

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF
WATERFRONT PHILIPPINES, INCORPORATED
HELD AT THE WATERFRONT CEBU CITY CASINO HOTEL
LAHUG, CEBU CITY ON SEPTEMBER 23, 2021 at 2:00 P.M.
VIA REMOTE COMMUNICATION

TOTAL NUMBER OF SHARES PRESENT/REPRESENTED	-	1,646,370,630
ISSUED AND OUTSTANDING	-	2,498,991,753
PERCENTAGE OF SHARES PRESENT/REPRESENTED	-	65.88%

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 Company's website and PSE Edge on September 1, 2021. The notice was also published in two (2) newspapers of general circulation, in print and digital format – in Manila Bulletin and Business Mirror on September 1 and 2, 2021..

3. DETERMINATION OF QUORUM

The Corporate Secretary certified that based on the record of attendance, stockholders representing a total of 1,646,370,630 common shares or 65.88% 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. Ruben D. Torres
Atty. Renato Francisco
Mr. Reno Magadia
Atty. Aristeo Cruz (Independent Director Nominee)

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 November 16, 2020.

On motion duly made and seconded, the stockholders approved the minutes of the annual stockholders' meeting held on November 16, 2020.

5. REPORT TO THE STOCKHOLDERS

Mr. Gatchalian reported on the highlights of the Company's financial and operational performance for the year 2020, 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 2020.

He reported that the year 2020 has been tough on the global travel and tourism industry, with an impact that can only be described as massive and unprecedented in scale. The COVID-19 pandemic continues to rage on, and the company is left in a state of continuous adjustment, reassessment, and pivoting according to the data at hand.

As the pandemic continues to disrupt economies, Waterfront is still here, staunchly committed to the brand and vision, fighting for the organization and its shareholders, contributing to nation-building, and believing in the strong potential of the travel and tourism market. Even in this downturn, Waterfront has made sure that its distribution channels remain fully operational and intact. These channels form an essential foundation and optimization infrastructure of the business, so it has opted to keep them all up and running, ready for an uptick in demand, shift in policy, or resumption of free regional or global travel. It simply makes more business sense to maintain relationships so that it is agile enough to take advantage of any opportunity that lies ahead. The company's distribution network is composed of both online partners and traditional

sales channels. These channels form the bedrock of any hotel's successful distribution, sales and marketing strategy. The company's formidable business and electronic infrastructure needs to remain robust despite the challenges of this crisis. By ensuring continuity, Waterfront is best prepared to scale up and re-normalize operations at a moment's notice.

Waterfront's consortia or online market segment is made up of online channels (website and mobile app) plus OTA partners and GDS networks. It ranks as the top market segment for the year 2020 earning PHP 85.67 million in revenue, ranking as the year's top market segment contributor to overall income. Online channels contributed 32% of our total annual revenue, followed by conventional channels. The corporate segment, with long-staying guests from the BPO industry, ranks second, contributing PHP 60.98 million in revenue or 23%. Other corporate clients rank third, bringing in PHP 34.72 million or 13% of total revenue. These were followed by the market segment for meetings, bringing in the fourth highest contribution at PHP 17.11 million or 6%, and then the Rack category for guests who booked under the published rate, whether as FIT transient markets or individual travellers, who altogether brought in PHP 16.23 million or roughly 6%. Taken together, conventional channels are still an important source of revenue, making up 68% of overall income.

As a private enterprise, the company must contribute to the nation's overall pandemic mitigation strategy. One of the best ways it can do is to ensure that its workforce stays in good health is through a vaccination program. Waterfront, alongside its partners in the private sector, has managed to procure an initial batch of 1,300 vaccine doses of Moderna. This batch is to be distributed throughout our entire workforce and their immediate families, to protect their health and to make sure that the hotels remain safe environments for both employees and guests.

