

EMPIRE EAST LAND HOLDINGS, INC.
Minutes of the Annual Meeting of Stockholders
14 June 2016
Grand Ballroom, Eastwood Richmond Hotel
17 Orchard Road, Eastwood City, Bagumbayan
Quezon City, Metro Manila, Philippines

Present:

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

I. CALL TO ORDER

Mr. Gerardo C. Garcia, Vice Chairman of the Board, called the meeting to order at 9:18 AM and presided over the meeting. The Corporate Secretary, Atty. Dennis E. Edaña, recorded the proceedings of the meeting.

II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Corporate Secretary certified that all stockholders of record as of 29 April 2016 have been duly notified of the meeting. He also certified that there was a quorum to transact business for the meeting.

III. APPROVAL OF MINUTES OF THE PREVIOUS ANNUAL MEETING

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

IV. MESSAGE TO STOCKHOLDERS

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

Empire East Land Holdings Inc. made clear progress on several strategic fronts in order to bring about shareholder value in 2015.

Over the past year, we achieved solid financial results, adhered to our construction and development timetables, and improved awareness for the brand. These all contributed to our efforts in strengthening the image and reputation of Empire East in the industry and among its customers. The company grew its net income by 14 percent to P550.51 million from P484.5 million in 2014. Real estate sales of Empire East and its subsidiaries reached P4.02 billion, a 15 percent increase from P3.48 billion year on year. Reservation sales, meanwhile, totaled P13.88 billion—a nod to the continuing warm reception of the market for the real estate products conceptualized and created under the Empire East banner.

ACCELERATED SALES AND ACCEPTANCE RATES

Our brand-building initiatives have always been buoyed by the success of our property offerings. Empire East's transit-oriented developments continue to move exceptionally well. We are

very proud that even after nine years, the company's TOD concept continues to be relevant to our market. Take-up for units at Little Baguio Terraces has reached the 55 percent mark. Sales for Pioneer Woodlands and San Lorenzo Place are at 80 percent and 74 percent, respectively.

The company's urban resort residences have marked their own milestones in terms of sales. The Sonoma is nearly 90 percent sold, with over 1,300 of more than 1,500 residential lots already spoken for. The community's commercial lots in a retail strip called 1433 West Row are over 50 percent sold. Also cornering their share of the market are The Rochester, which is 73 percent taken up, and Kasara, now 68 percent sold.

Stable acceptance rates are a barometer for how well Empire East has managed its brand. Strong partnerships with topnotch contractors have allowed us to offer consistently high-quality projects, boosting the confidence and satisfaction of our customers. The acceptance level for units at Little Baguio Terraces and lots at The Sonoma are well over the halfway mark. In Pioneer Woodlands and San Lorenzo Place, over 60 percent of units have been accepted by homeowners. The Rochester, for its part, has an acceptance rate of close to 80 percent.

DEVELOPMENT AND DELIVERY, FAST-TRACKED

People flock to trustworthy brands in a cyclical market. Through the years, Empire East has been honored with the public's trust, having been a constant force in delivering on its commitments while providing exceptional brand value. In 2015, the company poured P3.31 billion into various construction and development activities to ensure that homebuyers are able to experience the lifestyle they invested in as soon as possible.

Delivery is on schedule for Empire East's TODs. The company continues to turn over Towers 1 and 4 of Little Baguio Terraces. Work for Tower 2 and Tower 3 of the same project have reached the 51 and 75 percent mark, respectively.

At the project site of The Sonoma, construction of individual homes is ongoing, which is slowly bringing the Asian Modern look of the entire community to life. The development's four phases are complete and have been handed over. Meanwhile, Garden Villas 1 and 2 of The Rochester are complete and turned over. Work for its Parklane Tower, Palmridge Tower and Hillcrest Tower continues at a steady pace. For Kasara's Tower 1 and Tower 2, work is at 48 and 43 percent, respectively. Staying strong, innovative and relevant robust growth, sustained operational efficiency and stable project life cycles have all been part of the company's achievements over the past year. These, together with our passion to continuously keep the Empire East brand top of mind, allow us to look forward to increased profitability, greater public visibility and stronger brand equity. We are just as excited to seize emerging opportunities in a time where customer behaviors are quickly evolving.

