

**LEISURE & RESORTS WORLD CORPORATION**  
Minutes of the Annual Meeting of the Stockholders

Place: Midas Hotel and Casino  
2702 Roxas Boulevard, Pasay City

Date: 26 July 2013

Time: 5:00 p.m.

**CALL TO ORDER**

The Chairman, Mr. Reynaldo P. Bantug, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Raul G. Gerodias, recorded the minutes of the meeting.

The Chairman acknowledged the presence of KPMG MANABAT ANAGUSTIN Auditing Firm, headed by the partner in charge for the Corporation, Mr. Tomas G. Mahinay. The Chairman informed everyone present that KPMG shall be available to respond to appropriate questions from the stockholders later in the meeting.

**CERTIFICATION OF QUORUM AND WAIVER OF NOTICE**


The Corporate Secretary certified that notices of the annual meeting were sent by registered mail and messengerial service to all stockholders of record as of the record date at their respective addresses.

The Corporate Secretary certified that a quorum was present for the transaction of business with the presence, in person or by proxy, of stockholders representing 677,446,320 shares, or 67.75% of the total and issued outstanding shares of the Corporation. The stockholders consented to waive their right to notice of the meeting.

**I. APPROVAL OF THE PREVIOUS MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 27 JULY 2012**

The minutes of the previous meeting of the stockholders held on 27 July 2012 was presented for approval.

A stockholder stood up and noted that some questions which were propounded to the Chairman during the 2012 annual stockholders meeting were not reflected in the minutes presented for approval. The concerned stockholder requested that the final version of minutes to be presented for approval should be more detailed and should include the pertinent questions raised during the meeting. The concerned stockholder, however, did not raise a formal objection to the approval of the minutes of the previous meeting of the stockholders held on



27 July 2012. The Chairman acknowledged the observation and noted the suggestion.

Thus, upon motion duly made and seconded, the reading of the minutes of the stockholders meeting held on 27 July 2012 was dispensed with and the minutes of the said meeting as set forth in Minutes Book, was approved, confirmed and ratified.

**IV. MANAGEMENT'S REPORT, APPROVAL OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2012 AND RATIFICATION OF ACTIONS TAKEN BY THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL MEETING DATED 27 JULY 2012**

The Chairman rendered the Management's Report and read the Annual Report to the stockholders, a copy of which was incorporated in the Shareholders' Information Package which was furnished to all stockholders of the Corporation. Upon motion duly made and seconded, the following resolution was unanimously passed and approved:

"RESOLVED, that the Annual Report for 2012 as presented by the Chairman, the President and the Board of Directors together with all the Balance Sheets and Financial Statements contained therein be approved as presented."

Thereupon, the Chairman proceeded to the next item of the Agenda, which is the ratification of all acts and proceedings of the Board of Directors since the Annual Meeting held on 27 July 2012, including but not limited to the following:

1. Approval of the list of nominees for election to the Board of Directors including the independent directors submitted by the Nomination Committee;
2. Approval of the audit reports and financial statements as presented by the Audit Committee;
3. Approval of the appointment of Atty. Raul G. Gerodias as the Corporation's Compliance and Corporate Information Officer;
4. Approval of the list of nominees who shall comprise the various committees of the Corporation;
5. Ratification of the Agreement implementing the Memorandum of Agreement between the Corporation, AB Leisure Global, Inc., Premiumleisure Amusement, Inc. and Belle Corporation which amended existing agreements and allowed the participation of a

foreign partner in the Belle Grande Integrated Resort and Casino Project;

6. Ratification of the terms of the 3 Billion Pesos loan facility covered by the Omnibus Loan and Security Agreement and all transactions entered into and contemplated therein executed by the Corporation, the Corporation's wholly-owned subsidiary AB Leisure Global, Inc., Banco De Oro Unibank, Inc. and Banco De Oro-Trust and Investments Group;
7. Ratification of the terms of the 1 Billion Pesos loan facility covered by the loan agreement with Philippine Business Bank, Inc. and all transactions entered into and contemplated therein;
8. Grant of cash bonus to the members of the Board of Directors and Officers; and
9. Declaration of cash dividends totaling Php 0.04 per share payable to all common stockholders of record as of 28 September 2013, to be paid on 23 October 2013, and another cash dividend of Php 0.04 per share payable to all common stockholders of record as of 28 February 2014 to be paid on 26 March 2014.

