

ANNUAL REPORT

WATERFRONT
HOTELS & CASINOS

18



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MANILA PAVILION HOTEL

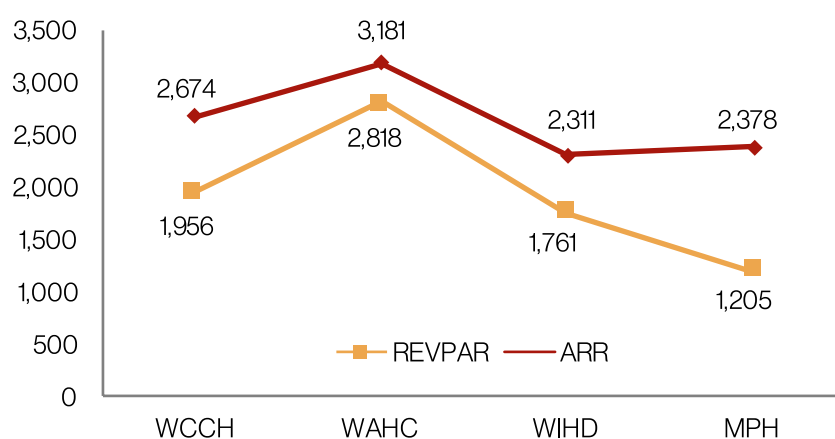
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WATERFRONT HOTELS & CASINOS CORPORATE OFFICE

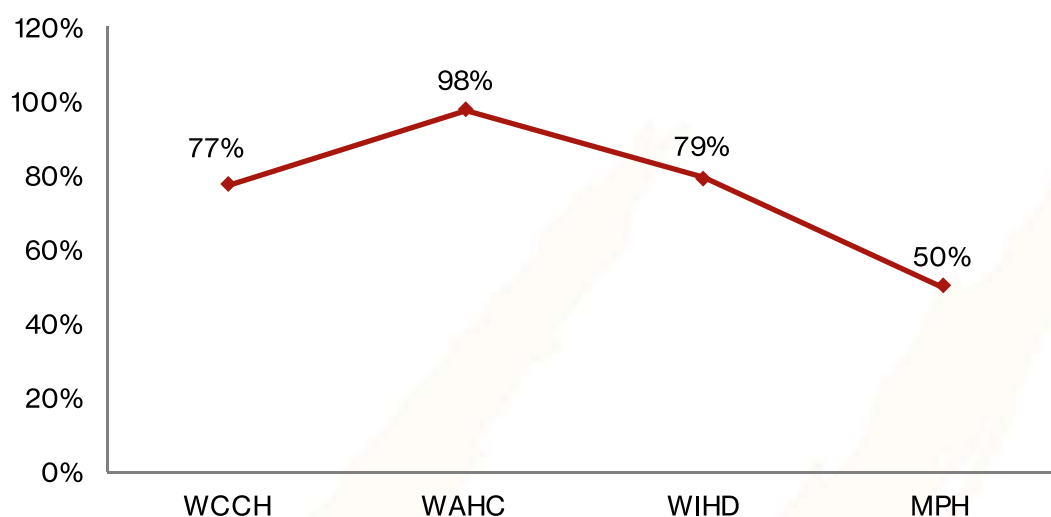
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WATERFRONT PHILIPPINES, INC. *and Subsidiaries*

