

# EMPIRE EAST LAND HOLDINGS, INC.

Minutes of the Annual Meeting of Stockholders  
13 June 2012

Grand Ballroom, Eastwood Richmond Hotel  
17 Orchard Road, Eastwood City, Bagumbayan  
Quezon City, Metro Manila, Philippines

## Board Attendance

### Present:

Andrew L. Tan	-	Chairman of the Board; Chairman, Executive Committee; Chairman, Compensation and Remuneration Committee
Gerardo C. Garcia	-	Independent Director; Vice Chairman of the Board; Chairman, Audit Committee; Member, Compensation and Remuneration Committee; Member, Nomination Committee
Anthony Charlemagne C. Yu	-	Director Member, Executive Committee;
Evelyn G. Cacho	-	Director Member, Executive Committee, Member, Audit Committee;
Enrique Santos L. Sy	-	Director Chairman, Nomination Committee
Alejo L. Villanueva, Jr.	-	Independent Director; Member, Nomination Committee; Member, Compensation and Remuneration Committee; Member, Audit Committee

## I. CALL TO ORDER

Mr. Gerardo C. Garcia, Vice Chairman of the Board, called the meeting to order at 9:05 AM and presided over the meeting. The Acting Corporate Secretary, Mr. Ellan Mark Pailan, recorded the proceedings of the meeting.

## II. PROOF OF NOTICE AND DETERMINATION OF QUORUM

The Acting Corporate Secretary certified that all stockholders on record as of 30 April 2012 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

Since 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:

### **Efficiency in deliverables**

After a robust product roll-out from 2010 to 2011, Empire East was able to firm up its delivery schedules, particularly for Pioneer Woodlands and Little Baguio Terraces, your Company's first two transit-oriented developments, or TODs, and Central Park, the latest phase of large-scale community project The Cambridge Village.

Empire East launched Tower 1 of Pioneer Woodlands in Mandaluyong City five years ago, in July 2007. The first tower of Little Baguio Terraces was also unveiled in the same period. Both TOD towers, featuring more than 680 residential units, are slated for handover in 2012. The first batch of buyers of Central Park can also expect their units this year as construction for Clusters 24, 26 and 27 is fast tracked.

Meanwhile, work on your Company's horizontal and vertical projects in the suburbs and the city is progressing on schedule.

Land development is nearing 30 percent completion at The Sonoma in Sta. Rosa, Laguna. Roads have been paved, and landscaping works have made the community greener and more inviting. Three model houses are open for viewing at the site.

The showroom, clubhouse and leisure amenities of The Rochester in Pasig City are complete. The project's first two mid-rise residential clusters are slated for delivery by 2015. Its two high-rise towers are scheduled for turnover by 2016 and 2017.

Empire East's first Makati CBD residential offering, San Lorenzo Place, is nearly 25 percent complete, with three of its four towers in various stages of construction. Delivery for the first phase of the project will start in 2013. Another two towers will be launched within a 2015 to 2017 timeline.

By improving internal operational efficiencies and maximizing synergies with partner contractors and suppliers, your Company is able to streamline its production cycles and increase its speed-to-market advantage without compromising quality.

### **Strong product differentiation**

End users in the residential market, constituting about 90 percent of the Filipino household population, are top of mind for Empire East. The development of product variety, aimed at the mid-income segment, is your Company's strategy to continuously tap into new growth opportunities.

Empire East has diversified the offerings at Sonoma, currently 53 percent sold. The project offers regular residential lots, premium residential lots, house-and-lot packages and commercial lots. The commercial lots, offering as much as 687 square meters of space, are set along the main Sonoma Boulevard, which will be a showcase of retail vibrancy for future residents. Integrating all this inventory means that this early in the development stage, your Company is planting the seeds of a live-play-shop lifestyle in Sonoma – a concrete step toward long-term value creation.

Rochester combines mid-rise clusters and high-rise towers featuring condos with one- to three-bedroom units, two- to three-bedroom suites with balconies and bi-level suites. Market acceptance for the project has been exceptionally high, with only 25 percent of available inventory remaining for sale. Empire East's three TODs, all offering an instant link to the metro's train systems, maintained their popularity in the past year. Sales take-up for Pioneer Woodlands is at 76 percent, Little Baguio Terraces at 67 percent and San Lorenzo Place at nearly 60 percent.

Meanwhile, Central Park gives buyers a choice of lofts and flat – and atrium-type units. Eight of its 14 residential clusters have been unveiled, with 79 percent of their units taken up. The impressive sales for this project reflect the market's continued positive reception for the entire Cambridge Village community, now 92 percent sold.

