



The Palms Country Club, Inc.

ANNUAL SHAREHOLDERS MEETING

October 16, 2020

The background features a light beige color with a large, stylized white palm frond graphic that curves across the upper right portion of the page. On the left side, there are two smaller, detailed palm fronds, one pointing upwards and one pointing downwards, both in shades of green and yellow.

THE
PALMS
COUNTRY CLUB

January to December 2019

Financial Report

Financial Highlights for the Year 2019

- ❖ The Club generated a total revenue (excluding other income) of 367.6M
- ❖ Breakdown of revenue:

Food & Beverage 220.5M or 60%

Membership Dues 86.5M or 23%

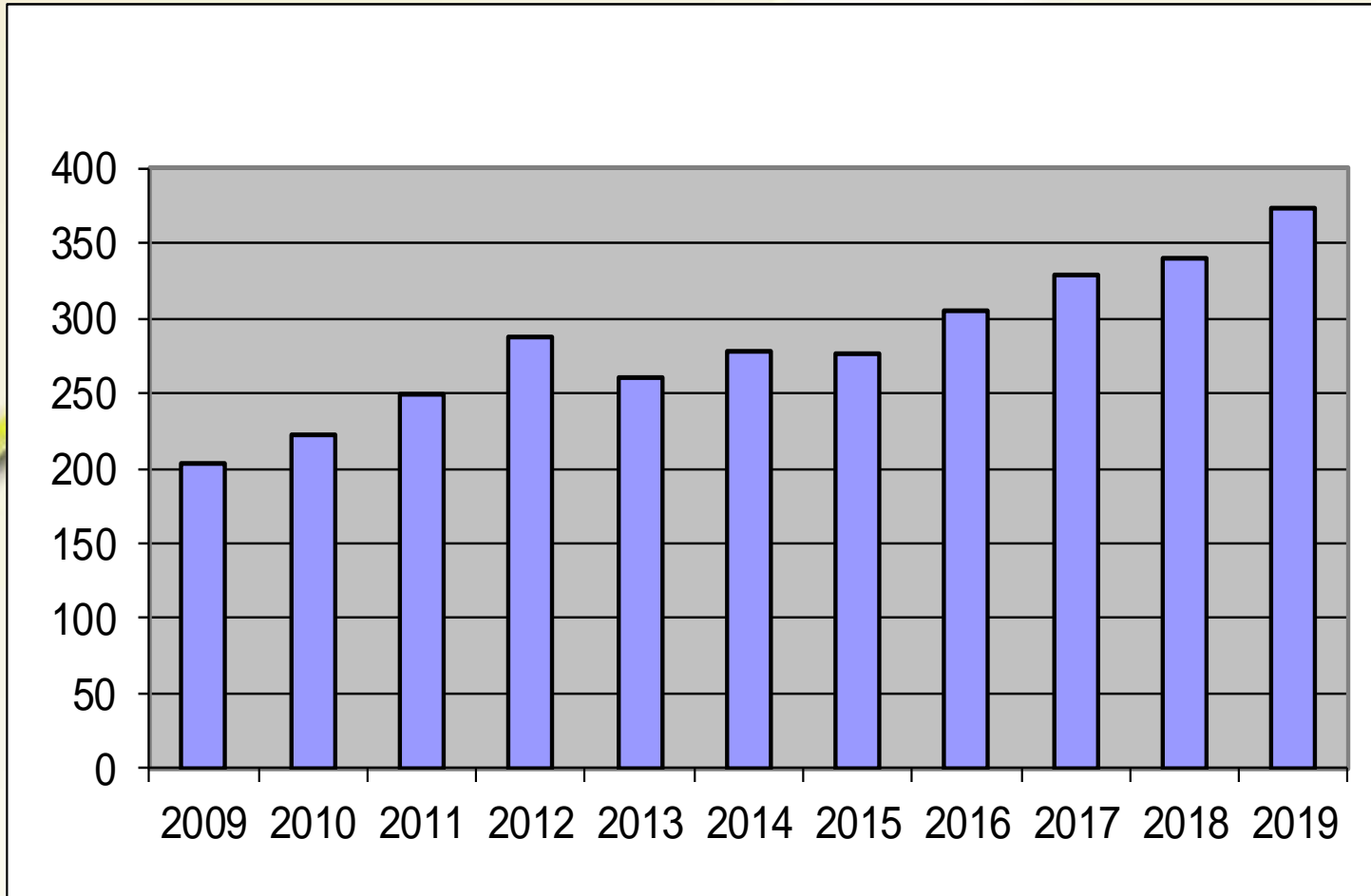
Sports & Recreation 27.9M or 8%

Club Shop and others 32.6M or 9%

Total Club Operating Income

	2019 (M)	2018 (M)	Inc (Dec)	%
