

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b)**  
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter

EMPIRE EAST LAND HOLDINGS, INC.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila

4. SEC Identification Number

AS094-006430

5. BIR Tax Identification Code

003-942-108

6. Address of principal office

12th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio,

Taguig City

Postal Code

1634

7. Registrant's telephone number, including area code

(632) 5544800

8. Date, time and place of the meeting of security holders

June 11, 2019, 9 a.m., Grand Ballroom Eastwood Richmond Hotel, 17 Orchard Road,

Eastwood City, Bagumbayan, Quezon City

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 16, 2019

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

Evelyn G. Cacho

Address and Telephone No.

20th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio,

Taguig City/ 8946300

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	14,676,199,167

13. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The shares of common stock of the Company are listed on the Philippine Stock Exchange.

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



**Empire East**

**Empire East Land Holdings, Inc.**

**ELI**

**PSE Disclosure Form 17-5 - Information Statement for Annual or  
Special Stockholders' Meeting**  
*References: SRC Rule 20 and  
Section 17.10 of the Revised Disclosure Rules*

<b>Date of Stockholders' Meeting</b>	Jun 11, 2019
<b>Type (Annual or Special)</b>	Annual
<b>Time</b>	9:00 a.m.
<b>Venue</b>	Grand Ballroom Eastwood Richmond Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City
<b>Record Date</b>	Apr 26, 2019

**Inclusive Dates of Closing of Stock Transfer Books**

<b>Start Date</b>	N/A
<b>End date</b>	N/A

Other Relevant Information
NONE

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-1S  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement  
 Definitive Information Statement

2. Name of Registrant as specified in its charter **EMPIRE EAST LAND HOLDINGS, INC.**

3. **Metro Manila**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **AS094-006430**

5. BIR Tax Identification Code **003-942-108**

6. **12<sup>th</sup> Floor, Alliance Global Tower**

**36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue**

**Uptown Bonifacio, Taguig City                      1634**

Address of principal office                      Postal Code

7. Registrant's telephone number, including area code **(632) 5544800**

8. **11 June 2019, 9:00 a.m.**

**Grand Ballroom, Eastwood Richmond Hotel**

**17 Orchard Road, Eastwood City**

**Bagumbayan, Quezon City, Philippines**

Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders  
**16 May 2019**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock Outstanding

**Common**

**14,676,199,167**

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

**Yes [X]    No [ ]**

The shares of common stock of the Company are listed on the Philippine Stock Exchange.



# Empire East

12<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City 1634

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS  
Empire East Land Holdings, Inc.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Empire East Land Holdings, Inc. will be held on 11 June 2019, 9:00 a.m., at the Grand Ballroom, Eastwood Richmonde Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines, with this agenda:

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Approval of Minutes of the Previous Annual Meeting
4. Annual Report of Management
5. Appointment of External Auditors
6. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
7. Election of Directors
8. Other Matters
9. Adjournment

Stockholders of record as of 26 April 2019 will be entitled to notice of, and to vote at, the Annual Meeting.

We are not soliciting your proxy. However, if you would like to appoint proxies to represent you in the Annual Meeting, you may submit your proxy instruments on or before 04 June 2019 to the office of the Corporate Secretary, 20<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City 1634.

Validation of proxies will be held on 04 June 2019, 9:00 a.m. Sample proxy forms are enclosed for your convenience.

Makati City, Philippines, May 10, 2019.



**DENNIS E. EDANO**  
Corporate Secretary

**SAMPLE ONLY  
PROXY  
EMPIRE EAST LAND HOLDINGS, INC.  
2019 STOCKHOLDERS' MEETING**

I/WE hereby name and appoint, \_\_\_\_\_, or in his absence, the Chairman of the meeting, as my/our proxy at the annual stockholders' meeting of **EMPIRE EAST LAND HOLDINGS, INC.** ("Empire East") to be held on 11 June 2019 at the Grand Ballroom, Eastwood Richmond Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines, and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of Empire East, which appointment shall not exceed five (5) years from date hereof.

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Items No.	Subject	Action		
		For	Against	Abstain
3.	Approval of Minutes of the Previous Annual Meeting			
5.	Appointment of External Auditors			
6.	Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management			
7.	Election of Directors			
	a. Andrew L. Tan			
	b. Anthony Charlemagne C. Yu			
	c. Cresencio P. Aquino			
	d. Enrique Santos L. Sy			
	e. Alejo L. Villanueva, Jr.			
	f. Kevin Andrew L. Tan			
	g. Evelyn G. Cacho			
<b>FULL DISCRETION</b>				

\_\_\_\_\_  
PRINTED NAME OF STOCKHOLDER

\_\_\_\_\_  
AUTHORIZED SIGNATORY

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE 4 JUNE 2019.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THIS PROXY DOES NOT NEED TO BE NOTARIZED.

(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories)



# Empire East

## INFORMATION STATEMENT

### GENERAL INFORMATION

#### **Date, Time and Place of Meeting of Security Holders**

The annual meeting of stockholders of the Company will be held on 11 June 2019, 9:00 a.m., at the Grand Ballroom, Eastwood Richmond Hotel, 17 Orchard Road, Eastwood City, Bagumbayan, Quezon City, Metro Manila, Philippines.

The Company's principal office address is at the 12<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City 1634.

Copies of this Information Statement will be sent on or before 16 May 2019 to all stockholders on record as of 26 April 2019.

The Company is not soliciting proxies. We are not asking you for a proxy. Neither are you required to send us a proxy.

#### **Dissenters' Right of Appraisal**

There is no proposed corporate action or matter that will grant appraisal rights pursuant to the Corporation Code of the Philippines to dissenting stockholders.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; (3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and 4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

## Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Company, or any nominee for election as a director of the Company, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

No director of the Company has informed it in writing that he intends to oppose any action to be taken by the Company at the annual meeting of stockholders.

## CONTROL AND COMPENSATION INFORMATION

### Voting Securities and Principal Holders Thereof

#### Number of Shares Outstanding

As of 31 March 2019, the Company had 14,676,199,167 outstanding shares of common stock. Each common share shall be entitled to one (1) vote.

#### Record Date of Meeting

All owners on record of the Company's common shares as of 26 April 2019 will be entitled to notice of, and to vote at, the annual meeting of stockholders.

#### Cumulative Voting Rights

Each common share entitles the person in whose name it is registered in the books of the Company to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. Each holder of common stock shall have cumulative voting rights with respect to the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

#### Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of March 31, 2019

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino)	The shares registered in the name of PCD	Filipino	1,712,511,933 <sup>1</sup>	11.6686%

<sup>1</sup> This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

	G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.			
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Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

**Security Ownership of Management as of March 31, 2019**

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
<b>Directors</b>				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438 <sup>1</sup> (indirect)	Filipino	81.727062%
		138,133,820 <sup>2</sup> (indirect)	Filipino	0.941210%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Evelyn G. Cacho	35,240 (direct)	Filipino	0.000240%
Common	Alejo L. Villanueva, Jr.	1 (direct)	Filipino	0.000000%
<b>President and Four Most Highly Compensated Officers</b>				
Common	Anthony Charlemagne C. Yu			Same as above
Common	Ricky S. Libago	0	Filipino	n/a
Common	Evelyn G. Cacho			Same as above
Common	Ricardo B. Gregorio	0	Filipino	n/a
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
<b>Other Executive Officers</b>				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Common	All directors and executive officers as a group	24,324,913 (direct)	Filipino	0.170079%

<sup>1</sup> The shares are held by Megaworld Corporation had authorized Andrew L. Tan, in his capacity as Chairman of the Board and President, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.

