

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF WATERFRONT PHILIPPINES INCORPORATED
THROUGH VIRTUAL COMMUNICATION (ZOOM)
HELD ON MARCH 01, 2022**

PRESENT:

Sergio R. Ortiz-Luis Jr.	Chairman - Independent Director
Kenneth T. Gatchalian	Director
Elvira A. Ting	Director
Dee Hua T. Gatchalian	Director
Reno I. Magadia	Director
Arthur M. Lopez	Director
Ruben D. Torres	Director
Renato C. Francisco	Lead Independent Director
Aristeo R. Cruz	Independent Director

ALSO PRESENT:

Atty. Arthur R. Ponsaran	Corporate Secretary
Atty Arsenio A. Alfiler	Asst. Corporate Secretary

PROCEEDINGS OF THE MEETING

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 and thereafter presided. He said the board meeting will be conducted through videoconferencing using the Zoom application, He instructed the Corporate Secretary, Atty. Arthur R. Ponsaran to make a roll call and to record the proceedings of the meeting.

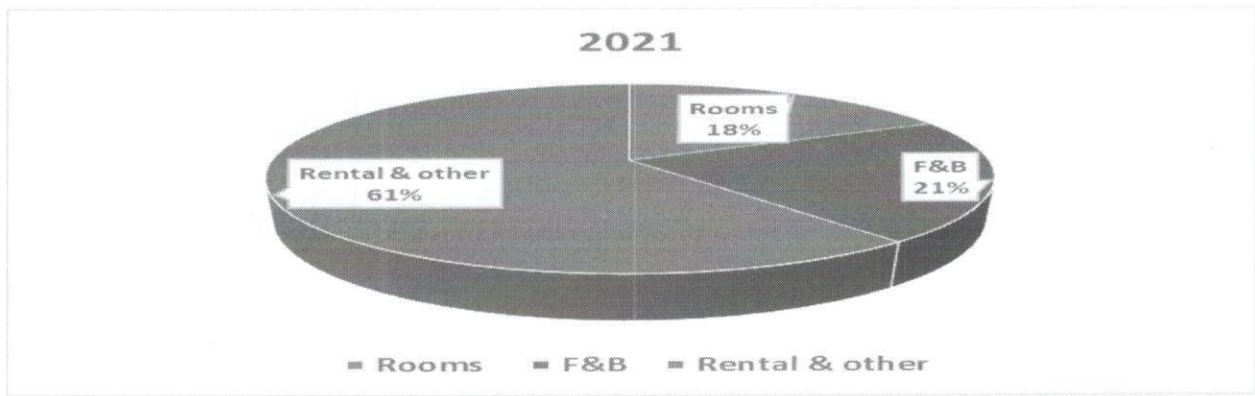
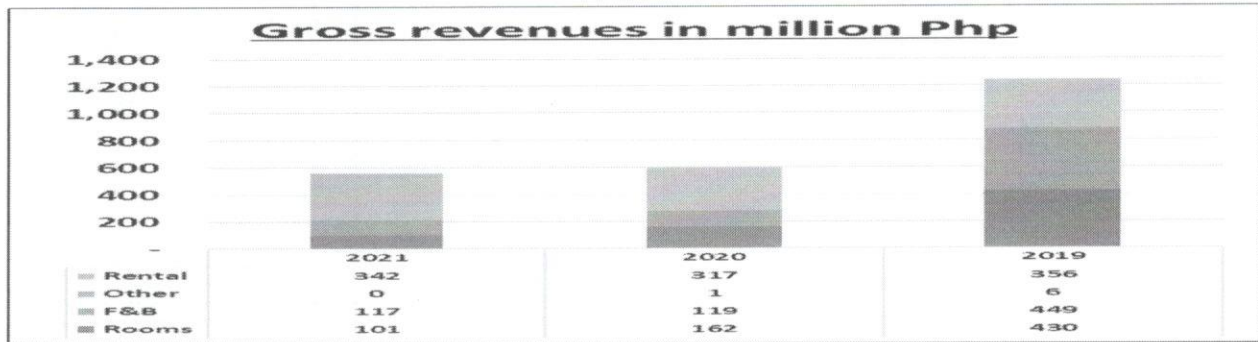
DETERMINATION OF QUORUM

The Corporate Secretary requested each of the directors to state his/her name, position, and location; to confirm that he/she received the Notice of Meeting, including the agenda and materials; and to specify the device that he/she is using. After the roll call, all the directors confirmed that they can clearly see and/or hear all the attendees. The Corporate Secretary then certified that all the directors were present, and as such, there is a quorum for the transaction of corporate business.

