the close of the meeting and, as required by Section 17 of the Securities Regulations Code, to the Philippine Stock Exchange within ten (10) minutes from the holding of the meeting on 30 July 2013. and to the Honorable Commission through a SEC Form 17-C filed on 31 July 2013.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

| Modifications | Reason for Modification |
|---|-------------------------|
| No modifications were made in 2013 in the Annual/Special Stockholders' Meeting regulations. | - |

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

| Type of Meeting | Names of Board members / Officers present | Date of Meeting | Voting Procedure (by poll, show of hands, etc.) | % of SH Attending in Person | % of SH in Proxy | Total % of SH attendance |
|-----------------|---|-----------------|---|-----------------------------|------------------|--------------------------|
| Annual | Dr. Andrew L. Tan, Robert John L. Sobrepeña Ferdinand T. Santos Wilbur L. Chan Miguel B. Varela Garry V. de Guzman Lourdes T. Gutierrez Robert Edwin C. Lim Gerardo C. Garcia Roberto S. Roco | 30 July 2013 | By poll | .0995% | 78.91% | 79.01% |

| | | | | | | |
|---------|---|-----|-----|-----|-----|-----|
| | Dominic V. Isberto Marie Emelyn Gertrudes C. Martinez Catherine D. Marcelo | | | | | |
| Special | N/A | N/A | N/A | N/A | N/A | N/A |

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Under Article 4, Section 7 of the By-Laws of the Company, the Corporate Secretary acts as the inspector at the election of directors, with authority to delegate such function to any person subject to his supervision and control. The appointment of an independent party as inspector is not required under the By-Laws.

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes. According to Article V, Section 6, of the By-Laws of the Company, each share of stock entitles to one vote the person in whose name it is registered in the books of the Company, provided the share has not been declared delinquent.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

| | Company's Policies |
|-------------------------------------|---|
| Execution and acceptance of proxies | Proxies must be in writing and signed by the stockholders. Apart from this, no other formality is required. (Article V, Section 5, By-Laws.) The Company, however, is bound by the provisions of the SRC Rule 20 (11) (b) affecting proxy. |
| Notary | Notarization is not required. |
| Submission of Proxy | Proxies are required to be filed and submitted to the Secretary of the Corporation at least five (5) business days prior to the date of the meeting. (Article V, Section 5, By-Laws.) |
| Several Proxies | Where a proxy is given to two (2) or more persons in the alternative, the proxy is designated as an alternate can only act as proxy in the event of non-attendance of the other designated person. (SRC Rule 20 [11][b]) Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies. (SRC Rule 20 [11][b]) If the stockholder designates several proxies, the number of shares of stock to be represented by each proxy shall be specifically indicated in the proxy form. (SRC Rule 20 [11][b]) |
| Validity of Proxy | Unless otherwise provided in the proxy, it is valid only for the meeting for which it is intended. (Article V, Section 5, By-Laws.) |
| Proxies executed abroad | Proxies executed abroad shall be duly authenticated by the Philippine Embassy or Consular Office. (SRC Rule 20 [11][b]) |
| Invalidated Proxy | An invalidated proxy has no effect and will not confer any right on the supposed proxy. |

| | |
|---------------------|---|
| Validation of Proxy | Validation of proxy is held not less than five (5) days prior to the holding of the meeting, through a special committee of inspectors designated or appointed by the Board. (SRC Rule 20 [11][b]) |
| Violation of Proxy | Any violation of the Rule on Proxy as contained in the SRC is subject to administrative sanctions under Section 144 of the Corporation Code and Section 54 of the Securities Regulations Code, and renders the proceedings null and void. (SRC Rule 20 [11][b]) |

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

| Policies | Procedure |
|---|--|
| Copies of the Definitive Information Statement which also contains the Notice of the meeting are distributed to the shareholders at least fifteen (15) business days from the date of the meeting by messengerial services or by mail at the address appearing in the books of the corporation. | The Company seeks the prior approval of the Securities and Exchange Commission on the Information Statement in accordance with the procedures and requirements of the Securities Regulations Code. A Preliminary Information Statement is submitted together with the Management Report when the meeting involves the election of directors. Distribution of the Definitive Information Statement is made in compact-disc (CD) format with the prior written authorization of the Optical Media Board. |

(i) Definitive Information Statements and Management Report

| | |
|---|---|
| Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials | 4,438 common shareholders as of the record date May 14, 2013 were entitled to receive Definitive Information Statement and Management Report and other materials. |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners | July 6, 2013 |
| Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders | -do- |
| State whether CD format or hard copies were distributed | Copies of the Definitive Information Statement and Management Report in CD format were distributed. |
| If yes, indicate whether requesting stockholders were provided hard copies | The Company provided hard copies of the Definitive Information Statement and Management Report to requesting stockholders. |

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

| | |
|--|------|
| Each resolution to be taken up deals with only one item. | Yes. |
|--|------|

| | |
|---|---|
| Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election. | Yes. These were disclosed in the Definitive Information Statement. |
| The auditors to be appointed or re-appointed. | Yes. |
| An explanation of the dividend policy, if any dividend is to be declared. | No. The Company did not declare dividends in 2012. |
| The amount payable for final dividends. | No. The Company did not declare dividends in 2012. |
| Documents required for proxy vote. | Yes. |

Should any of the foregoing information be not disclosed, please indicate the reason thereto.
Not applicable.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

| Policies | Implementation |
|---|--|
| The Board is committed to respect all the rights of all stockholders including but not limited to their voting rights, power of inspection, right to information, right to dividends, and appraisal rights. | <p>The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>The minority shareholders shall have access to any and all information relating to matters for which management is accountable for and to those relating to matters for which the management shall include such information, and if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes," and in accordance with law, jurisprudence, and best practice.</p> |

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes. Minority stockholders have a right to nominate candidates for the Board of Directors

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.