<sup>2</sup> The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.



### **Voting Trust Holders of 5% or More**

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement .

### **Changes in Control**

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

### **Directors and Executive Officers**

There are seven (7) members of the Company's Board of Directors, two (2) of whom are independent directors. All incumbent directors were elected during the annual meeting of stockholders held on 13 June 2018, and will hold office for one (1) year and/or until their successors are elected and qualified.

Information concerning the background of the directors and executive officers of the Company is provided in pages 18 to 23 of the Company's Annual Report to Stockholders.

### **Procedure for Nomination and Election of Independent Directors**

Pursuant to Article II, Section 2 of the Company's By-Laws, the nomination and election of independent directors shall be conducted in accordance with SRC Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.
3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.
7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

## Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee composed of Cresencio P. Aquino as Chairman, Enrique Santos L. Sy and Alejo L. Villanueva, Jr. as members accepts nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Andrew L. Tan
2. Anthony Charlemagne C. Yu
3. Enrique Santos L. Sy
4. Evelyn G. Cacho
5. Kevin Andrew L. Tan
6. Cresencio P. Aquino – Independent Director
7. Alejo L. Villanueva, Jr. – Independent Director

## Independent Directors

This year's nominees for directors include two persons who qualify as independent directors. Mr. Carmelo Jose J. Canto III nominated incumbent independent director, Mr. Cresencio P. Aquino, for another term, while Ms. Maria Rosario Justo nominated incumbent independent director, Mr. Alejo L. Villanueva, for another term. Ms. Justo and Messrs. Canto, Aquino and Villanueva are not related by consanguinity or affinity up to the fourth civil degree.

## Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

## Family Relationships

Chairman Andrew L. Tan is the father of director Mr. Kevin Andrew L. Tan.

## Material Pending Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any director, nominee for election as director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any director, nominee for election as director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Any director, nominee for election as director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

## **Related Transactions**

In 2018, total commissions earned by a subsidiary from the sale of its parent company's real estate properties amounted to P112.5 million.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & F of the SEC Supplementary Schedules as of December 31, 2018. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Item 24 of the Notes to the Audited Consolidated Financial Statements of the Company and its Subsidiaries attached as Exhibit 1 hereof and incorporated herein by reference.

Other than those disclosed in the Company's Financial Statements, the Company has not entered into other related party transactions.

## **Resignation/Disagreement**

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

## **Compensation of Directors and Executive Officers**

### **Compensation of Certain Officers**

The total annual compensation paid to the President/CEO and four most highly compensated executive officers of the Company amounted to Php28,734,188 in 2018 and Php22,532,104 in 2017. The projected total annual compensation of the named executive officers for the current year is Php31,032,923.

### **Compensation of Directors**

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. In 2018, the Company paid a total of Php700,000 for directors' per diem and has allocated the same amount for 2019.

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

## **Summary of Compensation Table**

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2016 and 2017 and estimated aggregate compensation for 2019:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu, President & CEO				
Ricky S. Libago Executive Vice President				
Evelyn G. Cacho Senior Vice President				
Ricardo B. Gregorio FVP for HR, General and Administrative Services				
Jhoanna Lyndelou T. Llaga FVP for Marketing				
President and 4 Most Highly Compensated Officers	2017	19,649,700	2,882,404	22,532,104
	2018	22,908,027	5,826,161	28,734,188
	2019	24,740,669	6,292,254	31,032,923
All Other Officers and Directors as a Group	2017	35,026,364	4,027,468	39,053,832
	2018	38,359,203	6,443,599	44,802,802
	2019	41,427,939	6,959,087	48,387,026

Employment Contracts and Termination of  
Employment and Change-in-Control Arrangements

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to its employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries, or a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants or options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

**Independent Public Accountants**

The Board of Directors of the Company, in consultation with the Audit Committee, composed of Alejo L. Villanueva, Jr., as Chairman and Cresencio P. Aquino and Evelyn G. Cacho as Members, will recommend to the stockholders the engagement of Punongbayan & Araullo as external auditors of the Company for 2019.

The Company complied with SRC Rule 68(3)(b)(iv) and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the signing partner changed after five (5) years of engagement. A two-year cooling off period shall be observed in the re-engagement of the same signing partner. In this regard, starting the year ending 31 December 2016, Mr. Renan A. Piamonte, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the signing partner for the audit of the Company's financial statements. Mr. Nelson Dinio, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statements for the past five years from 2011 to 2015.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

Representatives of Punongbayan & Araullo are expected to be present at the annual meeting of stockholders. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

## **Corporate Governance**

### Compliance with Leading Practices on Corporate Governance

Pursuant to the Company's corporate governance manual, its Board created each of the following committees and appointed board members thereto.

#### **Audit Committee**

The Audit Committee is responsible for ensuring that all financial reports comply with internal financial management and accounting standards, performing oversight financial management functions, pre-approving all audit plans, scope and frequency and performing direct interface functions with internal and external auditors. On 3 October 2012, the Board approved the Audit Committee Charter which provide for the purpose, membership, structure, operations, duties and responsibilities of the Audit Committee. The Company's Audit Committee has three members, two of whom are independent directors. An independent director serves as the head of the committee, the members of the Audit Committee are Alejo L. Villanueva, Jr., Chairman, Cresencio P. Aquino and Evelyn G. Cacho, members.

#### **Corporate Governance Committee**

The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It also oversees the implementation, review and periodic evaluation of the corporate governance framework It also recommends continuing relevant education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance, as well as establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers. It is also responsible for determining the nomination and election process for the Corporation's directors and the general profile of board members and ensures that this process is conducted in accordance with qualifications prescribed by Philippine law and the Company's Manual on Corporate Governance, the members of the Corporate Governance Committee are Cresencio P. Aquino, Chairman, Alejo L. Villanueva, Jr. and Enrique Santos L. Sy, members.

#### **Board Risk Oversight Committee**

The Board Risk Oversight Committee is responsible for the development, evaluation, and oversight of the Corporation's Enterprise Risk Management system to ensure its functionality and effectiveness. It also advises the Board on its risk appetite levels and risk tolerance limits, and reviews the company's risk appetite levels and risk tolerance limits based on changes and developments in the business. The Company's Board Risk Oversight Committee consists of three members, including at least one independent director, the members of

the Board Risk Oversight Committee are Alejo L. Villanueva, Jr., Chairman, Cresencio P. Aquino and Enrique Santos L. Sy, members.

### **Related Party Transaction Committee**

The Related Party Transaction Committee is responsible for reviewing all material related party transactions of the company. This Committee shall evaluate on an ongoing basis the existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured, and evaluate all material RPTs to ensure that these are not undertaken on more favourable economic terms. The Company's Related Party Transaction Committee consists of three members, including at least one independent director, the members of the Board Risk Oversight Committee are Cresencio P. Aquino, Chairman, Alejo L. Villanueva and Enrique Santos L. Sy, members.

### **Evaluation System**

The Company has designated a Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of its Manual on Corporate Governance. The Compliance Officer has established an evaluation system, patterned after the CG Scorecard of the Institute of Corporate Directors to measure or determine the level of compliance by the Company with its Manual.