Upon motion duly made and seconded, the following resolution was unanimously passed and approved:


"RESOLVED, that the acts and proceedings of the Corporation's Board of Directors and Management since the last annual meeting on 27 July 2012 as set forth in the Minutes Book, be, as they are hereby, approved, confirmed and ratified."

**V. APPROVAL OF THE PRIMARY OFFER IN THE PHILIPPINES OF TWO HUNDRED FIFTY MILLION (250,000,000) SERIES "2" PREFERRED SHARES WITH A PAR VALUE OF P1.00 PER SHARE**

The Chairman informed the stockholders that the Corporation will make a primary offering of 250 Million Series "2" perpetual preferred shares and warrants equivalent to 12,500,000 common shares, the features of which are contained in the Definitive Information Statement. The primary offering shall be registered pursuant to Sections 8 and 12 of the Securities Regulation Code.

Upon motion duly made and seconded, the following resolution was unanimously passed and approved:

"RESOLVED, that the primary offer in the Philippines of 250 million Series "2" Perpetual Preferred Shares and Warrants Equivalent to 12,500,000 Common Shares and its registration



pursuant to Sections 8 and 12 of the Securities Regulation Code, be approved as presented."

## VI. NOMINATION AND ELECTION OF THE CORPORATION'S DIRECTORS

The stockholders proceeded to the election of eleven (11) directors for the ensuing term. The Chairman informed the stockholders that out of the 11 directors to be nominated and elected to the board seats of the Corporation, the Corporation is required by law to nominate and elect two (2) independent directors. The nominees to the seats for independent directors have been pre-qualified by the Nomination Committee in accordance with the requirements and procedure set forth under Rule 38 of the Securities Regulations Code. Also, in accordance with the said procedure, no nominations to the independent directors' seats will be entertained during the meeting for the election of directors and only the nominees in the list of the Nomination Committee shall comprise the final list of nominees to the said seats. The Chairman then presented the final list of nominees to the Independent Directors' seats as submitted to the Board by the Nomination Committee:

Mr. Anthony L. Almeda  
Ms. Clarita T. Zarraga

The nominees to the Independent Directors' seats as submitted to the Board by the Nomination Committee were then declared as the duly elected Independent Directors for the ensuing year until their successors have been duly elected and qualified.

The Chairman then opened the table for nominations to the remaining nine (9) seats in the Board and the following were nominated:

1. Reynaldo P. Bantug
2. Jose Conrado B. Benitez
3. Edgardo S. Lopez
4. Ignatius F. Yenke
5. Willy N. Ocier
6. Bienvenido M. Santiago
7. Wilson L. Sy
8. Eusebio H. Tanco
9. Jose Francisco B. Benitez

There being no other nominations, the Chairman directed the Corporate Secretary to cast the votes of the stockholders present in person and by proxy in favor of the nominees and were declared as the duly elected directors of the Corporation for the ensuing year until their successors have been duly made elected and qualified.

## VII. APPOINTMENT OF EXTERNAL AUDITOR

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

"RESOLVED, that KPMG Manabat Sanagustin & Co. be, as it is hereby, appointed as external auditor of the Corporation for the ensuing fiscal year."

## VIII. OTHER MATTERS

### a. APPROVAL OF THE MINUTES OF SPECIAL STOCKHOLDERS' MEETING HELD ON 22 MARCH 2013

Also included in the agenda is the approval of the Minutes of the previous special meeting of the stockholders held on 22 March 2013 at the Midas Hotel and Casino, where the stockholders approved the increase in the Corporation's authorized capital stock, amendment of its articles of incorporation and by-laws and the delegation to the Board of the Directors of the power to amend the Corporation's by-laws.

