



MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF  
**WATERFRONT PHILIPPINES, INCORPORATED**  
HELD AT THE WATERFRONT CEBU CITY CASINO HOTEL  
LAHUG, CEBU CITY ON NOVEMBER 16, 2020 AT 10:00 A.M.  
VIA REMOTE COMMUNICATION

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED	-	1,818,091,330
ISSUED AND OUTSTANDING	-	2,498,991,753
PERCENTAGE OF SHARES PRESENT/REPRESENTED	-	72.75 %

**PROCEEDINGS OF THE MEETING**

**1. CALL TO ORDER**

The Chairman, Mr. Sergio R. Ortiz- Luis, Jr., called the meeting to order and thereafter presided. The Corporate Secretary, Atty. Arthur R. Ponsaran, recorded the minutes thereof.

**2. PROOF OF NOTICE**

The Corporate Secretary 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 definitive copies of the Information Statement were published via the Company's website and PSE Edge on October 20, 2020. The notice was also published in two (2) newspapers of general circulation, in print and digital format – in Philippine Star and Manila Bulletin on October 20 & 21, 2020.

**3. DETERMINATION OF QUORUM**

The Corporate Secretary certified that based on the record of attendance, stockholders representing a total of 1,818,091,333 common shares or 72.75% of the total issued and outstanding capital stock of the Corporation were present, either in person

or by proxy, and that there was therefore a quorum to consider the business stated in the agenda for the meeting.

The Chairman acknowledged the presence of the following directors:

Mr. Arthur M. Lopez  
Mr. Kenneth T. Gatchalian  
Mrs. Dee Hua Gatchalian  
Ms. Elvira A. Ting  
Atty. Lamberto B. Mercado, Jr.  
Atty. Ruben D. Torres  
Atty. Renato Francisco  
Mr. Reno Magadia

#### **4. APPROVAL OF MINUTES OF PREVIOUS MEETING**

The stockholders present or represented were furnished with copies of the minutes of the annual stockholders' meeting held on October 19, 2019.

On motion duly made and seconded, the stockholders approved the minutes of the annual stockholders' meeting held on October 19, 2019.

#### **5. REPORT TO THE STOCKHOLDERS**

Mr. Gatchalian reported on the highlights of the Company's financial and operational performance for the year 2019, as reflected in the Annual Report, the Audited Financial Statements and the Information Statement, copies of which have been earlier given to the stockholders. Mr. Gatchalian presented the highlights of the performance of the various Waterfront Hotels for the year 2019.

Consolidated figures are as follows: Gross revenue for the group in 2019 is PHP 1.94 billion. This is an increase of 5% from the previous year's PHP 1.85 billion. Rooms revenue is PHP 726.77 million, up 3% from PHP 704.25 million in 2018. F&B revenue is PHP 666.39 million, up 6% from PHP 630.70 million in the previous year. Rent and related income has also increased by 7%, from PHP 476.33 million in 2018 to PHP 510.65 million currently. Other income is at PHP 35.97 million. Costs and expenses for the group have been reduced by 1.01%, from PHP 1.39 billion in 2018 to PHP 1.38 billion in 2019. GOP is up double digits by 23%, from PHP 459.44 million the previous year to PHP 563.37 million currently. Net income is at PHP 434.40 million in 2019, bouncing back 488% from a net loss of PHP -111.93 million in the past year.

Waterfront Cebu City Hotel and Casino (WCCHC), remains a leader in revenue and growth. For the third straight year, gross annual revenue has passed the PHP 1 billion mark. From PHP 1.12 billion in 2018, WCCH gross revenue has surged to PHP 1.23 billion in 2019—a 10% growth rate, increasing revenue by PHP 114.33 million in a single year. This double-digit growth surpasses the previous year's growth rate of 6.29%. Rooms revenue at the hotel has also experienced a remarkable increase of 7%. From the previous year's PHP 400.61 million, the hotel has generated PHP 430.14 million. F&B income this year is PHP 448.90 million, an increase of 12% compared to the previous year's PHP 400.19 million. Rent and related income has also experienced a double-digit increase, from PHP 313.10 million in 2018 to PHP 348.29 million in 2019—a growth of 11%. Other income has increased by 15%, from PHP 5.89 million in 2018 to PHP 6.77 million currently. GOP has gone up from PHP 420.29 million the previous year to PHP 450.02 million this year—a jump of 7%. Cost and expenses are at PHP 784.09 million. Net income is PHP 229.77 million.