### **Deviations from Manual and Sanctions Imposed**

In 2018, the Company substantially complied with its Manual on Corporate Governance and did not materially deviate from its provisions. No sanctions were imposed on any director, officer or employee on account of non-compliance with the Company's Manual on Corporate Governance.

### **Plan to Improve Corporate Governance**

Pursuant to SEC Memorandum Circular No. 6, Series of 2009 and as further amended by SEC Memorandum Circular No.9, Series of 2014, the Company revised its Manual of Corporate Governance to make the same compliant with the Revised Code of Corporate Governance. The Company is also in the process of updating its Manual of Corporate Governance to comply with SEC Memorandum Circular No. 19, Series of 2016 and will continue to adopt best practices in Corporate Governance as may be prescribed by the Commission.

### **Financial Information**

Financial Statements of the Company and its subsidiaries as of 31 December 2018 and 2017, and the Management's Discussion and Analysis of Results of Operations and Financial Condition for the corresponding periods are contained in the Company's Annual Report to Stockholders and are incorporated herein by reference.

## **OTHER MATTERS**

### **Action with Respect to Reports**

The minutes of the annual meeting of stockholders held on 13 June 2018 will be submitted to the Company's stockholders for approval. The minutes will refer to the adoption of stockholders' resolutions pertaining to, among others, the following matters:

1. Approval of Minutes of the Previous Annual Meeting
2. Amendment of Principal Office Address
3. Appointment of External Auditors
4. Ratification of Acts and Resolutions of the Board of Directors, Board Committees and Management
5. Election of Directors

The approval or disapproval of said minutes will constitute merely an approval or disapproval of the correctness of the minutes but will not constitute an approval or disapproval of the matters referred to in the minutes.

## **Other Proposed Action**

The stockholders will be asked to ratify all acts and resolutions of the Board of Directors, Board Committees and Management adopted during the period covering 1 January 2018 through 31 December 2018.

These acts are covered by resolutions duly adopted by the Board of Directors and its Board Committees, such as:

1. Appointment of Contract Signatories
2. Appointment of Proxies and Nominees
3. Application for Permits and Licenses for Projects
4. Operation of Bank Accounts and other Bank Transactions
5. Development and Operation of Projects
6. Property Acquisitions, Dispositions, Leases and Joint Ventures
7. Application for Telecommunication Subscriptions
8. Holding of 2018 Annual Meeting of Stockholders
9. Registration of Master Deeds and Restrictions covering Projects
10. Application for, and renewal of, corporate permits, licenses and accreditations

## **Voting Procedures**

### Vote Required

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be at least two (2) independent directors in the Company's board of directors.

### Method of Counting of Votes

Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

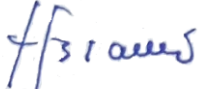
There will be seven (7) persons to be elected to the Company's board of directors, including two (2) independent directors. In the event that the number of nominees to the board of directors should exceed the number of board seats, voting shall be done by ballot. However, if the number of nominees to the board of directors will not exceed the number of board seats, voting will be done by a show of hands. Election inspectors duly appointed during the meeting shall be responsible for counting the number of votes, subject to validation by representatives of Punongbayan & Araullo, the Company's external auditors.

**The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to Empire East Land Holdings, Inc., Attention: The Corporate Secretary, 20<sup>th</sup> Floor, Alliance Global Tower, 36<sup>th</sup> Street cor. 11<sup>th</sup> Avenue, Uptown Bonifacio, Taguig City 1634.**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig City on May 10, 2019.

**EMPIRE EAST LAND HOLDINGS, INC.**

By:   
**EVELYN G. CACHO**  
Senior Vice President



## ANNUAL REPORT TO STOCKHOLDERS

### Business Development

Empire East Land Holdings, Inc. (the “Company”) was incorporated under Philippine law on 15 July 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of December 2018, Megaworld holds 81.72% of the Company.

As of December 31, 2018, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. (“VVPI”); Sherman Oak Holdings, Inc. (“SOHI”) Empire East Communities, Inc. (“EECI”) and 20<sup>th</sup> Century Nylon Shirt Co., Inc. (20<sup>th</sup> Century); 73% in Laguna BelAir Science School, Inc. (LBASSI); 60% in Sonoma Premier Land, Inc. (“SPLI”) (formerly, “Galleria Corsini Holdings, Inc.”); and 47% in Gilmore Property Marketing Associates, Inc. (“GPMAI”) and 20% in Pacific Coast Megacity Inc. (PCMI).

EPHI, which was incorporated on September 5, 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on October 13, 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company’s ownership in VVPI to 100%.

SPLI was incorporated on February 26, 2007 and started its commercial operations in 2008. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on October 14, 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on February 2, 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on September 5, 1996 to acquire, lease and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27M shares by way of conversion of advances into equity. In 2012, GPMAI issued 5M shares of stock to a third party which resulted to the decrease of Company’s ownership to 47%.

LBASSI (formerly Laguna BelAir School Inc. or LBASI) is a company incorporated on February 13, 1996 and is presently operating a school for primary and secondary education. The change in name was approved in August 2013. The Company owns 73% of LBASSI.

20<sup>th</sup> Century was incorporated in 1952. In February 2015, the company acquired 100% ownership interest in 20<sup>th</sup> Century,

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI.

Neither the Company nor its subsidiaries has been the subject of a bankruptcy, receivership or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

## General Nature and Scope of Business

Empire East Land Holdings, Inc. is a real estate developer involved in building residential projects that include house-and-lot subdivisions as well as mid-rise and high-rise condominiums located in major cities in Metro Manila and nearby urban areas, catering to the ever-growing Filipino middle-income market.

The Company introduced numerous lifestyle concepts that became industry trends in the Philippine real estate. It spearheaded the “township” model of residential development through its flagship project, Laguna Bel Air, situated in Santa Rosa City, Laguna, letting homebuyers experience a complete community integrated with a science-oriented school, a parish church, retail establishments, world-class recreational amenities and facilities, and exclusive transportation services. Its condominium developments with more than 100 towers completed have undeniably reshaped the skyline of the metro. The Company’s breakthrough innovations that upgraded the city living standards of its residents, include: space-efficient loft-type units, fully-integrated cluster-type developments, and flexible living spaces through unit combination, and affordable “No DP and zero interest” payment schemes.

The Company presently offers highly marketable residential projects in prime locations that continuously satisfy the demand of the broad middle-income as well as the upscale and investor markets. Its current developments are primarily categorized into two kinds of lifestyles: the transit-oriented developments (TOD) which are condominiums directly connected or with close proximity to public transportation hubs; and the urban resort communities, which provide aspiring homeowners an everyday vacation experience through its resort-inspired amenities and features.

## Update on Projects

**SAN LORENZO PLACE** is a luxurious high-rise condominium development on a 1.33-hectare property along EDSA corner Chino Roces Avenue, Makati City. Its four towers stand on a podium that features a two-level lifestyle mall providing the basic daily conveniences of its homeowners. For residents who are always on-the-go, they can enjoy a transit-oriented lifestyle thru the project’s direct link to the MRT-3 Magallanes station and a hub for the Citylink bus going to and from McKinley Hill in BGC. There are also nearby loading and unloading points for other public utility vehicles such as city buses, jeepneys and express vans. Despite the centrality of the project’s location, residents get to enjoy privacy and exclusivity far from the city noise as residential units and recreational amenities begin at the sixth level. The four towers have all been completed and sold out.