REVPAR & ARR 2018



Occupancy 2018

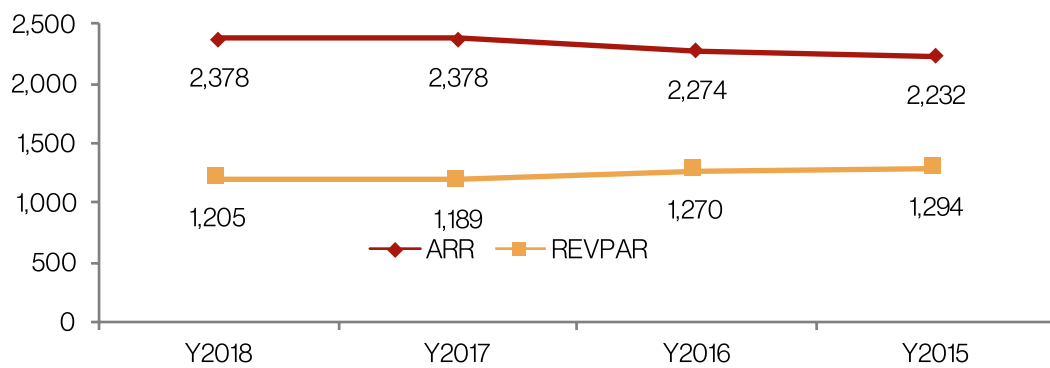




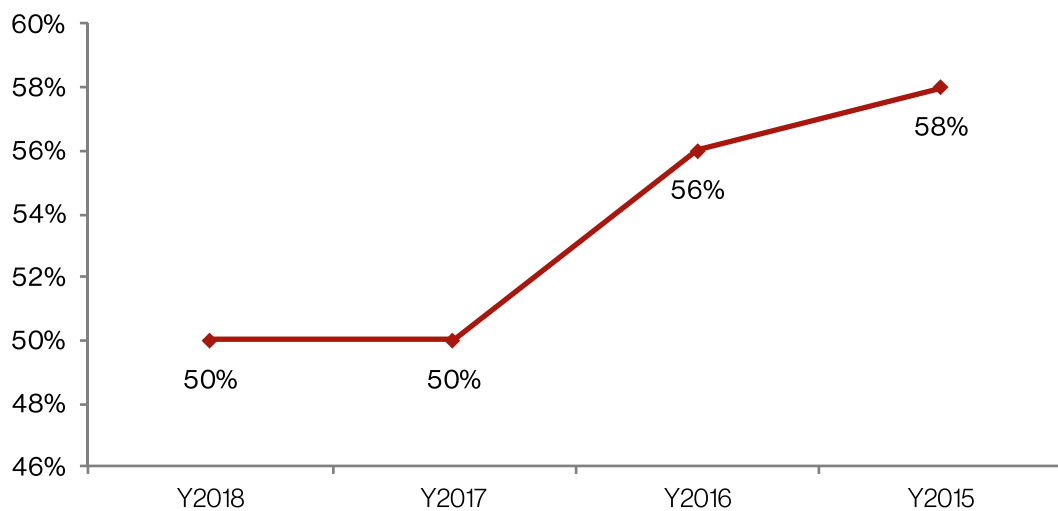
ACESITE**PHILIPPINES**

Hotel Corporation

REVPAR & ARR 2018

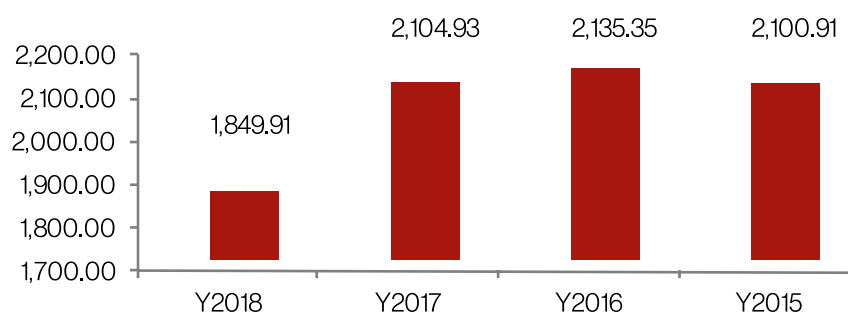


Occupancy 2018

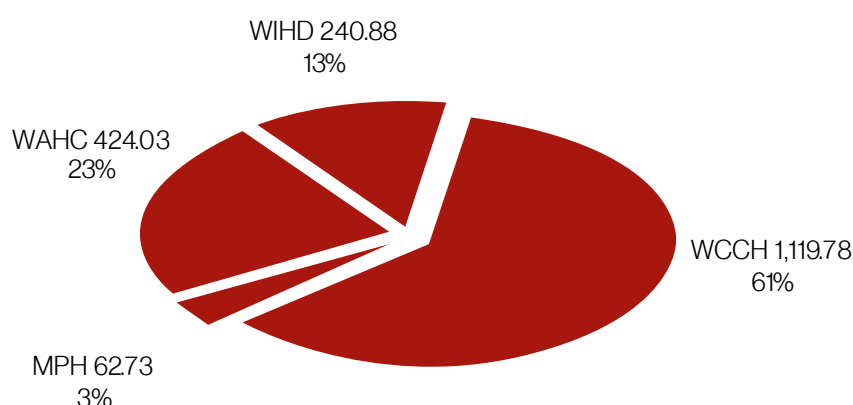