To keep to our schedule of delivering quality properties to homebuyers and investors, we expect to spend about P4 billion to P5 billion for construction and development work in 2016. We currently have P2.9 billion worth of properties in our land bank, with an aggregate area of 404 hectares. As we prepare to roll out new phases for our existing projects, we are intent on coming up with new, creative and memorable ways to keep the company in the mind space of the market. We have, in fact, tailored our out-of-home advertising strategies to accomplish exactly this.

Empire East is confident about the future. As our business continues to remain anchored on long-term growth orientation and product and service differentiation, we see the company giving more—and being more—for its customers. We would like to recognize our shareholders, business partners, employees and clients for holding the company to the highest standards. Thank you for your support as we continue to push boundaries in the real estate industry while keeping the brand authentic and focused on value.

V. OPEN FORUM

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

Question: I would just like to know and also for everyone. There has been a lot of talk regarding a bubble in the property market, is the country experiencing such a bubble and is Empire East affected by it? If so, "Paano po kaya kami mapoprotektahan from that" or rather I say how do we secure ourselves from such a bubble?

Answer: I'm glad you asked that question. If a developer gives you an answer, it would always be considered as one that is self-serving. It would be best for us to listen to independent people, like independent government agencies come up with their own assessment of the matter because they are able to objectively quantify the different variables that are affecting the economy and derived therefrom a conclusion supported by facts.

Last week, I remember the Bangko Sentral ng Pilipinas (BSP) Deputy Governor Diwa Guinigundo came up with the results of the new residential real estate price index (RREPI) which showed that there was an increase in price. According to Dep. Gov. Guinigundo, this increase in price represents a very vibrant housing industry and is not a cause for worry. His boss, BSP Governor Tetangco on the other hand, categorically stated that the economy is doing very well, there is no alarm and there is no bubble in the property market. In fact, Gov. Tetangco said that based on the figures that they have, this supply that we see is actually fueled by the actual demands and supported with a fact that we have a backlog of about 4 million housing units in the country because of the lack of government housing projects. And as you can see the trend, the response of the developers today is to fill up this backlog not only in Metro Manila but it is now dispersed even in the provinces. So to answer your question, according to independent government agencies, there is no bubble, there is backlog that is yet to be filled and many of the developers are now more going to areas outside the Metro Manila, so you have developments that are more dispersed than those that we have before which are concentrated only in Metro Manila.

Question: I just want to ask, since we all know that as the Company grows, it needs to invest the money back to the Company for it to expand. But I just want to ask, are there any plans of declaring dividends in the near future?

Answer: You are correct in saying that as the Company grows, it has to allocate more funds back to the Company for it to be able to expand. In a highly competitive market that we have today, with all the developers expanding all over the country throughout the different segments, it is important for a company like ours to sustain our leadership in the sector that we are in. It is for this reason that it is more prudent to plough back the funds that we have, for us to invest and continue to expand. It may not also be practical to declare dividends at this particular point in time because the company still sources its funds from loans in order to meet the rapid expansion. We are hopeful that all these steps that we are taking today, all these efforts will redound ultimately to the benefit of the stockholders and will increase the shareholders' value.

Question: I would just like to ask, do you foresee an economic crisis under a Duterte presidency? Will the country collapse?

Answer: Even before the elections were held in May, we were already of the firm belief that the Philippine economy will remain very robust regardless of who wins the election in May. This is the sentiment not only of ours but of many multi-lateral agencies just like the World Bank, the Asian Development Bank and other institutions. If you look at the recent pronouncements of the President-elect with respect to his firm resolve to fight corruption, his firm resolve to fight crime and his intent to wipe out the drug menace in the country, I think all of these factors would certainly be a big boost in the Philippine Business since such decisive actions have a stabilizing effect. And if you look at the pronouncements of his Finance Secretary designate Sonny Dominguez in several statements, committed that the government under the Duterte administration will not under-spend insofar as infrastructure and other projects are concerned. That is a very welcome news to us in the business sector. All these measures, we feel, are very promising developments and positive developments. Therefore we are very optimistic that the economy will continue to be good, things will continue to do well in the years to come.