**PIONEER WOODLANDS** is located along EDSA corner Pioneer Street in Mandaluyong City, envisioned to be a six-tower transit-oriented community. This prime 1.27-hectare development has close proximity to major CBDs such as Ortigas Center, Makati and Bonifacio Global City, making it a preferred address of end-users and investors. Residents can conveniently ride the MRT-3 through the project’s direct access to Boni Avenue station, on top of the bus stops along EDSA. Recreational amenities will be situated at the 5th level of the podium while the first two floors of Towers 1 and 2 host a commercial arcade. Towers 1, 2, 3 and 4 have been completed and sold out, while Towers 5 and 6 are under pre-selling stage, slated for turnover by 2020 and 2022, respectively.

**LITTLE BAGUIO TERRACES** is composed of four mid-rise to high-rise towers on an 8,000-square meter property bounded by N. Domingo Street and Aurora Boulevard in San Juan City. Residents, especially students, can conveniently walk either to J. Ruiz station or to Gilmore station and ride the LRT-2 which leads to the university belts of Manila and Quezon City. Towers 1, 4, 3 and 2, in sequence of turnover, are now ready-for-occupancy with few units left. Homeowners can experience quality city living through recreational amenities at the podium level, featuring a swimming pool, kiddie pool, jacuzzi, jogging paths, playground, daycare center and pocket gardens.

**KASARA URBAN RESORT RESIDENCES** is located between Eagle Avenue and P.E. Antonio Street in Ugong, Pasig City, few steps away from the major thoroughfare of C5 Road. More than 60% of 1.8-hectare land area is allotted for open space and resort-type amenities such as a centerpiece lake-inspired pool, waterfalls, koi ponds, fountains and bubblers, multi-purpose courts, children’s playground, jogging paths, pocket gardens, and a clubhouse with bar and function room, providing its residents a world-class vacation lifestyle. Tower 1 has been completed with few units left for sale, Tower 2 is expected to be finished in 2019,

while Towers 3 and 5 are in full-swing construction. Towers 4 and 6, with brisk sales, shall commence construction soon .

**THE ROCHESTER** is a 3-hectare community at Elisco Road, San Joaquin, Pasig City, that will feature seven mid-rise towers with Asian Modern architectural design, imbued with earth tone hues, and incorporated with wide open space and glass windows so that natural sunlight and air can freely flow. It is highly accessible to the Bonifacio Global City because of its proximity to the C5 Road and Kalayaan Avenue intersection. Its community clubhouse hosts a function room, fitness gym, bar and lounge, and game area, with an adjacent multi-purpose court, playground and swimming pool. Garden Villas 1 and 2 as well as Breeze and Parklane Towers are now ready-for-occupancy and all units are sold out. Palmridge, Hillcrest and Bridgeview Towers are under pre-selling, in full-swing construction, and set for turnover from 2019 to 2021.

**THE CAMBRIDGE VILLAGE** is by far the Company's largest condominium development, with 37 mid-rise towers built on an 8-hectare land along East Bank Road at the boundary of Pasig City and Cainta, Rizal. This project, targeted to the broad mid-income sector, is nearing completion with few units left for sale. Residents can now enjoy amenities at the clubhouse such as swimming pools, open court, function area, karaoke bar, fitness gym, library and mini-theater. Selected towers have ground-level retail shops, providing basic needs of residents for consumer goods and wellness services. The construction of the last 3 towers is almost completed.

**THE SONOMA** in Santa Rosa City, Laguna, is a 50-hectare horizontal development that features single-detached Asian Modern homes, centered with an amenity zone where residents can enjoy amenities such as a clubhouse, function halls, swimming pools and basketball court. At the frontage of the subdivision is a commercial strip called 1433 West Row. The four phases, called Enclave, Country Club, Pavilion and Esplanade, have completed its land development. Buyers have started building their houses while few only few lots for sale remain.

**COVENT GARDEN** will feature two high-rise condominium towers on a 5,000-square meter property at Santol Street Extension, fronting Magsaysay Boulevard, in Sta. Mesa, Manila. The project is approximately 5-minute walk to V. Mapa station of LRT-2, giving advantage to students of the premier universities in Manila and Quezon City. The amenities at the 5th level will provide residents an urban sanctuary ambiance and experience in the middle of the busy and congested city. South Residences which is more than halfway completed and North Residences which is in the initial stage of construction are scheduled for turnover by 2020 and 2022, with few remaining units left for pre-selling.

**MANGO TREE RESIDENCES** is an elite development in San Juan City, with two towers set to rise on a 3,000-square meter property along M. Paterno corner J. Ledesma Streets. Through efficient road networks on both ends of M. Paterno Street, via N. Domingo Street and Santolan Road, residents can easily go to shopping malls, hospitals, offices and schools in Quezon City, Manila, Greenhills and Ortigas CBD. The perimeter of the property is naturally filled with decades-old mango trees, which will be retained alongside the new high-rise development. Both West Residences and East Residences which are in the initial stages of construction, will rise on stilts, providing a through-and-through view of the greenery and amenities at the ground level. Residential lobbies will have double-height ceiling, providing a five-star ambiance at the entrance. Swimming pool, fitness gym, function rooms, yoga stations, alfresco lounge and garden decks will be enjoyed by its future residents.

**THE PADDINGTON PLACE** is the Company's latest offering in its portfolio of transit-oriented developments. The four high-rise towers on a 8,700-square meter property will be elevated on a podium, where the first two levels will become a lifestyle shopping mall and 7th level amenity zone will host swimming pools, fitness gym, game room, garden decks, function rooms and grand function halls. Future residents can easily walk towards the MRT-3 Shaw Boulevard station and the Ortigas CBD across EDSA. Aspiring homebuyers can choose from executive studio, 1-to-2-bedroom units, and penthouse suites.

**SOUTHPOINT SCIENCE PARK** is located at Gimalas, Balayan, Batangas. This 51-hectare property in southern Luzon is a mixed-use development.

## Market Price of and Dividends on Common Equity

The Company's common shares are traded on the Philippine Stock Exchange ("PSE"). The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017	High	0.78	0.75	0.82	0.71
	Low	0.66	0.65	0.67	0.64
2018	High	0.75	0.73	0.63	0.58
	Low	0.62	0.61	0.55	0.47
2019	High	0.60			
	Low	0.48			
5/09/19	Close	0.48			

## Holdings

As of 31 March 2019, there were 12,426 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of March 31, 2019.