Other information that shall always be disclosed includes remuneration (including stock options) of all directors and senior management corporate strategy, and off balance sheet transactions.

All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.

The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all of all required information for the interest of its stakeholders.

The Chief Financial Officer is primarily responsible for providing accurate and timely disclosure to the investing public regarding the Company. He shall submit accurate and timely reportorial requirements to the Securities and Exchange Commission and Philippine Stock Exchange and other government bodies as may be required.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

| | Details |
|----------------|---|
| (1) Objectives | The Company's investor relations program aims at developing and maintaining effective communication between the Company and its various stakeholders. |
| (2) Principles | <p>The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all of all required information for the interest of its stakeholders.</p> <p>All shareholders shall be allowed to inspect corporate books and records including Minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with a copy of the annual reports, including financial statements, without cost or restrictions.</p> <p>The shareholders shall be provided, upon request, with a copy of periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's shares, dealings with the corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.</p> <p>The minority shareholders shall be granted the right to propose the holding of meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.</p> <p>The Minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes", and in accordance with law, jurisprudence and best practice.</p> |

| | |
|---------------------------------|---|
| (3) Modes of Communications | The Company's website www.global-estate.ph , which is regularly updated, contains all relevant information any investor may need about the Company. This includes projects of the Company, Annual Reports and financial statements. |
| (4) Investors Relations Officer | Mr. Roberto S. Roco <i>Chief Finance Officer and Corporate Information Officer</i> Tel. No. (02) 637-2048 Fax. No. (02) 637-2048 Email: rsr306@yahoo.com |

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Not applicable.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

| Initiative | Beneficiary |
|---|--------------------------------------|
| Blood Letting Activity | Red Cross of the Philippines |
| "Habagat Drive" where donations from employees consisting of clothes and food were solicited for typhoon victims | Various communities |
| "Yolanda Drive" where donations from employees consisting of clothing, food, water, medicines, etc., as well as financial aid from the Company were provided to typhoon victims | Operation Blessing Foundation Phils. |
| Similar activity will be undertaken in the future to assist typhoon victim and flood victims. | - |

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

| | Process | Criteria |
|--------------------|---|----------|
| Board of Directors | There is no formal performance evaluation system but the Board performs a self-evaluation measured against the financial performance of the Company and the Revised Manual of Corporate Governance. | |

| | | |
|----------------------|---|--|
| Board Committees | Audit Committee conducts self-annual evaluation in compliance with SEC Circ. No. 4 S. 2012 | Guidelines for the Assessment of the Performance of Audit Committee of Companies listed on the Exchange. |
| Individual Directors | No formal evaluation process in place. | |
| CEO/President | The compensation committee conducts a performance evaluation of the CEO and of the President. | |

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees


| Violations | Sanctions |
|---|---|
| The Company penalizes all violations of any provision of the Revised Manual of Corporate Governance committed by directors, officers, or other employees. | <p>In case of first violation, the penalty is reprimand.</p> <p>In case of second violation, the penalty is suspension, the duration of which will depend on the gravity of the violation.</p> <p>In case of third violation, the Company applies the maximum penalty of removal from office.</p> |

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of _____ on _____ 2013.

SIGNATURES


ANDREW L. TAN

Chairman of the Board & Chief Executive Officer


MIGUEL B. VARELA

Independent Director


GERARDO C. GARCIA

Independent Director

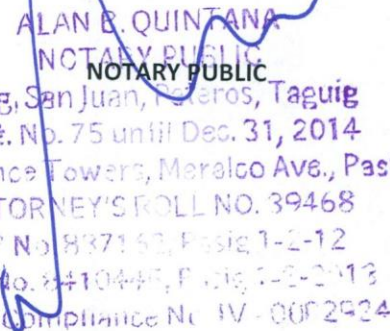

ROBERTO S. ROCO

Compliance Officer

SUBSCRIBED AND SWORN to before me this 29 JUN 2013 day of _____ 2013, affiants exhibiting to me their _____, as follows:

| | | Date |
|-------------------|--------------------------|----------------------------------|
| Andrew L. Tan | Passport No. EB1964603 | DFA Manila 23 Feb 11 / 22 Feb 16 |
| Miguel B. Varela | TIN - 108 - 673 - 290 | |
| Gerardo C. Garcia | TIN - 110 - 163 - 459 | |
| Roberto S. Roco | SSS ID. No. 03-3359076-G | |

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ALAN B. QUINTANA
NOTARY PUBLIC
Pasig, San Juan, Pateros, Taguig
App't. No. 75 until Dec. 31, 2014
91 Renaissance Towers, Meralco Ave., Pasig City
ATTORNEY'S ROLL NO. 39468
IBF No. 837152, Pasig 1-2-12
PTR No. 8410445, Pasig 1-2-2013
MCLE Compliance No. IV - 0062924