Question: From your message a while ago, the Company has been declaring more than 10Billion of reservation sales each year, which is very good compared to other companies. My question is, why are these sales not reflected in the financial results?

Answer: Our booking of sales is based on the percentage of collection. Following the standard payment terms of most major developers in the country, these reservation sales are not booked on the same year, they are booked on the 3rd or 4th year later depending on the terms of payment. The reservation sales are continually monitored by an in-house team in order for us to determine when it reaches that threshold and to be able to book them as sales. So, the answer to your question is, you will not immediately see these reservation sales reflected in the financial reports because of the manner it is being paid, because of terms of payment.

Question: I know that Empire East is one of the big players in the industry. But what are the risks you face and how stable is the Company?

Answer: Your Company is very stable. It has assets worth 37.27-billion, it has 5.2-billion worth of receivables, we have 404 hectares of property in our landbank, we are currently developing and constructing 8 multi-tower projects. We have Pioneer Woodlands, San Lorenzo Place, Little Baguio Terraces, Rochester, Kasara, Cambridge Village, South Science Park and Covent Garden, all of these are multi-tower developments. We have also registered, as we reported earlier, a healthy growth in sales from 3.48Billion in 2014 to 4.02Billion in 2015, and majority of the stocks of the company is owned by one of the biggest, if not the biggest, the most prestigious developer in the country, Megaworld Corporation. So your company is very stable.

In so far as risk are concerned, any company around the world would face normal risk scenarios. However, because of the manner we manage the business, what we do is we either take away the risks or minimize these risks. What are some of the risks that all of the companies around the world would think of? For instance, people are talking about interest rate risk. Your Company does not have such interest rate risk because the loan that we have, it is in a fixed interest basis. Another possible risk that people talk about is accounting risk. Accounting risk is present only when you based it on estimates. We based it in cost so there is no such risk. Another possible risk is foreign currency risk. Foreign currency risk is not existent in this company because we do not have any foreign currency denominated loans and our importation is kept to the minimum. So your company is very stable and we are able to manage the normal risks that the company would face in order for us to be able to sustain the growth of your Company.

VI. ENGAGEMENT OF EXTERNAL AUDITOR

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2016 and that the Board has approved such engagement.

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

“RESOLVED, that the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2016, be approved.”

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

The Presiding Officer proposed the ratification of all acts of the Board of Directors, Board Executive Committee and Management during the period covering 1 January 2015 to 31 December 2015. These acts include resolutions duly adopted by the Board of Directors and/or its Executive Committee, such as appointment of contract signatories, appointment of representatives to homeowners' associations, application for permits and licenses for projects, registration of master deed and restrictions of projects, operation of bank accounts and other bank transactions, consolidation and subdivision of lots and titling of projects, development and operation of projects, property acquisitions, dispositions, leases and joint ventures, purchase and sale of subscriptions, and appointment of stock transfer agent.

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

“RESOLVED, that all acts of the Company's Board of Directors, Board Executive Committee and Management and all resolutions adopted by them during the period covering 1 January 2015 to 31 December 2015, be ratified.”

VIII. ELECTION OF DIRECTORS

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

Governance, the Company is required to have at least two (2) independent directors out of seven directors.

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

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

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

IX. ADJOURNMENT


The meeting was adjourned at 9:44 AM.

CERTIFIED TRUE & CORRECT:



DENNIS E. EDANO
Corporate Secretary

ATTESTED BY:



GERARDO C. GARCIA
Chairman of the Meeting



ANTHONY CHARLEMAGNE C. YU
President