



March 16, 2020

Dear SEC,

Per your order, Boulevard Holdings, Inc.'s ("BHI") management is hereby submitting through the Philippine Stock Exchange disclosure system the current state of countermeasures we have undertaken to mitigate damage against BHI shareholder value. It is fully admitted by this time that the Covid-19 virus has destroyed the tourism businesses of BHI's Fridays Resorts subsidiaries, whilst impacting fully changes to BHI's overall 2020 master strategy.

Per subsidiary, we hereby discuss:

**PART 1--Fridays Holdings, Inc.** (owner of Fridays Boracay Resort on White Beach, Boracay Island). The 1.5 hectare property will not produce the same peak season revenues for the next 2 months or until tourists are allowed back into the country.

**Systemic Risks.** Corona virus effects on tourism & travel like everyone else & subsequent shut down of access to Boracay + the absence of the wealthy 600,000 former Chinese Pogo residents who have gone back to China, permanently. So, we expect lower occupancy rates even after the crisis.

**Unsystemic Risks.** Fridays Holding, Inc. ("FHI") has minimal risks: no bank debt, no tax debt, minimal debt to suppliers.

**Countermeasures To Recover Medium Term Business Strategy on Sales & Profit.** FHI does not intend to close its hotel unlike 2 years ago in 2018, when the President ordered the closure of Boracay Island. The hotel had recently undergone substantial renovation of almost 60% of its 50 luxury rooms; and closing down the property would expose it to deterioration, insider-theft, and equipment clogging up like last time. The resort will concentrate on its upper niche market of Westerners & well-to-do Asian travellers, once this pent-up demand returns and the disease no longer wrecks the country. We expect double digit recovery, or more, on sales & profit from a V-shaped turnaround of business by the end of year. Meanwhile we expect to lower our management and staff levels at the resort site; and survive--*assuming a minimum occupancy hotel operation of 2 to 3 rooms (some Americans & Danish have opted to book until the end of April & through the first week of May) out of 50 rooms per night--at a minimal monthly cost, all-in, at 400k-500k per month* versus just closing it down.

**Part 2--Fridays Puerto Galera, Inc.** (or "FPGI", owner of 4 hectare new resort on Boquete Island, Muelle Harbour, Puerto Galera, Oriental Mindoro). The resort recently purchased 2 brand new primary generators of almost 500 kva, to gain lower priced electricity costs, and was doing very smartly with almost 70% occupancy per night on 24 large luxury keys. FPGI had been quietly gaining a good reputation, and finally attaining market leadership amongst its competitors in Sabang Beach, La Laguna, as well as White Beach. Even the oldest establishment, the iconic Coco Beach Resort, had shut down 3 months ago due to intense competition. Fridays Puerto Galera had earned a constant repeat customer base from Manila-based clients who suddenly decide to drive to the Batangas Port crossing, adding to its already good occupancy from its loyal European (Danish, German, French etc.)

## **BOULEVARD HOLDINGS**

INVESTMENTS, HOTELS, PROPERTY

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clients, looking for remote destinations, and willing to pay the price in advance through their agents. FPGI was already doing above its break-even from when it first opened at the end of 2018.

**Systemic Risks.** With Covid-19, the Oriental Mindoro provincial government shut access to all its ports, hence killing tourism until the disease passes. *We have already shut down the property as of Friday night March 13, and left a skeletal management with security to run the equipment & maintain the buildings, headed by our Engineering Department Head Bryan.* FPGI also depended partially on the now disappeared 600,000 wealthy POGO Chinese residents who have left the country. This market segment, booking on the weekends, accounted for around 12% occupancy out of FPGI's 70% rate.

**Unsystemic Risks.** FPGI does not have any bank debt, some minimal tax debt, & little or no supplier's payables debt.

**Countermeasures To Recover Its Business Strategy for Its Sales & Profit.** FPGI will reopen its resort once the COVID-19 diseases is abated, for which we estimate after 2 to 3 months. Meanwhile, *we estimated the monthly costs to maintain will require 200k-250k per month during closure, inclusive of staff costs, with an error of 25%.*

**PART 3--BHI's 100 hectares on Paniman Beach, Ternate, Cavite.** The market for BHI's parcels are mostly upper middle class locals looking for a private resort condo overlooking the sea. Hence, they are not the 600,000 wealthy Pogo Chinese who have left the country. BHI's contract with RPPPI to develop 13 hectares of land for such a market has gone well for the first 3 hectares fronting the Paniman bay. Once the latter receives its permits, it can proceed to collect & recognize its pre-selling of 700 million pesos in reserved property wherein BHI could count on its 15% share as it is collected & assuming modest wash down from the buyers' commitments.

**BHI's Low Risks.** Boulevard Holdings, Inc. *does not have any bank debt, minimal tax & suppliers debts.* Its majority shareholder has been ready and willing to help it expand beyond resorts, meanwhile requiring the public company *to maintain an ultra conservative capital structure with minimal debt and maximum equity investment, allowing the public company to survive today's "supply & demand shock".*

**The Focus.** Once the disease crisis is over and tourism recovers, BHI expects an injection of almost 250 million pesos from its shareholders to increase the room availability numbers to 100 from 50 in Boracay & 50-75 in Puerto Galera from 32, to enjoy economies of scale, allowing both properties to enter the convention business market for meets, incentives, conventions, exhibits, called "MICE", that is directly correlated to the country's steady BPO/Customer support business.

In compliance with Philippine Presidential Proclamation No. 922 ("Declaring a State of Public Health Emergency Throughout the Philippines"), The Company has implemented the 14 days quarantine for employees who have travelled outside the country. Social distancing with 1-meter distance is properly observed in the workplace and 70% alcohol solution and hand sanitizers are provided for free. The Company also implemented the skeletal work schedule from 8AM to 5PM only for our operation staffs in FHI and work from home for employees need not required to be physically present in our Makati Office.

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The Company remains vigilant in upholding the health and safety of its employees and will closely monitor updates from the DOH regarding Covid-19 and shall comply with all government-mandated measures aimed to eradicate Covid-19.

Signed,

A handwritten signature in black ink, appearing to read 'Jose Marcel Panlilio', with a small mark to the right.

**Jose Marcel Panlilio**  
Chairman & CEO

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