In connection with its CSR program, the company has also decided to become a vaccination site partner to LGUs in 2021. Waterfront Insular Hotel Davao (WIHD) pioneered this type of private-sector-driven initiative in the Philippines when, shortly before the publication of this report, it officially launched a vaccination program to cover part of the city's population including the tourism sector within the Davao region. It has since administered over 15,868 first vaccine doses to the community, focusing on tourism players and stakeholders regardless of whether they were competitors or not. Waterfront shouldered the entire manning cost of the program for as long as it has been running. Apart from providing the venue for inoculations, it also shouldered the daily fees of doctors, nurses, encoders, and marshals. This is to further ensure the speed, safety, and success of the program.

This model is replicated in other hotels and is currently working with the Lapu-Lapu City LGU and the Cebu City LGU to become a convenient venue where citizens can get vaccinated. Waterfront Airport Hotel and Casino (WAHC) has administered over 29,931 doses. In cooperation with the Lapu-Lapu City LGU, the company is helping to vaccinate not only the employees in the tourism sector but Lapu-Lapu citizens as well. This has helped accelerate the vaccination rate in Mactan Island, a key international

airport location and tourism hub. Waterfront Cebu City Hotel and Casino (WCCHC), has administered a total of 20,410 vaccines since the start of its vaccination program last August, 2021. All of these new ideas and developments have extended from 2020 to 2021, but they are worth mentioning in this report due to their relevance and contribution to real-time pandemic vaccination efforts. Waterfront continues to share its capabilities and resources, knowing that it has the ideal setting and key locations in urban centers to help local communities accomplish their goals faster. This new initiative reiterates its continuing mission to be of service to the community and is further demonstrated by its consistent and numerous CSR initiatives in years past. The company's active community involvement is closely tied to the brand-building. Brand-building does not only happen in times when the industry is thriving. Waterfront considers itself a center of the community—a place of convergence, a hub of employment and opportunity, and an industry leader that actively contributes to society. The company works with locales to create the best experiences and environments for tourists and guests. It is committed to upholding its part in strengthening and supporting fellow Filipinos. This spirit of service is closely integrated with its brand, and its strong commitment during these times creates a lasting impression on its partners, communities, and markets. The tagline, "We're at the center of it all." encapsulates not just its commercial image but also its heart and its mission as a company.

The company has sustained its operations well despite the disruptions that happened. By implementing various measures to increase cost-efficiency, while making sure that it maintains its excellence and service quality, the company has maintained a keen balance that has helped it weather the storm. Waterfront Philippines, Inc. (WPI) consolidated figures in 2020 reflect its drive and indomitable spirit to continue to serve its clientele. Gross revenue this year is at PHP 1.05 billion, with rooms contributing PHP 264.80 million across all properties, F&B contributing PHP 188.90 million, rent and related income bringing in PHP 579.47 million, and other income contributing PHP 21.47 million. Costs and expenses for the group have been notably lower this year at PHP 717.65 million, a reduction of 47.86 % from the previous year's PHP 1.38 billion spent. Group GOP is at PHP 807.06 million. Net income for the year is PHP 683.47 million, an increase of 57.33% versus PHP 434.40 million in 2019.

Manila Waterfront Hotel and Casino (MWHC) remains in its construction phase and will not be reporting revenues in 2020. Current assets for this property are valued at PHP 3.28 billion, increasing by 37.66% compared to the valuation in 2019 at PHP 2.38 billion. The Manila property worked through the pandemic lockdowns and construction difficulties and managed to procure the necessary permits to proceed with construction, eventually catching up with year-end targets.

Waterfront Cebu City Hotel and Casino (WCCHC) generated PHP 678.64 million in gross revenue in 2020. Out of the total revenue, rooms contributed PHP 162.32 million while F&B contributed PHP 119.21 million. Rent and related income bring in the highest contribution at PHP 393.31 million. Other income sources contribute PHP 3.80 million. GOP for the property is at PHP 380.98 million. Net income is PHP 34.61 million.