Waterfront Airport Hotel and Casino (WAHC) continues to deliver positive growth this year, with its gross revenue amounting to PHP 445.98 million—a 5% increase from the previous year's PHP 424.03 million. Rooms revenue is up by 8%, from PHP 170.73 million in 2018 to PHP 183.87 million in 2019. F&B revenue increased from PHP 80.44 million in 2018 to PHP 82.04 million in 2019—a rise of 2%. Rent and related income is at PHP 165.12 million this year, increasing by 5% in comparison to the previous year's PHP 157.58 million. Other income is at PHP 14.94 million. The property's cost and expenses is at PHP 228.04 million, which means the company has managed to keep a level expense amount (0% growth rate in costs) compared to the previous year's PHP 228.89 million. GOP is PHP 217.93 million, an increase of 12% from PHP 195.15 million in 2018. Net income in 2019 is PHP 140.79 million, an unprecedented double-digit growth of 40% versus the previous year's PHP 100.61 million.

Waterfront Insular Hotel Davao (WIHD), the prime property in Davao City, continues to perform well. In 2019, gross revenue is at PHP 253.81 million, a 5% growth from 2018's PHP 240.88 million. Rooms revenue has also increased at PHP 112.76 million—up 10% this year from PHP 102.18 million the previous year. F&B revenue has increased from PHP 132.70 million in 2018 to PHP 133.23 million in 2019--representing a level growth rate (0%) but with an actual figure increase of PHP 0.53 million. Other income is at PHP 7.82 million—a significant increase of 30% from PHP 6 million in 2018. Cost and expenses for the property is PHP 220.30 million. GOP for 2019 is PHP 33.51 million. NOP is PHP 19.73 million—a double-digit increase of 14% versus last year's PHP 17.33 million.

The Manila Pavilion Hotel (MPH) is on track with its reconstruction, in keeping with the plans to bring the market an all-new and more captivating Waterfront experience. While 2018's business interruption due to the unforeseen fire incident early that year stalled the initial plans for a full reopening, the Company has pivoted and decided to move forward full steam with fully revamped concept—a redesigned and revitalized hotel that exceeds all standards in its class and is unlike any other hotel experience in Manila. The rebuilding of MPH proceeds to transform it into a modernized and updated hotel while preserving its

prestige as a historic landmark. It will have ultramodern room facilities, new dining experiences, luxurious common spaces and dynamic possibilities. This vision for MPH is a path towards the company's future, and paves the way for an expanded clientele, assuring new revenue streams for business through its one-of-a-kind offerings.

After assessing the various disruptions that the pandemic has done to the operations, we the Company had to make the difficult decision to cut costs in its labor force, while doing its best to make sure that it preserves as much of its manpower as possible and help people stay employed as the Company navigates the difficult life changes that lie ahead. Unfortunately the Company needed to let go of its seasonal workers. The total number of displaced seasonal employees across the entire business is six hundred and forty three (643) or approximately 84.72%. It was not an easy thing to do. The Company reached out to them and provided assistance in the form of food staples with a long storage life that would help sustain them in the crucial times ahead. The Company looks forward to re-engaging them when times are better.

Other labor cost-cutting efforts involved having to make certain adjustments in the compensation among the Peers. The Company made sure it exhausted all means to preserve the people's employment. In accordance with the Department of Labor and Employment (DOLE) guidelines and regulations, the Company implemented forced leave and work days reduction in order to cut costs. The compressed work week or flexible work arrangement option was implemented not just to save on costs but also to minimize contact rate, thus reducing the probability of virus transmission. The Company also applied pay reduction and provided the option of a special retirement package for those employees who qualified or were interested. To protect the employees and also to abide by the community quarantine requirements per local government unit (LGU) where each property is located, the Company provided temporary accommodations and shuttle service. The Company also provided financial assistance for its displaced regular employees.

