

# COVER SHEET

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 SEC Registration Number

W	A	T	E	R	F	R	O	N	T	P	H	I	L	I	P	P	I	N	E	S	,	I	N	C
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(Company's Full Name)

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O	F	F	S	A	L	I	N	A	S	D	R	I	V	E	L	A	H	U	G
C	E	B	U	C	I	T	Y												

(Business Address : No. Street City / Town / Province)

MS. IRISH CHARA LAWAS

Contact Person

(02) 559-0130

Company Telephone Number

1 2

Month

3 1

Day

SEC 20IS DEFINITIVE

FORM TYPE

0 9

Month

1 2

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

469

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes



August 19, 2015

Dear Stockholder:


Please be advised that the annual meeting of the stockholders of WATERFRONT PHILIPPINES, INC. (the "Corporation"), will be held on Saturday, September 12, 2015 at 10:00 a.m. at the Waterfront Cebu City Hotel, Lahug, Cebu City for the purpose of transacting the following business:

1. Call to Order
2. Report on Attendance and Quorum
3. Approval of Minutes of Stockholders' Meeting held on September 13, 2014
4. Report to Stockholders for the Year 2014
5. Ratification of Resolutions and Acts of the Board and Management for 2014
6. Election of Board of Directors for the Ensuing Term
7. Appointment of External Auditor
8. Appointment of External Counsel
9. Other Business
10. Adjournment

The record date for the purpose of determining the stockholders who are entitled to vote in said stockholders' meeting is August 19, 2015. The stock and transfer book will be closed from August 20, 2015 to September 12, 2015.

If you are not attending, you may submit a proxy instrument to the office of the Corporate Secretary of this Corporation at the address below. Corporate stockholders are requested to attach to the proxy instrument, their respective board resolutions in support of their proxies.

On the day of the meeting, you or your proxy are hereby requested to bring this notice and any form of identification with picture and signature (e.g. driver's license, SSS ID, company ID, etc.) to facilitate registration.

  
ARTHUR R. PONSARAN  
Corporate Secretary  
Waterfront Cebu City Hotel  
Lahug, Cebu City

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

[ ] Preliminary Information Statement

[  ] Definitive Information Statement

2. Name of Registrant as specified in its charter WATERFRONT PHILIPPINES INCORPORATED

3. PHILIPPINES  
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number AS-0994-8678

5. BIR Tax Identification Code D80-003-978-254-NV

6. No. 1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City 6000  
Address of principal office Postal Code

7. Registrant's telephone number, including area code  
(02) 559-0130

8. September 12, 2015 at 10:00 a.m. at Waterfront Cebu City Hotel, Inc. Lahug, Cebu City  
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: August 22, 2015

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: \_\_\_\_\_

Address and Telephone No.: \_\_\_\_\_

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<u>Common Shares - P1.00 par value</u>	<u>2,498,991,753</u>
_____	_____

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes  No \_\_\_\_\_

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
Philippine Stock Exchange - Common shares

**PART I.**

**A. GENERAL INFORMATION**

**Item 1. Date, time and place of meeting of security holders**

- a.) The annual meeting of the stockholders of Waterfront Philippines, Incorporated is scheduled to be held on September 12, 2015 at 10:00 a.m. at the Waterfront Cebu City Casino Hotel, Inc. Lahug, Cebu City. The complete mailing address of the principal office of the registrant is No.1 Waterfront Drive, Off Salinas Drive Lahug, Cebu City.
- b.) Approximate date on which the Information Statement is first to be sent or given to security holders: August 22, 2015.

**Item 2. Dissenter's Right of Appraisal**

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided under Section 81 of the Corporation Code, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition, of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
- In case of merger or consolidation.

Under Section 81 and 82 of the Corporation Code, stockholders who dissent to certain corporate actions are given the right appraisal as provided in the Corporation Code. Among others, appraisal rights are available to dissenters in case the corporation invests its funds in another corporation or business for any purpose other than its primary purpose. The appraisal right may be exercised by any stockholder who shall have voted against the corporate action, by making a written demand on the corporation within (30) days after the date on which the vote was taken for the payment of the fair value of his shares.

"Indication whether there is any matter to be taken up which will give rise to the exercise of the dissenter's right of appraisal-**there is none.**

**Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon**

1. Other than election to office, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on September 12, 2015.
2. No director intends to oppose any action to be taken at the said meeting.

**Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon**

Other than election to office, no director or officer has any substantial interest in any matter to be acted upon during the Annual Meeting of stockholders on September 12, 2015.

No director intends to oppose any action to be taken at the said meeting.

**B. CONTROL AND OTHER INFORMATION**

## Item 4. Voting Securities and Principal Holders Thereof

The number of shares outstanding and entitled to vote in the stockholders' meeting is 2,498,991,753 shares as of June 30, 2015. The record date for purposes of determining stockholders entitled to vote is August 19, 2015. Stockholders are entitled to cumulative voting in the election of directors, as provided by the Corporation Code.

Under Section 24 of the Corporation Code, cumulative voting is allowed in the election of Directors. Thus, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate his shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Security Ownership of Certain Record and Beneficial Owners and Management. There is no change in control of the registrant since the beginning of the last calendar year.

**Item 4. Security Ownership of Certain Record and beneficial Owners:  
(As of June 30, 2015)**

The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of any class of the Company's voting securities:

<u>Title of Class</u>	<u>Name &amp; Address of Record Owner &amp; Relationship with Issuer</u>	<u>Name of Beneficial Owner &amp; Relationship with Record Owner</u>	<u>Citizenship</u>	<u>No. of Shares Held</u>	<u>% of Class</u>
Common	The Wellex Group, Inc. 35 <sup>th</sup> Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas <i>TWGI is the holding company and major stockholder of WPI.</i>	The Wellex Group, Inc. 35 <sup>th</sup> Flr One Corporate Center, Dona Julia Vargas Ave. cor. Meralco Ave., Ortigas  • Represented by Miss Elovera A. Ting, who is a nominee of said company. Directors & Officers are William T. Gatchalian, Dee Hua T. Gatchalian, Kenneth T. Gatchalian, Arthur R. Ponsaran & Yolanda T. de La Cruz	Filipino	1,143,466,800	45.757%
Common	PCD Nominee Corporation (Fil.) 37/F Tower I, The Enterprise Center 6766 Ayala Ave., Paseo de Roxas, Makati City <i>(PCD Nominee is not related to WPI)</i>	Various Clients	Filipino	579,141,674	23.175%
Common	Silver Green Investments LTD.	As of the date of this definitive report the	Non Filipino	180,230,000	7.212%

	Commence Overseas LTD. Commence Chambers P.O Box 2200, Road Town Tortola, BVI	authorized person to vote is not yet known.			
Common	Chesa Holding, Inc Unit 401 Joy bldg., No.6 Joy St, Grace Village Brgy. Balingasa	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	175,924,000	7.040%
Common	Tybalt Investment LTD Scotia Ctr 4/F P.O 2804 George Town Grand Cayman Island British West Indies	As of the date of this definitive report the authorized person to vote is not yet known.	Filipino	135,010,000	5.403%

Natural persons authorized to vote the shares of Silver Green Investments LTD., Chesa Holding, Inc. and Tybalt Investment LTD cannot be identified until the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact.

**Security Ownership of Management**  
(As of June 30, 2015)

Title Of Class	Name of beneficial Owner	Amount and nature of Beneficial Ownership	Citizenship	% of Class
Common	Renato B. Magadia	200 direct	Filipino	0.000
Common	Kenneth T. Gatchalian	30,000,100 direct	Filipino	1.200
Common	Weslie T. Gatchalian	30,000,000 direct	Filipino	1.200
Common	Arthur M. Lopez	1direct	Filipino	0.000
Common	Elvira A. Ting	10, 000, 009 direct	Filipino	0.400
Common	Lamberto B. Mercado, Jr.	100 direct	Filipino	0.000
Common	Arthur R. Ponsaran	110 direct	Filipino	0.000
Common	Dee Hua T. Gatchalian	350,000 direct	Filipino	0.014
Common	Reno I. Magadia	10,000 direct	Filipino	0.000
Common	Sergio R. Ortiz-Luis Jr.	110 direct	Filipino	0.000
Common	Ruben D. Torres	1,000 direct	Filipino	0.000
	Total Beneficial Ownership	70,361,630		2.814

There is no voting trust holder of 5% or more.

There are no persons holding a certain class of stocks under a voting trust or similar agreement. There are also no arrangements that may result in a change in control of the registrant.

**Item 5. Directors and Executive Officers**

**Nominees for Election as Members of the Board of Directors:**  
(Final as Pre-screened by NOMELEC)

Name	Position	Age	Citizenship
Renato B. Magadia	Chairman of the Board	77	Filipino
Elvira A. Ting	Treasurer/Director	55	Filipino
Lamberto B. Mercado, Jr.	Director	51	Filipino
➤ Sergio R. Ortiz-Luis, Jr.	Independent Director	72	Filipino
➤ Ruben D. Torres	Independent Director	74	Filipino
Reno I. Magadia	Director	45	Filipino
➤ Arthur M. Lopez	Independent Director	69	Filipino
Kenneth T. Gatchalian	President/Director	39	Filipino

Dee Hua T. Gatchalian	Director	67	Filipino
Arthur R. Ponsaran	Corporate Secretary	72	Filipino

They are in the final list of nominees as pre-screened by NOMELEC. They are being nominated by Ms. Elvira Ting, all of whom are not related with her.

**Independent Directors should possess all the qualifications and none of the disqualifications to serve as such as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations.**

#### Nominations Committee

Chairman	- Arthur M. Lopez	-Independent Director
Member	- Ruben D. Torres	-Independent Director
Member	- Lamberto B. Mercado, Jr.	