FINANCIAL PERFORMANCE REPORT

The President, Mr. Kenneth T. Gatchalian, presented a report on the financial performance of the Waterfront Cebu City Hotel and Casino, Waterfront Mactan Hotel and Casino and Waterfront Davao Insular Hotel for the year 202, as follows:

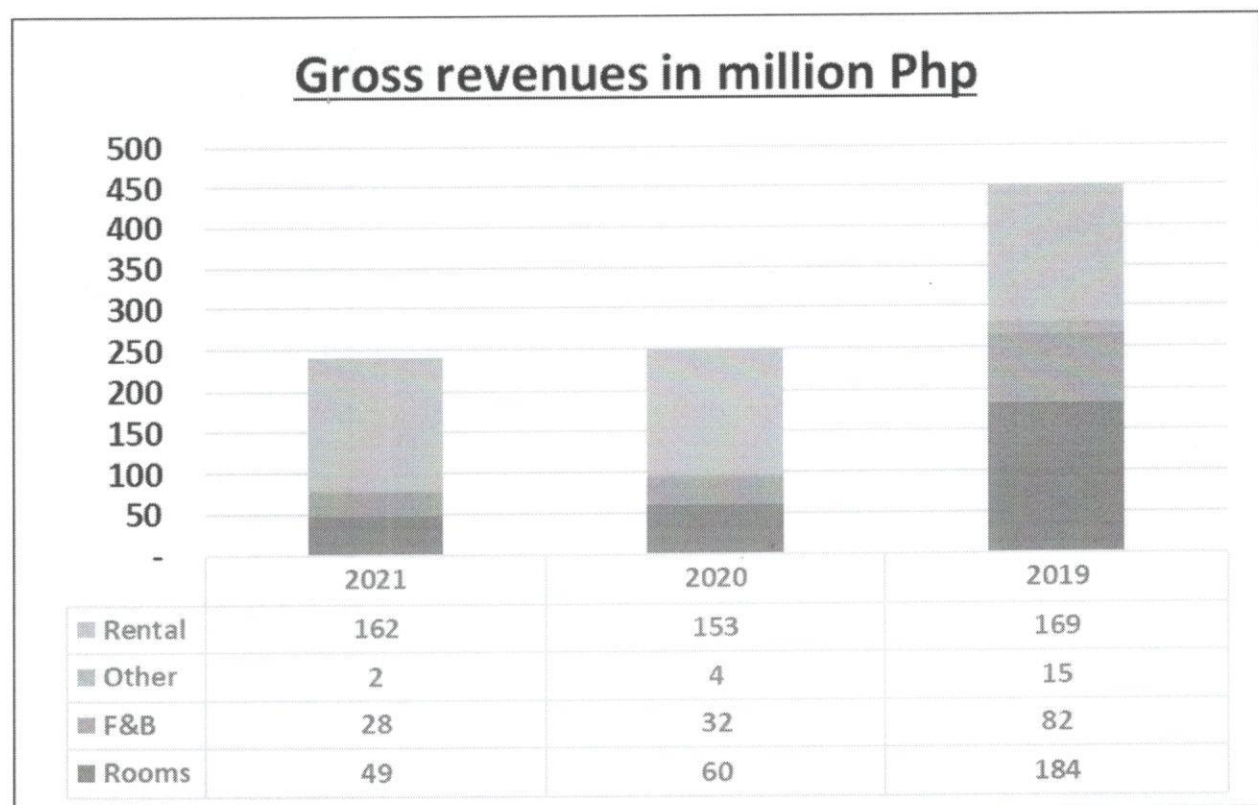
Waterfront Cebu City Hotel for Year 2021 Financial Performance (Unaudited), as follows:

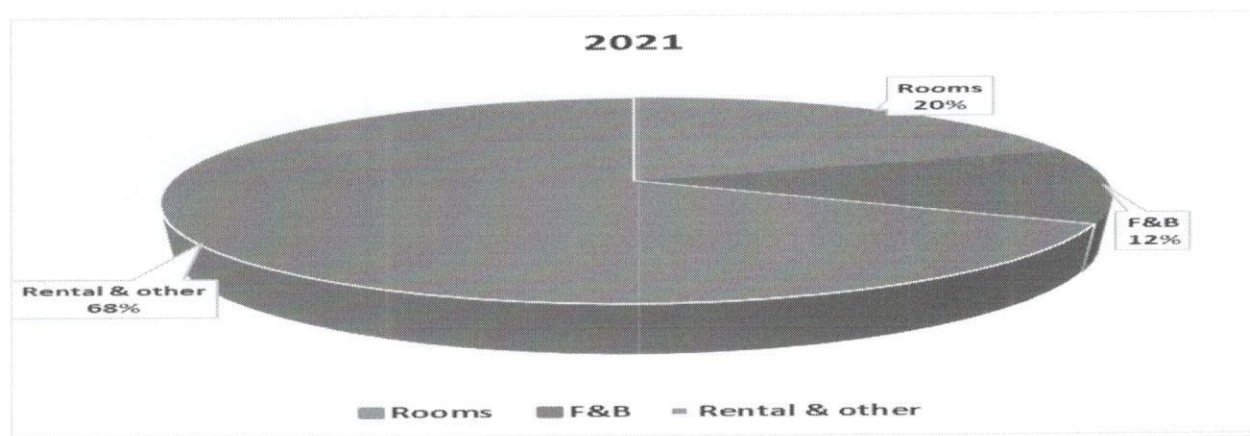


Indicators	2021	2020	Change
Occupancy rate	33.05%	32.73%	1%
Average room rate (Php)	1,585	2,593	-39%
Cost and expenses (in million Php)	302	383	-21%
EBITDA (in million Php)	257	217	18%
Net income (in million Php)	128	122	5%

	2021 Actual	2021 Budget	% to Budget	2020 Actual	Change
Total revenue	560	817	-31%	600	-7%
Gross operating profit	286	386	-26%	243	18%
Headcount	179	228	-22%	221	-19%
Payroll cost	67	123	-45%	111	-40%
Payroll to revenue %	12%	15%	-20%	19%	-35%
Energy Cost	86	87	-1%	85	1%
Energy to revenue %	15%	11%	44%	14%	8%

Waterfront Mactan Hotel and Casino (Airport Hotel) Financial Performance for the year 2021, as follows:

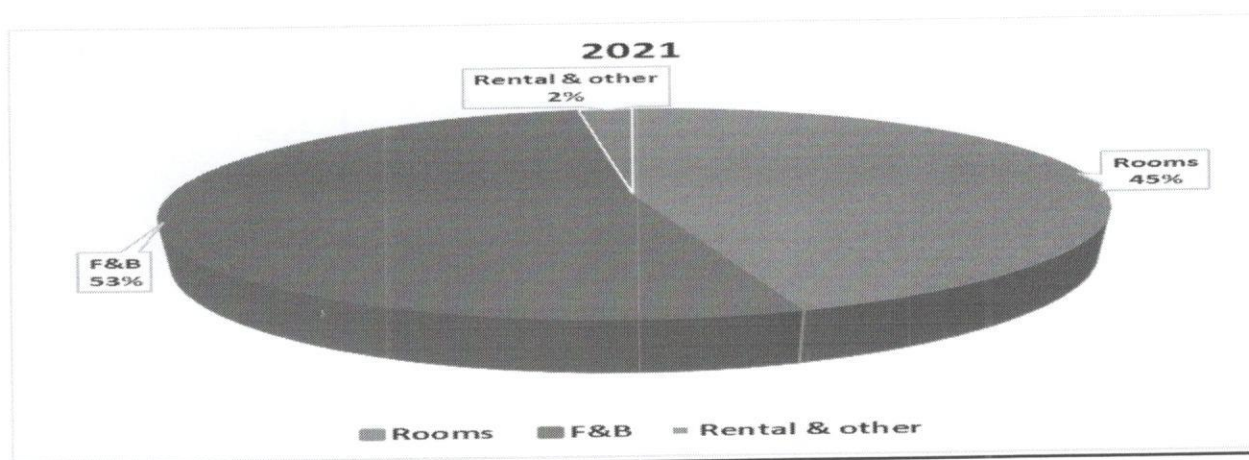
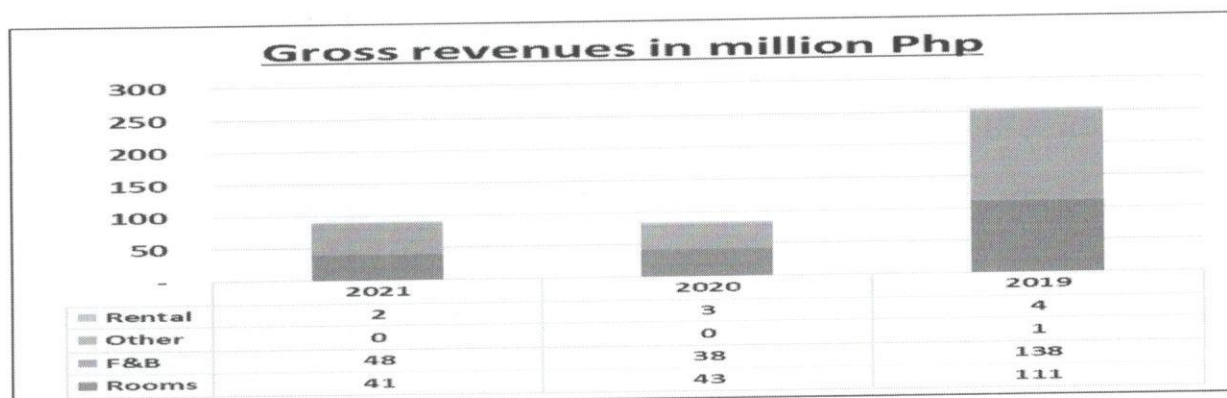