Power is one of the largest cost centers. So to manage this, the Company reduced operations and temporarily closed down some outlets and room floors to minimize utilization. The work week reductions implemented helped reduce office electricity consumption in all the properties as well.

Dealing with the pandemic has also involved a lot of creativity and agility. The Company has to ensure that it utilizes all possible revenue streams and be creative in the approach in attracting new markets. Waterfront has adapted to accommodate all new business in relation to the unique circumstances that COVID has brought. Among these are the quarantine or isolation requirements being imposed on newly arrived travellers, those on layover, or special types of industries like Business Process Outsourcing (BPOs). In the latest travel industry reports, long stays are becoming the new norm, and hotels need to be open to adjusting their operations to seeing that there is an emerging market for such needs. Waterfront has created special rates and packages for such long stays.

Another revenue-generating trend that has been strengthened due to the pandemic is online food delivery or food pickup. Back in the day, it would have been unlikely for hotels to get into the delivery service market, but these days things have obviously changed. F&B outlets have adapted to cater to a growing market of online customers. The Company has put together attractive packages, with each product ensured to be meticulously branded as distinguishably Waterfront, and not compromising on prestige, brand image and quality. As there has been a shift in spending habits, with people preferring to stay at home and order in, Waterfront brings its brand and its restaurants to their homes. With ears close to the ground, the Company is adapting to these new trends and making sure that each new opportunity is maximized. The Company begun to resume “new normal” operations by slowly rolling out the F&B outlets in accordance with the guidelines of the DOH and other government agencies. The Company is also coming up with enticing packages for guests to re-acquaint themselves with the hotel experience, whether it's recreation, dining or city staycations. It is an on-going and constant adjustment, but the Company is determined to go through this and succeed.

Since March of 2020, the Company has rolled out CSR programs to help communities survive. The Company has made medical institutions and front-liners as priorities. In March 2020, the Company distributed food packs and children's healthcare packs for the front-liners and children's ward of both public and private hospitals in Cebu. The Company also donated personal protective equipment (PPE) to the front-liners of several designated local government units (LGUs) and anesthesia departments of private hospitals, which were particularly in need of protective gear due to the high risks of the specialization. In April, the Company distributed more food packs to the fire stations, private and public hospitals, and checkpoint front-liners, including allocations for the Cebu Provincial Government to distribute to provincial hospitals. The Department of Social Welfare and Development (DSWD) Cebu was also given food packs to support its volunteers who were assisting in assistance programs for indigents, homeless people and displaced workers. More such efforts continued in May to help quarantined barangays who were unable to fully support their residents. In May 11, 2020 the major shareholders representing WPI donated medical supplies to the Province of Cebu—a total of over a thousand pieces of PPEs, five thousand (5,000) pieces of medical gloves, and more items like disposable masks, KN95 masks and goggles.

Through this pandemic, the Company has discovered new strengths and a renewed sense of purpose. The COVID-19 pandemic has shifted its mission to dedicating itself to social responsibilities. As a business organization, the solution to this crisis has been to extend service to the community. Through its on-going CSR efforts, Waterfront is taking a leadership position as a member of the industry and of its community.

After clarifications made on various matters raised from the floor, the stockholders, on motion duly made and seconded, approved the 2018 Annual Report and the accompanying Audited Financial Statements of the Corporation as of December 31, 2018.

## **6. RATIFICATION OF THE ACTS OF THE BOARD AND MANAGEMENT**

The Chairman asked for the approval and ratification the approval and ratification of the acts of the Board and Management for the year ended December 31, 2019 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 approved all acts of the Board of Directors and Management for the year ended December 31, 2019 as well as contracts and transactions entered into by the Corporation for the same period, all as reflected in the minutes of the meetings of the Board of Directors and the board committees, the Annual Report and the Financial Statements.

