BELMONT HOTEL BORACAY, INC.

CHARTER OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") of Belmont Hotel Boracay, Inc. (the "Corporation") hereby adopts this Board Charter (the "Charter") in accordance with the Corporation's Corporate Governance Manual (the "Manual"), corporate governance and compliance related policies and programs, and prevailing best practices in corporate governance.

The Board Charter formalizes and states the roles, responsibilities and accountabilities in carrying out its fiduciary duties and serves as a guide for the Corporation's Directors in the performance of their functions.

1. COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board is primarily responsible for the governance and management of the business of the Corporation. Corollary to setting the policies for the accomplishment of corporate goals, it shall provide an independent check on Management.

The Board seeks to institutionalize the principles of good corporate governance in the entire organization.

The Board believes that corporate governance is a necessary component of sound strategic business management and is committed to create awareness of the principles of good corporate governance within the organization.

2. THE BOARD OF DIRECTORS

2.1. **Composition**

The Board shall be composed of such number of Directors as may be provided in the Corporation's Articles of Incorporation, who shall have all the qualifications and none of the disqualifications set forth in the Articles of Incorporation and By-Laws, Manual, the Revised Corporation Code ("RCC"), the Securities Regulation Code ("SRC"), and such other relevant laws, rules and regulations.

The Board shall be composed of five (5) members with at least two (2) Independent Directors, duly elected by the stockholders entitled to vote.

An Independent Director refers to a person who, ideally:

A. Is not, or has not been a senior officer or employee of the Corporation unless there has been a change in the controlling ownership of the company;

B. Is not, and has not been in the two (2) years immediately preceding the election, a Director of the Corporation; a Director, officer, employee of the Corporation's subsidiaries, associates, affiliates or related companies, or of its substantial stockholders and its related companies;

C. Has not been appointed in the Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the

performance of its duties and responsibilities within two (2) years immediately preceding his election;

D. Is not an owner of more than two percent (2%) of the outstanding shares of the Corporation, its subsidiaries, associates, affiliates or related companies;

E. Is not a relative of a Director, officer, or substantial stockholder of the Corporation or any of its related companies or of any of its substantial stockholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

F. Is not acting as a nominee or representative of any Director of the Corporation or any of its related companies;

G. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a Director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

H. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Corporation, any of its related companies or substantial stockholder, or is otherwise independent of Management and free from any business or other relationship within the two (2) years immediately preceding the date of his election;

I. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, Director or substantial stockholder, in any transaction with the Corporation or any of its related companies or substantial stockholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

J. Is not affiliated with any non-profit organization that receives significant funding from the Corporation or any of its related companies or substantial stockholders; and

K. Is not employed as an executive officer of another company where any of the Corporation's executives serve as Directors.

Related companies, as used in this section, refer to (a) the Corporation's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Corporation's industry. The Board shall ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions, individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The membership of the Board may be a combination of executive and non-executive Directors (which include Independent Directors) in order that no director or small group of Directors can dominate the decision-making process. The non-executive Directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of

the Board and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

2.2. **Qualifications of Directors**

The Directors shall have such qualifications prescribed in the Corporation's By-Laws, RCC, SRC and other relevant laws, as well as any of the following additional qualifications:

A. A college degree;
B. Business experience;
C. Practical understanding of the business of the Corporation;
D. Working knowledge, experience or expertise relevant to the Corporation's industry;
E. Membership in good standing in a relevant industry, business or professional organization; and/or
F. Record of integrity and good repute.

2.3. **Disqualifications of Directors**

Any of the following shall be a ground for permanent disqualification of a Director:

A. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

B. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("Commission") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; or (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.

C. The disqualification shall also apply if (a) such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the RCC, SRC or any other law administered by the Commission or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the Commission or BSP, or (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

D. Any person convicted by final judgment or order by a court of competent jurisdiction of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts or transgression;

E. Any person who has been adjudged by final judgment or order of the Commission, BSP, or a court or other competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the SRC, RCC, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP;

F. Any person earlier elected as Independent Director who becomes an officer, employee or consultant of the same corporation;

G. Any person judicially declared to be insolvent;

H. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;

I. Any person who, within five (5) years prior to election or appointment as a Director, is (a) convicted by final judgment (1) of an offense punishable by imprisonment exceeding six (6) years; (2) for violation of the RCC; and (3) for violating the SRC; (b) found administratively liable for any offense involving fraudulent acts; and (c) by a foreign court or equivalent foreign regulatory authority for acts, violations or misconduct similar to those enumerated in paragraphs (a) and (b); and

J. Other reasonable grounds as the Commission may provide.

Any of the following shall be a ground for the temporary disqualification of a Director:

A. Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;

B. Absence in more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency, or any twelve (12) month period during said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. This disqualification applies for purposes of the succeeding election;

C. Dismissal or termination for cause as Director of any corporation covered by the Manual. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

D. If the beneficial equity ownership of an Independent Director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an Independent Director shall be lifted if the limit is later complied with; and/or,

E. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

3. POWERS, DUTIES AND RESPONSIBILITIES

3.1. General Responsibility

It shall be the Board's responsibility to foster the long-term success of the Corporation, to sustain its competitiveness, profitability and fiduciary responsibility, and to act on a fully-informed basis, in good faith, with due diligence and care and in a manner consistent with its corporate objectives and the long-term best interests of its stockholders and other stakeholders.

The Board should oversee the development of and approve the Corporation's business objectives and strategy and monitor the implementation thereof, in order to sustain long-term viability and strength.

The Board should formulate the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

The Board shall also ensure that there is a group-wide policy and system governing related party transactions ("RPTs") and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds and materiality, which shall include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions.