Revenue	367.6	335.8	31.8	9%
Less: Direct Cost	251.3	229.2	22.1	10%
Gross Margin	116.3	106.6	9.7	9%
Less: Opex	73.3	70.2	3.1	4%
Less: Depreciation	28.8	28.2	.6	2%
Operating Income	14.2	8.2	6.0	74%
Add: Other Income	5.6	4.4	1.2	28%
Less: Finance Cost	7.1	7.2	-.1	-2%
Net Operating Profit	12.7	5.3	7.4	137%
Less: Prov. for Taxes	1.8	2.1	-.4	-17%
Net Profit (Loss)	10.9	3.2	7.7	240%

Total Club Revenue Growth



YEAR

Club Shop & Other Revenue Breakdown

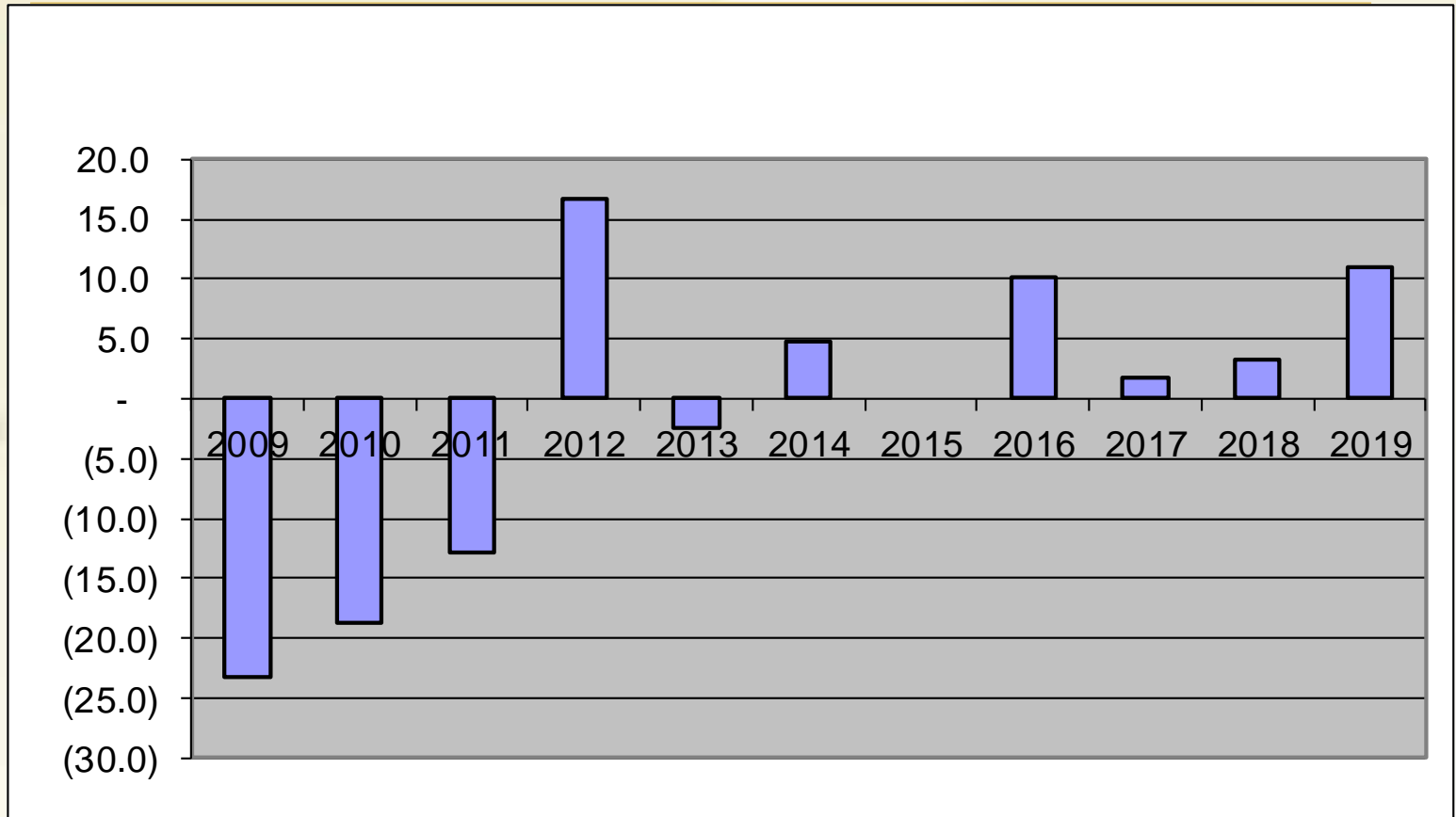
	2019 (Millions)	2018 (Millions)	Increase (Decrease)	%
Club Shop	2.6	2.3	.3	15%
Transfer Fees	12.5	9.1	3.4	38%
Assignment Fees	5.2	5.0	.1	3%
Renomination Fees	.5	.5	-.0	6%
Visitors Pass	.6	.5	.1	11%
Other Bqt Revenues	7.1	6.5	.6	9%
Deli merchandise	3.4	3.3	.1	5%
Club Events	.6	.6	-.0	-2%
	32.6	27.8	4.8	17%