## **7. ELECTION OF DIRECTORS**

Proceeding with the agenda, the Chairman entertained nominations for directors to serve for the term 2020-2021. The following were nominated and elected directors:

Mrs. Dee Hua Gatchalian	
Mr. Kenneth T. Gatchalian	
Atty. Lamberto B. Mercado, Jr	
Ms. Elvira A. Ting	
Mr. Reno Magadia	
Mr. Arthur M. Lopez	- Independent Director
Mr. Sergio R. Ortiz-Luis, Jr.	- Independent Director
Atty. Ruben D. Torres	- Independent Director
Atty. Renato Francisco	- Independent Director

## **8. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman informed the stockholders that the next item in the agenda was the designation of the Corporation's external auditor. Upon motion duly made and seconded, the following resolution was approved:

“RESOLVED, that the accounting firm of R.G. Manabat & Co. is hereby designated as the Corporation's external auditors for the year 2020-2021.”

## **9. APPOINTMENT OF EXTERNAL COUNSEL**

On motion duly made and seconded, the following resolution was approved:

“RESOLVED, that Corporate Counsels, Philippines Law Offices and Gancayco, Balasbas Law Offices be, as they are hereby, designated external counsel of the Corporation for the year 2020-2021.”

## **10. OTHER MATTERS**

## **A. PLEDGE OF SHARES**

On motion duly made and seconded, the Board approved the following resolution:

**"RESOLVED.** That WATERFRONT PHILIPPINES, INC., (the 'Corporation') be, as it is hereby, authorized to pledge shares of stock (including dividends and future subscription ) in Waterfront Manila Premier Development, Inc. to secure the obligation of WMPDI's contractor, China First Highway Corporation with consortium of Chinese banks including but not limited to China Development Bank and the Industrial and Commercial Bank of China."

## **B. ADDITIONAL LOANS FROM PBCOM**

On motion duly made and seconded, the Board approved the following resolution:

### **A. Corporate Authority to Deal with Philippine Bank of Communications**

"RESOLVED, that the Corporation be authorized as it is hereby authorized to:

- i. Avail of loans/credit facilities;
- ii. Allow Waterfront Cebu City Casino Hotel Incorporated; Waterfront Mactan Casino Hotel Incorporated; Davao Insular Hotel Company, Inc.; to use the line and other credit facilities granted and/or to be granted by 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 \_\_N/A\_\_;
- 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 any currency;
- vi. Allow acceptance of Second Endorsed Checks payable to \_\_N/A\_\_;
- vii. Deal in financial derivatives transactions including but not limited to forward contracts, swaps, options and the like, both in local and foreign currency, covering currency, interest rate and credit risks, with Philippine Bank of Communications;

up to the principal amount of PESOS: \_ One Billion Nine Hundred Forty-seven Million \_ (P\_1,947,000,000.00\_) 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 deliver and execute any security or collateral for the foregoing transactions or any other obligations of the Corporation to Philippine Bank of Communications, over any and all property belonging to the Corporation.

“RESOLVED, that the Corporation shall acknowledge, accept and accede to the third-party mortgage executed by \_\_N/A\_\_ over the parcel of real property located in \_\_N/A\_\_ and covered by CCT/TCT No. \_\_N/A\_\_ issued by the Registry of Deeds for \_\_N/A\_\_ as security for its obligation with Philippine Bank of Communications subject to the terms and conditions stated in such third party mortgage.”

C. Authorized Signatories, Specimen Signature and Execution and Delivery of Documents

“RESOLVED, that any one (1) of the following officers of the Corporation:

NAME	POSITION
KENNETH T. GATCHALIAN	President
ELVIRA A. TING	Treasurer

be authorized, as they are hereby authorized, directed and empowered, in the name and for the account of this Corporation, to execute the Continuing Deed of Suretyship, negotiate for and enter into the foregoing transactions with Philippine Bank of Communications under such terms and conditions as may be acceptable to the aforementioned officers.”

“RESOLVED, FURTHER, that the aforementioned officers are hereby authorized, directed and empowered, for and in the name of the Corporation, to execute, sign and deliver any and all promissory notes, instruments, agreements, contracts and documents that may be necessary and/or required for the implementation of the foregoing transactions.”

D. Ratification

“RESOLVED, that all transactions, warranties, representations, covenants, dealings and agreements by the above mentioned officers of this Corporation with 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.”

**11. ADJOURNMENT**

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

**ARTHUR R. PONSARAN**  
Corporate Secretary

**ATTEST:**

**SERGIO R. ORTIZ- LUIS, JR.**  
Chairman