

## 2020 Annual Stockholders' Meeting Chairman's Message to Shareholders

Dear Valued Shareholders,

We are dealing with an extraordinary crisis. Since March, the coronavirus has overtaken our lives and transformed the world. As we face the spiralling effects of this pandemic, we urge everyone to remain focus on what we can do to stay resilient and well-positioned to support our colleagues, business partners, shareholders, customers and communities across the country.

2019 was a defining year for Leisure & Resorts World Corporation (LRWC). We entered this predicament in a position of strength. We were able to acquire a private placement from new investors. With the new adjustments, the firm managed a total **consolidated gross revenue of Php10,614,058,997, an increase of 7.1%** as of December 31, 2019 versus **Php9,913,847,135** in 2018. We have delivered significant results and we are optimistic to continue doing so in the future, though it should be expected that our earnings will not be spared from the 2020 global crisis. However, these challenges brought by the global pandemic also posted as opportunities for us – opportunities to improve and to innovate. It is our promise that we will work on exploring new ways not only to cope with the situation but also to beat it by bringing continuous and new ways of income generation. For now, let me walk you through the summary of what has transpired in our 2019 operations.

**RETAIL** group's consolidated gross revenue contribution for 2019 jumped 10.25% to Php 8,162,258,853. The growth was due to strong revenue increases driven by improved gaming sites, opening of new venues and robust product offering during the year. **AB Leisure Exponent, Inc. (ABLE)** reported a gross revenue of Php7,850,640,266 for 2019, a 10.4% increase from Php7,111,489,492 in 2018. With over 10,978 e-bingo machines in 152 bingo parlors, ABLE continues to surpass its competitors with innovative transformation in the gaming industry, delivering greater efficiency, cost savings and improved lead conversions. **Total Gamezone Xtreme Incorporated's (TGXI's)** gross revenue on the other hand climbed 6.9% to Php311,618,587 versus Php291,607,194 last year.

**CASINO** group has been through both ups and downs. Its consolidated gross revenue contribution slightly decreased by 7% year-on-year to Php1,325,287,557 from the previous year's Php1,430,968,478. Blue Chip Gaming and Leisure Corporation (BCGLC) or Blue Chip posted a gross revenue contribution of Php635,517,177, an 18.7% increase from the Php535,273,626 recorded in 2018. Blue Chip remained bullish about projects that improved the gaming experience of its patrons and targeted promotional campaigns, such as the acquisition of PAGCOR Club San Pedro, addition of new slot machines, addition of in-house services, and many more. **Prime Investment Korea Inc. (PIKI)** recorded a decrease of 23% or Php689,770,381 from last year's Php895,694,852. LRWC's share in **Hotel Enterprises Philippines, Inc.'s (HEPI's)** net income totalled Php149,007,689 or an increase of 29.7% from last year's share in the net income of Php114,866,158.

**ONLINE** group's **FCLRC** or **First Cagayan Leisure & Resort Corporation** and **LR Data Center and Solutions Inc. (LRDCSI)** never lost sight of opportunities even in a very challenging period and business landscape. FCLRC's gross revenue for 2019 is Php458,352,744, higher by 15.9% from previous year's Php395,499,397 while LRDCSI's gross revenue gained 20.4% to Php99,733,764 from a year ago's Php82,815,034. Both remained resilient and creative in many different ways to stay the course. Overall, the group managed to gain a slight increase of 2.41%, with gross revenue of Php1,079,725,322 from last year's Php1,054,365,127.

**PROPERTY** group remained strong and stable in 2019, as ABLGI or AB Leisure Global Inc. managed to retain its gross revenue at Php8,499,400, same with last year's Php8,499,400; however, there is a significant increase in the value of the lands that it hold and because of this, the net income of ABLGI has increased to Php1,363,266,473 from last year's Php580,713,241. LR Land, on the other hand, reported a gross revenue of Php38,287,864 in 2019, 126.3% higher than the Php16,917,444 recorded in 2018.

With the significant amount acquired from the private placement, LRWC was able to pay a total amount of Php1,588,910,000 debt off its books. The Company was also able to set aside the cash needed for the redemption of One Billion Six Hundred Fifty Million (1,650,000,000) preferred shares at the par value of One Peso (Php1.00) per share, which happened on January 2020. This meant that we were able to reduce the Company's original Php7,715,252,438 debt to Php4,134,207,102. The Company has streamlined costs and expenses as well. With these, LRWC carries less burden off its shoulders, and is given more room to explore new business development possibilities.

While the future remains uncertain especially at this time, we will continue to do our part to help the government navigate this difficult period. We shall bring our businesses forward and we are determined to turn these uncertainties into fruitful opportunities. We are continuously re-evaluating the situation, and have been busy the past months planning for safety measures under the new normal and making sure we are compliant with all government requirements so that when things have turned around in our favour, we can get back to business and our site employees will be able to get back on their feet.

We would like to express our deep gratitude and appreciation for the tremendous character and capabilities of the board, the management and all our employees, and how everyone has coped during these times of adversity with grace and grit.

Additionally, we would like to take this opportunity to extend our appreciation and gratitude to two of our directors for their years of untiring service to our company as they now step down from their position. Thank you very much, Mr. Anthony Almeda and Mr. Ignatius Yenka for all the support these years. It was a great time serving the Company with you, and LRWC is truly honoured to have you both as part of our Board for these past years.

In closing, we would like to thank our stakeholders for their engagement and continued trust and support for LRWC. We are confident that we will get through this unprecedented situation. Together, we shall stay ON TOP OF OUR GAME!

  
**EUSEBIO H. TANCO**  
Chairman  
August 28, 2020