Club Operating Expenses

	2019 Millions	% to Rev	2018 Millions	% to Rev
Gen. & Admin	49.3	13%	48.9	15%
Depreciation	28.3	8%	28.2	8%
Housekeeping	13.8	4%	12.5	4%
Engineering	10.2	3%	8.8	3%
Total	102.1	28%	98.5	29%

Club Operating Profit*

MILLION (Phi)



YEAR

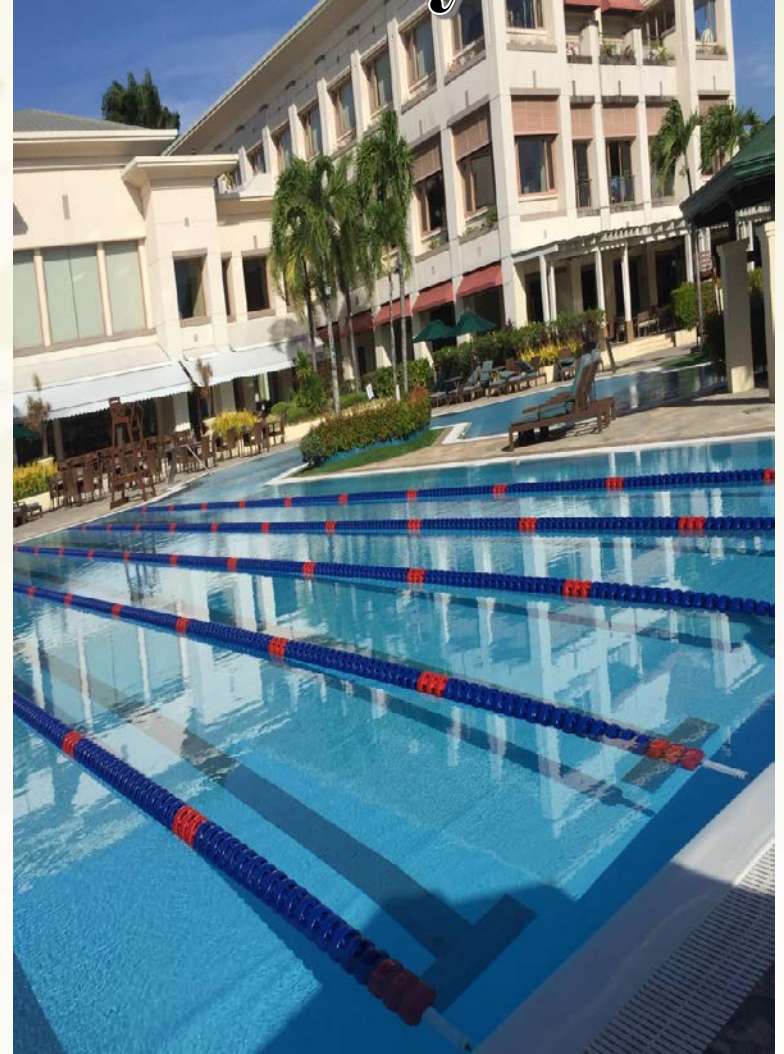
* Includes depreciation



Club Renovations 2019



Replacement of Underwater Lights and Lane Marker Buoys



Employees Motor Bike and Cark Parking



Racquet Sports CCTV

- 6 cameras deployed as its immediate response by Main Reception staff for emergency situation, guest monitoring and for security reasons





Painting on
Tennis and
Perimeter walls



WATERPROOFING PROJECT

Contractor : Europool Inc.