<b>Rank</b>	<b>Name of Holder</b>	<b>Number of Shares</b>	<b>Percentage of Ownership</b>
1.	Megaworld Corporation	11,994,426,438	81.7202%
2.	PCD Nominee Corporation (Filipino)	1,712,511,933 <sup>1</sup>	11.6686%
3.	PCD Nominee Corporation (Non-Filipino)	496,616,397	3.3838%
4.	The Andresons Group, Inc.	149,692,820	1.0200%
5.	Andrew L. Tan	24,277,777	0.1654%
6.	Simon Lee Sui Hee	16,685,206	0.1137%
7.	Ramon Uy Ong	14,950,000	0.1019%
8.	Lucio W. Yan	10,350,000	0.0705%
9.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%
10.	Evangeline R. Abdullah	4,324,000	0.0295%
11.	George T. Yang	3,675,400	0.0250%
12.	Zheng Chang Hua	3,220,000	0.0219%
13.	Tiong C. Rosario	3,138,791	0.0214%
14.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
15.	Trans-Asia Securities, Inc.	3,000,000	0.0204%
16.	Luisa Co Li	2,902,908	0.0198%
17.	Edward N. Cheok	2,875,000	0.0196%
18.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
19.	Maximino S. Uy	2,357,500	0.0159%
20.	Aboitiz & Company	2,314,421	0.0158%

The information provided above is not being presented in connection with securities to be issued pursuant to an acquisition, business combination or other reorganization initiated by or involving the Company.

<sup>1</sup> This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

## Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that are not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

No stock dividends were declared on the Company's common shares for 2007 to 2018. The Company declared a 15% stock dividend on March 15, 2006, which was paid on August 8, 2006 to all shares of common stock outstanding as of July 13, 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred per cent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

## Recent Sales of Unregistered or Exempt Securities

On 26 June 2013, One Billion Two Hundred Million (1,200,000,000) common shares of the capital stock of the Company were issued to Megaworld Corporation, at the price of One Peso & 05/100 centavos per share for an aggregate subscription price of One Billion Two Hundred Sixty Million (Php1,260,000,000.00).

Relative to the subscription of Megaworld Corporation, the Company filed on 05 July 2013 with the Philippine Securities and Exchange Commission ("SEC") a Notice of Exempt Transaction under Section 10.1(e) of the Securities Regulation Code.

## Directors and Executive Officers

There are seven (7) members of the Company's Board of Directors, two of whom are independent directors. An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director [SRC Rule 38]. All directors were elected during the annual meeting of stockholders held on 13 June 2018 for a term of one year and until their successors are elected and qualified.

Information concerning the background of the directors/nominees for directors and executive officers of the Company indicating their principal occupation or employment and their business or professional experience for the past five (5) years is provided below.

The table sets forth each member of the Company's Board of Directors and the Company's executive officers as of 31 March 2019.

<b>Name</b>	<b>Present Position</b>
Andrew L. Tan.....	Chairman of the Board
Anthony Charlemagne C. Yu.....	Director/President
Cresencio P. Aquino.....	Independent Director
Alejo L. Villanueva, Jr.....	Independent Director
Evelyn G. Cacho.....	Director/Senior Vice President/ Corporate Information Officer/ Compliance Officer
Enrique Santos L. Sy.....	Director

Kevin Andrew L. Tan.....	Director
Ricky S. Libago.....	Executive Vice President
Ricardo B. Gregorio.....	First Vice President for Human Resources and General and Administration Services
Jhoanna Lyndelou T. Llaga.....	First Vice President for Marketing
Kim Camille B. Manansala.....	Assistant Vice President for Audit and Management Services
Giovanni C. Ng.....	Treasurer
Dennis E. Edaño.....	Corporate Secretary
Celeste Z. Sioson.....	Assistant Corporate Secretary

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

**Andrew L. Tan**

Chairman of the Board

Mr. Tan, Filipino, 69 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board and President of Megaworld Corporation, a publicly listed corporation and the parent of the Company, and Chairman of other publicly listed companies Alliance Global Group, Inc., Emperador Inc. and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through Megaworld's integrated township communities, thus fueling the growth of the business process outsourcing (BPO) industry. He chairs publicly-listed Alliance Global Group, Inc. which holds interests in property development through Megaworld, integrated tourism estates development through Global-Estate Resorts, Inc. He is the director of Travellers International Hotel Group, Inc. which owns Resorts World Manila, and food and beverage manufacturing and distribution through Emperador Inc., which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines, and Golden Arches Development Corporation, which operates and franchises quick service restaurants under the McDonald's brand. Mr. Tan also serves in the boards of various companies: Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties, Inc., Gilmore Property Marketing Associates, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., Townsquare Development, Inc. and Richmonde Hotel Group International Limited. Mr. Tan is also the Chairman of Megaworld Foundation, Megaworld's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance and environmental conservation.

**Anthony Charlemagne C. Yu**

Director/President

Mr. Yu, 56 years old, Filipino, has been a member of the Company's Board of Directors since January 1998 and has served as President of the Company for the same period. He joined Megaworld Land, Inc. in September 1996 and served as its Vice President until December 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Bachelor of Laws degree from the University of the Philippines. He holds a Master's Degree from the University of London. Mr. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a legal associate at a big law firm and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavio. He also served as a Consultant in the Senate of the Philippines. He was a member of the University Faculty of the Ateneo de Manila University for many years, and sat on the board of the Institute of the Philippine Culture of the Ateneo de Manila University. Mr. Yu has also served as a Law Professor in the College of Law of the University of the Philippines. He was Philippine Delegate to the Integrated Environmental Management Forum held in Israel in 1995. Mr. Yu was a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sits in the Board of Trustees of Management Advancement Systems, Association, Inc. He is currently the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise

development. He is the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He is also a member of the Board of Trustees of a non-profit research and education development institution that provides socio-economic research and analysis on people's issues to various sectors. Mr. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc.

**Cresencio P. Aquino**

Independent Director

Atty. Aquino, 65 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He is a graduate of the San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016, Independent Director of Global-Estate Resorts, Inc. from 2010 to 2012, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government ("**DILG**") from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino He was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines.

**Enrique Santos L. Sy**

Director

Mr. Sy, 69 years old, Filipino, was elected to the Board on 9 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to December 23, 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves in the boards of publicly-listed Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc. and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

**Evelyn G. Cacho**

Director/Senior Vice President

Ms. Cacho, 57 years old, Filipino, has served as director of the Company since February 20, 2009. Ms. Cacho joined the Company in February 1995. She currently serves as director of the Company's subsidiaries, Empire East Communities, Inc., Laguna BelAir School, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Sherman Oak Holdings, Inc. She concurrently serves as Director in publicly-listed Suntrust Home Developers, Inc. She also holds the position of Treasurer of Megaworld Central Properties, Inc. and Megaworld Newport Property Holdings, Inc. She is the Assistant Corporate Secretary of Gilmore Property Marketing Associates, Inc. Prior to joining the Company, she had extensive experience in the fields of financial/operations audit, treasury and general accounting from banks, manufacturing and trading companies. Ms. Cacho has a bachelor's degree in Business Administration major in Accounting and is a certified public accountant by profession.

