

**EMPIRE EAST LAND HOLDINGS, INC.**  
**ANNUAL MEETING OF STOCKHOLDERS**  
15 July 2020, 9:00 o'clock a.m.  
Conducted virtually via <https://empire-east.com/asm2020>

Present:

Andrew L. Tan	-	Chairman
Anthony Charlemagne C. Yu	-	President
Evelyn G. Cacho	-	Director
Enrique Santos L. Sy	-	Director
Kevin Andrew L. Tan	-	Director
Alejo L. Villanueva, Jr.	-	Independent Director
Cresencio P. Aquino	-	Independent Director
Dennis E. Edaña	-	Corporate Secretary/ Presiding Officer

Also Present:

Celeste Z. Sioson- Bumatay	-	Acting Secretary
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## I. CALL TO ORDER

Atty. Dennis E. Edaña, the Corporate Secretary, called the meeting to order at 9:03 A.M. and presided over the meeting. The Acting Secretary, Atty. Celeste Z. Sioson- Bumatay, recorded the proceedings of the meeting.

## II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Presiding Officer, Atty. Edaña, stated that the Management of the Company decided to hold this year's Annual Stockholders' Meeting by live streaming to conform with the government's regulation on social distancing and prohibition on mass gatherings. We adopted measures to afford our stockholders the opportunity to participate in this meeting as effectively as a physical meeting.

Atty. Sioson- Bumatay, the Acting Secretary certified that all stockholders of record as of 16 June 2020 have been duly notified of the meeting pursuant to the Company's By-Laws and applicable SEC Circulars. Copies of the Notice of the Annual Meeting, the Agenda, and the Definitive Information Statement were made available through the Company's website and the Philippine Stock Exchange Electronic Disclosure Generation Technology or PSE EDGE. Notice of the Annual Meeting was also published in the Philippine Star on 18 June 2020 and June 19 2020, and the Philippine Daily Inquirer on 19 June 2020 and 20 June 2020. Atty. Sioson- Bumatay also certified that there exists a quorum to transact the business in the agenda for the meeting, there being present in person or represented by proxy stockholders holding 83.17% of the entire subscribed and outstanding capital stock of the Corporation.

Moreover, the Acting Secretary explained the rules for participation and voting in the Meeting. The Procedures for Registration, Voting and Participation in the Company's 2020 Annual Stockholders' Meeting are contained in the Definitive Information Statement and have been implemented as follows: (i) stockholder signifying their intention to participate by remote communication have registered by submitting the requirements by email to the Corporate Secretary; (ii) stockholders who have registered have sent their questions and/or comments prior to the meeting through email at [asm2020@empire-east.com](mailto:asm2020@empire-east.com) until 6:00pm of July 12, 2020. Some questions or comments received would be taken up after the election of directors; (iii) the resolutions proposed to be adopted at this meeting will be shown on the screen; (iv) stockholders who have duly registered to participate by remote communication have casted their votes by proxy or in absentia by sending their accomplished ballots by email to the Corporate Secretary until 6:00pm of July 8, 2020; and (v) the Office of the Corporate Secretary has tabulated all valid and confirmed votes cast through electronic voting, together with the votes through proxies, and the voting results will be announced during the

meeting and reflected in the minutes of the meeting. Therefore, only stockholders who have successfully registered may participate in the meeting.

### **III. APPROVAL OF MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS HELD ON 11 JUNE 2019**

The Presiding Officer then proceeded with the approval of the minutes of the annual stockholders' meeting held on June 11, 2019, and informed that the copy of the minutes of the 2019 Annual Meeting have been made available through the Company's website.

Atty. Sioson- Bumatay announced that 100% of the voting shares represented in the meeting have voted in favor of the approval of the minutes of the previous annual stockholders' meeting held on June 11, 2019.

### **IV. ANNUAL REPORT OF THE MANAGEMENT**

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

The unprecedented impact of the COVID-19 pandemic here in the Philippines and across the globe has undeniably made us socially and physically distant from each other, but this has bonded us more than ever to unite us as one solid community in this fight against an invisible enemy. This health crisis has crippled numerous businesses in different industries, but we are grateful and proud to let you know that your Company is on "business as usual." Perhaps, not like the "usual" we used to know, not the "normal" we used to do, but your Company is strong and thriving.