Contract Price: Php. 19,442,000.00

Project Duration: December 2019 to April 2020

Scope of work is to rehabilitate the entire roofing of the club to address the persistent leaks in various areas of the Club.

- Concrete roofing to be covered using a PVC membrane with an expected life expectancy of 20 years.
- Steel roofing to be coated with a UV resistant heat reflecting paint reducing “heat load” of the club’s internal spaces.

As of October 15, 2020 the project completion rate is at 90%

Reasons for delays: Eruption of Taal Volcano and on-going Covid-19 pandemic severely restricting working hours.

Expected completion in mid November 2020 depending on weather conditions and pandemic development.





Extension of Employees Cafeteria

Approved in Dec. 12, 2019 Board Meeting, the former employee smoking area was renovated for enhancing the Cafeteria space, making it better suited to become an open extension.



Food and Beverage Highlights

- ❖ Total F&B revenue increased by 22.5M or 11% year on year
- ❖ Banquet revenue in 2019 showed a positive of 6.4M over 2018 which is a good result considering that revenue has been stagnant for the previous 2 years
- ❖ Expanding outside catering service at the Filinvest Tent and other nearby venues has helped increase revenue
- ❖ F&B outlets performed very well. Most outlets posting double digit increase in revenue
- ❖ Significant increase in revenue generated in Members Lounge; becoming a favorite “hang out place” not only at night time but for breakfast and lunch as well
- ❖ Overall it has been a very encouraging year on F&B side, Members support and patronage of Club’s outlets has been as strong as ever. Promotions and events have been well attended and appreciated by members and their guests




Food and Beverage Highlights

❖ Continued with Palm's traditional offerings:

- Daily food stations and weekend buffets at Asiana
- Twice a month specialty weekend themed buffets at Asiana
- Nishijin buffets on Friday, Saturday and Sunday
- Antipasto Bar at Continental for lunch and dinner
- Quarterly Raclette Nights in Continental
- Chef's recommendation in Asiana, Continental and Nishijin
- Monthly events in Pool Bar with acoustic bands
- Monthly Wine and Cheese event at The Continental

❖ Major F&B events

- Indian Themed Buffet at Asiana attended by 543 in April and 483 persons in October
 - Steak and Lobster night at Continental
 - Elderton Wine Makers Dinner
 - Clubs 17th Anniversary with complimentary Breakfast, Pica-Pica Buffet and Sunday Morning free Cake and Pasty tasting
 - Members Lounge. Friday night is Gin-O'clock night
 - Independence Day Bazaar at the Deli showcasing local delicacies
- 

Food & Beverage Outlets Revenue

Outlets	2019 (Millions)	2018 (Millions)	Inc. (Dec)	%
Banquet	78.7	72.3	6.4	9%
Café Asiana	45.9	41.6	4.3	10%
Nishijin	19.1	17.3	1.8	11%
Continental	25.5	23.3	2.2	10%
Strikes	9.7	8.6	1.1	14%
Pool Bar	21.6	18.6	3.0	16%
Lounge	6.4	4.9	1.5	31%
Bleachers	1.1	1.0	.1	6%
Deli	12.4	10.5	1.9	19%
TOTAL	220.5	198.0	22.5	11%

2019 Club Events



CLUB'S 17th ANNIVERSARY



HALLOWEEN PARTY



GINGERBREAD TILE MAKING

Decorated a total of 282 Tiles





Gingerbread House

Decorating
Decorated a total of
150 houses

SANTA CLAUSE VISIT DEC. 25



NEW YEAR'S EVE PARTY 2019/2020



NYE Kids Entertainment at Strikes



Sports and Recreation Highlights

- ❖ The Club with the help of the Sports Committee organized multiple Club events for all sports offered by the Club
 - ❖ Badminton
 - ❖ Tennis Tournaments for kids, mixed doubles Pro-Am
 - ❖ Senior Basketball Leagues
 - ❖ GM Solidarity Futsal Tournament
 - ❖ Squash Tournaments
- ❖ Summer Camp with “Iron Chef” competition
- ❖ Participated in the POLO Inter-Club Invitational Badminton Tournament (garnered 2 Gold and 3 Silver medals)
- ❖ Palms Swim Team (Hammerheads) participated in swim meets
- ❖ Improvements done in Salon and Spa facilities
- ❖ Conceptualized the opening of a Pilates Studio in March 2020

