

**EMPIRE EAST LAND HOLDINGS, INC.**  
Minutes of the Annual Meeting of Stockholders  
09 June 2015  
Grand Ballroom, Eastwood Richmond Hotel  
17 Orchard Road, Eastwood City, Bagumbayan  
Quezon City, Metro Manila, Philippines

Present:

Andrew L. Tan	-	Chairman
Gerardo C. Garcia	-	Vice Chairman/ Independent Director
Anthony Charlemagne C. Yu	-	President
Evelyn G. Cacho	-	Director
Enrique Santos L. Sy	-	Director
Alejo L. Villanueva, Jr.	-	Independent Director
Dennis E. Edaño	-	Corporate Secretary

**I. CALL TO ORDER**

Mr. Gerardo C. Garcia, Vice Chairman of the Board, called the meeting to order at 9:05 AM and presided over the meeting. The Corporate Secretary, Atty. Dennis E. Edaño, recorded the proceedings of the meeting.

**II. PROOF OF NOTICE AND DETERMINATION OF QUORUM**

The Corporate Secretary certified that all stockholders of record as of 24 April 2015 have been duly notified of the meeting. He also certified that there was a quorum to transact business for the meeting.

**III. APPROVAL OF MINUTES OF THE PREVIOUS ANNUAL MEETING**

In view of the fact that copies of the minutes of the previous year's annual meeting had already been distributed to all stockholders in attendance, the stockholders, upon motion made and duly seconded, dispensed with the reading of said minutes and approved the same.

**IV. MESSAGE TO STOCKHOLDERS**

The President, Mr. Anthony Charlemagne C. Yu, delivered the Management's Message to Stockholders, as follows:

Empire East Land Holdings Inc. concluded yet another successful year in 2014. We marked record highs in our performance as a company- a milestone fitting for our 20<sup>th</sup> anniversary in the property industry. Our commitments to our stakeholders translated the noteworthy accomplishments. We are pleased to report a growth in profitability, robust market share, operational efficiency, and accelerated development activities.

The company and its subsidiaries posted strong financial results. Net income grew to P484.5 million in 2014, up 61.3 percent from P300.4 million in 2013. Real estate sales jumped to P3.48 billion, an impressive 104 percent increase from P1.71 billion. Meanwhile, reservation sales, on the back of new development achievements, phase roll-outs and projects launches, reached P22 billion, the highest in the industry in 2014.

Our stellar performance last year informed our results in 2015. For the first quarter of the year, we posted a net income of P138.1 million, up 86 percent from the same period last year. Indeed, our accomplishments, against the backdrop of a bullish economy, have allowed us to funnel our resources into lucrative growth opportunities and tap a variety of profitable segments in the market.

## **AN EVEN STRONGER BAND**

Empire East's mother company, Megaworld, announced last year the consolidation of all its real estate interests. It is a move that bolstered the position of Empire East brand in the market. This, together with our strong and strategic orientation toward customer value, has reinforced our leadership over our peers. Similarly, the accessibility of our real estate offerings in terms of cost has continued to fuel demand.

Supported by a robust selling platform, our portfolio of transit-oriented developments, or TODs, continues to resonate with homebuyers. Over 6,400 residential units in our three TODs have been put on stream. Sales take up for projects have been exceptional across the board, with Little Baguio Terraces at 42 percent, Pioneer Woodlands at 52 percent, and San Lorenzo Place at 72 percent.

We emphasize utmost efficiency in all stages of our projects' life cycles. We are currently handing over the residential units of the first and fourth towers of Little Baguio Terraces. With the exception of Tower 1, which is already complete, work on the remaining three towers of the project is proceeding on schedule. Tower 4 is nearly finished, and its delivery will add to the company's construction accomplishments within the year.

Tower 1 of the Pioneer Woodlands is also complete, with turnover ongoing. To date, we are handing over the residential units of Tower 2. Work on the third tower has reached the 93 percent mark. To maintain high standard of quality and innovation of our deliverables, we partnered with topnotch contractor DATEM Inc. for the construction of Tower 4. Its first concrete pouring ceremony took place at the project site in May 2015.