The Board shall carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

The Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and Board committees.

The Board should have in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, Board committees and such system should allow for a feedback mechanism from the stockholders.

3.2. **Duties and Functions of the Board**

To ensure a high standard of best practice for the Corporation, its stockholders and other stakeholders, the Board should conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

A. Implement a process for the selection of Directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies and to appoint competent, professional, honest and highly-motivated management officers.

B. Adopt an effective succession planning program for the Directors, key officers and management to ensure growth and a continued increase in the stockholders' value.

C. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans and operating budgets and monitor and assess the Management's overall performance based on established performance standards that are consistent with the Corporation's strategic objectives. Conduct a regular review of the Corporation's policies with the management team.

D. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.

E. Attend relevant annual continuing training for at least four hours for all Directors to promote effective board performance and continuing qualification of the Directors in carrying out their duties and responsibilities.

F. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the Corporation.

G. Identify the Corporation's stakeholders in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.

H. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.

I. Oversee that a sound enterprise risk management ("ERM") framework is in place to effectively identify, monitor, assess and manage key business risk areas and performance indicators with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.

J. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and Directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

K. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.

L. Establish and maintain an alternative dispute resolution system in the Corporation and oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing and amicably settling potential conflicts of interests or differences between and among the Corporation, Management, Board members, stockholders, and third parties, including the regulatory authorities.

M. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.

N. Keep the activities and decisions of the Board within its authority under the Corporation's Articles of Incorporation and By-laws, and in accordance with existing laws, rules and regulations.

O. Appoint a Compliance Officer.

3.3. Norms of Conduct

A Director's office is one of trust and confidence. A Director should act in the best interest of the Corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the Corporation towards sustained progress.

A Director should observe the following norms of conduct:

A. Conduct fair business transactions with the Corporation and ensure that his personal interest does not conflict with the interests of the Corporation.

The basic principle to be observed is that a Director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a Director, he should fully and immediately disclose it and should not participate in the decision-making process. A Director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the Director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation.

B. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.

A Director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board, committee and stockholders' meetings, in person or through teleconferencing or videoconferencing conducted in accordance with the rules and regulations of the Commission, except when justifiable causes prevent them from doing so. In Board and Committee meetings, the Director should review meeting materials and, if called for, ask the necessary questions or seek clarifications or explanations.

C. Act judiciously.

Before deciding on any matter brought before the Board, a Director should carefully evaluate the issues and, if necessary, make inquiries and request clarification.

D. Exercise an objective and independent judgment on all corporate affairs.

A Director should view each problem or situation objectively. If a disagreement with other Directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Corporation.

E. Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its Articles of Incorporation and By-Laws, relevant laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.

A Director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness.

F. Observe confidentiality.

A Director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board.

G. Apply high ethical standards, taking into account the interests of all stakeholders.

The Board should adopt a Code of Business Conduct and Ethics which would provide standards for professional and ethical behavior as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code should be properly disseminated to the Board, senior management and employees and may also be disclosed and made available to the public through the Corporation's website.

The Board should ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.

3.4. Internal Control and Risk Management Responsibilities of the Board

The Corporation shall have an adequate and effective internal control system and an enterprise risk management framework in the conduct of its business, taking into account its size, risk profile and complexity of operations. The control environment of the Corporation consists of (a) Board which ensures that the Corporation is properly and effectively managed and supervised; (b) Management that actively manages and operates the Corporation in a sound and prudent manner; (c) organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The Board shall adopt internal control mechanisms for the performance of its oversight responsibility.

4. BOARD MEETINGS AND QUORUM REQUIREMENT

The members of the Board, including Independent Directors, should attend all its regular and special meetings in person or through videoconferencing or teleconferencing if applicable, conducted in accordance with the rules and regulations of the Commission, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so. The absence of Independent Directors, however, shall not affect the quorum requirement.

5. REMUNERATION

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent Directors. A portion of the remuneration of executive Directors may be structured or be based on corporate and individual performance. The Board should align the remuneration of key officers and board members with the long-term interests of the Corporation.

The Corporation may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual Directors depending on the particular needs of the corporation. No Director should participate in deciding on his remuneration.

The Corporation's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Directors and top five (5) management officers during the preceding fiscal year, in accordance with the provisions of the SRC.

To protect the funds of the Corporation, the Commission may, in exceptional cases (e.g., when a corporation is under receivership or rehabilitation), regulate the payment of the compensation, allowances, fees and fringe benefits to its Directors and officers.

6. MISCELLANEOUS

6.1. Adequate and Timely Information Support

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings. The information may include the background or explanation on matters brought before the Board, disclosure, budgets, forecasts and internal financial documents.

The members of the Board should be given independent access to the Management and the Corporate Secretary.

The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the Corporation's expense.

6.2. Accountability and Audit

The Board is primarily accountable to the stockholders. It should provide them with a balanced and comprehensible assessment of the Corporation's performance, position and prospects and developments that could adversely affect its business, through reports required by law to be submitted to the Corporation's regulators.

6.3. Disclosure and Transparency

The Board shall commit at all times to full disclosure of material information. It shall cause the filing of all required information through submission of required reports to the Commission for the interest of its stockholders and other stakeholders.

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to stockholders and other stakeholders that give a fair and complete picture of a Corporation's financial condition, results and business operations.

The Corporation shall have a policy requiring all Directors to disclose/report any dealings in its shares within three (3) business days. The Board shall fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

6.4. Governance Self-Rating

The Board may create an internal self-rating system that can determine and measure the performance of the Board and Management in accordance with the criteria provided for in the Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Corporation's annual report.

7. EFFECTIVITY

This Charter shall take effect immediately upon approval by the Board.