Indicators	2021	2020	Change
Occupancy rate	52.34%	34.81%	50%
Average room rate	1,771	3,127	-43%
Cost and expenses (in million Php)	165	142	17%
EBITDA (in million Php)	76	108	-30%
Net income (in million Php)	12	44	-72%

	2021 Actual	2021 Budget	Variance	% to Budget	2020 Actual	Change
Total revenue (in million Php)	241	317	- 76	-24%	250	-4%
Gross operating profit (in million Php)	107	139	- 32	-23%	129	-17%
Headcount	67	84	- 17	-20%	68	-1%
Payroll cost (in million Php)	24	38	- 14	-37%	37	-36%
Payroll to revenue %	10%	12%	-2%	-17%	15%	-33%
Energy Cost (in million Php)	63	73	- 10	-14%	35	79%
Energy to revenue %	26%	23%	3%	14%	14%	85%

Waterfront Davao Insular Hotel financial performance report for the year 2021, as follows;



<u>Indicators</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Occupancy rate	40.97%	32.91%	25%
Average room rate	1,758	2,331	-25%
Cost and expenses (in million Php)	110	120	-8%
EBITDA/(loss) (in million Php)	-20	-36	-44%
Net income/(loss) (in million Php)	-25	-41	-40%

	<u>2021</u> <u>Actual</u>	<u>2021</u> <u>Budget</u>	<u>% to</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>Change</u>
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Total revenue (in million Php)	91	98	-7%	84	8%
Gross operating profit (in million Php)	-11	9	-216%	-24	-108%
Headcount	67	93	-28%	80	-16%
Payroll cost (in million Php)	26	31	-17%	40	-35%
Payroll to revenue %	29%	32%	-10%	48%	-40%
Energy Cost (in million Php)	19	17	10%	16	19%
Energy to revenue %	21%	18%	19%	19%	11%

The Board noted the report in the financial performance of Waterfront Cebu City Hotel and Casino, Waterfront Mactan Hotel and Casino and Waterfront Davao Insular Hotel for year 2021.

AUTHORITY TO TO BORROW AND AVAIL LOANS/AND CREDIT FACILITIES WITH PHILIPPINE BANK OF COMMUNICATIONS (PBCOM)

Mr. Gatchalian informed that Board that the Corporation intends to borrow and avail of loans/and credit facilities with Philippine Bank of Communications (PBCom) in the amount of Three Billion Fifty Million Pesos P3,050,000,000.00).