The continued warm reception of San Lorenzo Place has affirmed that Empire East's CBD residences are indeed meeting a very specific need among younger, savvy homebuyers. In this vein, we are steadfast in our dedication to fast-track our turnover schedules so clients can enjoy the CBD lifestyle much sooner. Towers 1 and 2 of the project are 96 and 88 percent complete, respectively.

## **'LUXURY' AS LIFESTYLE**

The Sonoma township, one of our urban resort developments, is performing well in sales alongside our TODs. It has a 92 percent takeup rate for over 1,500 residential and commercial units. We have completed all four residential phases- The Enclave, The Country Club, The Esplanade and The Pavillion- and we are currently turning them over. The project's upscale commercial strip, 1433 West Row, is set to cater to the captive market within the community.

With The Rochester 30 percent sold, and Kasara 32 percent taken up, Empire East's real estate offerings in Pasig City are capturing their own share in the market. The Rochester's Garden Villa 1 and 2 are being handed over, while Breeze Tower 1 is sold out and past the halfway mark in terms of construction. Work for Kasara, meanwhile, is proceeding satisfactorily. Sold-out towers 1 and 2 are both nearing the 15 percent completion mark.

Our urban resort developments showcase the importance of bringing balance back into the home. They are carefully designed to address the lifestyle shift that is being experienced by Filipino families today. Providing these communities with family-oriented and health-focused recreational amenities has allowed us to infuse a sense of diversity into our overall portfolio, underlining the kind of privileged lifestyles we offer to a wide demographic of customers.

## **20 YEARS OF DELIVERING RESULTS**

Throughout its history, Empire East has successfully tapped the pulse of the market while leveraging on unique growth opportunities in order to deliver on its commitments. Our existing developments continue to enjoy high demand, but we are cognizant of the need to refresh our inventory and introduce new and exciting real estate

concepts to the public. In 2014, we launched two residential projects: Mango Tree Residences and Covent Garden.

Mango Tree Residences was unveiled in January last year. Marketing initiatives for the project were more innovative, as we offered an Italian-inspired garden as an alternative to the usual showroom. The site has now become a popular events venue, and it helps us drive awareness for the kind of lifestyle offered in this community. Covent Garden, for its part, was unveiled in October to much renown, as the first of the project's two towers were sold out very quickly.

To be able to deliver our projects within the commitment timetable, we spent 3.45 billion for construction and development activities in 2014. We expect to pour P5 billion into such activities this year, as we make sure that work on our new and ongoing communities progresses at a steady pace. Meanwhile, our land banking efforts have allowed us to secure P2.2 billion worth of properties with an aggregate area of 403 hectares.

Looking forward, we are very excited to embark on a new journey. Already in the planning stages is a mixed-used project in Broadway Centrum, Quezon City, which will boost our recurring income. We are also set to launch a "city within a city" in the Pasig-Cainta area, a master-planned development spanning 23 hectares. In addition, we are fortifying our international selling network, tapping newly affluent economies in Asia to expand the reach of our brand.

To our shareholders, business partners, customers and employees- thank you for your unwavering trust and support. We are confident that in the next 20 years and beyond, we will be able to improve Empire East's value proposition, create investment-worthy communities, upgrade the client experience, and innovate in the name of growth. We aim for loftier goals in the future, and we are very committed to achieve them.

## **V. OPEN FORUM**

Below is a summary of the questions raised and answers given during the Open Forum:

Question: I have 2 questions. The first question is, I noticed that the Company has minimal loan balances and it has not availed of any loans for many years now. Currently, bank rates are so low. Are you considering bank financing to take advantage of the low interest? And for my second question, and this one is very important to my pocket, for years now the Company has not declared any dividends. Our company is going tremendously from what I can see right now and it has established a very strong brand equity. When do we get to enjoy the fruits of such growth?

Answer: Regarding your first question, you are correct in your observation that EELHI has minimal loan balance and yes for many years we have not availed any bank financing. However, that doesn't mean that we are precluding ourselves from going in that way, the answer is No. The business climate is so good, the economic climate is very robust and there is tremendous growth opportunities. We understand how the market works, it works in a cyclical manner, and at this point in time, it is at the up cycle and because of that, we want to be able to capture that up market cycle. To be able to do that, we have to continue to develop more projects and for this reason, we are not discounting the possibility of obtaining bank loans in order for us to catch this low interest rate regime. Yes, we are not discounting the possibility of obtaining bank loans in order for us to capture or grab this prevailing low interest rate regime.