I would like to commend my fellow workers at Empire East for continuously exhibiting their passion and commitment to get your Company moving and growing. Thanks as well to our in-house sales partners and accredited brokers who embraced the new normal, and through online selling alone, with all our showrooms shut down during the first two months of quarantine, have astoundingly delivered 1.4 Billion Pesos worth of reservation sales.

We are one with you in aiming to curb this pandemic. While no company is exempt from this health crisis as the virus continuous to linger globally, it was during this time that Empire East discovered once again the strength of its foundation that brought us sailing steadfastly into a new era of doing real estate business. With your unceasing support for the Company and for believing in our values of innovation, flexibility, community and family welfare, we will triumphantly surpass this difficult period.

In fact, what makes us more confident that we can easily recover from this crisis are the economic indicators themselves that are in our favor. Our country posted 5.9% GDP Growth Rate last year. Residential real estate prices recorded a 10.4% year-on-year growth from 2018 to 2019, more significantly at 29.1% growth rate for the 3<sup>rd</sup> quarter last year. This is an opportune time for the investor's market to look at this good indicator. Even though real estate sector may have been "jolted" by this pandemic, industry experts still project a 1.7 annual average growth rate up to 2022.

Vacancy rates for condominiums are also decreasing, positively indicating that many of the residential projects like what your Company is developing are being occupied. Likewise, the banks have decreased interest rates in lending that will result to more liquidity and hopefully, boost aggregate demand. Prior to the crisis, the Banko Sentral ng Pilipinas reported that residential real estate loans recorded a double-digit growth of 13.1% which we are optimistic would return after the situation has stabilized.

During the first few weeks of the lockdown, I had the opportunity to visit some of our residential developments to personally check the situation of our homeowners—and what I witnessed in each project is a "community in action" where residents and the property management teams have responded with a strong spirit of solidarity as the Filipino "bayanihan" became more evident. Our community frontliners, including security guards and maintenance personnel have chosen to respond

with courage as they continued with dedicated service despite the threat of the COVID 19 virus. The admirable initiatives of our residents to help their neighbors in need and support their frontliners have been a testament that Empire East not only develops structures for homes, but also creates unparalleled communities where compassionate people live.

In our premier Transit-Oriented Development or TOD at the Makati Central Business District, the four-tower San Lorenzo Place, which was awarded in 2019 by the PropertyGuru Philippines as the Best Mid-End Condo in Metro Manila, residents benefited tremendously from having their own retail area, the San Lorenzo Place Mall. Now that select public transportation resumed to operate under General Community Quarantine, residents can easily ride MRT Line 3 via Magallanes Station that is physically linked to the project, as well as the Citylink point-to-point buses with its own station within the development. San Lorenzo Place is currently 100% sold out and has been completely turned over.

Having your own shopping mall, a retail arcade or a community strip within the community has proven to be exceptionally advantageous during a health crisis like this. At the 37-tower micro-city The Cambridge Village in Pasig-Cainta, which was awarded as the Best Affordable Condo in Metro Manila and the Best Universal Design Development during the 2019 Philippines Property Awards, more than 5,200 households enjoyed a self-sustaining neighborhood without the need for them to get out and go far to buy their daily essentials, same benefits were experienced by approximately 2,900 families at another micro-city, the 25-tower California Garden Square in Mandaluyong City, and the 6,200 families in our flagship township development, Laguna Bel-Air in Santa Rosa City

Another TOD that has remarkably thrived amidst this pandemic is Pioneer Woodlands in Mandaluyong City, a six-tower high-rise condominium complex connected to MRT-3 Boni Avenue Station. Appreciating the efforts of all security and maintenance staff for their round-the-clock service, residents initiated a drive to provide these frontliners with food supply, toiletries and other basic needs. Eco-trikes from the city's LGU regularly arrive at Pioneer Woodlands to deliver fresh produce and other commodities, which added more convenience to residents and minimize their outdoor exposure. Today, this community is 92% sold out with four occupied tower and is ready to welcome new residents in the two more towers nearing completion.

On top of strict social distance implementation, temporary closure of amenities, and constant disinfection and sanitation of common areas such as lobbies, elevators and hallways, the property administration of Little Baguio Terraces in San Juan City, as well as The Rochester and Kasara Urban Resort Residences, both in Pasig City, partnered with the local government to set-up "mobile palengke" in their communities. Through this, residents need not to go out of the project sites to go to markets or groceries because the market was brought to their homes.