*The Company has complied with the Guidelines on the Nomination and Election of the Independent Directors as outlined in SRC Rule 38.*

#### Directors and Executive Officers:

- There are 9 seats in the Board of Directors. The term of office of each member is one year.
- The current members of the Board of Directors are now as follows:

Office	Name	Age	Citizenship	Position in Other Listed Companies
Chairman of the Board	Renato B. Magadia	77	Filipino	Director-Phil. Estate Corporation, Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Mercator Holdings and Equities Corporation, 2007-2008 Rotary Governor for district 3930, Director of Misons Industrial and Development Corp., All Oceans Maritime Agency, Inc., Howden Insurance and Reinsurance Brokers (Phils.), Inc., Cunningham Toplis Philippines, Inc., Metro Combined Logistics Solutions, Inc. and president of The Zuellig Corporation.
Director	Kenneth T. Gatchalian	39	Filipino	Director-Wellex Industries Inc.; President & CEO of Acesite (Phils.) Hotel 2007-present; President and Chief Executive Officer of Philippine Estates Corporation 2010-2011; Director-Forum Pacific Inc.
Director	➤ Arthur M.Lopez	69	Filipino	Owner and Principal Consultant of AML Hotel Consultancy, Owner of Federal Land Marco Polo Cebu and Hyatt Projects. Director-Philippine Estates Corp. Independent Director & Chairman- Acesite Phils. Hotel Corp, Hotel Management Consultant of the B Hotel Manila, Bellevue Bohol Resort in Panglao and Bloomberry Casino Hotels & Resorts. Regional Director of Asia Pacific Top Management International Resources Corp. President of Phil. Hotel Federation Inc.
Director	Dee Hua T. Gatchalian	67	Filipino	Director- Philippine Estates Corporation, Acesite (Philippines) Hotel Corporation; EVP-Finance and Admin The Wellex Group, Inc., & Plastic City Corporation. Chairperson of Jesus



				Our Life Ministries, Inc.
Director	Reno I. Magadia	45	Filipino	Managing Director- Misons Industrial & Development Corp., Metro Combined Logistics Solutions, Inc.; Director - Metro Alliance Holdings and Equities Corp. Vice-President and Director of Mercator Filter Manufacturing Corporation.
Director	Lamberto B. Mercado, Jr.	51	Filipino	Director-The Wellex Group, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc. Director- Acesite (Phils.) Hotel 2004-present, Air Philippines Corporation and Philippine International Airways, Inc.
Director	➤ Sergio R. Ortiz-Luis, Jr.	72	Filipino	Independent Director-Waterfront Philippines, Inc., President - Philippine Exporters Confederation, Inc. (PHILEXPORT); Honorary Chairman - Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines, Integrated Concepts and Solutions, Inc., Alliance Global, Inc.; Director - International Chamber of Commerce of the Philippines, Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, GS1.; Gov't Affiliation: Vice-Chairman - Export Development Council; Director - Philippine International Training Corporation. Civic Organizations: Chairman - Rotary Club of Green Meadows, Director - PILAK Foundation, Universal Access Center for Trade Others: Honorary Consul General - Consulate of Romania in the Philippines
Director	➤ Ruben D. Torres	74	Filipino	Independent Director Waterfront Philippines, Inc., President -BPO Workers Association of the Phils.; Vice-President- Trade Union Congress of the Phils., Senior Partner -Torres Caparas Torres Law Offices; Board of Director - Manila Doctors Colleges.
Director and Treasurer	Elvira A. Ting	55	Filipino	President & CEO - Philippine Estates Corporation; Director-Wellex Industries, Inc., Forum Pacific, Inc., Orient Pacific Corporation, Crisanta Realty and Development Corporation, Recovery Development Corporation, The Wellex Group, Inc., Plastic City Industrial Corporation.
Corporate Secretary	Arthur R. Ponsaran	72	Filipino	Director-Philippine Estate Corporation, Wellex Industries, Inc., Forum Pacific, Inc. Acesite (Phils.) Hotel, Managing Partner-Corporate Counsels, Phils., Chairman of Value Management and Options Corp and Corp Secretary of Producers Rural Banking Corp., The Wellex Group, Inc., MRL Gold Phils., Inc., Village Foundation, Shuykill Assets Strategists (SPV-AMC), Inc., Petrolift Corp.



**Key Officers**

<b>Name</b>	<b>Office</b>	<b>Age</b>	<b>Citizenship</b>
Kenneth T. Gatchalian	President	39	Filipino
Precilla O. Toriano	Corporate Finance Director	47	Filipino
Maria Socorro Cotelos	Corporate Planning Director	39	Filipino
Ma. Theresa S. Fernandez	Corporate Sales and Marketing Director	53	Filipino

**On the year 2014, GMAlfred Portenschlager and HM Rouel Guanzon resigned and Ms. Gaye Maureen Cenabre availed the early retirement. Said previous officers resigned without any disagreements on any proposed action of the Board.**

A brief description of the directors' and executive officers' business experience and other directorship held in other reporting companies for the last **five years** are provided as follows:

<b>Renato B. Magadia</b>	<b>Chairman of the Board</b>
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A graduate of the University of the Philippines Diliman with a degree in Business Administration, he is concurrently, the Chairman of the Board of Metro Alliance Holdings and Equities Corporation, Waterfront Philippines, Inc. and Mercator Securities Corporation. He is a Director of various companies like Howden Insurance and Reinsurance Brokers (Phils.), Inc., All Ocean Maritime Agency, Inc., Cunningham Toplis Philippines, Inc., The Zuellig Group, Misons Industrial & Dev't Corp., Phil. Accident Managers, Inc. and Philippine. Estates Corp. He is also a trustee in The Zuellig Foundation, Inc. He has been a director of Waterfront since April 1999- present and is a CPA by profession. From 2006-2008 he is the Rotary Governor for district 3930.

<b>Kenneth T. Gatchalian</b>	<b>President</b>
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Mr. Kenneth T. Gatchalian is a President of the Company. He is a member of the Board of Forum Pacific, Inc. and Wellex Industries, Inc., and The Wellex Group, Inc. He is 38 years old and holds a Degree in Bachelor of Science in Architecture from University of Texas in San Antonio, Texas, USA. He's been a director of Waterfront since February 2001.

<b>Arthur M. Lopez</b>	<b>Director</b>
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Arthur M. Lopez is the Principal Consultant of AML Hotel Consultants, an independent Hotel Consultant. The President of the Philippine Hotel Federation Inc. Currently he is the Hotel Management Consultant of Jin Jiang Inn Ortigas, Jin Jiang Inn Makati, Hotel 101 Manila, Injap Tower Iloilo, Hotel 101 Fort; Hotel Advisor/Director Bellevue Hotel and the B Hotel and the Bellevue Bohol Resort in Panglao, Hotel Advisor of Cathay International Resources Corp., Hotel Technical Services Adviser and Management Consultant of Hotel of Asia Inc. Director of Asia Pacific Top Management International Resources Corp. and, Chairman of Acesite Philippines Hotel Corporation and Director of Philippine Estates Corporation. He is the Owner's Representative and Advisor of the Sheraton Langkawi Beach Resort in Malaysia, Four Points by Sheraton Kuching, Malaysia, the Santubong Resort in Kuching, Malaysia and Helang Hotel, Langkawi, Malaysia. He was the Management Consultant at the Rarotongan Beach Resort & Spa and the Aitutaki Lagoon Resort and Spa in Cook Islands and has done hotel and club consultancy work in Japan, Palau, China and Indonesia. He was the Management and Technical Services Consultant of Federal Land's Grand Hyatt Manila project and assisted in the negotiation of the management and technical services agreement with Hyatt Hotels. Pre-opening Management and Technical Services Consultant Bloomberry Casino Hotels and Resorts/Solaire Hotel and Casino. He was elected as Chairman of Acesite (Phil's.) Hotel Corp., since 2004-present. He is 69 years old and a Masters Degree holder in Business Administration from the University of Santo Tomas. He's been a director of Waterfront Philippines, Inc. since October 2000-present. In 21st September 2013, he received the Certificate of Recognition in the Field of Business Management BSC Management 1968, "in grateful appreciation for giving pride, honor and prestige to UST College Alumni Foundation as well as living the true Thomasian legacy". He was one of the UST Commerce Outstanding Alumni 2013 in the field of Business Management given in 19<sup>th</sup> September 2013. This was in recognition of his having

shown professional excellence, exemplary moral and Christian conduct in his chosen field, living the true Thomasian legacy. On 2014, he attended the basic course on Corporate Good Governance.

<b>Dee Hua T. Gatchalian</b>	<b>Director</b>
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Mrs. Gatchalian was elected director of the Company since 24 June 2004-present. She is the Executive Vice-President of The Wellex Group, Inc., and also the Executive Vice-President of Plastic City Corporation. She is a board of director of Philippine Estates Corporation, and Acesite (Phils.) Hotel Corp. She graduated with a degree in Medical Technology from the Far Eastern University in 1970. In addition to her numerous positions in business firms, she is the Chairperson of Jesus Our Life Ministries, Inc., a non-profit, non-stock organization duly registered with the Securities and Exchange Commission.

<b>Reno I. Magadia</b>	<b>Director</b>
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A Master's degree holder in Business Administration from Pepperdine University in Los Angeles, California, Mr. Magadia is currently the Managing Director of holding firm, Misons Industrial and Development Corp. He is also the Managing Director of Metro Combined Logistics Solutions, Inc. He is on the Board of Directors of Metro Alliance Holdings and Equities Corporation. He held the posts of Vice President and Director of Mercator Filter Manufacturing Corporation. He also worked as Head Portfolio Manager of stock brokerage firm, Papa Securities Corporation. He was also the President and Founder of the Youth Leaders for Change, a non-profit and multi-sectoral organization for youth leaders in Quezon City. He was elected as Director of Waterfront Philippines, Inc., since September 17, 2005-present.

<b>Lamberto B. Mercado, Jr.</b>	<b>Director</b>
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A lawyer and a CPA by profession, Atty. Mercado is a member of the Board of Directors of several publicly-listed companies namely: Waterfront Philippines, Inc., Metro Alliance Holdings & Equities Corp., Forum Pacific, Inc., Acesite (Philippines) Hotel Corporation and Wellex Industries, Inc. He is currently the Vice-President for Legal Affairs of the Wellex Group, Inc. In the past as Deputy Administrator for Administration, he had supervised the largest group in the Subic Bay Metropolitan Authority (SBMA). He had also, helped in the drafting of Administrative Orders to effectively implement R.A. 7227 (the law creating the Subic Bay Freeport Zone) and its implementing rules and regulations. He was the President of Freeport Service Corporation, a subsidiary of SBMA and helped in the creation and organization of this service corporation. He was also a Director of Acesite (Phils.) Hotel Corporation since June 24, 2004-present. He studied BSC Major in Accountancy at the University of Santo Tomas and Bachelor of Laws (LLB) at the Ateneo de Manila University School of Law, graduated in 1985 and 1990, respectively. He has been a director of Waterfront Philippines Inc., since July 2003-present.