As to your second question, the dividends, yes I understand where you're coming from in so far as dividends is concerned. However related to your first question, because of the fact that there is very robust economic climate, what happens is that we are even looking at bank financing in order for us to meet some of our capital requirements, in order for us to sustain our leading position in the market. Because of that, it may not be practical today for us to declare dividends which will come from money which we would need for development or from borrowed funds. Funds of the company as you know very well are needed for simultaneous construction of projects of our Company. However, all activities that we are undertaking right now are really for the growth of the Company. We are very

confident that because of what we are doing, the shareholder value would increase and in time we hope to be able to declare dividends.

Question: I have noticed that other developers are expanding in the region of the middle income market. Why are you not doing the same or is your mother company preventing you to expand to other regions or is Megaworld afraid of competition from Empire East?

Answer: Thank you for noticing that we have turned around the company since Asian crisis. As to your question whether or not we are going to expand in the regions, I assume what you mean is beyond the National Capital Region or outside Metro Manila. We would like to remind you that Empire East is one of the first developers that expanded outside NCR in a very big way.

Our project, Laguna Bel-air was a phenomenal success and is completely sold out, it was followed by Sonoma which is also completely sold out. Yes, we are looking at such possibilities, such opportunities, especially since Empire East has physical presence in Baguio, in Pampanga, in Batangas and we have already set-up our Sales offices in Davao, in the Bicol region, as well as in Cebu. Because of that, it is really a matter of timing. We need to look for an appropriate property, we need to look for the proper site before we launch any project outside of Metro Manila. But don't worry because we will go there. We will definitely tap other markets outside of Metro Manila.

Question: Do you think that Empire East today is really a stable company and don't you face some risks such as financial risk, and how do you address those risks?

Answer: I can assure you that the company is very stable today. It has assets worth 35.3 billion, we have trade receivables amounting to 5.5 billion which are collectible depending upon the terms of payment. In our landbank, we have close to 403 hectares. As reported to you we have increased more than a hundred percent in sales and in so far as our net income is concerned, we have increased by 61.3 percent. In our first quarter performance we have increased by as close to 86 percent so your company is very stable, and we feel that the brand of the company continues to be a brand that is recognized throughout the Philippines.

In so far as risks are concerned, there are different types of financial risk, one of them would be interest rate risk, because of the movement in interest rate. We do not see that as a risk at this moment because as we mentioned earlier, we are under a regime of very low interest rate and we see that it will continue in the future.

Other possible risk would be credit risk when or instance you have debtors who do not pay, in our case we do not have debtors, what we have are client deposits. We really do not have a risk in so far as clients who have reserved units because the default rate is almost insignificant. Second, should client default, what happens is that we forfeit the entire amount, we take back the unit, and we resell it at current with higher price so there is completely no credit risk in so far as these customers are concerned.

The other risk would be foreign currency risk. This is not a risk that we face because we do not have any foreign currency loan and also we have very minimal importation so we don't see any risk right now. We try to manage all these risks as prudently as possible, and again we'd like to assure you that your company remains very strong.

Question: Is there any project of Empire East that is situated on top of the valley fault system? How did this news about the Earthquake affect the sales of the company?

Answer: We would like to assure you that none of our projects are struggling on the fault line and none of our projects are within the "safety radius" of the fault line. We are not affected by that list that they came out with which came out with a list of different buildings, offices, condominiums, etc. None of the projects of Empire East are included in that list and we also assure you that so far as construction methodology is concerned, we follow strictly the building code and if you follow the building code, your building is supposed to withstand the magnitude 8 earthquake, and we hire some of the best structural engineers as consultants for all our buildings. Has this press release from PHILVOLCS affect the sales, actually it has not affect the sales of Empire East probably because information is

easily accessible. All people have to do is access the web and see where the fault line is and there is a listing of buildings anyway. And because none of our projects are within those areas, it has not affected any of our projects and I hope that that will continue.