The year 2019 was indeed another banner year for your Company. On top of delivering more than 4 Billion Pesos worth of booked sales, which was a 14% increase from the previous year's 3.5 Billion Pesos, we recorded a 15% increase in our net profit. We have likewise completed the construction of (7) seven residential towers across various developments. To date, your Company holds an aggregate land bank of 427 hectares with a projected 5.1 Billion-Peso worth of inventories.

Most significantly, 2019 marked the 25<sup>th</sup> year of Empire East in the real estate industry—a milestone worth celebrating. As our way to rejoice this momentous achievement, instead of festive celebrations we decided to fulfill our commitment in building unparalleled communities by launching twenty-five (25) Corporate Social Responsibility (CSR) activities initiated and funded by our employees and sales partners. But because of our people's collaborative efforts and willingness to help more communities and organizations, we have exceeded the target and even reached 37 CSR activities by the end of the year.

The Company has driven its efforts towards causes that need close attention—health, education, youth and elderly, family, and environment. For 2019 alone, the Empire East Cares has produced amazing results that helped over 4,000 people, built 41 houses for displaced families, planted 700 trees, assisted five schools, and supported 17 organizations and foundations.

The fight against COVID-19 may be far from over, but we will definitely overcome this. And just like when we pioneered breakthrough lifestyle concepts such as the live-work-play township,

micro-city developments, loft-type communities, TOD, and urban resorts, we look forward to a promising future where Empire East continues to cater to the needs and aspirations of the Filipino homeowners. The city living solutions we will provide tomorrow, we anticipate and prepare for you today. Your company's direction is clear. We will take the path leading to more residential developments that embody and promote sustainability and crisis resiliency.

In 2019, Empire East committed together with its affiliates under the Alliance Global Group to meet specific end-goals by 2030 based on the United Nations (UN) Sustainable Development Goals. We have been laying down plans and platforms that will aim to: (1) build sustainable cities and communities, (2) rely on renewable energy, (3) lower carbon footprint, (4) create more jobs, and (5) continue to observe gender equality at all levels in the workplace. With these in mind, your Company is driven to continue the creation of sustainable communities that improve the urban lifestyles of aspiring homeowners in Metro Manila.

The two-tower Mango Tree Residences in San Juan City, majority of the units of which have been sold, has commence full-swing construction in 2019, and will showcase a high-rise and low-density community filled with "green" features where residents can breathe and feel close to nature in the middle of the bustling metropolis. On the other hand, the four-tower The Paddington Place along Shaw Boulevard in Mandaluyong City, which has shown brisk sales reaching close to 80% sold-out rate and now pre-selling on the final tower, will let its future dwellers experience premium mobility through a TOD lifestyle, with its own bi-level community mall which would provide for the residents complete basic daily necessities.

Last year saw your company taking another bold step – the unveiling of its grandest township yet, the 37-tower Empire East Highland City along Felix Avenue at the convergence of Pasig City and Cainta Rizal. Complete with spacious green park, a shopping mall, a church, a five-star recreation club, wide roads and walkways, and more greeneries and open spaces, the future residents of Empire East Highland City will experience a redefined and upgraded urban lifestyle centered on long-term sustainability and a crisis-resilient community.

These are some of the developments, which allow us to look towards the future with optimism despite the current global pandemic. We thank you for being part of our growth, for responding to the times with us, and for sharing our vision. Together, we pray for endurance, strength and courage to forge ahead as we continue to deliver to you the results of our labor and as we continue to serve the communities beyond the confines of our work areas.

## **V. OPEN FORUM**

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

**Q:** How do you assess the stability of your Company? What kind of risks are you facing – both general business risks as well as risks that are particular to the Covid crisis?

**A:** Your Company is very stable. Empire East has assets worth close to 45 Billion Pesos. It has 4.85 Billion trade receivables which we expect to collect in due time based on terms of payment. We have about 427 hectares of properties in our landbank, which is sufficient to sustain projects for development in the next five to seven years. The Company continuously undertakes construction activities and has been exerting all its efforts to deliver all the projects within the committed timetable. Last year 2019, we completed seven towers, we have on-going construction in twelve more towers, and we expect to complete turnover two of these towers very shortly. Besides, the Company is majority owned by Megaworld, the country's leading developer and is part of the conglomerate of Alliance Global, Inc. Now, your second question is about risks, the general business risks which Companies take into consideration are things like interest rate risk which pertains to changes in interest rate. The Company availed of loans with fixed interest, thus, precluding any exposure to such interest rate risk. Another risk would be market risks, these are changes in market prices of securities. The Company has no intention at all of disposing any of the shares soon or at any time when the market is down. Then you have liquidity risks; they are associated with the inability of the Company to convert assets into cash. The Company manage its liquidity needs by carefully monitoring its major disbursements, particularly construction costs. You also have what we