S&R Revenue by Outlet

	2019 (Millions)	2018 (Millions)	Inc (Dec)	%
Racquet Sports	21.5	20.0	1.5	8%
Spa	2.3	1.9	.4	19%
Salon	3.8	3.8	.0	-2%
Camp Coco	.3	.4	-.1	-14%
TOTAL	27.9	26.1	1.8	7%

POLO Inter-Club Invitational Badminton Tournament


CONGRATULATIONS!

PALMS BADMINTON TEAM 2019

For bringing home 2 gold and 3 silver medals in the 2019 Inter-Club Badminton Tournament



Lito Santos, Carmela Alog, Aurora Bhojwani, Marcel Naval, Gus Camacho, Nik Lombos, Donald Sison, Ray Rodrigo, Ton Dy, Tina Borra,
Aly Reyes, David Choy, Ram Lombos, John Borra, Jojo Claudio

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Seniors Basketball League Start



Iron Chef Cooking Competition





OTHER CLUB INITIATIVES

Employees Activities

- ❖ To promote unity, individual enjoyment and camaraderie among employees, the annual company outing was conducted last October 14 and 21, 2019 in 88 Hot Spring Resort in Los Baños, Laguna



Employees Activities

CORPORATE SOCIAL RESPONSIBILITY



In line with management's desire to raise social awareness and share the spirit of giving, 100 Children from Bgy. Buli, Muntinlupa City received simple gifts from the management last December 7, 2019.



Another Corporate Social Responsibility conducted was an outreach activity in Bahay Ampunan ni Jesus, Maria at Jose last December 23, 2019 where management and the Staff Welfare Committee members distributed simple donation gifts. Aside from the items given during the activity, management pledged to give the charity one year supply of 100 kilos of rice for the whole 2020 to be given every month.



RED CROSS BLOOD DONATION 2019



QUARTERLY FIRE AND EARTHQUAKE DRILLS

Regular Earthquake and Fire Drills

The purpose is to help employees, members, and guests learn how to REACT immediately and appropriately. Building evacuation procedures following an earthquake or during a fire emergency is imperative.



AED INSTALLATION



AEDs (Automated Electronic Defibrillator)

Are important because they strengthen the Chain of Survival.

Equipment can restore a normal **heart** rhythm in victims of sudden cardiac arrest.

New, portable AEDs enable more people to respond to a **medical** emergency that requires defibrillation.

**Update on Major Events that have
happened in**

2020

January 12, 2020

Eruption of Taal Volcano



June 5, 2020

Lap Pool Liner Replacement Completed





**Covid-19 Response
and
General Club Operation Update**

COVID-19 Update and Effects on the Club's Operation

- The Club was mandated by IATF ruling to close beginning March 16, 2020
- Skeletal workforce of less than 30 staff stayed in to ensure the club's facilities and equipment are taken care of
- Provided accommodation and meals for RITM staff from March 17 until May 31
 - All expenses incurred for the accommodation of the RITM staff was shouldered by Filinvest Foundation in the amount of 2.024M
 - Started to provide Food pick up/delivery service in May 1. Received good response and patronage from members
- June 6 the Club was allowed to re-open for use its outdoor sports facilities like Tennis and Swimming
- June 15 the Club partially opened its dine-in facilities (max 30% capacity) with mixed success. Very few members made use of the Club (less than 100 visits per day compared to pre COVID times of more than 1000 persons a day)

COVID-19 Update and Effects on the Club's Operation

- After reports of employees of the Club found to be positive with Covid-19, the club was closed for sanitation from July 28 to 30
- Re-opened in July 31 with only outdoor dining and outdoor sports facilities available
- All staff underwent “Rapid Antigen Testing” while for high risk person a PCR testing was done. Presently staff are staying at the Club for a 1 month period to avoid exposure in their daily travel to and from work.
- August 4 to 18, 2020 IATF again declared MECQ in NCR thus the Club had to close again. Take-out and Delivery services were made available during the 2 weeks closure
- August 19, 2020 the Club opened its doors again offering sports and dining facilities to all members and guests
- For Banquet, banning gatherings still in place, the club focused on “packed meals” for companies located in the Filinvest/Muntinlupa areas.