WATERFRONT PHILIPPINES, INC. *and Subsidiaries*

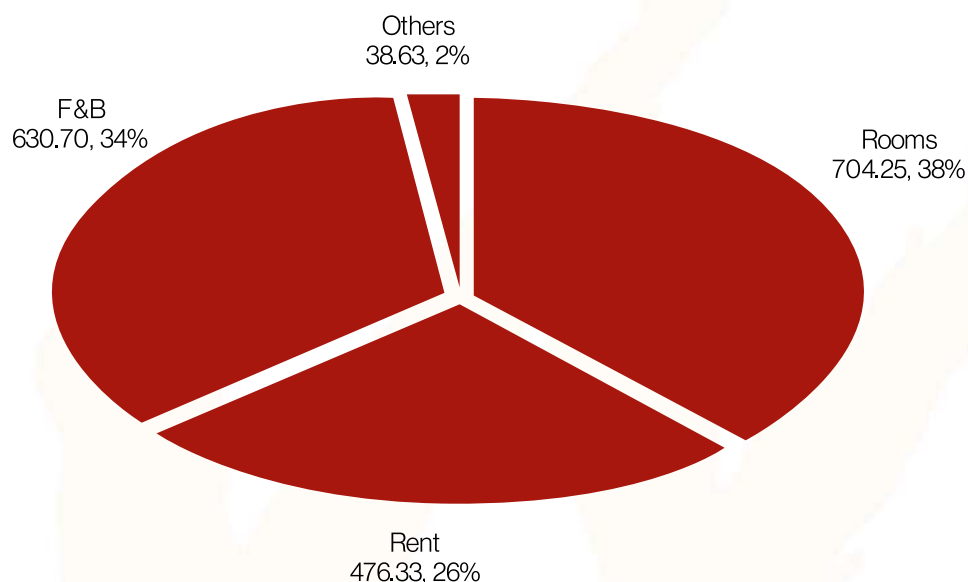
Consolidated Revenue (In Millions)



Revenue Per Hotel 2018



Consolidated Revenue Breakdown 2018

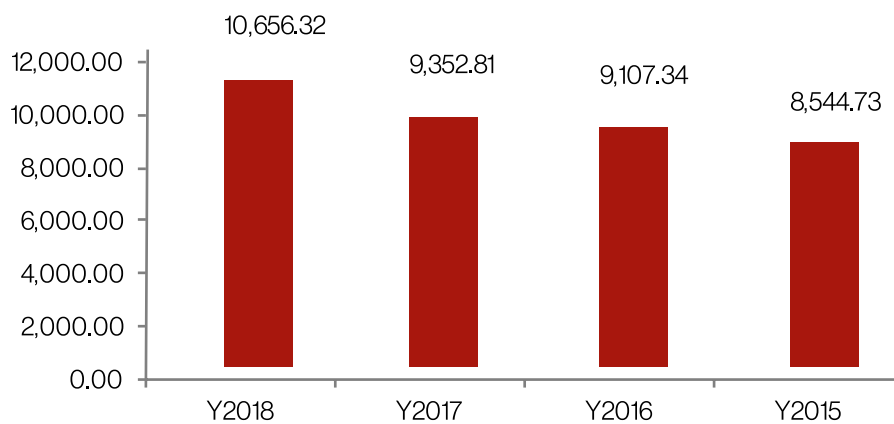




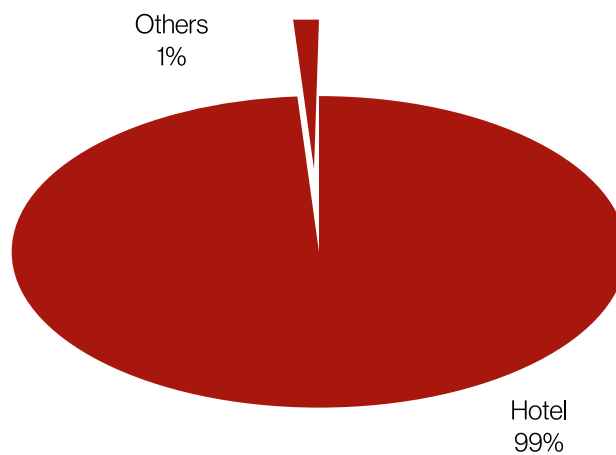
WATERFRONT PHILIPPINES, INC.