call credit risks when debtor' fails to settle obligations based on agreed payment terms. We do not face that risk at all in Empire East because in cases where buyers default on payments, the Company has a policy of forfeiting payments made and reopening the units for resale at the current higher market value. And then when we speak of Foreign Currency risks, the Company is not subjected to such a risk because we do not have any Foreign Currency denominated loans at all, and the only exposure we have to such is when we have importations, which are very minimal. Then of course you have Accounting risks, which pertain to key estimates. The Company will never be expose to such risks since all figures are stated at cost. Now, in response to your question about particular risks related to the ongoing Covid crisis, the only answer that we can provide at present is that it is an ongoing crisis and the situation remains very fluid. From all indications, it appears that the most trying period for any unexpected crisis is at the inception of the crisis when we all do not know what hit us. That is the period of greatest uncertainty and it usually immobilizes the entire community. At its present stage, while there are still a lot of uncertainties, the enemy is known, and coping mechanisms have been put in place in order to try to mitigate the risks. In fact, from state of complete lockdown, we have graduated to the easing of restrictions, not because we have conquered the crisis but because we have a better grasp of what the crisis is, we have a better understanding of what we are facing, thus allowing us to anticipate and prepare better. We share the hope of the entire world, that we would soon find the cure to contain this pandemic as we do our share in preventing its further spread and in reaching out to communities affected by it.

**Q:** Your Company has been declaring about P15 to P20 Billion in reservation sales each year. What is your timetable to book these sales? How can we validate the reservation sales? Is this reflected in the Financial Statements? Did the Company avail of new loans in 2019?

**A:** Our booking of sales is based on certain percentage of collection. Following our regular payment terms, the sales are generally booked on the 3<sup>rd</sup> year. However, based on the new Financial Accounting standard in which the percentage of completion is outrightly applied to sales, we expect the booking of sales to be made over a longer period of time. Meaning, the sales that were previously being recognized in full on the 3<sup>rd</sup> year, will now be booked approximately 3 years further. In essence, there is no difference at all, it is just a difference in accounting treatment. The collection from reservation sales was temporarily reflected in the "Customers' Deposits" under current liability portion of balance sheet. The amount reflected therein is net of increase attributed to collections of reservation sales and of course decrease due to book sales. As to your second question about loans in 2019, your Company did not avail or obtain any loans in 2019. We used internally generated funds for all our expenditures in 2019.

**Q:** Empire East has been lauded for its unique CSR projects that do not rely in the corporate funding. How are you able to do this? Also, what CSR projects did you have during this Covid crisis?

**A:** In Empire East, we decided that our Corporate Social Responsibility initiatives should be more interactive and must really touch the lives of both the beneficiaries communities, as well as our own people in the Company. To be able to do that, we decided that a traditional method of allocating corporate funds and having certain top corporate officers decide which NGO or Foundation these funds should be donated to may not be the proper approach for our program. Instead, we decided to undertake Corporate Social Responsibility projects using our own resources to help communities. When I say our own, I mean resources of our own people, our own money and our own efforts. This allows every individual in the Company to have a stake in the CSR projects as we share a common vision of empowering our people to empower others around us. The mission is to really help communities beyond the four walls of our offices. By doing this, our CSR is made more meaningful to the communities we touch. And by building homes, constructing libraries, feeding the elderly, teaching young students and planting trees and mangroves, we become part of the communities we are assisting and are in turn, touched by this involvement. In their end, there is this wonderful symbiotic relationship developed between the giving and receiving which enrich both the benefactors and the beneficiaries. Even our Chair, Dr. Andrew L. Tan pledged a very substantial amount to support this very unique CSR approach that Empire East has adopted. For this Covid

crisis, it was both unexpected and unprecedented. As such it called for a more consolidated approach which was headed by our Alliance Global, Inc. CEO, Mr. Kevin Andrew L. Tan with the active participation of the different component companies under the AGI umbrella. The consolidated efforts included the donations about 3 Million bottles of disinfectants, the production of about 6 Million liters of hand sanitizers, the shuttling of front liners utilizing our 30 buses, the feeding of more than 3 million families around the country, helping the national Red Cross build 4 testing centers. On top of all these, there are many individual efforts done by officers and employees of the component companies in order to reach out to our people who are in need during this crisis.