In the absence of any objections, and upon motion duly made and seconded, the reading of the Minutes of the special stockholders meeting held on 22 March 2013 was dispensed with and the minutes of the said meeting as set forth in Minutes Book, was approved, confirmed and ratified.

### b. OPEN FORUM

The Chairman opened the floor for questions.

1<sup>st</sup> question: How much revenue does the Corporation expect to earn from its 4 Billion Pesos investment in the Melco Integrated Casino and Resort Project (Casino Project)?

*Response: The Chairman candidly admitted that it would not be easy to give an exact or even estimated figure on the potential earnings. However, the Chairman noted that the Corporation was upbeat and very optimistic with the prospects and potential revenue that would eventually be generated from its investment in the Casino Project.*

2<sup>nd</sup> question: Is it reasonable to assume that the Corporation will experience a significant drop in its income since it has to pay out dividends at an annual rate of 8.5% to its preferred stockholders?

*Response: The Chairman said that this was not entirely accurate. The projections and computations that were considered when the coupon*

rate of the preferred shares were being deliberated were based only on the 2012 revenue stream and figures of the Corporation. However, in 2013, the Corporation embarked on and invested in new businesses and ventures which it expects to generate enough revenue to subsidize or even totally cover the dividend payments to its preferred stockholders. For example, the Corporation expects its investment in the Midas Hotel and Casino to contribute to its increase in revenues. Mr. Rene G. Nunez added that Midas Hotel and Casino's occupancy rate is now at a high of 65%, with at least Php100 Million net income to be achieved by the end of 2013.

3<sup>rd</sup> question: When will the stock dividends be paid out?

*Response: On or before 02 August 2013, the SEC's approval of the pay-out is expected to be released. However, the Corporation shall wait for the Philippine Stock Exchange's approval before making a definite statement on when the stock dividends will be paid out. The Chairman undertook to make the necessary disclosures to the public once the details have been ironed out and confirmed.*

*The Chairman added that the cash dividends will cover even the shares to be issued pursuant to the stock dividends to be paid out.*

4<sup>th</sup> question: Who will be able to subscribe to the 250 Million perpetual preferred shares to be listed?

*Response: Mr. Freddy Reyes stated that all shares to be listed shall be offered through brokers. Asian Alliance Investment Corporation, the Corporation's financial adviser, shall be the lead manager and allocator for this purpose.*

5<sup>th</sup> question: Can you quantify the expected decrease in dividends payable to the common stockholders due to the issuance of the perpetual preferred shares?

*Response: Consistent with the earlier query, the Chairman stated that the Corporation does not expect the issuance of the perpetual preferred shares to adversely affect its ability to consistently pay out cash dividends to common stockholders. The proceeds received from the issuance of perpetual preferred shares will be invested in other businesses which are expected to expand and grow; these, in turn, are expected to contribute more revenues for all of the Corporation's core businesses and other ventures. Thus, the Corporation expects that common stockholders shall still continue to receive benefits in the form of cash dividends.*

6<sup>th</sup> question: Who is the Corporation's biggest competitor, Solaire or Resorts World?

*Response: The Chairman clarified that the Corporation does not really view Solaire or Resorts World as competitors. On the contrary, the*

*continued operation of these other casinos and resorts will greatly enhance the country's ability to attract more and more visitors and casino players. This, in turn, will benefit all licensed casino operators, including the Casino Project which the Corporation has invested in.*

7<sup>th</sup> question: Has the Corporation considered changing the name of the Midas Hotel and Casino to the LRWC Hotel and Casino?

*Response: The Chairman admitted that this was an option. However, the Corporation is also weighing this considering that the Midas Hotel has already established goodwill and name-recall in the hotel industry.*

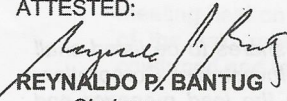
## **IX. ADJOURNMENT**

There being no other business to discuss, the meeting was adjourned upon motion duly made and seconded.

CERTIFIED CORRECT:

**RAUL G. GERODIAS**  
Corporate Secretary

ATTESTED:

  
**REYNALDO P. BANTUG**  
Chairman