

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING  
OF WATERFRONT PHILIPPINES INCORPORATED  
HELD ON JULY 22, 2022 AT 10.00 A.M.  
AT NO. 1 WATERFRONT DRIVE, OFF SALINAS DRIVE, LAHUG, CEBU CITY  
VIA VIRTUAL COMMUNICATION (ZOOM)

ATTENDANCE

Total Shares Present And Represented	1,709,685,381
Total Shares Issued And Outstanding	2,498,991,753
Percentage Shares and Represented	68.42%

**PROCEEDINGS OF THE MEETING**

**I. CALL TO ORDER**

In accordance with SEC Memorandum Circular No. 6, Series of 2020, Mr. Sergio R. Ortiz-Luis, Jr., Chairman, called the meeting to order of **WATERFRONT PHILIPPINES INCORPORATED** (the "Corporation") and thereafter presided. He said the stockholders' meeting will be conducted through videoconferencing using the Zoom application.

The Chairman acknowledged the presence of the following directors and officer of the Corporation, as follows:

Kenneth T. Gatchalian	President/Director
Elvira A. Ting	Treasurer/Director
Dee Hua T. Gatchalian	Director
Reno I. Magadia	Director
Arthur M. Lopez	Director
Secretary Ruben D. Torres	Director
Justice Renato C. Francisco	Independent Director
Atty. Aristeo R. Cruz	Independent Director
Atty. Arthur R. Ponsaran	Corporate Secretary

**II. ATTENDANCE AND QUORUM**

Proceeding with the agenda, the Corporate Secretary, Atty. Ponsaran certified that in accordance with SEC Notice dated April 20, 2020 providing for an alternative mode of distributing ASM notices, notice of this meeting and the Definitive Information Statement were published via the Company's website and PSE Edge on July 04, 2022. The notice was also published in two (2) newspapers of general circulation, in print and digital format – in Manila Bulletin and Business Mirror on June 30, 2022 and July 01, 2022. Based on the record of attendance as of 10:00 A.M., July 22, 2022, there are represented in this meeting, in person or by proxy, stockholders owning 1,709,685,381

shares, representing 68.42% of the total issued and outstanding capital stock of the Corporation. Atty. Ponsaran certified that there is a quorum at this meeting.

**III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING**

The Chairman informed the stockholders that the next item of the agenda is the approval of the minutes of the previous meeting of the stockholders held on September 21, 2021. On motion duly made and seconded, stockholders representing at least 2/3 of the outstanding capital of the Corporation approved the minutes of the meetings of the stockholders held on September 21, 2021.

**IV. REPORT TO THE STOCKHOLDERS FOR THE YEAR 2022 AND APPROVAL OF THE ANNUAL REPORT FOR THE YEAR 2021 AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

The President, Mr. Gatchalian presented the highlights of the Company's performance and result of operation for the year 2021, as reflected the Annual Report for the year 2021, the Audited Financial Statements and Information Statements for the period ended December 31, 2021.

He reported that in 2021, the COVID-19 pandemic remained at the center of the global health and economic discussion. It has dawned on governments, industries, businesses, and individuals that dealing with the COVID-19 pandemic is akin to a multi-year marathon rather than a quick sprint. Meanwhile, societies have found diverse ways to adapt to the sweeping changes. Businesses have pivoted and found inventive ways to capitalize on their strengths, often relying on the power of new technology to soften the blow of major economic disruptions.

He emphasized that despite the pandemic's continuing impact on the sector and feeder markets, Waterfront still holds an optimistic long view and mindful of the real hurdles of the present— happening in a complex backdrop of factors, both internal and external to the industry—that could further delay the resurgence of unimpeded travel.

Moreover, he reported that the company has pulled through in 2021 and demonstrated that it is among the best-managed hotel chains in the Philippine industry, as it managed to generate positive growth in several key areas of its operations.

He said the company managed to exceed expectations with double- and triple-digit growth rates compared to the same period in 2020, when the pandemic lockdowns started. The company uses these months as a frame of reference to better illustrate its performance. This is because prior to April of 2020, severe travel restrictions were not yet implemented by the Philippine government. The figures in Quarter 1 of 2020 would then naturally mirror 2019 or pre-pandemic levels, thus skewing the year-on-year comparison.