Due to limited operations caused by the pandemic and the austerity measures to control expenditures, energy costs in the property were down to PHP 85.25 million from PHP 177.38 million in the previous year. This is an energy cost reduction of 51.94%. Personnel costs have also been reduced from PHP 143.99 million in 2019 to PHP 109.35 million in 2020, reflecting savings of 24.06%. This is due to the implementation of various manning or employee programs to ensure optimal efficiency in operations, including pay reduction, job rotation, and forced leave in some cases. Such measures have been implemented across the other properties as well. Work-from-home arrangements were also realized on a case-by-case basis, further reducing operating costs and improving productivity while ensuring safety. Total computed assets for this property are valued at PHP 5.56 billion.

Waterfront Airport Hotel and Casino (WAHC) generated gross revenue of PHP 286.82 million in 2020. GOP is at PHP 167.23million. Net income for the year is PHP 62.99 million. Rooms revenue in 2020 amounted to PHP 59.86 million. Rent and related income for the year is PHP 188.74 million, up 14.31%from PHP 165.12 million in 2019. F&B revenue is at PHP 32.49 million. Other income is at PHP 5.73 million. Personnel costs total is PHP 34.41 million, a reduction of 26.23% from PHP 46.65 million in 2019. Energy costs were also lowered by a large fraction, from PHP 54.59 million in 2019 to PHP 24.13 million in 2020, reflecting a drop of 55.79%. Overall costs and expenses other than depreciation or financing costs amounted to PHP 119.59 million, a lower figure compared to PHP 228.04 in the previous year, reflecting a 47.56% reduction. These, again, were a result of efficiency reviews and cost-cutting measures to ensure that the hotels were still operating optimally even during this crisis. Total assets are valued at PHP 2.1 billion, an increase of 5.32% from PHP 1.99 billion in 2019.

Waterfront Insular Hotel Davao (WIHD) recorded gross revenue of PHP 82.29 million in 2020. Net Loss is PHP 37.50 million. Rooms revenue in 2020 is PHP 42.62 million. F&B income is PHP 36.56 million. Other income is PHP 3.11 million. Costs and expenses were reduced this year, from PHP 220.30 million in 2019 to PHP 115.18 million, cut by 47.72%. Personnel costs are at PHP 33.78 million, a reduction of 15.80%from PHP 40.12 million in 2019. Energy costs were lowered as well, from PHP 30.82 million in 2019 to PHP 16.11 million in 2020, a drop of 47.74%, reflecting various efficiency measures. Total assets for this property have increased to PHP 2.92 billion in value in 2020, versus PHP 1.12 billion in 2019, an appreciation of 160.56%.

The year's performance is a testament to the capabilities of our management team and the tenacity of all our Peers. Every person in the organization has made important contributions and personal sacrifices to keep operations going. Waterfront is sincerely grateful to the stockholders for rallying with the company.

Even with markets shrinking, the company found ways to innovate and generate revenue from new sources. Because of the popularity of online food deliveries, the company opened up its F&B products to a wider market. Waterfront has created innovative and attractive F&B offerings through online channels and delivery services. These products remain faithful to the prestige and quality of the Waterfront brand and

serve the needs of customers who wish to experience excellent dining in the comfort and safety of their homes. It has also accommodated overseas worker groups and arranged special quarantine packages for them at the hotels. These stays are both revenue-generating and serving a real need in the community. The company continues to come up with new ways to maximize product offerings and adapt them to the pandemic consumer environment.

Waterfront looks to the future with a strong faith in the industry, the country, and its people. The company used the time of the pandemic to prepare for a potential revival, maintain a cautious outlook on the day-to-day and short-term challenges it faces and optimistic about the overall arc of the travel and tourism industry. Waterfront, reinforced by its creativity and innovation, and its three-pillar strategy, namely: to maintain distribution channels, assist in the country's vaccination drive to secure the safety of its workforce, and invest in a brand new product that will capture pent-up demand upon tourism revival, is strong and prepared to continue to weather the current crisis.

After clarifications made on various matters raised from the floor, the stockholders, on motion duly made and seconded, approved the 2020 Annual Report and the accompanying Audited Financial Statements of the Corporation as of December 31, 2020.

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, 2020 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, 2020 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 2021-2022. The following were nominated and elected directors:

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

Renato C. Francisco-
Aristeo R. Cruz -

Independent Director
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 2021-2022.”

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 2021-2022.”

10. 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