<b>Sergio R. Ortiz-Luis, Jr.</b>	<b>Director</b>
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He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, Philippine Estate Corporation, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the Past President of Rotary Club of Green Meadows Quezon City RI District 3780; a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of

Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-present. This 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63<sup>rd</sup> Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

<b>Ruben D. Torres</b>	<b>Director</b>
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Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. He is 74 years old. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment. Mr. Torres became an Independent Director of Waterfront Philippines, Inc. since August 2006-present.

<b>Elvira A. Ting</b>	<b>Director and Treasurer</b>
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Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. She's 54 years old and has been a Director of Waterfront Philippines, Inc., since October 2000-present. She is also the President/Director of Philippine Estates Corp., a director Wellex Industries, Inc., The Wellex Group, Inc., and Forum Pacific, Inc. She is also a Director/CFO of Acesite Phils. Inc. since 2004-present.

#### Executive

<b>Kenneth T. Gatchalian</b>	<b>President</b>
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[\(see above description\)](#)

<b>Precilla O. Toriano</b>	<b>Corporate Finance Director</b>
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Ms. Toriano joined Waterfront in September 10, 2001 as Asst. Financial Controller of Waterfront Cebu City Casino Hotel. After five (5) months, she became the Financial Controller before she was promoted as Corporate Finance Director for the group. Before joining Waterfront, she has already been working with the group; she worked as Internal Auditor at Air Philippines Corp. and eventually transferred to The Wellex Group, Inc. to join the Corporate Internal Audit team, which paved the way for her coming in the Waterfront Hotels and Casinos. She is a CPA by profession; she graduated at the University of the East with a degree of Bachelor of Science in Business Administration Major in Accounting. She took up MBA units in the Polytechnic University of the Philippines. After graduation, she worked as an accounting staff at Liberty Corrugated Boxes Manufacturing, Inc. Then, she moved to Control Management Inc. as an Internal Auditor. After which, she worked for Philippine Remnants Corp. as an Accounting Manager. She had several trainings in the following fields: Managerial Leadership and Decision Making Skills, the Basics of Management Audit, Supervisory Effectiveness, Accounting and BIR Regulations, Accounting and Bookkeeping Audit, Operations Audit, Living and Working in Balance, Management Development Program, Accounting & Administrative Control, and Lean Six Sigma. In 2005 she acquired a Certification in Financial Management for Hotels at Cornell University School of Hotel Administration, in New York USA focusing on High Performance Financial Management For Hotels Operations, Hospitality Financial Management & Operations Decision Making, and Fraud Controls for Managers. She attended the CFO Congress 2007 at Malaysia. In 2010 she was sent to Singapore to attend the Strategic & Sustainable Cost Control Training. She attended the Financial Modeling Seminar in Singapore in 2011. In the year 2012 in June-July, she was sent by the company to New York to attend the Management Development Program at Cornell University thus granting her the "Certification in Strategic Management". This June 2015, she took the 3-day MBA for Chief Finance Officers held in Kuala Lumpur, Malaysia.

<b>Maria Socorro Coteló</b>	<b>Corporate Planning Director</b>
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Ms. Coteló is the Corporate Planning Director for Waterfront Hotels & Casinos. She joined Waterfront in 2003 as Sales Accounts Manager before she moved to help establish Revenue Management in the company from there she continued to work in the Corporate Planning Division undertaking

Standardization, Business Development, Reservation & Distribution and Corporate Information Technology. She earned her Bachelor's Degree in Economics at the University of San Carlos and took up masteral units for the same course before pursuing her Bachelor of Laws from SouthWestern University, Cebu City. After completing her Bachelor of Laws, she worked for the Davide, Calderon, and Tolentino Law office in 2002 and as part-time instructor for the University of San Carlos, Economics Department. She had significant training in Hotel Management and Distribution Systems and attended Revenue Management seminars specifically on Pricing, Travel distribution and technology, Project Management, Branding, and Selling Skills workshops. Her speaking engagement to two of these international seminars & forums under the Travel Distribution Summit Asia in 2008 and 2009 include topics on Revenue Management in Tough times and Integrating Sales and Marketing in Revenue Management. She completed her Certification in Revenue Management at Cornell University, New York in 2011 with focus on hotel and restaurant revenue management, strategic pricing, demand management, strategic marketing and financial management.

<b>Ma. Theresa S. Fernandez</b>	<b>Corporate Sales and Marketing Director</b>
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Ma. Theresa Fernandez, joined Waterfront in September 1, 2006-December 15, 2011 as being the Hotel Manager in Waterfront Insular Hotel Davao, and was appointed as Hotel Manager of Waterfront Airport Hotel on December 16, 2011. Currently, she is the Corporate Sales and Marketing Director. She graduated in St. Scholastica's College Manila in 1984 and in Swiss Hotel Association -Switzerland in 1987. Before joining Waterfront she had been an Asst. Maitre'd in Hotel Castell -Switzerland, Asst. Garde Manager in Relais fe Lavaux-Switzerland, Sales Account Manager in Holiday Inn -Manila, Banquet Sales Manager in Manila Pavillion Hotel -Manila, Banquet Manager in Manila Pavillion Hotel -Manila, Banquet Administration Manager in Manila Galleria Suites -Manila, F&B Director in Holiday Inn Galleria - Manila, Consultant in Boracay Regency Hotel & Convention, and the Resident Manager in Boracay Regency Hotel & Convention -Boracay, Aklan.

**All directors and executive officers attended the basic course on Corporate Good Governance on December 04, 2014 at the Manila Pavilion Hotel by Waterfront.**

#### **Significant Employees**

There are no employees of the Company who is not an Executive Officer but expected to make significant contribution to the business of the Company.

#### **Family Relationship**

Mr. Kenneth T. Gatchalian is the son of Ms. Dee Hua T. Gatchalian. Ms. Elvira A. Ting is a sister of Ms. Dee Hua T. Gatchalian and an aunt of Kenneth T. Gatchalian.

Mr. Reno Magadia is also a son of Mr. Renato B. Magadia.

**There are no other relationships among the officers listed.**

#### **Involvement in Certain Legal Proceedings**

As of June 30, 2015 none of the directors and officers/nominees was involved in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities or commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

**Certain Relationship and Related Transactions**

	<b>Relationship to the Issuer</b>	<b>Nature of Advances</b>	<b>Amount of Advances</b>
The Wellex Group, Inc. (TWGI)	Ultimate Parent	Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal	2014- P 958,716,000 2013 – P 991,973,000
Metro Alliance Holdings & Equities Corp. (MAHEC)	Stockholder	Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal	2014 – P 365,933,000 2013 – P 358,758,000
Forum Holdings Corp. (FHC)	Stockholder	Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal	2014 – P 51,167,000 2013 – P 56,321,000
Pacific Rehouse Corporation (PRC)	Stockholder	Unsecured; interest-bearing; subject to re-pricing; due in one year subject to renewal	2014 – P 510,532,000 2013 – P 500,522,000
Philippine Estate (PHES)	Stockholder	Unsecured; non-interest bearing; due on demand	2014 – P 97,754,000 2013 – P 94,054,000

See notes 9 on Consolidated FS 2014

**Term of Office**

The Directors of WPI are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until they're respective successors have been elected and qualified. Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have been qualified.

**Item 6. Compensation of Directors and Executive Officers**

None of the Directors receive compensation for serving as Directors of the Company.

**The aggregate paid to the Five**

Aggregate Compensation paid to the 3 highly compensated executive officers	Principal Position	Year	Salary (P)	Bonus (P)	Other annual compensation
Ms. Precilla O. Toriano	Corporate Finance Director	2014 2013	P5,254,645.36 P8,687,926.90	None None	None None
Ms. Maria Socorro Cotelo	Corporate Planning Director	2012	P6,801,335.00	None	None
Ms. Ma. Theresa S. Fernandez	Corporate Sales and Marketing Director				
Ms. Lanelle Barba	Corporate Human Resource Director				
Mr. Benhur Caballes	Hotel Manager				

The President has no remuneration benefit.

**Compensation Plan of Directors**

The members of the Board of Director are elected for a term of one year. Director per diem are at a rate of Php8,000.00 (net of 20% ewt) per board meeting. Except for the Chairman and the CEO,

Directors, are not entitled to compensation package. Except as herein mentioned, no director received bonuses or profit sharing plans for the years ended 31 December 2014 and December 2013.

#### **Item 7. Independent Public Accountants**

The external auditor of Waterfront Philippines, Inc. (WPI) for the most recently completed calendar year ending December 2014 is KPMG R.G. Manabat and Co., previously KPMG Manabat Sanagustin and Co., under Mr. Virgilio L. Manguilimotan, Partner in-charge, and they are being recommended by the board of directors for the approval of stockholders for this coming year. The firm also audited the Company's previous calendar year.

In compliance with SRC Rule 68, Paragraph 3(b)(iv) which states that external auditors shall be rotated every after five (5) years of engagement, the signing partner of the company for the past 5 years Mr. Tomas G. Mahinay was then superseded by the current partner in-charge, Mr. Virgilio L. Manguilimotan.

**There were no changes in and disagreements with the accountants nor with the current accounting firm relating on accounting and financial disclosure.**

Representatives of said firm are expected to be present at the stockholders' meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

#### **Audit Committee**

The Board is authorized to create an Audit Committee, composed of at least three (3) directors, at least one (1) of whom shall be an independent director. Each member of the Audit Committee shall have adequate understanding, at least, or competence at most, of the company's financial management systems and environment. The Audit Committee shall have the functions, powers and authorities as may be prescribed by the Board, or as provided in the Corporation's Manual of Corporate Governance, and as may be prescribed by applicable law and regulations.

#### **Duties and Responsibilities of the Audit Committee**

Review all financial reports against compliance with both the internal financial management policy and pertinent accounting standards, including regulatory requirements. Review management policy on financial management, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, crisis management. Review audit plans, scope and frequency of the external audit to the extent advisable, interface with the internal and external auditors. Develop a plan to elevate to international standards the accounting and auditing processes, practices and methodologies, including: a realistic timetable within which the accounting system of the Corporation will be 100% International Accounting Standards (IAS) compliant; an accountability statement that will specifically identify officers and /or personnel directly responsible for the accomplishment of such task;

Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Company through a step-by-step procedures and policies handbook that will be used by the entire organization.