### **Sustaining the uptrend**

Empire East is focused on maintaining its upward trajectory. In 2011, your Company posted a net income of PhP186.10 million and reservation sales of PhP7.52 billion for 3,032 residential units. In the

first quarter of 2012, reservation sales soared to PhP3.25 billion, an unprecedented 121 percent increase from PhP1.47 billion in the same period last year.

The introduction of fresh inventory reinvigorated customer interest in home investment and enabled your Company's profitability for the past months.

Kasara, Empire East's latest residential project in Pasig City, is the country's first urban resort-themed community targeting the mid-income segment. With 65 percent of the community dedicated to recreational water amenities and open spaces, the project serves as benchmark for all residential resort-type developments. Launched in August 2011, Kasara attracted a new customer base with its unique value proposition and strategic location. In less than a year, sales have reached the 36 percent mark.

Intensive marketing efforts fortified your company's brand presence, particularly in the Central Luzon area. In October last year, a new showroom was opened in SM Pampanga, putting a fully furnished model unit on display for the benefit of prospective homebuyers.

## **Onward to 2012**

There may be uncertainty on the global front, but Empire East remains optimistic that the Philippine economy – buoyed by strong overseas remittances, increased revenues in the BPO sector and the boost in tourism – will provide a congenial environment for the growth of the real estate industry for the remainder of 2012.

Your Company continues to invest in future competitiveness. It is set to put on stream new residential phases in its ongoing projects. It is also creating a real estate portfolio that is diversified yet linked at multiple levels to stimulate the market.

Unlocking value in new locations remains a cornerstone of the Empire East business. It is actively pursuing joint ventures to expand its land bank for new projects in the next five to 10 years.

Moving forward, your Company is committed more than ever to making home ownership an affordable and accessible reality. Solid fundamentals focused on innovation, quality engagement, operational excellence and cost optimization will help Empire East achieve its goal to address on a large scale the needs of Filipino communities that remain unserved or underserved.

These are exciting times for your Company. Empire East would like to thank its stockholders, partners, employees and customers for their trust and confidence through the years and for being on board for the journey ahead.

## **V. OPEN FORUM**

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

Question: With the booming Philippine real estate industry, and being affected by the upcoming midterm election next year, how is Empire East readying for this?

Answer: The Philippines is experiencing very good years, both in our economy and in the real estate industry, and the election next year should positively affect the economy. As most economists would tell you, election years are usually very good years for an economy because these are years that people spend. So we believe that the electoral exercise, if there is an effect at all, would be a very positive one to the industry and to your Company.

Question: Can you provide us more details about the upcoming rights issue and can we expect a cash dividend this year?

Answer: The Board of Directors of Empire East Land Holdings has approved a pre-emptive rights offer to holders of common shares at the proportion of 1 new share for every 4 existing common shares. The exercise price has been pegged at the par value of PhP1.00 per share. The Company intends to use the proceeds of the rights offer for landbanking, project development as well as for general corporate purposes.

We will not be declaring any dividend for this year due to the fact that there is massive building in the Company, and we would like to tap all the available resources of the Company in order to ramp up the completion of our projects. Whatever capital we have, whatever money we have, we would like to use it in order for us to complete all our projects and to continue with new ventures.

Question: Since you are now consolidated under Megaworld, how do you differentiate your projects with respect to Megaworld?

Answer: Megaworld is more focused on the upward segment of the market in Metro Manila and Megaworld also caters to a lot of BPO communities. Megaworld, as a whole, has also successfully diversified into the commercial retail market segment and other ventures.

Empire East, on the other hand, has decided to remain focused on the middle-income segment of the market, which is a very big and untapped market. As we can see, all the other developers are going to the mid-income market because of its huge potential. It is for this reason that we decided that we will continue to focus on the mid-income residential market for Empire East.

Aside from Metro Manila, we've also successfully ventured into the suburbs through our developments such as Laguna Bel Air and Sonoma. We will continue these suburb approach and we will have some suburban developments in the Calabarzon area and mostly affordable homes in Metro Manila.

Question: Do you think the impeachment of Chief Justice Corona has an effect on the Company's business and also in the real estate as a whole?