**Alejo L. Villanueva, Jr.**  
Independent Director

Mr. Villanueva, 77 years old, Filipino, is an independent director of the Company since June 2007. He is concurrently an independent director of Alliance Global Group, Inc., Suntrust Home Developers, Inc., and Emperador Inc. and a Director of First Capital Condominium Corporation, a non-stock, non-profit corporation. He is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project of USAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

**Kevin Andrew L. Tan**  
Director

Mr. Tan, 39 years old, Filipino, has served as Director last June 2015. He is the Senior Vice President for Commercial Division of Megaworld Corporation which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of public-listed company, Alliance Global Group, Inc. He is also the concurrently a Director of publicly listed companies Emperador Inc. and Global-Estate Resorts, Inc. and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties, Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a trustee and a Treasurer of Megaworld Foundation, Inc. He has over 11 years of experience in retail leasing, marketing and operations. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

**Ricky S. Libago**  
Executive Vice President

Mr. Libago, 54 years old, Filipino, has been with the Company since July 2008. He served as Senior Vice President for Project Development, the position he held prior to his appointment as Executive Vice President in July 2016. Prior to joining the Company, he worked with Citibank Japan for 3 years and Citibank Philippines/Citibank Asia Pacific for 5 years with the Corporate Realty Services Group. He also previously worked with Universal Rightfield Holdings, Inc. (a real estate joint venture company with DMCI), Megaworld Land, Inc. (a subsidiary of Megaworld), Ayala Property Management Corporation (a subsidiary of Ayala Land, Inc.) and Makati Development Corporation (the construction arm of Ayala Land, Inc.). Mr. Libago is a licensed Civil Engineer and a Sanitary Engineer. He obtained his Civil Engineering degree from Ateneo de Cagayan (Xavier University) and his Sanitary Engineering degree from the National University.

**Ricardo B. Gregorio**  
First Vice President for Human Resources and General and Administration Services

Mr. Gregorio, 56 years old, Filipino, has been with the Company since August 1997. Prior to his appointment as First Vice President in Human Resources General Administration Services in July 2015, he occupied the position of Vice President for Human Resources General and Administration Services in June 2003 and as Assistant Vice President for HRAD, Purchasing and Warehouse Department in January 1999. He joined the



Company as Purchasing Manager and served as such until October 1997. From November 1997 to December 1998, he served as HRAD and Purchasing Senior Manager of the Company. Mr. Gregorio is a certified public accountant by profession. He graduated cum laude from the Araullo University in 1988 with a bachelor's degree in Commerce major in accounting. In 2000, he obtained his Master's Degree in Business Administration from the University of the Philippines and in 2002, a diploma in Human Resource Management from the University of Santo Tomas.

**Jhoanna Lyndelou T. Llaga**

First Vice President for Marketing

Ms. Llaga, 48 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary and as an SVP of Megaworld Central Properties, Inc., an affiliate. She joined the company in April 1996 and held various marketing positions. She was appointed as Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011 and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

**Kim Camille B. Manansala**

Assistant Vice President for Audit and Management Services

Ms. Manansala, 28 years old, Filipino, currently serves as Assistant Vice President for Audit. She joined the company in May 2016 as Senior Audit Manager, appointed as Audit and Management Services (AMS) Head in July 2016 and AVP for AMS in January 2017. She is also the assigned Project Manager for the SAP implementation from January 2017 to present. Prior to joining the company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a certified public accountant by profession.

**Giovanni C. Ng**

Treasurer

Mr. Ng, 45 years old, Filipino, has served as Treasurer of the Company since January 6, 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

**Dennis E. Edaño**

Corporate Secretary

Mr. Edaño, 42 years old, Filipino, is the Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Mr. Edaño was Assistant Corporate Secretary of the Company. Mr. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Mr. Edaño obtained his bachelor's degree in Law in 1999 from the University of the Philippines and his bachelor's degree in Liberal Arts major in Philosophy from the same institution in 1995.

**Celeste Z. Sioson**

Assistant Corporate Secretary

Ms. Sioson, 42 years old, Filipino, is the Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently Vice President of the Legal and Corporate Affairs Department of the Company. Ms. Sioson obtained her bachelor's degree in Law from the University of the Philippines in 2002 and her bachelor's degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

**Financial Information**

Financial Statements of the Company and its subsidiaries (the "Group") as of 31 December 2017 and 2016 and Interim Financial Statements as of 30 September 2018 are attached hereto and incorporated herein by reference.

**Management's Discussion of Financial Condition and Results of Operations**

For 2018, the following are top key performance indicators of the Group:

		2018	2017 (As restated)
Sales		P3.5 Billion	P3.9 Billion
Net Profit		P535.1Million	P569.3 Million
Current Ratio	*1	3.34:1	3.29:1
Quick Ratio	*2	0.66:1	0.61:1

\*1- Current Assets/Current Liabilities

\*2- Cash and cash equivalents+Trade and other receivables/ Total Current Liabilities

**1) Real Estate Sales**

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila

**2) Other Revenues**

Other income derived from various sources contributed to the Group's revenue.

**3) Ability to repay loan obligations**

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

**4) Continuous development of projects**

The Group aggressively undertakes construction and development activities and has been exerting efforts to deliver its projects within the commitment timetable.

## **RESULTS OF OPERATIONS**

### **(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)**

#### Review of December 31, 2018 versus December 31, 2017

During the twelve-month period, the consolidated net profit amounted to P535.1 million, with 6% decrease from previous year's net income of P569.3 million. Consolidated revenues, composed of real estate sales,, finance income, commissions and other revenues posted a decrease of 9% from P4.9 billion to P4.4 billion.

#### Real Estate Sales

The Group registered Real Estate Sales of P3.5 billion for twelve months ended December 31, 2018 compared with P3.9 billion in 2017. The sales generated were derived from various projects including Kasara Urban Resort Residences, San Lorenzo Place, Pioneer Woodlands, The Rochester, The Cambridge Village, Little Baguio Terraces, The Sonoma, California Garden Square and Laguna Bel Air projects.

The Cost of Real Estate Sales amounting to P2.0 billion in 2018 and P2.3 billion in 2017, as a percentage of Real Estate Sales was 59% and 58% in 2018 and 2017 respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.4 billion during the twelve months of 2018 and P1.7 billion in 2017, or 41% and 42% of Real Estate Sales in 2018 and 2017 respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product.

#### Other Revenues

The finance income amounting to P290.2 million and P241.2 million in 2018 and 2017 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 7% and 5% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P640.3 million in 2018 and P690.0 million in 2017, represents 14% of total revenues in 2018 and 2017.

#### Operating Expenses

Operating Expenses for 2018 and 2017 amounted to P1.3 billion and P1.4 billion respectively. Other charges/expenses include Finance Cost of P343.0 million and P304.9 million in 2018 and 2017, respectively.

## **FINANCIAL CONDITION**

#### Review of December 31, 2018 versus December 31, 2017

Total resources of the Group as of December 31, 2018 and December 31, 2017 amounted to P42.6 billion and P39.2 billion respectively. Cash and Cash Equivalents increased from P1.3 billion to P1.8 billion. The Group remained liquid with Total Current Assets of P37.1 billion in 2018 and P31.8 billion in 2017, which accounted for 87% and 81% of the Total Assets in 2018 and in 2016, while its Total Current Liabilities amounted to P11.1 billion in December 31, 2018 as compared with P9.7 billion in December 31, 2017.

The Equity increased from P25.8 billion in the previous year to P27.7 billion as of December 31, 2018 due to Group's Net Income for the 12-month period, revaluation of equity investments held by a subsidiary and consolidation of new subsidiary.