#### **The Board constituted the following committees:**

##### **Audit Committee**

Chairman	-	Sergio R. Ortiz-Luis, Jr - Independent Director
Member	-	Arthur M. Lopez - Independent Director
Member	-	Dee Hua T. Gatchalian

## Audit and Audit-Related Fees

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,	
	2014	2013
Aggregate Fees Billed for the external audit of the Company's financial statements	3,845,000.00	3,660,000.00

The Company has complied with the requirements of the Rotation of External Auditors as outlined in SRC Rule No.68, Paragraph 3(b)(iv).

**Item 8. Compensation Plans**

To date WPI has not issued any options or implemented any option scheme to its directors and officers.

The Company has no immediate plan with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

**C. ISSUANCE AND EXCHANGE OF SECURITIES****Item 9. Authorization or Issuance of Securities Other than for Exchange**

As of June 30, 2015 Waterfront Philippines, Inc. has no plans yet to increase its authorized capital stock.

**Item 10. Modification or Exchange of Securities**

Waterfront Philippines, Inc. has no plans to modify any of each authorized and issued securities or to exchange them to another class.

**ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES AND ISSUER**

As of December 31, 2014 the company has a net worth of P4.7 billion and is not planning to issue unsecured bond for 2014.

**Properties**

The Company, being a holding company, has no real properties under its name. Properties under WPI are under the ownership or lease holdings of the respective subsidiaries. WPI is renting an office in the City of Manila.

Information and terms of the rent/lease are as follows:

Location	7 <sup>th</sup> Flr Manila Pavilion Hotel U.N. Avenue corner Maria Y Orosa St. Ermita Manila
Size	538.7 square meters with parking spaces
Terms of Rent	From October 1, 2011 to December 31, 2021 (10 years); renewable within 90 days before the lease period expires permissible by the laws of the Philippines.
Rental	On the office spaces: Php 250,000 per month with an escalation of 5% per year.

WCCCHI and WMCHI have separate contracts of lease for the use of parcels of land in the province of Cebu.



## WCCCHI Land Lease:

Location	Former airport site at Lahug in Cebu City
Size	Approximately 4.6 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 11.00 per square meter or a total amount per annum of Php 6,072,000.00 + Percentage rental of 2% of the annual Gross Revenue as defined under the Land Lease Agreement

## WMCHI Land Lease:

Location	In front of Mactan-Cebu International Airport, Lapu-Lapu City
Size	Approximately 3.2 hectares
Lessor	Mactan Cebu International Airport Authority
Terms of Lease	50 years with an option for renewal for another 25 years, permissible by the laws of the Philippines
Lease Agreement	Fixed rental per month of Php 18.75 per square meter or a total amount per annum of Php 7,875,000.00 + Percentage rental of 2% of the Annual Gross Revenues as defined under the Land Lease Agreement.

## DIHCI Wholly Owned:

Location	Lanang, Davao City	
Size	Approximately 12.29 hectares but with foreshore area of 4.3 hectares	
	Title	Area (In Sq. Meters)
	TCT 0-255*	2,997
	0-256*	304
	0-257*	113
	0-258*	50
	0-259*	404
	T-10250*	43,881
	T-10250*	47,320
	T-10251*	2,091
	T-102510*	2,043
	T-10252*	1,133
	T-10252*	300
	T-10252*	300
	T-10252*	1,580
	T-10254*	500
	T-10254*	400
	T-10303-A*	304
	T-30874*	223
	T-10264*	18,959

## ACESITE Land Lease

Location	Corner of United Nations Avenue & Maria Y. Orosa Street in Ermita, Manila
Size	Total land area of 6,500 square meters
Lessor	Cima Realty Philippines Inc.
Terms of Lease	Lease is valid until January 2031, renewable for another 20 years.
Lease Agreement	Php 250,000 per month; escalation of 5% per year

## CIMA Realty

Location	Corner of United Nations Ave. & Maria Y. Orosa St., Ermita, Manila
Size	Approximately 6,500 square meters
Title	TCT 184100

The building is mortgaged in favor of the Metropolitan Bank and Trust Company-Trust Department, as the trustee for the Singapore Branch of the Industrial and Commercial Bank of China (ICBC), a banking corporation organized under the laws of the People's Republic of China (PROC), to secure a loan in the original principal amount of Fifteen Million US Dollars (US\$15,000,000.00).

**Legal Proceedings**

SSS vs WPI. Et al civil case no. Q-04-52629 at regional trial court, Quezon City

On January 13, 2015, the RTC of Quezon City issued a decision declaring null and void the contract of loan and the related mortgages entered into with SSS on the ground that the officers and the SSS are not authorized to enter the subject loan agreement. In the decision, the RTC of Quezon City directed the Parent Company to return to SSS the principal amount of loan amounting to P375 million and directed the SSS to return to the Parent Company and to its related parties titles and documents held by SSS as collaterals. SSS filed a Motion for Reconsideration of the decision of the RTC and WPI filed its comments on said motion.

Motion for Reconsideration has not been resolved by the RTC.

## BIR Assessment

On November 10, 2008, the Parent Company received a preliminary assessment notice from the BIR for deficiency taxes for the taxable year 2006. On February 9, 2009, the Parent Company sent a protest letter to BIR contesting the said assessment. On February 18, 2009, the Regional Office of the BIR sent a letter to the Parent Company informing the latter that the docket was returned to Revenue District Office for reinvestigation and further verification.

On December 8, 2009, the Parent Company received BIR's Final Decision on Disputed Assessment for deficiency taxes for the 2006 taxable year. The final decision of the BIR seeks to collect deficiency assessments totaling to P3.3 million. However, on January 15, 2010, the Parent Company appealed the final decision of the BIR with the Court of Tax Appeals ("CTA") on the grounds of lack of legal and factual bases in the issuance of the assessments.

In its decision promulgated on November 13, 2012, the CTA upheld the expanded withholding tax ("EWT") assessment and cancelled the VAT and compromise penalty assessments. WPI decided not to contest the EWT assessment. The BIR filed its motion for reconsideration ("MR") on December 4, 2012 and on April 24, 2013, the Court issued its amended decision reinstating the VAT assessment. The Parent Company filed its MR on the amended decision that was denied by the CTA in its resolution promulgated on September 13, 2013.

The Parent Company appealed the case to the CTA sitting En Banc on October 21, 2013 docketed as CTA

EB No. 1070 where it is awaiting decision by the CTA.

The group's management legal counsel have made a judgment that the position of the Group is sustainable and, accordingly, believe that the Group does not have present obligation (legal or constructive) with respect to such assessment and claims.

#### **Item. 11. Financial and Other Information**

The consolidated financial statements are filed as part of this FORM SEC 2015, attached hereto and marked as "Annex A."

#### **Item 12. Mergers, Consolidations, Acquisitions and Similar Matters**

As of June 30, 2015, Waterfront Philippines, Inc. has no plans to merge, and consolidate with other company, to acquire other company's securities, to acquire any other going business or of the assets thereof, to sell or transfer any substantial part of its assets and to liquidate or dissolve the Company.

#### **Item 13. Acquisition or Disposition of Property**

The Company acquired 100% interest of CIMAR, a former subsidiary of Acesite Limited (BVI) or ALB, in October 2011. In July 2011, the Company and CIMAR executed a Memorandum of Agreement (MOA), which effectively settle all pending cases and controversies between the two parties. In fulfillment of all the terms and conditions of the MOA, CIMAR's stockholders including all their nominees, agreed to assign, sell, transfer and convey all existing shares of stocks of CIMAR to the Company.

#### **Item 14. Restatements of Accounts**

The Consolidated Financial Statements of Waterfront Philippines, Inc. has been prepared in accordance with Philippine Financial Reporting Standards (PFRS). In particular there have no restatements of Accounts.

#### **D. Other Matters**

#### **Item 15. Action with Respect to Reports**

1. Annual report for the year ending December 31, 2014 will be presented to the stockholders for approval.
2. Minutes of the 2013 Annual Stockholders' Meeting will also be presented to the security holder for approval.
3. Interim Report as of June 30, 2015 will be presented to the security holder for information regarding the actual situation of the business.

#### **Item. 16 Matters Not Required to be Submitted-NONE**

#### **Item 17. Amendments of Charter, By-Laws & Other Documents**

a. Except for the amendments that the Corporation has made to its by-laws, Article III, Board of Directors, Sections 3-7, as per Board of Directors meeting held on September 1, 2004 and Stockholders' meeting held on September 4, 2004, And it was filed and approved with SEC last September 6, 2005. Since then there is no other amendments made by the corporation.

b. On May 25, 2012, the application for the increase in Acesite (Phils.) Hotel Corp.'s authorized capital stock, one of Waterfront Philippines Inc.'s subsidiaries, from P310 million to P1.21 billion was approved by SEC. Accordingly, the Company distributed the 250% stock dividends or 246,248,212 shares on July 19, 2012 for stockholders of record as of June 25, 2012.

The Board of Directors and the stockholders of Acesite (Phils.) Hotel Corporation approved on June 11, 2009 and July 2, 2009, respectively, the increase of the authorized capital from P1, 210,000,000.00 to P2, 010,000,000.00 via stock rights offering at an entitlement ratio of 0.58:1.

In a special meeting held last July 14, 2014, the Board of Directors approved the amendment of the entitlement ratio from 0.58:1 to 1:1.

The proceeds will be used for the renovations of rooms, facilities, repair and replacement of equipment and working capital.

c. In a special meeting also held last July 14, 2014, the Board of Directors approved the proposal to increase the authorized capital stock of Waterfront Mactan Casino Hotel, Inc, one of Waterfront Philippines Inc.'s subsidiaries, from P13, 800,000.00 to P500, 000,000.00, which increase will be paid-up via declaration of stock dividends in the amount of P262, 200,000.00.

d. Waterfront Philippines Inc.'s principal office address is located at No.1 Waterfront Drive, Off Salinas Drive, Lahug, Cebu City as amended in the Articles of Incorporation on December 19, 2001.