The Company's gross revenue encompassing rooms and F&B bounced back strongly for all properties in the period of April to December. For all three provincial properties, gross revenue from April to December 2021 reached PHP 328.43 million—a 98% growth rate versus PHP 165.58 million in 2020. Waterfront Cebu City Hotel (WCCH) generated the highest gross revenue among the properties during this period at PHP 191.57 million. This reflects a growth rate of 96% versus revenues from April to December of 2020. However, it was Waterfront Insular Hotel Davao (WIHD) that reflected the highest growth rate at 105%, from PHP 34 million in April to December of 2020 to PHP 69.54 million for the same period in 2021. Waterfront Airport Hotel and Casino (WAHC) also delivered a strong performance within the same period, bouncing back by 98% at PHP 67.32 million versus PHP 34.04 million in the same period.

Breaking down the total revenues for all properties into Rooms and F&B, both categories reflected remarkable growth rates compared to the same period in the previous year. From April to December of 2021, Rooms revenue grew by 65%, from PHP 104.57 million for the same period in 2020 to the current figure of PHP 172.82 million. Moreover, 2021's F&B revenue exceeded the previous year's April to December income of PHP 61.01 million by 155%. From April to December of 2021, Waterfront's F&B generated a total of PHP 155.61 million.

The company credits this growth to continued dedication to the brand through creative marketing, to consistent effort in preserving value for the public, patrons, and shareholders, and to taking care of its people—the heart of its culture of excellent Filipino service.

Consolidated figures for the entire year demonstrate stability and resilience in the face of industry challenges. Gross revenue for all properties in 2021 is PHP 997.79 million. GOP in 2021 holds steady at PHP 352.59 million—and in fact, shows an increase of 4.6% from PHP 336.98 million in 2020. Total costs have been reduced by 10.10% from PHP 717.65 million in 2020 to PHP 645.20 million in 2021, a testament to the effectiveness of the cost reduction measures implemented throughout the second year of the pandemic.

Overall F&B revenue for all three active properties increased by 1.82% from PHP 188.90 million in 2020 to PHP 192.34 in 2021. Rent and related income rose by 4.6%, from PHP 579.47 in 2020 to PHP 606.24 in 2021. Consolidated room revenue in 2021 is PHP 190.57 million, and other income is PHP 8.63 million. The net income for all three properties is PHP 530.80 million.

Examining the data per property, Waterfront Cebu City Hotel (WCCH) reports PHP 630.58 million in gross revenue for the entire year of 2021. The property's GOP is at PHP 321.97 million, up 7.84% versus PHP 298.55 million in 2020. Net income for the property rose by 126.30% from PHP 34.61 million the previous year to PHP 78.31 million currently.

Waterfront Airport Hotel (WAH) has a 2021 gross revenue of PHP 273.23 million. The property's Gross Operating Income is at PHP 126.45 million. Net Income is PHP 43.07 million.

Waterfront Insular Hotel Davao (WIHD) reports a gross revenue of PHP 90.47 million in 2021, a growth of 9.80% compared to PHP 82.40 million in 2020. Gross Operating Loss is PHP 19.09 million. Net Loss is PHP 33.47 million.

While the entire industry remains in a state of uneven recovery, Waterfront is not just persisting but powering through with the programs that preserve the pillars of its business. Through several months in the year, the company implemented the vaccination drive. By distributing and conducting an aggressive vaccination program, it helped both its workforce and the community to thrive towards the achievement of not just a new normal, but a better normal, conferring protective immunity to thousands of people.

Aside from the result of operation, he reported that the Company's vaccination program protects the health of the workforce and their families and ensures that the premises continue to be safe for guests and customers. In partnership with local government units (LGUs), the Department of Health (DOH), the Department of Interior and local government (DILG), other government agencies, and local volunteers, the company successfully opened the country's first hotel-based vaccination site and administered over 103,466 vaccine doses from July to September 2021. The company continues to remain vigilant as the pandemic shifts and presents new challenges.

Furthermore, the company instituted creative marketing programs that helped channel innovative ideas and resources towards improved revenue in rooms and F&B. Such programs have been designed to prime the market for products and services even in a time of reduced spending. To bolster interest in its products, it created adjusted pricing strategies, developed unique offerings that differentiated it from the competition, partnered with online delivery platforms to expand its market, and increased the flexibility of its promotions to make them more inclusive to a wider market base.

He reported that the company have also kept the distribution infrastructure 100% intact and robust and have maintained the online and offline distribution channels to keep the business resilient and ready to take advantage of opportunities at a moment's notice. With distribution channels up and running, it remains poised to bounce back faster than its competitors in the event of greater economic recovery and relaxation of travel restrictions.

Waterfront Manila Hotel, and Casino (WMHC) is slated to open in Quarter 4 of 2022. The brand new property will add to the strength of its portfolio and contribute to its ability to take advantage of tourism's future resurgence. What's more, it will help unlock the pent-up demand of years of dampened spending and lockdowns.

