

EURO-PACIFIC RESORTS INC.

September 10, 2021

MARIA LOURDES G. FERRER, CESO III
Regional Executive Director
DENR MIMAROPA Region

Dear Ms. Ferrer:

Good day!



This refers to your letter dated July 13, 2021 (and received by us this September) pertaining to our Forest Land Use Agreement for Tourism (FLAgT) covering an area of 14 hectares of forest land in Dimakya Island, Barangay San Jose, Coron, Palawan. The letter referred to our annual payment of Annual Government Share (AGS) presently amounting to PhP 217,825.12, which the letter cited must be revaluated every five (5) years based on DENR Administrative Order (DAO) No. 2004-28. Further to this, we received a letter dated September 6, 2021 from Arnold A. Blaza, Jr. (OIC-CENRO) following up payment of the increased amount.

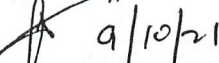
First and foremost, we would like to thank the DENR for the FLAgT that was extended to our company in the year 2004. Our appreciation for this arrangement has been demonstrated by our continuous and diligent payment of our AGS over the last decade, up to the present year – 2021.

While we welcome the revaluation of the AGS in compliance with the DENR DAO No. 2004-28 and the government's efforts to ramp up collections amid the pandemic, we humbly appeal for you to reevaluate the new terms mentioned, in consideration of the following:

- 1.) Increase from PhP 217,825.12 to PhP 3,290,000
 - We note that the increase in AGS being implemented for our account is substantially higher than the previous amount. This reflects a 1410% increase from the previous price.
 - We would like to respectfully appeal the amount of increase and propose to adjust our rate to PhP 326,737.68 (a 50% increase from the present rate), in consideration of our present situation.
 - Our company, among many others in the tourism industry, has been severely affected by the COVID-19 pandemic. All our revenue streams have been strained due to travel limitations brought about by the health crisis. Further to this, tourism prospects in the months ahead still appear to be uncertain not only in the Philippines but also around the world.
 - Note, however, that despite this, we have been striving to manage our cash flows and maintain our business even at minimum levels so that we can maintain the livelihood of our employees and to continue operating in the communities we contribute in.
- 2.) Implementation of the revaluation in the year 2021
 - Upon review of the DENR DAO that was cited, we note that Chapter V (Terms and Conditions of FLAgT) Section 16 states "The government share shall be five percent (5%) of the most recent zonal value of the commercial zone within the barangay, or the nearest and adjacent barangay within the municipality. A revaluation shall be undertaken every five (5) years thereafter."
 - With our contract executed in 2004, our understanding is that the revaluation to be undertaken shall be done every 5 years thereafter --- in 2009, 2014, 2019 and then in 2024.

On behalf the company, I thank you for your utmost consideration and understanding on this matter.

Yours Truly,

 9/10/21

Charlie G. Ledesma
Finance Manager
Euro-Pacific Resorts Inc.
charlie.ledesma@jtkc.com.ph

Cc

Mr. Arnold A. Blaza, Jr. (OIC-CENRO)

Company Address: No. 1 Dimakya Island, Coron, Northern Palawan, Philippines
Manila Office: 2159 Pasong Tamo, Makati City

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