#### **Item 18. Other Proposed Action**

For the coming Stockholders meeting on September 12, 2015 at Waterfront Cebu City Hotel, these are the following proposed action to be taken:

- a. Approval of Minutes of the previous stockholders meeting.
- b. Presentation of the Annual Report and Audited Financial Statements for the calendar year 2014 and during the meeting a copy of the 2<sup>nd</sup> quarterly report for 2014 will be furnished to the stockholders.
- c. Election of the board of directors for the ensuing term

Chairman of the Board	- Mr. Renato B. Magadia
President	- Mr. Kenneth T. Gatchalian
Treasurer	- Ms. Elvira A. Ting
Corporate Secretary	- Mr. Arthur R. Ponsaran
Assistant Corporate Secretary	- Atty Arsenio A. Alfiler, Jr.
Compliance Officer	- Ms. Precilla O. Toriano
Corporate Affairs Officer	- Mr. Richard I. Ricardo
- d. Appointment of External Auditors  
The board will recommend KPMG R.G. Manabat & Co., previously KPMG Manabat Sanagustin and Co., as the Corporate External Auditor for the year 2015.
- e. Appointment of External Counsel  
For the year 2015 the board will recommend Corporate Counsels, Philippines as the Legal Counsel of the Company.
- f. Ratification of the acts of the Board of Directors and Management

Acts of Management and resolutions of the Board including:

- To appoint and constitute BOD Trust and Investment Group as our Stock Transfer Agent to issue shares of the company in scrip less or uncertificated form in accordance with Section 43 of the Securities Regulation Code and to link our database to the EDR(Electronic Direct Registration) system of Pastra Net. Inc.

- Renewal of licenses with government agencies/offices and other contracts and designation of the authorized signatories.
- All other administrative matters concerning Waterfront Philippines, Inc.

Other than the above mentioned proposed actions there are no other matters that the Board of Directors intends to present or have the reason to believe others will present at the meeting.

#### **Item 19. Voting Procedures**

The vote of stockholders representing at least majority of the issued and outstanding capital stock entitled to vote is required.

At every meeting of the stockholders of the corporation, each share of stock entitles its owner to one vote, provided, however, that in the case of election of directors, every stockholder entitled to vote shall be entitled to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the entire number of votes cast by him shall not exceed the number of shares owned by him multiplied by the entire number of directors to be elected.

Every stockholder entitled to vote at any meeting of the stockholders may so vote in person or by proxy, provided that the proxy shall have been appointed in writing by the stockholder himself or by his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary. The instrument authorizing a proxy to act must be in the hands of the Secretary not later than forty-eight (48) hours before the time for the meeting axe (Article II, Sec. 7 of the By-Laws). Voting shall be by raising hands and need not be by ballot, the Corporate Secretary shall duly count any action authorized upon the vote of the majority of the votes cast, except in the election of directors, which shall be on the basis of cumulative voting hitch.

It is being noted that all items in the agenda shall be voted majority of the stockholders.

**THE COMPANY'S ANNUAL REPORT ON SEC FORM 17 A WILL BE PROVIDED WITHOUT CHARGE UPON WRITTEN REQUEST OF ANY SHAREHOLDERS OF RECORD ENTITLED TO NOTICE OF AND VOTE OF AT THE MEETING, AT THE DISCRETION OF THE MANAGEMENT, A CHARGE MAY BE MADE FOR EXIBITS, PROVIDED SUCH CHARGE IS LIMITED TO REASONABLE EXPENSES INCURRED BY THE REGISTRANT IN FURNISHING SUCH EXHIBITS.** Such written request may be directed to our Corporate Secretary, Atty. Arthur R. Ponsaran, with Office Address at unit 3104 31<sup>st</sup> floor Antel Global Corporate Center # 03 Doña Julia Vargas, Ortigas Center Center Pasig City.

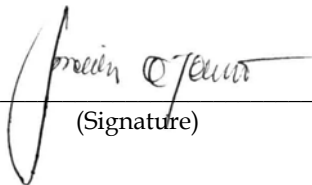
<b>PART II</b>
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**"WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT REQUESTED NOT TO SEND A PROXY."**

**PART III**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Cebu on August 20, 2015.

By:  \_\_\_\_\_  
(Signature)

Precilla O. Toriano/Corporate Finance Director  
(Printed Name/Title)

## CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ARTHUR M. LOPEZ**, Filipino, of legal age, and a resident of The Ritz Tower Condominium, 6745 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Waterfront Philippines, Inc.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Waterfront Phils., Inc.	Independent Director	2002 – present
Acesite (Phils.) Hotel Corporation	Chairman, Independent Director	2004 – present
Phil. Estates Corporation	Director	1996 – present
Phil. Hotel Owners Association Inc.	President	2006 – present
Arleff Holdings Inc.	President	2008 - present
Legoli Holdings Inc.	President	2008 – present
Bellevue Manila	Hotel Management Consultant	2003 – present
Bellevue Resort Bohol in Panglao	Hotel Management Consultant	Present
Hotel of Asia Inc. - Hotel 101 Manila, Jin Jiang Ortigas	Hotel Management Consultant and Technical Services Adviser	2013 – present
Double Dragon Properties Corp – Injap Tower Iloilo	Hotel Management Consultant	2013 – 2014
Contemporain Development Corporation – Jin Jiang Inn Makati	Hotel Management Consultant and Technical Services Adviser	2013 – present
Hotel 101 Management Corp – Hotel 101 Fort	Hotel Management Consultant	2015

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines, Inc. as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
5. I shall inform the corporate Secretary of Waterfront Philippines, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this \_\_\_\_\_ day of JUL 07 2015 at CITY OF MANILA

*Arthur M. Lopez*

Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of JUL 07 2015 at CITY OF MANILA, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 02407033 issued at Makati City, Metro Manila on January 5, 2015.

Doc. No. 132  
Page No. 27  
Book No. 17  
Series of 2015.

*Amado*  
**ATTY. RAMIL JOSE LITO B. TAMAYO**  
NOTARY PUBLIC TIN NO. 231430744890 ROLL NO. 49687  
PTR No. 103791 Unit 14-16 \* MCLE No. 01-0021244 issued July 12, 2013  
ISP LPE No. 142235, Commission No. 2014-019 Unit 12-31-16 MANILA  
Office Add: National Power Corp Bldg. Magallanes Drive, Intramuros, Manila



## CERTIFICATION OF INDEPENDENT DIRECTORS

I, RUBEN D. TORRES, Filipino, of legal age, and a resident of # 22 Kalaw Ledesma Circle, Tierra Verde Homes, Tandang Sora, Quezon City after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Acesite Phils Hotel Corp.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
BPO Workers Association of the Phils. (BWAP)	President	Present
Trade Union Congress of the Philippines	VP- International Affairs	Present
Torres Clemencio Gabochan Torres Law Offices	Senior Partner	1998-present
Manila Doctors College	Member, Board of Advisers	2009-present
WATERFRONT PHILIPPINES INC.	Board of Director	2006-present
ACESITE PHILIPPINES HOTEL CORP.	Board of Director	present


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Acesite Phils Hotel Corp as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
5. I shall inform the corporate secretary of Acesite Philippines Hotel Corp. of any changes in the abovementioned information within five days from its occurrence.

Done this \_\_\_\_\_ day of JUL 02 2015 at CITY OF MANILA

  
 \_\_\_\_\_  
 Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of JUL 02 2015 at CITY OF MANILA affiant personally appeared before me and exhibited to me his Tax Identification Number 135-071-068-000.

Doc. No. 254  
 Page No. 27  
 Book No. 0  
 Series of 2015

  
**ATTY. ALYSSA GRACE M. ZULUETA**  
 NOTARY PUBLIC - MANILA  
 2432 ANDRADE ST., STA. CRUZ MANILA  
 CURR. L.A. 2014 - 383 UNTIL 12/31/15  
 ROLL NO. 30524 MCLE II - 0016892  
 IBP LIFETIME NO. 011076 5/19/12  
 PTR NO. 3837052-1/5/15-VLA

## CERTIFICATION OF INDEPENDENT DIRECTORS

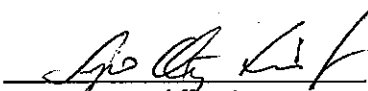
I, **SERGIO ORTIZ-LUIS JR**, Filipino, of legal age, and a resident of 151 corner 3<sup>rd</sup> St., and 10<sup>th</sup> Ave., Riverside Village, Pasig, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Waterfront Philippines Inc.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Waterfront Phils., Inc.	Independent Director	2006-present
Acesite (Phils.) Hotel Corporation	Independent Director	2013-present
Alliance Global	Vice Chairman	2007-present
Phil. Chamber of Commerce & Industry	Honorary Chairman/Treasurer	2008-present
PHILEXPORT	President/CEO	1991-present
ECOP	Past President/Honorary Chairman	2010 – present
Philippine Estates Corporation	Director	present
International Chamber of Commerce of the Philippines	Founding Director	present
Manila Exposition Complex Inc (World Trade Center)	Director	present


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Waterfront Philippines, Inc, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.
5. I shall inform the corporate secretary of Waterfront Philippines, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this \_\_\_\_\_ day of **JUL 31 2015** at **QUEZON CITY**

  
Affiant

SUBSCRIBED AND SWORN to before me this **JUL 31 2015** at **QUEZON CITY** Affiant personally appeared before me and exhibited to me his Tax Identification Number 107-846-762-000.

Doc. No. 95  
Page No. 1a  
Book No. CV  
Series of 2015.

  
**ATTY. RAMON L. CANPIO**  
NOTARY PUBLIC  
~~MA 1002015-2016~~ Commission Expires December 31, 2016  
Roll of Attorney's No. 22872  
TPO OR 978729; 12/12/14, Pasig City  
PTR No. 0350443, 1/6/13, Pasig City  
TIN 106-918-877  
MCLE IV-Compliance No. 1001630, 6/19/13  
Rm. 506 Doha Consolacion Bldg. Cubao, Quezon City

**Financial and Other Information**

Management Discussion and Analysis (See Annex I)

Financial Statements (See Annex II)

Changes In and Disagreements with Accounts on Accounting and Financial Disclosure-  
NONE.

## **MANAGEMENT REPORT**

## ANNEX 1

### Charting New Horizons

Crises are a time to rebuild, reinforce and evolve. After the somber picture in past years brought about by natural calamities, economic instability and diplomatic tensions between the Philippines and our main feeder markets, Waterfront is finally positioned for resurgence.

Through the difficult times, we refused to rest on our laurels as one of the country's leading Filipino hotel chains and prudently implemented measures to boost our competitiveness in the industry. Foresight has enabled us to embark on timely measures that addressed key areas of hotel operations, resulting in a strengthened organization.

These measures include expertly managing our major cost centers: streamlining our labor; addressing our energy expenditures and limiting cost of services.