COVID-19 Update and Effects on the Club's Operation

- Throughout the pandemic the Club's Management issued updates and notifications to members explaining and informing them the present status of the club's operations.
- Management received overwhelming positive response and feedback on the decision to allow RITM staff to stay at the Club during the ECQ and MECQ period.



COVID-19 Update and Effects on the Club's Operation

- Management with the Board's approval, implemented several extensions on Dues payment to mitigate the financial impact on members
 - Delayed payment of March and April dues until May 31, 2020 without any late payment fees
 - Delayed payment for May and June dues until June 30, 2020
 - The Club suspended all late payment and penalty fees starting March 2020 until present
- Major concern from members during the pandemic -
 - why the Club charge full dues when the club facilities are not available for use
- Management with the Board's approval, issued several explanatory announcement detailing the monthly fixed cost the Club is incurring despite the Club is non-operational for approximately 2 months

COVID-19 Update and Effects on the Club's Operation

- Response to members question regarding the amount of dues collected and if this could be reduced as it may exceed present overhead cost:
 - Our present overhead cost is around 9M per month vs. dues collection of about 6.5M per month resulting in a loss of 2.5M per month.
 - Yes there has been significant reduction in operating cost but we also lost 80+% of our F&B sales. It used to be around 20 M vs. the current sales of 4.8M (September) per month from the Deli take out and limited restaurant operation. F&B has always been the “top line” revenue generating activity of the club and the profit generated kept the monthly dues down at a reasonable amount where members still continue to benefit for the past 18 years.
 - The highest overhead cost are the employee salary made up of and among other things, benefits and government contributions amounting to 4.5M per month; government taxes, utilities, monthly air con rehabilitation payment (600K per month), communication (PLDT, Internet) plus other long term monthly preventive contracts, make up the rest of the overhead cost.
 - The Board of Directors is constantly reviewing the club's financial situation and we have started implementing a “No Work No Pay” arrangement for all its employees in order to reduce cost of labor, a major factor that influence the cost of business. We still hope that the situation will improve soon and not be forced to start laying off staff to sustain its operation.

COVID- 19 Update and Effects on the Club's Operation

- With no end in sight of the server down turn in “revenue” generating activities of the club, the main focus right now is how to reduce the overhead cost
- The Club implemented a comprehensive review on all its fixed cost and started to implement them accordingly.
- The goal is to reduce the monthly operating cost to be in line with the monthly dues collected and the very limited income/profit generated from F&B as well Sports
- Some of the implemented cost savings are:
 - No work No Pay for all regular employees
 - Early retirement option given to Club's employees
 - Reduced work week for all staff from 6 days to 4 days (without pay)
 - Reduction in communication payments (reduced bandwidth for Wi-Fi usage)
 - Utility saving measures implemented
 - Reduced cost of monthly maintenance contracts
 - Review and cost cutting measures to reduce food and beverage cost
 - Reduction of Agency hired personnel by 80%
 - Cross-training of regular employees to other departments to maximize available manpower and at the same time provide additional income for them due to No Work No Pay arrangement

Covid-19 Expenses as of August 31, 2020

MEALS OF STAFF (staying in Employees, 60 peso per meal for 163 days at an average of 168 meals a day)	1,643,470
GRATUITY	253,148
EQUIPMENTS	50,318
RAPID TEST / ANTIGEN	350,801
DISINFECTION	15,179
MEDICAL SUPPLIES	271,186
TOTAL	2,584,102