Thereafter, Mr. Elvira A. Ting requested Mr. Richard R. Ricardo to present and discuss to the Board the purposes of the loan of the Corporation with PBCom. Mr. Ricardo said that the loan proceeds will be used for (i) renovation of its hotels in Cebu, Davao and Mactan; (ii) equity Investment by way subscription to its wholly owned subsidiaries to develop and expand its hotel operation; and (ii) refinancing of its loan obligation loan due on September 2022.

After discussion and on motion duly made and seconded, the Board unanimously passed and approved the following resolution:

- a. Corporate Authority to Deal with Philippine Bank of Communications (PBCom);

“RESOLVED, that **WATERFRONT PHILIPPINES, INCORPORATED** (the “Corporation”) be authorized, as it is hereby authorized, to:

- I. Avail of loans/credit facilities granted and/or to be granted by the Philippine Bank of Communications to Waterfront Philippines, Incorporated; Waterfront Cebu City Casino Hotel, Incorporated; Waterfront Mactan Casino Hotel, Incorporated; Davao Insular

Hotel Company, Inc., Pacific Rehouse Corporation; Crisanta Realty Development Corporation; Waterfront Entertainment Corporation (Formerly: Waterfront Horizon Corporation); and Waterfront Hotel Management Corporation (collectively referred to as the "Borrowers" or "Co-borrowers");

II. Allow any or all of the Borrowers or Co-borrowers to use the line and other credit facilities granted and/or to be granted by the Philippine Bank of Communications to the Corporation;

III. Act as surety for the various loans granted or to be granted by Philippine Bank of Communications to the Borrowers or Co-borrowers;

IV. Sell and assign its receivables to Philippine Bank of Communications pursuant to its Trade Financing of Receivables Facility with the same;

V. Enter into any contract or agreement for the purchase or sale of currency;

VI. Allow acceptance of Second-Endorsed Checks; and

VII. Deal in financial derivative transactions including but not limited to forward contracts, swaps, options, and the like, both in local and in foreign currency, covering currency, interest rate and credit risks, with the Philippine Bank of Communications

up to the principal amount of PESOS: **THREE BILLION FIFTY MILLION (P3,050,000,000.00)** Philippine Currency, or the equivalent of said amount or any portion thereof in foreign currency;

"RESOLVED, FURTHER, that the Corporation be authorized, as it is hereby authorized to enter into any contract for the renewal, substitution, extension, increase, amendment, conversion, or revival of the foregoing transactions, including whenever necessary, the restructuring of any loan obligation contracted in connection therewith;

b. Delivery and/or Acceptance of Collateral

"RESOLVED, that the Corporation be authorized, as it is hereby authorized, to mortgage, assign and/or pledge or otherwise hypothecate to the Philippine Bank of Communications any properties belonging to this Corporation, whether real or personal, or to guarantee or act as surety for any loan obligations/indebtedness/credit facilities of the Borrowers or Co-borrowers and execute and deliver to the Philippine Bank of Communications any documents, agreements, mortgages, assignments, pledges, guarantees, suretyships, or other instruments necessary to give effect to this resolution and the execution thereof by said authorized officers shall be conclusive evidence of such approval;

"RESOLVED FURTHER, that the execution of a mortgage, assignment, pledge and/or any collateral document/s and/or guaranty or suretyship, including, but not limited to:

- I. Real Estate Mortgage over all rights, title and interests of Waterfront Cebu City Casino Hotel, Incorporated in and to all of the improvements that exist on, including all buildings, fixtures, structures and other improvements and immovable property constructed or permanently attached or located, now or in the future, on the Waterfront Cebu City Hotel & Casino Incorporated located in Lahug, Cebu City and Waterfront Mactan Casino Hotel, Incorporated located in Mactan Airport, Lapu-lapu City;
- II. Chattel Mortgage over all machinery, equipment and other assets, used, found or otherwise used for the operation and maintenance of the Waterfront Cebu City Hotel & Casino Incorporated located in Lahug, Cebu City, by Waterfront Cebu City Casino Hotel and Waterfront Mactan Casino Hotel, Incorporated located in Mactan Airport, Lapu-lapu City;
- III. Assignment of leasehold rights on the land owned by the Mactan Cebu International Airport Authority (MCIAA) on which the Waterfront Cebu City Casino Hotel Incorporated and Waterfront Mactan Casino Hotel, Incorporated stand;
- IV. Pledge of the shares of stocks representing ownership of Waterfront Philippines, Incorporated in Waterfront Cebu City Casino Hotel, Incorporated, Davao Insular Hotel Company, Inc., Waterfront Entertainment Corporation (Formerly: Waterfront Horizon Corporation); and Waterfront Hotel Management Corporation and in Waterfront Mactan Casino Hotel, Incorporated;
- V. Real Estate Mortgage over all rights, title and interests of Davao Insular Hotel Company, Inc. in and to all of the land, and improvements that exist on, including all buildings, fixtures, structures and other improvements and immovable property constructed or permanently attached or located, now or in the future, on the Waterfront Insular Hotel Davao located in Davao City, including without limitation, 23 parcels of commercial lots with improvements registered under the name of Davao Insular Hotel Company, Inc.;
- VI. Chattel Mortgage over all machinery, equipment and other assets, used, found or otherwise used for the operation and maintenance of the Waterfront Insular Hotel Davao located in Davao City, by Davao Insular Hotel Company, Inc.; and