To control our labor costs, we introduced the Early Retirement Program across our properties to ensure that we emerge with a more efficient and highly productive team. By offering attractive yet reasonable packages to those who wished to avail of the program, we reduced future costs and are now enjoying the returns of this judicious step as seen in the tapering budgets of our workforce without sacrificing service quality.

The highest chunk of our energy expenditure goes to our chillers; therefore, we needed to find a way to address efficiency in that area. Waterfront embarked on a partnership with Cofely Philippines, a third-party vendor, in order to implement upgrading and retrofitting of our chiller system. Through this partnership, we have seen energy efficiency in our cooling system increase by as much as 50%, therefore reducing wastage and maximizing the expenditure in that area. This partnership is seen to generate cost savings in the future.

Our cost management among different departments has only increased with the years, reflecting higher savings as we become more adept at identifying important cost centers. This year marks significant reduction in F&B costs, reflecting a remarkable 30% drop in expenses from PhP 235.09 million in 2013 to PhP 164.3 million in 2014. Repairs and maintenance costs have also decreased 10% from PhP 113.04 million in 2013 to PhP 101.44 million in 2014. Rent costs decreased by 12% from PhP 99.06 million the previous year to PhP 86.74 million this year. Rooms expenses dropped 39% from PhP 90.19 million in 2013 to PhP 55 million in 2014. Overall, we have managed to reduce our total operational expenses from PhP 1.461 billion in the past year to PhP 1.41 billion this year, a reduction of 4% reflecting an improvement in overall cost efficiency.

Having managed our costs well, we also look into improving our product. When it comes to product enhancement, we have made major investments as well as maintaining investments distributed among our different properties. For the major "hardware" investments, we have undergone another phase of extensive renovations to our Manila Pavilion property, spending a total of PhP 155.42 million on 117 newly-upgraded Deluxe Rooms and a new floor of function rooms dedicated to National Artist Frederico Aguilar-Alcuaz. At Waterfront Cebu City Hotel and Casino, we have invested in subtle renovations such as new RFID lock sets for rooms and new 32-inch flat screen TV's. At Waterfront Airport Hotel and Casino as well as Waterfront Insular Hotel Davao, we added finishing touches that improved the look and feel of our hotels and upgraded some of our facilities. The effort we put into the enhancement of our properties is conscientious and year-round.

In 2014, we have made significant strides in the improvement of our "software": our technology systems, service and people. Software is the lifeblood of our business--it provides a genuine connection with our customers through various touch points, conveys the Waterfront brand in a personal manner and introduces new sales-generating streams in step with today's growing online patronage.

We have further strengthened our online presence with the launch of our free mobile app for iOS and Android; the very first by a Filipino hotel chain to do so. In the first quarter of the year, we improved our e-newsletter with a software system upgrade. Our website sports a sleek, newly-revamped look with more features to allow easy booking and browsing of our properties. All three work synergistically to complete our user experience and add new avenues for accessing our brand. Our social media channels are also being managed full-time by a dedicated team, ensuring the seamless transfer of news and promotions updates in the most popular social media platforms for our clientele. Each presents a unique opportunity to touch base with our users in a platform of their preference, offering exciting deals and perks that pique their interest.

Online production this year contributed 27% to total room revenue, an increase of 5% from the 2013 contribution of 22%. There has been continued steady annual growth in this aspect of our business. Noting steady growth, we will continue to increase our efforts on innovation in order to harness the benefits of the digital marketing space. The online growth rate in terms of revenue is 28%. Growth rate in terms of online room nights production is 31%. These figures include G Hotel's numbers and still exhibited upward trends despite the fact that G hotel did not complete the year and halted operations in October 2014.

To stay on top of our game, we continue to expand our traditional offline distribution networks, which provide the bulk of our room revenue. This year our partnerships have grown with more negotiated contracts for both travel agents and corporate accounts. Through an effective and aggressive sales strategy in both online and offline segments, we maximize our sales potential.

As part of our "soft" product, Our Peers have achieved a Training Index of 124.24 hours per person this year, far exceeding the target of 70 hours. Notably, we have participated in the Tourism Industry Skills Training Support Scheme, a project of the Department of Tourism and Asian Development Bank. Our Peers from Waterfront Cebu City Hotel and Casino and Waterfront Insular hotel Davao benefited from this nearly PhP 2 million grant that improved global competitiveness by embarking on different training programs from different countries like Australia, Canada, US and Japan. The department heads and managers across all properties have been sent to regional, national and international conventions to keep them up-to-date with the latest trends in the industry. Overall Guest Satisfaction Index for our properties has surpassed our target of 4.0 with an overall average of 4.3 out of 5, reflecting consistent satisfaction with our personnel's service.

While we continue to make strides in our business, we bid a temporary goodbye to G Hotel, where significant noise and safety issues prevented us from continuing operations. We have reached an amicable settlement with the property owners and G Hotel closed its doors on October 1, 2014. We remain on the lookout for a new location, taking into account the lessons learned.

The aggregate of all our above-mentioned efforts in cost-cutting, streamlining, product enhancement, innovation, improvements in our labor force and distribution network has made us rise above the challenges of previous years.

This year is about forging ahead and beginning to appreciate the results of the institutional interventions that were set in motion.

Total gross revenue this year is at PhP 1.973 billion in 2014 versus PhP 1.979 billion in 2013, posting only a slight decline of 0.29%. This slight decline is attributable to the unforeseen decrease in rental income in some of our properties, particularly Acesite and Waterfront Cebu City Hotel and Casino. Overall hotel operations are in a general upswing, however, as shown by the growth when we separate hotel operations from rental income. Gross revenue generated from the hotels amounted to PhP 1.16 billion, offsetting the unpredictable losses incurred by unforeseen developments among our rental properties. Per hotel, revenue in 2014 is generally robust for each property. Waterfront Cebu City Hotel made PhP 828.22 million, contributing 42% to total revenue; Manila Pavilion Hotel's revenue is at PhP 567.66 million, making up 29%; Waterfront Airport Hotel and Casino contributed PhP 297.14 million or 15%; Waterfront

Insular Hotel Davao contributed PhP 166.31 million or 8% and G Hotel comprised 1% of revenue at PhP 24.94 million.

Our group GOP increased by 9% overall at PhP 563.05 million versus the previous year's PHP 517.6 million largely owing to the efficient management of our cost centers. Our companies are better able to buffer uncertainties in the industry by staying efficient and well-run.

Total Room Revenue is up by 3%, from PhP 548.22 million in 2013 to PhP 565.51 in 2014. Total F&B revenue showed an increase of 9%, from PhP 499.75 million in 2013 to PhP 544.84 million in 2014, one of our best-performing departments this year. Rent and related income reflected -8% growth, decreasing from PhP 882.79 million in 2013 to PhP 815.52 million in 2014, hence affecting the gross revenue as stated above. NOP increased significantly by 144% this year, bouncing back from 2013's net loss of PhP 65.33 million to net income of PhP 29.02 million this year. The loss in 2013 was partly due to expenses on calamity insurance which needed to be availed of because of the damages from the typhoon and earthquake, yet credit goes to the group for quickly recovering from unforeseen circumstances with a robust performance, restoring our NOP to healthy numbers.

Decisiveness has made us emerge from turbulent times a strengthened and more determined company with all the necessary elements in place to take advantage of opportunities coming our way.

By decisively and strategically addressing key areas in our business, we have transformed into a company that is formidable and efficient across all areas of our operations--the hallmark of an institution that has stayed tried and true and is confidently moving towards a new horizon.

### Management's Discussion and Analysis or Plan of Operation

This year is about forging ahead and beginning to appreciate the results of the institutional interventions that were set in motion. Total gross revenue this year is at PhP 1.973 billion in 2014 versus PhP 1.979 billion in 2013, posting only a slight decline of 0.29%. Total Room Revenue is up by 3%, from PhP 548.22 million in 2013 to PhP 565.51 in 2014 ; F&B revenue showed an increase of 9%, from PhP 499.75 million in 2013 to PhP 544.84 million in 2014, one of our best-performing departments this year. NOP increased significantly by 144% this year, bouncing back from 2013's net loss of PhP 65.33 million to net income of PhP 29.02 million this year. RevPar was at P 1,339.00. Group average room rate was at P 2,444.00.

Below are the results of operations of the Parent Company and its subsidiaries, for the years ending December 31, 2014 and 2013 together with its financial conditions as of the same period.

### RESULTS OF OPERATIONS (Amounts in P)

	2014	2013
Revenues	1,973,280,085	1,979,091,715
Less: Costs and Expenses	1,410,230,629	1,461,490,841
<b>Gross Income</b>	<b>563,049,456</b>	<b>517,600,874</b>
Other Expenses (Income)	506,012,469	578,980,279
<b>Net Income (Loss) Before Income Tax</b>	<b>57,036,987</b>	<b>-61,379,405</b>
Income Tax Expense (Benefit)	28,021,818	3,952,111
<b>NET INCOME (LOSS)</b>	<b>29,015,169</b>	<b>-65,331,516</b>
<b>Earnings (Loss) Per Share</b>	<b>0.004</b>	<b>(0.028)</b>



**FINANCIAL CONDITION (Amounts in P)**

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Current Assets	2,409,062,395	2,359,380,385
Non Current Assets	6,524,806,969	6,844,516,884
<b>Total Assets</b>	<b>8,933,869,364</b>	<b>9,203,897,269</b>
<b>LIABILITIES</b>		
Current Liabilities	2,021,297,096	2,224,979,328
Non-current Liabilities	2,226,011,738	2,381,082,476
<b>Total Liabilities</b>	<b>4,247,308,834</b>	<b>4,606,061,804</b>
Total Stockholders' Equity	<b>3,941,444,970</b>	<b>3,872,866,239</b>
Minority Interest	745,115,560	724,969,226
<b>Total Liabilities &amp; S/H Equity</b>	<b>8,933,869,364</b>	<b>9,203,897,269</b>

**Calendar Year ended December 31, 2014 as compared with Calendar Year ended December 31, 2013****RESULTS OF OPERATION***Revenues and Earnings per share*

- With economy's current economic strides, WPI showed resilience despite the challenges of the country. Total revenues for year ended Dec. 31, 2013 was slightly higher than the current year. In actual performance, revenues from hotel & other subsidiaries for the year 2014, is P1.973B compared to 2013's P1.979B; a slight decrease of 0.29%.