Employees Status Report

- During the total closure of the Club from March 17 until May 15, 2020 all regular employees were paid their full salaries without deduction
- End of April, the club released the advance 13th month pay (5/12) to all staff (Regular and Casual)
- After it became clear that the pandemic would be a long drawn out situation, causing significant and prolonged short falls in revenue, the management implemented a “No Work No Pay” arrangement for all regular employees starting May 16, 2020
- Employees not on duty to make use of their accumulated Vacation Leave (VL) or Sick Leave (SL) benefits. With this arrangement majority of the club’s employees were paid full salaries until end of July
- Starting August we now have about 50 staff which have exhausted their VL and SL benefits therefore no longer receiving any salary
- With the slow re-opening of the club’s F&B and Sports facilities, we have implemented 30 days work rotation

cont. Employees Status Report

- The work rotation provide at least a 50% income to all employees of the club
- We have about 10 staff not reporting for work due to medical reasons: pregnancy, age restriction or personal safety concerns
- The club is in constant communication with them ensuring they are given all the support needed
- As of today we have been able to avoid any retrenchment of regular employees. They have been very supportive of the club's efforts to assign them in different department and providing them cross-training opportunities to acquire new skills, enable them to perform new tasks giving them new growth opportunities for regular work
- On Banquet side, we may have to make painful decisions in the near future by re-organizing the entire team due to business expected to be slow. Our forecast for the next few months is below 20% of the previous years.

CLUB'S PAYROLL 2020

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	2020 TOTAL	2019 TOTAL	Inc (Dec)
Salaries	3.3	3.3	3.3	3.3	3.3	3.2	3.2	2.6	25.6	26.6	-1.0
Overtime	.5	.1	.1			0	0	0	.7	1.8	-1.1
Employee Benefits	1.5	1.3	1.1	.9	.9	1.1	1.1	.8	8.8	10.7	-1.9
Total Regular Pay	5.3	4.7	4.5	4.2	4.2	4.3	4.3	3.5	35.1	39.1	-4.0
Casual	3.0	3.0	1.5	.1	.4	.5	.6	.6	9.7	24.0	-14.3
Total Payroll	8.4	7.7	6.0	4.3	4.6	4.8	4.9	4.1	44.8	63.1	-18.3



Financial Statements

January – August 2020

TOTAL CLUB - MONTHLY

January – August 2020

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	TOTAL
Revenue	31.2	31.1	17.2	7.4	8.9	10.5	11.6	11.3	129.2
Cost of Sales	10.5	10.5	4.8	0	.8	1.4	1.5	1.6	31.2
Gross Margin	20.7	20.6	12.4	7.4	8.1	9.1	10.0	9.7	98.0
Payroll	8.4	7.7	6.0	4.3	4.6	4.8	4.9	4.1	44.8
Other Expenses	6.3	6.3	4.8	3.4	3.5	4.0	4.1	3.4	35.9
Utilities	2.2	2.1	1.8	1.2	.3	1.1	1.0	.9	10.7
Net Income before Depr. & Others	3.8	4.4	-.3	-1.4	-.2	-.8	0	1.2	6.7
Depreciation	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	20.1
Finance Lease	.6	.6	.6	.6	.6	.6	.6	.6	4.6
Net Profit (Loss)	.8	1.3	-3.4	-4.5	-3.3	-3.9	-3.1	-1.8	-18.0

2020 Club Revenue Outlook F&B

- We expect a significant reduction in revenue to continue for the rest of the year. September revenue is estimated to be at 4.7M versus 19.5M in 2019/ and 2020 Budget
- Banquet will be the hardest hit department. We do expect a 85% reduction in revenue for the remaining time period especially Holiday sales will be difficult. We do not expect a significant-enough recovery in time to save this years holiday revenue
- On the outlet side, we see a steady improvement of “usage of the Club” with this trend we opened Nishijin beginning October on weekends already.
- If the trend continues Asiana and Strikes will re-open in due time
- The Club’s most beloved F&B offering, its sumptuous buffet will now be a thing of the past. The club’s leading plan is to improve A La Carte services and Deli Take Out
- Dining restrictions are expected to be in place until next year with the reduced seating capacity due to social distancing rule limiting revenue potential to 50% of the previous years
- Outlook for the remaining 3 months revenue

Banquet: Budget- 26,3M Forecasted 5.6M or 21%

Outlets: Budget- 37.8M Forecasted 17.8M or 48%

2020 Club Revenue Outlook Sports

- We see a similar trend as in F&B, a steady increase in usage but still way below pre-COVID times
- Tennis being an outdoor sports has seen the most-used while Badminton and Squash are used sparingly due to IATF restrictions imposed (No doubles, wearing of mask etc.)
- Use of MPH: Actual Basketball games are still prohibited; allowed is for shooting practice only
- GYM has been opened since September, usage is quite low mainly due to personal safety concerns of members
- Gym use is limited to a maximum of 6 members per hour, no personal trainers are allowed plus strict implementation of COVID safety guidelines
- Pool usage has been very good especially in the early morning for Lap Pool. Implemented a reservation system to maintain a smooth and orderly operation
- As previously announced, Pilates Studio (converting one Squash court) was supposed to be open on March 18, 2020 until the lockdown was imposed. To date Pilates Studios are still prohibited to operate.
- Spa and Salon are operating “under new normal” within the DTI imposed restrictions