Question: Is election bad for real estate industry? Do you foresee that real estate will be affected if certain candidates win the elections?

Answer: Elections are not necessarily bad for the economy. We see that because during elections there's a lot of spending and election spending is good for the economy, and what's good for the economy is good for the industry. So election years are not bad for the real estate industry.

As to the candidates, 1<sup>st</sup>, the company does not participate in any partisan politics because we are not allowed to. 2<sup>nd</sup>, does the winning or losing of any candidate, will it affect the real estate industry? We think that the real estate industry is mature enough such that external events do not materially affect what is happening within the cycle in the real estate. And in so far as the company is concerned, whoever candidate wins on our end, we will just continue to work very hard in order to produce the results that we have.

We are optimistic because if its election year we think that election spending will boost, will make the economy grow faster, and when the economy grow, real estate will definitely benefit us.

## **VI. ENGAGEMENT OF EXTERNAL AUDITOR**

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2015 and that the Board has approved such engagement.

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

“RESOLVED, that the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2015, be approved.”

## **VII. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND MANAGEMENT**

The Presiding Officer proposed the ratification of all acts of the Board of Directors, Board Executive Committee and Management during the period covering 1 January 2014 to 31 December 2014. These acts include resolutions duly adopted by the Board of Directors and/or its Executive Committee, such as appointment of contract signatories, appointment of representatives to homeowners' associations, application for permits and licenses for projects, registration of master deed and restrictions of projects, operation of bank accounts and other bank transactions, consolidation and subdivision of lots and titling of projects, development and operation of projects, property acquisitions, dispositions, leases and joint ventures, purchase and sale of subscriptions, and appointment of stock transfer agent.

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

“RESOLVED, that all acts of the Company's Board of Directors, Board Executive Committee and Management and all resolutions adopted by them during the period covering 1 January 2014 to 31 December 2014, be ratified.”

## **IX. ELECTION OF DIRECTORS**

The Chairman of the Meeting informed the stockholders that the Company would be electing seven (7) directors. He added that pursuant to the Securities Regulation Code, SRC Rule 38 and in relation to the SEC Memorandum Circular No. 6, Series of 2009 and its Manual of Corporate Governance, the Company is required to have at least two (2) independent directors out of seven directors.

Mr. Ricardo B. Gregorio, on behalf of the Nomination Committee, presented the Final List of Nominees to the Board of Directors, as follows: Mr. Gerardo C. Garcia and Mr. Alejo L. Villanueva, Jr. for independent directors, and Andrew L. Tan, Anthony Charlemagne C. Yu, Enrique Santos L. Sy, Kevin Andrew L. Tan and Evelyn G. Cacho for regular directors.

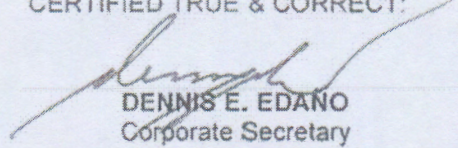
It was then moved and duly seconded that the nominees for independent directors, namely Alejo L. Villanueva, Jr. and Gerardo C. Garcia be elected as independent directors of the Company, and that Andrew L. Tan, Anthony Charlemagne C. Yu, Enrique Santos L. Sy, Kevin Andrew L. Tan and Evelyn G. Cacho, be elected as regular directors of the Company.

Since there were only seven nominees to the Board and considering the absence of objections, all the seven (7) nominees were declared elected to the Board of Directors.

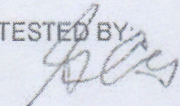
**X. ADJOURNMENT**

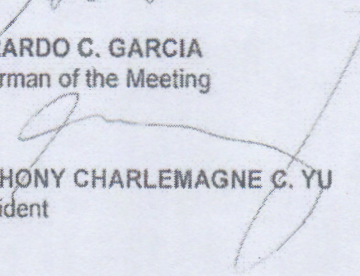
The meeting was adjourned at 9:35 AM.

CERTIFIED TRUE & CORRECT:

  
DENNIS E. EDANO  
Corporate Secretary

ATTESTED BY:

  
GERARDO C. GARCIA  
Chairman of the Meeting

  
ANTHONY CHARLEMAGNE C. YU  
President