Due to cost-efficiency measures, its gives the Group to edge out a greater net income by 144% as compared to last year's net loss of 65M.

Earnings per share for 2014 are 0.004 compared to last year's (P0.028). There are no potentially dilutive shares as of December 31, 2014, 2013, 2012.

*Cost and expenses other than depreciation and amortization*

- Cost and expenses is lower by P51M reflecting a 4% decrease from the previous year.

*Interest, Depreciation, Amortization and Impairment Losses*

- A decrease of P73M or 12% from last year's.

**FINANCIAL CONDITION**

*Cash and cash equivalents* - This account increased by P68M, which is 95% higher from last year.

*Receivables* - decreased by 1%, from P191M in 2013 to P189M in 2014.

*Inventories* - Inventories for the period increased by 4% compared to last year, this year being at P28 M and last year at P27M.

**Prepaid expenses and other current assets** – This increased by P998 thousand, approximately 1%; from P68M in 2013 to P69M for this year. Prepaid expenses are defined as payment for services and/or benefits yet to be performed or received; it also includes prepaid taxes and insurance.

**Due from related parties-current portion** – This account was decreased by P18M an amount equivalent to 0.9%. This represents interest bearing advances to MAHEC, TWGI and PRC. It also includes from PHES which is non-interest bearing. This year of 2014, these advances are due in one year, subject to yearly renewal and re-pricing.

**Property plant & equipment** – This account reflected a decreased of P271M or 4% compared to last year. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2009.

**Available-for-sale investments** – The occurrence and movement of this account was due on approval of the BOD conversion of APHC's net receivables from MAHEC and East Asia Oil Company (EAOC) into 86,710,000 shares of stock of WII, an entity under common control, the shares of which are listed in the Philippine Stock Exchange. In accordance with PAS 39, Financial Instruments: Recognition and Measurement, APHC classified the investment in WII's shares of stocks as an AFS investment. The aggregate fair market values of WII shares based on its closing market price as of December 31, 2014 and 2013 are P22.98M and P16.91M, respectively, resulting in a valuation gain of P6.07M in 2014 and valuation loss of P9.10M and P3.03M in 2013 and 2012, respectively.

**Other non current assets** – There is a decreased of P8M on this account, an amount equivalent to 10% compared to last year's.

**Current Liabilities** – This account consists of trade payable, income tax payable, accruals and loans payable. The account decreased by 9% from last year; P2.2B in 2013 to P2.0B in 2014.

**Accounts payable & accrued expenses** – This account is part of the "Current Liabilities". This includes trade payable to suppliers and accrued interest and penalties from SSS loan. There is an increased of 4% compared to last year.

**Loans Payable** – The total amount consist of current and long term has decreased by 23% or P250M compared to last year. This represents loan from Philippine Business Bank, Social Security System, and from Industrial Commercial Bank of China - Singapore Branch.

**Other current liabilities** – The account resulted an increased of 4%. This is composed of current portion of advance rental, concessionaires and other deposits, current portion of obligations under finance lease and unsecured short-term loan obtained from a local bank.

### **Calendar Year ended December 31, 2013 as compared with Calendar Year ended December 31, 2012**

#### **RESULTS OF OPERATION**

##### *Revenues and Earnings per share*

- Total revenues for year ended December 31, 2013, was slightly lower than the previous year. Revenues from hotel operations for the year 2013, is P1.979B compared to 2012's P1.999B, decrease of 1.01%.

Earnings per share for 2013 was (P0.028) compared to last year's of (P0.002).

##### *Cost and expenses*

- Cost and expenses decreased by P61.71M equivalent to 4.05% compared to last year. This is mainly due to the company-efficiency measures without sacrificing standards of the hotels.

**FINANCIAL CONDITION**

*Cash and cash equivalents* – This account decreased by P4.92M more or less 6.41% to its equivalent.

*Receivables* – receivables increased by 26.35% from P151.43M in 2012 to P191.34M in 2013. The receivables from PAGCOR leads to the increased of this account. In addition, the company still continues to counter the increased credit sales, at the same time increase the Manila accounts collection, generally on a 30 day term.

*Inventories* – decrease in inventories by roughly 10.55% from P29.84M to P26.69M.

*Prepaid expenses and other current assets* – There was an increased of P31.00M in this account approximately 84.01% from P36.90M in 2012 to P67.91M in 2013.

*Due from related parties-current portion* – This decreased by 174.74M or 8.03%. This represents interest bearing advances with MAHEC, TWGI, FHI and PRC at a rate of 2% per annum for this year. For this year, this account was being subject for re-pricing; due in one year subject to renewal. As for PHES, it will be due on demand.

This will be recorded as part of the current portion of the due from related parties.

*Property plant & equipment* – This increased by P42.50M or 0.66% compared to last year. In compliance with PAS 27, property and equipment (except operating and transportation equipments) were carried at revalued amounts effective 2005.

*Available for sale (AFS) investments* – This account reflected a decreased of P9.10M.

In July and August 2005, APHC's BOD approved the conversion of APHC's net receivables from MAHEC and East Asia Oil Company (EAOC) into 86,710,000 shares of stock of WII, an entity under common control, the shares of which are listed in the Philippine Stock Exchange. In accordance with PAS 39, Financial Instruments: Recognition and Measurement, APHC classified the investment in WII's shares of stocks as an AFS investment. The aggregate fair market values of WII shares based on its closing market price as at December 31, 2013 and 2012 are P16.9 million and P26.0 million, respectively, resulting in a valuation loss of P9.1 million in 2013 and valuation gain of P3.0 million and P16.8 million in 2012 and 2011, respectively.

*Deferred tax assets* – This account decreased by P33.62M, which is 11.96%.

*Deferred tax liabilities* – This account increased by P37.86M which is 3.12%.

The movements for the deferred tax assets and liabilities are as follows:

<b>December 31, 2013</b>	<b>Balance January 1 2013</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance December 31 2013</b>
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,158,090,532	(P50,729,235)	P99,592,841	P1,206,954,138
Rental receivable	34,332,449	(5,687,966)	-	28,644,483
Unamortized premium on security deposit	22,334,928	(5,318,117)	-	17,016,811
	1,214,757,909	(61,735,318)	99,592,841	1,252,615,432
Deferred tax assets:				
Rent received in advance	146,902,224	(27,063,545)	-	119,838,679
Retirement liability	70,712,445	6,253,515	(21,270,493)	55,695,467

Unrealized foreign exchange loss	35,301,532	3,348,768	-	38,650,300
Allowance for impairment losses on receivables	6,084,950	681,217	-	6,766,167
NOLCO	1,383,305	(712,693)	-	670,612
Unamortized past service cost	1,670,225	1,618,953	-	3,289,178
MCIT	961,803	1,052,016	-	2,013,819
Accrued rent expense	1,594,587	(101,969)	-	1,492,618
Unearned revenues	16,534,372	2,564,856	-	19,099,228
Accrued restructuring cost on loan	-	9,614	-	9,614
	281,145,443	(12,349,268)	(21,270,493)	247,525,682
	P933,612,466	(P49,386,050)	P120,863,334	P1,005,089,750

December 31, 2012	Balance January 1 2012	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance December 31 2012
Deferred tax liabilities:				
Revaluation surplus on property and equipment	P1,194,930,430	(P36,839,898)	P -	P1,158,090,532
Rental receivable	24,327,699	10,004,750	-	34,332,449
Unamortized premium on security deposit	27,309,400	(4,974,472)	-	22,334,928
	1,246,567,529	(31,809,620)	-	1,214,757,909
Deferred tax assets:				
Rent received in advance	150,066,813	(3,164,589)	-	146,902,224
Retirement liability	64,120,786	6,797,146	(205,487)	70,712,445
Unrealized foreign exchange loss	45,397,170	(10,095,638)	-	35,301,532
Allowance for impairment losses on receivables	6,810,664	(725,714)	-	6,084,950
NOLCO	1,936,888	(553,583)	-	1,383,305
Unamortized past service cost	2,351,578	(681,353)	-	1,670,225
MCIT	124,970	836,833	-	961,803
Accrued rent expense	1,579,098	15,489	-	1,594,587
Unearned revenues	16,502,490	31,882	-	16,534,372
	288,890,457	(7,539,527)	(205,487)	281,145,443
	P957,677,072	(P24,270,093)	P205,487	P933,612,466

Deferred tax assets have not been recognized by certain subsidiaries because of some items that are not probable that future taxable profits will be available against which the subsidiaries can utilize the benefits thereon prior to their expiration or reversal.

*Other non-current assets* – There was a decreased of P55.75M or 42.74%, from 130.42M in 2012 to P74.67M in 2013.

*Current Liabilities* – This account consists of trade payable, income tax payable, accruals and loans payable. This increased by 11.46% from last year, P1.99B of 2012 to P2.22B of 2013.

*Loans Payable* – This decreased by P290.65M equivalent to 20.92%. This consists of loan from Social Security System, Philippine Business Bank and from Industrial Commercial Bank of China – Singapore Branch.

*Income tax payable* – This account which comprises current and deferred taxes increased by P3.66M, which is 25.55% as compared to last year.

*Other non-current liabilities* – The account showed a decreased of P182.85M or 17.25%. The decrease was caused by the non-contributory, defined benefit plan offered to employees and security deposits from leases with PAGCOR.

TOP 5 PERFORMANCE INDICATORS			
As of December 31, 2014, 2013 and 2012			
	December 2014	December 2013	December 2012
Occupancy percentage	56.00%	55.60%	56.60%
Average Room Rates	2,444.00	2,361.39	1,144.77
Average Food Covers	227,024.00	161,782.00	281,103.00
Average Food Checks	532.10	404.89	415.35
Average Food Costs	30%	30%	31%

#### Occupancy Percentage

The Company's occupancy percentage for 2014 was 56% as compared to last year's 55.60%. This is computed by dividing the total number of rooms sold over the total number of rooms available for sale.

#### Average Room Rate

Average room rate increased by 3.50%, higher compared to last year's balance of 2,361.39. It is computed by dividing the total rooms revenue over total number of rooms sold.

#### Average Food Covers

Food covers increased by 40.33%. This pertains to increasing number of guests that availed our outlets.

#### Average Food Checks

The average food checks or the average consumption per guest decreased by 31.42%. Although it remains that the main generator of revenue are the social functions booked and rates are lower as compared to those in outlets, the Company has doubled its efforts in satisfying the eclectic tastes of the guests and marketing them by various promotions.