**Q:** Since Empire East started offering residential developments, it is the first time now that you are attaching the company name to a project name – at Empire East Highland City. Why did you finally decide to do that?

**A:** It is really a matter of brand strategy. For more than 25 years we have built developments that have become landmark communities- to a point that the projects themselves have even become more well known than the developer. For the past years, we have been aggressively solidifying our brand. Today, the brand of Empire East has become a name to contend with, and we do not intend to waste this brand equity. Our strategy is to bring that Empire East brand to a development not just because of the grandest of the scale of the development, but because this is where we intend to showcase another pioneering innovation, the elevated city concept. Integrated with our Empire East signature concepts such as townships, Transport Oriented Development, urban resort residential developments and many others. We shall apply all the learnings we had over the last two decades and a half by offering our aspiring homebuyers nothing short of an affordable, luxurious and upgraded lifestyle. That's why we call it – Empire East Highland City.

#### **VI. AMENDMENT OF SECTIONS 4 AND 6 OF ARTICLE I AND SECTION 3 OF ARTICLE II OF THE COMPANY'S BY-LAWS**

The Presiding Officer informed the stockholders that the next item on the agenda was the approval of the proposed amendments to the Company's By-Laws.

The Acting Secretary certified that 100% of the voting shares represented in this meeting have voted in favor of the adoption of the resolutions amending Sections 4 and 6 of Article I and Section 3 of Article II of the Company's By-Laws to allow our stockholders to participate and vote in the Annual Meeting through remote communication or alternative modes of communication, and also allow members of our Board of Directors to participate and vote in the board meetings through remote communication.

#### **VII. 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 its financial statements for the year ending 31 December 2020.

The Acting Secretary certified that 100% of the voting shares represented in this meeting have voted in favor of the engagement of Punongbayan & Araullo as external auditors for the fiscal year ending December 31, 2020.

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

The Presiding Officer proposed the ratification of all acts and resolutions of the Board of Directors, Board Committees and Management since the date of last year's annual stockholders'

meeting held on 11 June 2019 and until 14 July 2020. A list of such acts was provided in the Definitive Information Statement distributed to the stockholders.

The Acting Secretary submitted for ratification all acts and resolutions of the Board of Directors, Board Committees and Management, which were duly adopted in the ordinary course of business from 11 June 2019 until 14 July 2020. Atty. Sioson-Bumatay also reported that 99% of the voting shares represented in this meeting have voted in favor of this resolution.

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

The Presiding Officer 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 Revised 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 Corporate Governance Committee, presented the Final List of Nominees to the Board of Directors, as follows: Dr. Andrew L. Tan, Mr. Anthony Charlemagne C. Yu, Mr. Kevin Andrew L. Tan, Mrs. Evelyn G. Cacho and Mr. Enrique Santos L. Sy for regular directors, and Mr. Cresencio P. Aquino and Mr. Alejo L. Villanueva, Jr. for independent directors. Furthermore, Mr. Gregorio reported that the nominees for election as directors of the Corporation possess all the qualifications and none of the disqualifications to hold office as directors of the Corporation.

The Acting Secretary presented the voting results and certified that each of the nominees have garnered at least 99% of the voting shares represented in the meeting. 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.

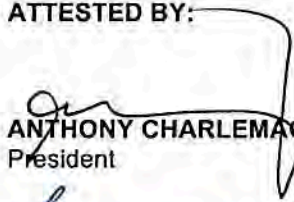
#### **X. ADJOURNMENT**

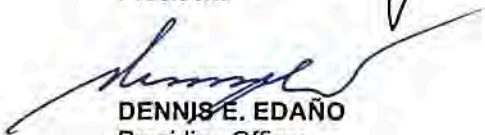
There being no other matters to discuss, the meeting was adjourned at 09:44 A.M.

**CERTIFIED TRUE & CORRECT:**

  
**CELESTE Z. SIOSON-BUMATAY**  
Acting Secretary

**ATTESTED BY:**

  
**ANTHONY CHARLEMAGNE C. YU**  
President

  
**DENNIS E. EDANO**  
Presiding Officer