For the twelve months of 2018 and in the year 2017, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2018 Financial Statements  
(Increase or decrease of 5% or more versus December 31, 2017)

Statements of Financial Position

- 42% increase in Cash and cash equivalents  
Mainly due to increase in collections and receipt of proceeds from bank loan
- 10% increase in Trade and other receivables  
Mainly due to adoption of new financial reporting standards
- 9% increase in Contract Assets  
Mainly due to adoption of new financial reporting standards
- 17% increase in Advances to related parties  
Primarily due to interest on advances
- 10% increase in Real estate inventories  
Mainly due to adoption of new financial reporting standards
- 31% increase in Prepayments and other current assets  
Mainly due to adoption of new financial reporting standards
- 26% decrease in Available for sale financial assets  
Primarily due to decrease in fair market value of investment in securities held by a subsidiary
- 54% decrease in Advances landowners and joint venture  
Primarily due to collections from landowners and joint venture
- 75% decrease in Investment in associate  
Pertains to reclassification of an associate to a subsidiary
- 26% increase in Property and equipment  
Primarily due to increase in leasehold improvements
- 100% increase in Intangible assets  
Mainly due to purchase of system software
- 513% increase in Investment property  
Primarily due to increase in retail units for lease
- 34% decrease in Contract liabilities  
Mainly due to adoption of new financial reporting standards
- 22% increase in Customers' deposits  
Mainly due to increase in reservation sales and collection from various projects
- 24% increase in Advances from related parties  
Due to project related advances
- 46% decrease in Retirement benefit obligation  
Due to re-measurement of retirement obligation
- 99% decrease in Income tax payable  
Mainly due to increase in creditable withholding taxes applied versus income tax liability
- 10% increase in Other current liabilities  
Pertains to refund liability related to Maceda Law

- 13% increase in Deferred Tax Liabilities  
Mainly due to adoption of new financial reporting standards

Statements of Comprehensive Income  
(Increase or decrease of 5% or more versus December 31, 2017)

- 11% decrease in Real estate sales  
Primarily due to implementation of new financial reporting standards which both collections and completion of projects are considered
- 20% increase in Finance income  
Mainly due to adoption of new financial reporting standards
- 7% decrease in Commission & other income  
Mainly due to decrease in other revenues of the group
- 9% decrease in Cost of real estate sales  
Pertaining to decrease in sales
- 13% increase in Finance costs  
Mainly due to interest on additional loans
- 12% decrease in Operating expenses  
Mainly due to decrease in marketing and administrative expenses
- 17% decrease in Tax expense  
Mainly due to decrease in taxable income

For the year 2019, the projected capital expenditures of roughly P5.0 billion is expected to be funded by collections, borrowings and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2017, the following are top key performance indicators of the Group as restated:

	2017 (As restated)	2016 (As restated)
Sales	P3.93 Billion	P3.96 Billion
Net Profit	P569.3 Million	P521.5 Million
Current Ratio	*1 3.29:1	3.88:1
Quick Ratio	*2 0.61:1	0.63:1

\*1- Current Assets/Current Liabilities

\*2- Cash and cash equivalents+Trade and other receivables/ Total Current Liabilities

### 1. Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila

### 2. Other Revenues

Other income derived from various sources contributed to the Group's revenue.

### 3. Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

### 4. Continuous development of projects

The Group aggressively undertakes construction and development activities and has been exerting efforts to deliver its projects within the commitment timetable.

## **RESULTS OF OPERATIONS**

### **(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)**

#### Review of December 31, 2017 versus December 31, 2016

During the twelve-month period, the consolidated net profit amounted to P569.3 million, 9% higher than the previous year's net income of P521.5 million. Consolidated revenues, composed of real estate sales, realized gross profit, finance income, commissions and other revenues posted a decrease of 1% from P4.92 billion to P4.86 billion.

#### Real Estate Sales

The Group registered Real Estate Sales of P3.93 billion for twelve months ended December 31, 2017 compared with P3.96 billion in 2016. The sales generated were derived from various projects including Kasara Urban Resort Residences, San Lorenzo Place, Pioneer Woodlands, The Rochester, The Cambridge Village, Little Baguio Terraces, The Sonoma, California Garden Square and Laguna Bel Air Projects .

The Cost of Real Estate Sales amounting to P2.3 billion in 2017 and P2.5 billion in 2016, as a percentage of Real Estate Sales was 58% and 63% in 2017 and 2016 respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.7 billion during the twelve months of 2017 and P1.5 billion in 2016, or 42% and 37% of Real Estate Sales in 2017 and 2016 respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product.

#### Other Revenues

The finance income amounting to P241.2 million and P276.9 million in 2017 and 2016 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 6% and 7% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P690.0 million in 2017 and P678.4 million in 2016, represents 14% of total revenues in 2017 and 2016.

#### Operating Expenses

Operating Expenses for 2017 and 2016 amounted to P1.4 billion. Other charges/expenses include Finance Cost of P304.9 million and P258.7 million in 2017 and 2016, respectively.

### **FINANCIAL CONDITION**

#### Review of December 31, 2017 versus December 31, 2016

Total resources of the Group as of December 31, 2017 and December 31, 2016 amounted to P39.2 billion and P36.7 billion respectively. Cash and Cash Equivalents increased from P1.0 billion to P1.3 billion. The Group remained liquid with Total Current Assets of P31.8 billion in 2017 and P30.6 billion in 2016, which accounted for 81% and 83% of the Total Assets in 2017 in 2016, while its Total Current Liabilities amounted to P9.7 billion in December 31, 2017 as compared with P7.9 billion in December 31, 2016.

The Equity increased from P24.9 billion in the previous year to P25.8 billion as of December 31, 2017 due to Group's Net Income for the 12-month period and revaluation of equity investments held by a subsidiary.

For the twelve months of 2017 and in the year 2016, the Group sourced its major cash requirements from internally generated funds, and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

#### Material Changes in the 2017 Financial Statements (Increase or decrease of 5% or more versus December 31, 2016)

##### Statements of Financial Position

- 27% increase in Cash and cash equivalents  
Mainly due to proceeds from loan availment
- 19% increase in Trade and other receivables  
Due to increase in real estate sales
- 25% increase in Contract assets  
Mainly due to adoption of new financial reporting standards
- 8% increase in Advances to related parties  
Primarily due to interest on advances
- 6% decrease in Prepayments and other current assets  
Pertains to input vat offset against vat payable

- 25% increase in Available for sale financial assets  
Primarily due to increase in fair market value of investment in securities held by a subsidiary
- 27% increase in Property and equipment  
Primarily due to increase in capital expenditures
- 12% decrease in Investment property  
Primarily due to depreciation charges
- 22% increase in Trade and other payables  
Various payables to contractors and suppliers due to increasing construction activities
- 47% increase in Contract liabilities  
Mainly due to adoption of new financial reporting standards
- 7% increase in Customers' deposits  
Mainly due to increase in reservation sales and collection from various projects
- 22% increase in Advances from related parties  
Due to project related advances
- 68% decrease in Income tax payable  
Mainly due to increase in quarterly tax payments
- 35% increase in Other current liabilities  
Due to increase in retention payables to suppliers and contractors and adoption of new financial reporting standards
- 8% increase in Retirement benefit obligation  
Due to re-measurement of retirement obligation
- 6% increase in Deferred Tax Liabilities  
Mainly due to increase in deferred income tax expense

Statements of Comprehensive Income  
(Increase or decrease of 5% or more versus December 31, 2016)

- 13% decrease in Finance income  
Primarily due to varying payment terms of accounts under in-house financing
- 100% decrease in Equity in net earnings of associates  
Pertaining to net losses of associates
- 9% decrease in Cost of real estate sales  
Pertaining to decrease in cost of certain projects
- 18% increase in Finance costs  
Mainly due to interest on additional loans
- 16% increase in Tax expense  
Mainly due to increase in taxable income

For the year 2018, the projected capital expenditures of roughly P5.0 billion is expected to be funded by collections, borrowings and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.