Answer: As a whole, we do not think there should be any adverse consequence in so far as the impeachment of Chief Justice Corona is concerned. If anything, I think both sides in the impeachment process have emphasized that accountability is necessary. I think that's very good for us as a whole. That we saw through such a political exercise from the start towards its end shows the level of political maturity of the Filipino people as a nation. Hopefully, this will also bring more foreign investment as they have more confidence based on what we've seen through matured political process, so I do not think there is any adverse consequence. If any, the consequence should be a positive one.

Question: Right now in Metro Manila, there are many buildings being constructed under the LEED standard, claiming that it is more green. Does Empire East have any plans like this?

Answer: LEED means Leadership in Energy and Environmental Design. LEED is a standard of architectural design made by a certain group of people in order to make things more energy efficient and more environment-friendly. It was started in the developed countries and slowly, very gradually, the developing countries are adapting those standards. The adoption of those standards is not fast in the developing countries because of two reasons: first, the cost of doing something environmental and second, the technology is very different. What works in temperate climates may not work in climates like that of the Philippines. Those are the two primary considerations. But, slowly, there has been some adaptation, and in the Philippines, there has been a few LEED buildings. We definitely believe that we should consider this LEED standard in our future projects. We believe that it is very important for us to contribute towards environmental efficiency.

At the moment, it is important for us to be able to balance what is environmental and what is affordable. We believe that affordable housing, which is a basic human right and environmental protection, which is also another constitutional right, should be balanced.

Your Company's contribution to this green effort is by coming up with transport-oriented developments (TODs). Five, six years ago, even before any developer came up with transport-oriented development, we have decided to come up with our TODs, patterned after other countries. Simply because we believe that the carbon emission brought about by vehicular traffic is so bad, mostly in the metropolis and that we have to come up with the transport-oriented developments that are directly linked to the metro transport system. As we can see, many developers have followed us in this regard. We believe that it is one big contribution for us to reduce carbon footprint in the Philippines. And we would like to continue such environmental practices in the Philippines.

## **VI. INCREASE IN AUTHORIZED CAPITAL STOCK**

The Presiding Officer informed the stockholders of the Board of Directors' proposed increase in the Company's capital stock through a pre-emptive rights offer.

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

**"RESOLVED, that the Corporation increase its authorized capital stock by PESOS: TEN BILLION (Php10,000,000,000.00) consisting of 10,000,000,000 common shares with a par value of One Peso (Php1.00) per share;**

**"RESOLVED, FURTHER, that the subscribed portion of the increase in capital stock be funded by proceeds from a 1:4 pre-emptive rights offer to be undertaken by the Corporation;**

**"RESOLVED, FURTHER, that the Corporation amend its Articles of Incorporation to reflect the increase in its authorized capital stock FROM Php23,495,200,000.00 divided into 21,495,200,000 common shares and 2 billion preferred shares both with par value of One Peso (Php1.00) per share, TO Php33,495,200,000.00 divided into 31,495,200,000 common shares and 2 billion preferred shares, both with a par value of One Peso (Php1.00) per share;**

**"RESOLVED, FINALLY, that the Corporation file with the Securities and Exchange Commission the appropriate certificate of increase in authorized capital stock and the corresponding amendment to the Articles of Incorporation, and do all things and acts as may be necessary to render said amendment effective."**

## **VII. ENGAGEMENT OF EXTERNAL AUDITOR**

The Presiding Officer informed the stockholders that the Audit Committee of the Board of Directors has recommended to the Board the engagement of Punongbayan & Araullo as external auditors of the Company for the audit of the Company's financial statements for the year ending 31 December 2012 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 2012, be approved."**

## **VIII. 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, Executive Committee and Management during the period covering 1 January 2011 to 31 December 2011. 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, Executive Committee and Management and all resolutions adopted by them during the period covering 1 January 2011 to 31 December 2011, be ratified."**

**IX. ELECTION OF DIRECTORS**

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

Mr. Ricardo B. Gregorio, on behalf of the 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, Katherine L. Tan, Anthony Charlemagne C. Yu, Enrique Santos L. Sy, 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, Katherine L. Tan, Anthony Charlemagne C. Yu, Enrique Santos L. Sy, and Evelyn G. Cacho, be elected as regular directors of the Company.

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

**X. ADJOURNMENT**

The meeting was adjourned at 9:35 AM.

CERTIFIED TRUE & CORRECT:



**DENNIS E. EDAÑO**  
Corporate Secretary



**ELLAN MARK G. PAILAN**  
Acting Corporate Secretary

ATTESTED BY:



**ANTHONY CHARLEMAGNE C. YU**  
President



**GERARDO C. GARCIA**  
Presiding Officer