Forecast for Year 2020

						YTD FORECAST	YTD BUDGET	INCREASE (DECREASE)	%
	YTD AUGUST	SEPT	OCT	NOV	DEC				
REVENUE									
Membership	65,784,328	8,172,363	7,867,200	7,958,060	8,025,060	97,807,011	111,603,500	(13,796,489)	-12%
F&B Banquets	18,286,972	300,000	800,000	1,400,000	3,400,000	24,186,972	88,882,565	(64,695,593)	-73%
F&B Outlets	39,308,963	4,300,000	5,000,000	5,800,000	7,900,000	62,308,963	157,651,806	(95,342,843)	-60%
Sports & Recreation	5,073,286	168,000	168,000	168,000	168,000	5,745,286	27,303,825	(21,558,539)	-79%
Club Shop	736,832	36,495	36,495	36,495	38,495	884,812	2,979,224	(2,094,412)	-70%
TOTAL REVENUE	129,190,382	12,976,858	13,871,695	15,362,555	19,531,555	190,933,045	388,420,920	(197,487,875)	-51%
COST OF SALES									
Food & Beverage	28,162,522	2,098,045	2,739,684	3,383,119	5,365,679	41,749,049	115,110,641	(73,361,592)	-64%
Sports & Recreation	2,570,852	88,853	88,853	88,853	88,853	2,926,266	13,103,714	(10,177,448)	-78%
Club Shop	422,056	12,518	12,518	12,518	13,688	473,298	1,782,345	(1,309,047)	-73%
TOTAL COST OF SALES	31,155,430	2,199,416	2,841,056	3,484,490	5,468,220	45,148,612	129,996,700	(84,848,088)	-65%
GROSS MARGIN	98,034,952	10,777,442	11,030,639	11,878,065	14,063,335	145,784,433	258,424,220	(112,639,787)	-44%
PAYROLL EXPENSES	44,773,713	4,222,005	4,262,005	4,292,005	4,347,005	61,896,734	100,035,674	(38,138,940)	-38%
OTHER EXPENSES	35,886,627	3,414,932	3,372,432	3,434,432	3,717,298	49,825,722	76,103,228	(26,277,506)	-35%
UTILITIES	10,710,117	1,185,279	1,350,000	1,475,000	1,700,000	16,420,396	30,931,707	(14,511,311)	-47%
TOTAL PAYROLL & OTHER EXP	91,370,457	8,822,217	8,984,437	9,201,437	9,764,303	128,142,852	207,070,609	(78,927,757)	-38%
INCOME(LOSS) BEFORE									
DEPRECIATION & FINANCE LEASE	6,664,495	1,955,225	2,046,202	2,676,627	4,299,032	17,641,581	51,353,611	(33,712,030)	-66%
Depreciation	20,057,055	2,489,376	2,485,739	2,484,998	2,485,080	30,002,247	31,847,087	(1,844,840)	-6%
Finance Lease	4,617,931	570,549	227,538	225,836	224,080	5,865,934	6,890,017	(1,024,083)	-15%
NET INCOME (LOSS)	(18,010,491)	(1,104,700)	(667,075)	(34,207)	1,589,872	(18,226,600)	12,616,507	(30,843,107)	-244%

Notification of Closure of Tower Club

Cancellation of Reciprocity Arrangements

- “In recent years, the Tower Club (the “Club”) has experienced unsustainable operating losses due to declining patronage and worsening delinquency. This was further aggravated by the devastating impact of the COVID-19 pandemic on the dining, entertainment and leisure sector. If the Club remains in operation, these losses are forecasted to increase further. Thus, our Annual Stockholders’ Meeting of the Club held on 25 September 2020, the stockholders have approved the difficult decision to permanently close the Club.
- In view of the above, we are writing to express our intent to terminate our existing Reciprocal Agreement effective immediately as we do not have F&B operations anymore.”