#### Average Food Costs

The average food cost remains static at 30%. The Company is continually contemplating ways to avoid higher food costs without jeopardizing the quality of its products. Total cost of food sold divided by food revenue.

#### Key Variable and Other Qualitative and Quantitative Factors:

- (i) Any known Trends, Events or Uncertainties-(material impact on liquidity)-NONE
- (ii) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- (iii) There are no material off-balance sheet transactions, arrangements, obligations (including, contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

(iv) There are no material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.

(v) From continuing operations, the Company is not exposed to any significant elements of income or loss except for those already affecting profit or loss.

(vi) Causes of material changes in the items in the financial statements from the year ending 31 December 2014 - NONE

**Interim Periods and Comparable Discussions to Assess Material Changes:**

Discussion and analysis on the operating results for the 1st quarter of 2015 is briefly discussed on the attached SEC Form 17Q while for the 2nd quarter ended June 30, 2015 will be attached on or before the scheduled date of 2014 Annual Stockholders Meeting which is duly received by SEC before its deadline on August 14, 2014. Attached herewith in this report is a Letter of Undertaking which states the distribution of SEC Form 17-Q 2nd quarter of 2015 during the Annual Stockholders Meeting.

**OPERATIONAL AND FINANCIAL INFORMATION**

Market for Registrant’s Common Equity and Related Stockholder Matters

1. The stocks of WPI shares which are listed on the Philippine Stock Exchange for the last two calendar years are as set out hereunder:

Peso	High	Low
<b>2015</b>		
January - March 2015	0.40	0.335
April- June 2015	0.37	0.315

Peso	High	Low
<b>2014</b>		
January - March 2014	0.38	0.31
April- June 2014	0.36	0.305
July-September 2014	0.435	0.32
October-December 2014	0.490	0.35

Peso	High	Low
<b>2012</b>		
January - March 2013	0.48	0.385
April- June 2013	0.42	0.315
July-September 2013	0.405	0.34
October-December 2013	0.395	0.33

The number of stockholders of record as of December 31, 2014 on the Register of Shareholders was 469 but the company is not able to identify the actual number of beneficial owners who are registered under the name of the member companies of the Philippine Stock Exchange (PSE). Common shares outstanding as of December 31, 2014 were 2,498,991,753. There are no sales for the last three years of unregistered securities.

2. The List of top 20 stockholders of record as of June 30, 2015 is as stated hereunder:

	Name of Stockholder of Record	No. of Shares	%
1	The Wellex Group, Inc.	1,143,466,800	45.757
2	PCD Nominee Corporation (Filipino)	579,141,674	23.175
3	Silver Green Investments LTD	180,230,000	7.212
4.	Chesa Holdings, Inc.	175,924,000	7.040
5.	Tybalt Investment LTD	135,010,000	5.403
6.	Pacific Wide Realty Development Corp.	36,445,000	1.458
7.	PCD Nominee Corporation (Non-Filipino)	30,615,100	1.225
8.	Kenneth T. Gatchalian	30,000,100	1.200
9.	Rexlon T. Gatchalian	30,000,000	1.200
10.	Weslie T. Gatchalian	30,000,000	1.200
11.	Forum Holdings Corporation	20,626,000	0.825
12.	Primary Structures Corporation	16,212,500	0.649
13.	Pacific Rehouse Corporation	15,598,900	0.624
14.	Rexlon T. Gatchalian	14,740,000	0.590
15.	Metro Alliance Holdings & Equities, Inc.	14,370,000	0.575
16.	Mizpah, Holdings Inc.	10,489,200	0.420
17.	Elvira A. Ting	10,000,009	0.400
18.	Catalina Roxas Melendres	6,246, 000	0.250
19.	Manuel H. Osmena	1,400,000	0.056
20.	Rolando M. Lim	1,142,500	0.046

3. The common stock of the company is being traded currently in the Philippine Stock Exchange. On June 16, 1999, the Parent Company declared cash dividend of Php 0.02 per share on its Common Shares outstanding as of May 15, 1999. This amounted to Php 19.23 million. The Parent Company also declared a 10% stock dividend as of September 15, 1999 record date.

Company has not issue dividends since the year 2000. However, it promises to declare dividends once the deficit is offset and the market for the coming years proper.

There is no restriction made by the company with regards to the declaration of giving a dividend to stockholders.

#### 4. Issuance and Exchange of Securities

In 2008, the Parent Company sold its investment in APHC totaling 4,900,000 shares at varying selling price through the PSE. Total proceeds from the sales transactions, net of related expenses and taxes, amounted to P 48.2 million. Gain on sale of APHC shares amounting to P10.1 million was recognized in the December 31, 2008 consolidated statements of operations. The total proceeds from the sale transaction amounting to P48.2 million, which was provided to TWGI s cash advances was recorded as receivable from TWGI and part of the "Due from related parties" account in the consolidated balance sheets (see Note 9). As of December 31, 2008, the Parent Company's equity interest in APHC decreased to 69% FROM 75% IN 2007.



<b>Date of Sale and Title and Amount of Securities Sold</b>	<b>Names of Underwriters of Identity to whom it May Sold</b>	<b>Share # of Swap</b>	<b>SEC FORM</b>
December 22, 2008 - Common-4,700,000	Not applicable	500,000 @ P9.40	10.1
June 19, 2008 - Common-20,000,000	Not applicable	2,000,000 @ P10.00	10.1
June 26, 2008 - Common-7,000,000	Not applicable	700,000 @ P10.00	10.1
June 30, 2008 - Common-7,610,000	Not applicable	761,000 @ P10.00	10.1
July 2, 2008 - Common - 9,390,000	Not applicable	9,390,000 @ P15.00	10.1

### **Corporate Governance**

The following are the point-by-point compliance of the Company to the Manual:

The Company has a compliance officer in the name of Precilla O. Toriano as required by the Manual for Corporate Governance. Said Compliance Officer reported directly to the Chairman of the Board and in his absence, to the executives of the Company.

The Compliance Officer monitored the compliance regarding the provisions and requirements of the Corporate for Governance Manual.

The Compliance Officer is issuing this certification to the extent of compliance of the Company to this Manual.

The Compliance Officer has identified, monitor and controlled the compliance risks involved in the Company considering the large scope of its operations and the accounting procedures that have to be done correspondingly.

The Board of Directors has taken care of its responsibility to foster long-term success of the Corporation through its meeting every other month. Each meeting has been carefully recorded in minutes. The authority given to each Board member has been within the by-laws of the Company and within the limits of the law.

The Board of Directors has implemented a process of selection to ensure the combination of its directors and officers.

The Corporation through the Board and the Corporate Secretary has complied with all the relevant laws, regulations and codes of best business practices.

The Board of Directors has implemented the proper disclosure of information to its stockholders as exemplified in the General Information Statement sent to each of them.

According to Company's assessment, the directors have conducted fair business transactions with the Corporation, seen to it that personal interests did not prejudice their Board decisions, have devoted time and attention needed for the discharge of their duties and responsibilities, acted judiciously, exercised independent judgment, observed confidentiality, and ensured the continuing soundness, effectiveness and adequacy of the Corporation's internal control environment.

The Board has created committees, namely: the Nomination Committee, Compensation & Remuneration Committee, and the Audit Committee.

The Nomination Committee, composed of 3 voting directors (one is independent), is in charge of the screening of the candidates for a seat in the Board of Directors in accordance to the qualifications set in the Manual. Said Committee has also considered the disqualifications specifically enumerated.

The Compensation and Remuneration Committee is composed of three members, one of them is independent as provided for in the guidelines.

The Compensation and Remuneration Committee has made sure that the compensation of the key officers and executives of the Company was in line with the culture and policies of the Company.

The Compensation and Remuneration Committee has developed a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors and officers. The Committee has also developed a system regarding disclosure of all the incoming officers as to their business interests which might be in conflict with that of the Company. No director or officer has been allowed to decide on his own remuneration.

The Compensation and Remuneration Committee has provided annual reports, information and proxy statements on the disclosure of the compensation for the executives and officers of the Company.

The Audit Committee has been composed of three members, one of whom is independent. The said Committee has reviewed all financial reports against compliance with both the internal financial management policy and pertinent accounting standards. The Committee has also reviewed management policies on financial management, audit plans, interface with the internal and external auditors. The Committee has also developed a financial management system that ensured the integrity of internal control activities throughout the Company.

The Corporate Secretary of Waterfront Philippines, Inc. is Atty. Arthur R. Ponsaran, a Filipino citizen. He possesses the administrative and interpersonal skills. He is also a Certified Public Accountant. He gathered all documents with regard to the discharge of his duties and responsibilities, prepared board meeting notices, submitted through the SEC 17C the annual certification as to attendance of the directors during Board meetings.

The External Auditor for the year 2015 and 2014 is KPMG RG Manabat & Co., and was chosen by the Board and approved by the stockholders upon recommendations of the Audit Committee.

The Internal Auditor reporting directly to the Audit Committee provided reasonable assurance that the key organizational and procedural controls were effective, appropriate and complied.

The Manual for Corporate Governance has been made available to discerning stockholders during office hours of Waterfront Philippines, Inc.

The reports required for the Manual were prepared and submitted to the Commission.

All material information that could potentially affect shares were publicly disclosed in accordance with the rules of the Philippine Stock Exchange and the Commission. The Annual Reports were properly disseminated to the stockholders.

The stockholders were given the right to elect, remove and replace directors in accordance with the Corporation Code. Cumulative was used during the last annual stockholders' meeting. They were also provided the power of inspection of the corporate books and records including the minutes of the Board Meetings, without costs and restrictions.

#### **Other Matters**

The Compliance Officer was deemed to have reported grave violations of the Manual but since there was none, none was reported.

The Compliance Officer was deemed to have appeared before the Securities and Exchange Commission upon summons but since there was none, said Officer was not compelled to, or Waterfront Philippines,

Inc. being a holding company and limited in terms of physical office space with only a few people holding key functions, it was enough that a few copies were available for inspection by all of its few employees.

The company did not issue any additional shares during the year to make use of the pre-emptive right for the stockholders.

The shareholders had been granted the right to propose the holding of a meeting, right to propose items in the agenda, but to date none has been communicated to the management of the Company regarding such proposals.

None so far has expressed to exercise his right to Appraisal in the last annual meeting of the stockholders.

The company has submitted its Revised Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 6, series of 2009 "Revised Code of Corporate Governance.