- VII. Real Estate Mortgage over a 70-hectare agricultural property located in Matina, Pangil, Tolomo, Davao registered under the names of Pacific Rehouse Corporation and Crisanta Realty Development Corporation;
- VIII. Assignment rental receivables from Philippine Amusement and Gaming Corporation (PAGCOR);
- IX. Indorsement/Assignment of _____ (insurer) Insurance claims which secure the loan obligations / indebtedness / credit facilities of Borrowers or Co-borrowers with the Philippine Bank of Communications shall be to the benefit and interest of this Corporation;

“RESOLVED, FURTHER that the Corporation shall acknowledge, accept and accede to any third-party mortgage, assignment, pledge and/or any collateral document/s and/or guaranty or suretyship, that secure the loan obligations/ indebtedness/credit facilities of Borrowers or Co-borrowers with the Philippine Bank of Communications, subject to the terms and conditions stated in the third-party mortgage, assignment, pledge and/or any collateral document/s and/or guaranty or suretyship;

c. RESOLVED FURTHER, that the Corporation is hereby authorized to enter and approve the terms and transactions contemplated by the Omnibus Loan and Security Agreement by and among the Borrowers or Co-borrowers and the Philippine Bank of Communications (the “Agreement”) to implement the foregoing transactions;

d. Authorized Signatories and Execution and Delivery of Documents

“RESOLVED, that ELVIRA A. TING and/or KENNETH T. GATCHALIAN be authorized, as they are hereby authorized, directed and empowered, in the name and for the account of this Corporation, to negotiate, execute, sign, issue, dispatch and deliver the Agreement, including any amendments or supplements thereto, any and all promissory notes, mortgages, instruments, agreements, undertakings, suretyship agreements, contracts and documents, that may be necessary and/or required for the implementation of the foregoing transactions.”

e. Ratification

“RESOLVED, that all transactions, warranties, representations, covenants, dealings and agreements by the above-mentioned officer/s of the Corporation with the Philippine Bank of Communications prior to the approval of this resolution, such as, but not limited to the mortgage agreement involving the above-described property in favor of Philippine Bank of Communications, are all hereby approved, confirmed, and ratified to be the valid and binding acts, representations, warranties and covenants of the Corporation;

f. Validity and Binding Effect

“RESOLVED, FINALLY, that the Philippine Bank of Communications be furnished with a certified copy of these resolutions and the Philippine Bank of Communications may rely on the continuing validity of these resolutions until receipt of written notice of their revocation. The Corporation shall hold the Philippine Bank of Communications free and harmless from any liability or claim arising from its reliance on said written notice of revocation.”

After discussion on the purpose of the loan, Justice Francisco requested copy of documents and other agreements, permits and contracts relative to the reclamation project with the City of Manila and to check and verify the powers and authorities of the Philippine Reclamation Authority (PRA).


ADJOURNMENT

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



Arthur R. Ponsaran
Corporate Secretary

ATTESTED BY:



Sergio R. Ortiz-Luis Jr.
Chairman




Kenneth T. Gatchalian
President/Director



Elvira A. Ting
Director




Dee Hua T. Gatchalian
Director



Arthur M. Lopez
Director



Ruben D. Torres
Director



Aristeo R. Cruz
Independent Director



Renato C. Francisco
Lead Independent Director



Reno I. Magadia
Director