He mentioned that despite the continuing pandemic-related hurdles, the company made progress in several areas of construction. Such developments are in step with its Phase I construction plans, which cover the basement, ground-floor casino, second-floor casino, third-floor back-of-house (BOH), fifth-floor BOH office, ninth to tenth-floor guest rooms, and the hotel roof deck.

In addition the company accomplished many installations, relocation, retrofitting, and heavy equipment mounting tasks, including the energization of power at the Kalaw Avenue side, the relocation of two units of 500TR Trane chillers and 1000 TR York chiller to its permanent location, the delivery and mounting of the synchronization panel to their permanent position, the mounting of a new generator set, the removal of obstructing old equipment, the installation of BOH fan coil units, the demolition of old architectural finishes, and the commencement of numerous retrofitting activities.

Designed by the very best local and international architectural and interior design teams, WMHC will revitalize Manila's cultural heart as its most captivating landmark. In the pandemic recovery era, travelers will be looking for new places and experiences, and to answer this need, the company will stand out as the newest and most distinctive property in Manila's historic district. It is the fourth pillar of its resiliency and stability plan.

Apart from the pandemic, the end of 2021 threw another curveball in the form of a natural disaster. In December 2021, the Cebu property experienced substantial physical damage due to Typhoon Odette. The typhoon was one of the strongest typhoons to hit the country in recent years, extremely powerful at Category 5. Even as it deals with ongoing restoration and repairs, WCCH still caters to its guests and customers. The property remains an emblem of strength, determination, and resilience as it has managed to wrap up the year with a strong performance despite all the unforeseen circumstances.

In summary, Waterfront remains a leader in the local hospitality industry and continues to actively work with public and private partners to uplift the community. Its approach has always been to reach out and keep going rather than to turn inward; to evolve and adapt rather than stagnate.

The company always believed that principled service is the key to success, and that has never been truer than now. This is why it continues to extend its programs and resources to assist its treasured people—the Waterfront Peers—and our community.

The company continues to build on its four pillars of resilience and stability: first, a healthy and well-vaccinated workforce; second, the continuous maintenance of its distribution channels, both online and offline; third, innovative marketing programs that serve to stimulate the market and unlock pent-up demand; fourth, investing in the right hardware—property improvements big or small—that augment the guest experience and heighten customer satisfaction, as exemplified by its major investment in its Waterfront Manila property.

After discussions with the stockholders and on motion made and seconded, the stockholders accepted and approved the Annual Report for the year 2021 and the Audited Financial Statements as of December 31, 2021.

**V. RATIFICATION OF ACTS OF THE BOARD AND MANAGEMENT FOR THE YEAR 2021**

The Chairman presented to the stockholders for approval and ratification the acts of the Board and Management for the year ended December 31, 2021 as well as the contracts and transactions entered into by the Corporation for the same period.

On motion duly made and seconded, the stockholders unanimously approved and ratified, all acts of the Board and Management for the year ended December 31, 2021, as well as contracts and transactions entered into by the Corporation for the same period, all as reflected in the Annual Report and the Financial Statements

**VI. ELECTION OF THE BOARD OF DIRECTORS**

Proceeding with the agenda, the Chairman open the floor and entertained nominations for the election of the Board of Directors of the Corporation for the year 2022 -2023.

Upon nominations and on motion duly made and seconded, the stockholders unanimously elected the following as Directors of the Corporation to serve as such until the next annual meeting, and until their successors shall have been elected and qualified;

As regular directors:

Mr. Arthur M. Lopez  
Mr. Kenneth T. Gatchalian  
Ms. Elvira A. Ting  
Ms. Dee Hua T. Gatchalian  
Mr. Sergio R. Ortiz-Luis, Jr.  
Sec. Ruben D. Torres  
Mr. Reno I. Magadia

As independent Directors:

Justice Renato C. Francisco  
Atty. Aristeo R. Cruz

**VII. APPOINTMENT OF THE EXTERNAL AUDITORS**

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditor.

Upon nomination and on motion duly made and seconded, the stockholders appointed the accounting firm of R.G. Manabat & Co., CPA's as the Corporation's external auditor.

**VIII. APPOINTMENT OF EXTERNAL COUNSEL**


Upon nomination and on motion duly made and seconded, the stockholders appointed Corporate Counsels, Philippines Law Offices as the Corporation's external counsel.

**IX. ADJOURNMENT**

There being no further business to transact, the meeting was, on motion duly made and seconded, adjourned.

  
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Arthur R. Ponsaran  
Corporate Secretary

**ATTESTED BY:**

  
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Sergio R. Ortiz-Luis, Jr.  
Chairman