There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

**For 2016, the following are top key performance indicators of the Group:**

		<b>2016</b>	<b>2015</b>
Sales		P4.12 Billion	P4.02 Billion
Net Profit		P600.3 Million	P550.5 Million
Current Ratio	*1	3.54:1	3.72:1
Quick Ratio	*2	.72:1	.71:1

*\*1- Current Assets/Current Liabilities*

*\*2- Cash and cash equivalents+Trade and other receivables/ Total Current Liabilities*

**2) Increase in Real Estate Sales**

The Group's marketing concepts and sales strategies, project location, flexible payment scheme and aggressive selling have contributed to the increase in sales. The Group's new projects are connected to mass transit system and are conveniently located in business districts of Metro Manila

**5) Other Revenues**

Other income derived from various sources contributed to the Group's revenue.

**6) Ability to repay loan obligations**

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

**7) Continuous development of projects**

The Group aggressively undertakes construction and development activities and has been exerting efforts to deliver its projects within the commitment timetable.

## 8) Landbanking

The Group has been continuously acquiring interests in properties through either outright acquisitions or joint venture arrangements with landowners. It intends to have sufficient properties for development within the next 5 to 7 years.

### **RESULTS OF OPERATIONS**

#### Review of December 31, 2016 versus December 31, 2015

During the twelve-month period, the consolidated net profit amounted to P601.1 million, 9% higher than the previous year's net income of P550.5 million. Consolidated revenues, composed of real estate sales, realized gross profit, finance income, earnings of associates, commissions and other revenues posted an increase of 3% from P5.1 billion to P5.2 billion.

#### Real Estate Sales

The Group registered Real Estate Sales of P4.1 billion for twelve months ended December 31, 2016 compared with P4.0 billion in 2015. The sales generated were derived from various projects including, San Lorenzo Place, Pioneer Woodlands, The Sonoma, The Rochester, The Cambridge Village, California Garden Square, Kasara Urban Resort Residences, Little Baguio Terraces, Greenhills Garden Square and Laguna Bel Air Projects.

The Cost of Real Estate Sales amounting to P2.7 billion in 2016 and P2.6 billion in 2015, as a percentage of Real Estate Sales was 64% and 65% in 2016 and 2015 respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.5 billion during the twelve months of 2016 and P1.4 billion in 2015, or 36% and 35% of Real Estate Sales in 2016 and 2015 respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product. Realized Gross Profit amounting to P1.4 billion for 2016 and 2015, represents 35% of Real Estate Sales in both years.

#### Other Revenues

The finance income amounting to P323.6 million and P324.1 million in 2016 and 2015 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 6% of total revenues for both years. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P678.4 million in 2016 and P662.0 million in 2015, represents 13% of total revenues in 2016 and 2015.

#### Operating Expenses

Operating Expenses for 2016 and 2015 amounted to P1.4 billion. Other charges/expenses include Finance Cost of P199.6 million and P177.4 million in 2016 and 2015, respectively.

### **FINANCIAL CONDITION**

#### Review of December 31, 2016 versus December 31, 2015

Total resources of the Group as of December 31, 2016 and December 31, 2015 amounted to P38.6 billion and P37.3 billion respectively. Cash and Cash Equivalents decreased from P1.4 billion to P1.0 billion. The Group remained liquid with Total Current Assets of P29.6 billion in 2016 and P28.2 billion in 2015, which accounted for 77% in 2016 and 76% in 2015 of the Total Assets, while its Total Current Liabilities amounted to P8.4 billion in December 31, 2016 as compared with P7.6 billion in December 31, 2015.

The Equity increased from P24.7 billion in the previous year to P24.9 billion as of December 31, 2016 due to Group's profit for the 12-month period net of revaluation of equity investments held by a subsidiary.

For the twelve months of 2016 and in the year 2015, the Group sourced its major cash requirements from internally generated funds, and partly from borrowings.

The Group utilized its funds for construction and development of projects, purchase of properties, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2016 Financial Statements  
(Increase or decrease of 5% or more versus December 31, 2015)

Statements of Financial Position

- 28% decrease in Cash and cash equivalents  
Mainly due to construction related payments
- 26% increase in Trade and other receivables  
Due to increase in real estate sales
- 8% increase in Advances to related parties  
Primarily due to interest on advances
- 17% decrease in Prepayments and other current assets  
Pertains to input vat offset against vat payable
- 21% decrease in Available for sale financial assets  
Primarily due to decrease in fair market value of investment in securities held by a subsidiary
- 49% decrease in Advances to landowners and joint venture  
Mainly due to collection from landowner/joint venture
- 11% decrease in Investment property  
Primarily due to depreciation charges
- 30% increase in Interest-bearing loans and borrowings  
Mainly due to loan availment
- 35% increase in Trade and other payables  
Various payables to contractors and suppliers due to increasing construction activities
- 19% increase in Deferred Gross Profit on Real Estate Sales  
Mainly due to sales of projects with ongoing development
- 5% decrease in Customers' deposits  
Mainly due to recognition of sales
- 6% increase in Advances from related parties  
Due to project related advances
- 10% increase in Retirement benefit obligation  
Due to accrual of retirement obligation for the year
- 9% increase in Deferred Tax Liabilities  
Mainly due to increase in income tax expense

Statements of Comprehensive Income  
(Increase or decrease of 5% or more versus December 31, 2015)

- 9% increase in Realized gross profit on prior years' sale  
Due to construction accomplishment of certain projects
- 109% increase in Equity in net earnings of associates  
Primarily due to increase in earnings of associate

- 79% increase in Deferred gross profit on current year's sales  
Due to construction accomplishment of on-going projects
- 5% increase in Finance costs  
Mainly due to interest on additional loans
- 5% increase in Tax expense  
Mainly due to increase in taxable income

For the year 2017, the projected capital expenditures of roughly P5.0 billion is expected to be funded by collections, borrowings and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

## **Information on Independent Accountant and other Related Matters**

### **External Audit Fees and Services**

The Company's external auditor, Punongbayan & Araullo, billed the amounts of Php1,930,000 in 2018 and Php1,830,000 in 2017 exclusive of VAT respectively, in professional fees for services rendered by it for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2018 and 2017.

Apart from the foregoing, no other services were rendered or fees billed by the Company's external auditors for 2018 and 2017.

The engagement of Punongbayan & Araullo and the handling partner is approved by the Board of Directors in consultation with its Audit Committee and by the stockholders of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company complied with SRC Rule 68(3)(b)(iv) and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the signing partner changed after five (5) years of engagement. A two-year cooling off period shall be observed in the re-engagement of the same signing partner. In this regard, starting the year ending 31 December 2016, Mr. Renan A. Piamonte, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the signing partner for the audit of the Company's financial statements. Mr. Nelson Dinio, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statements for the past five years from 2011 to 2015.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

**The Company shall provide, without charge, to each stockholder a copy of its annual report on SEC Form 17-A, upon written request addressed to Empire East Land Holdings, Inc., Attention: The Corporate Secretary, 28<sup>th</sup> Floor The World Centre, 330 Sen. Gil Puyat Avenue, Makati City.**