and Subsidiaries

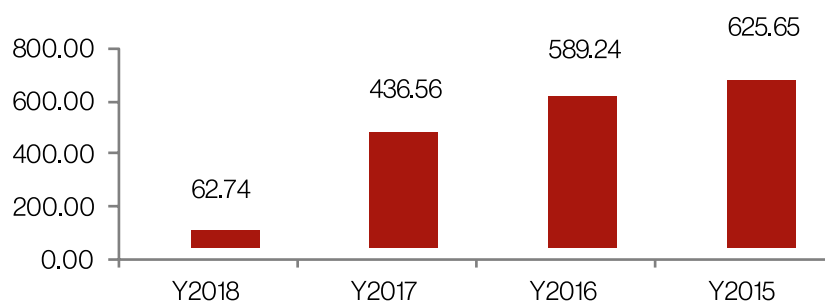
Total Assets (In Millions)



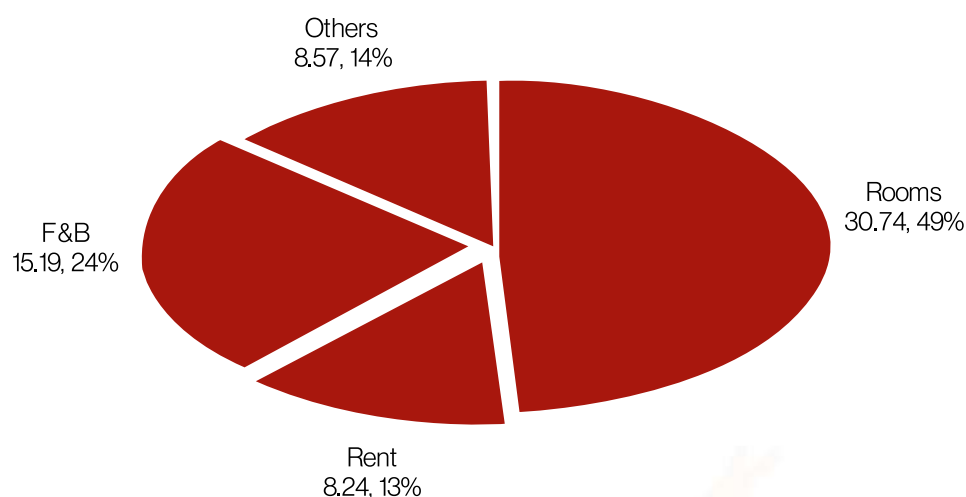
Revenue Stream 2018



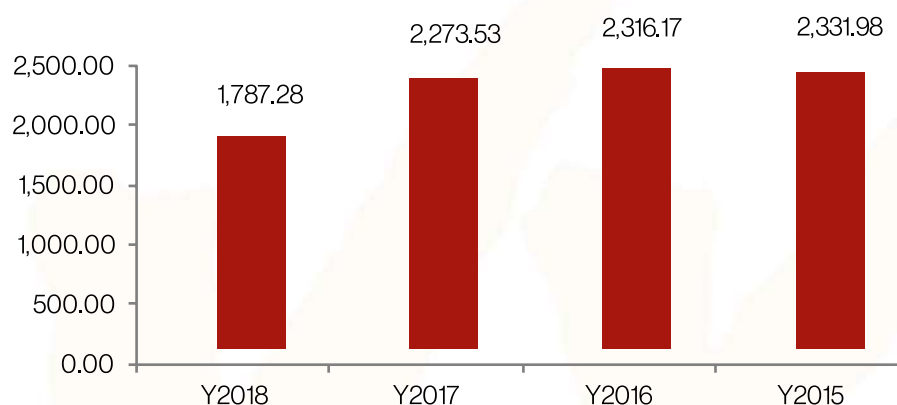
Consolidated Revenue (In Millions)



Consolidated Revenue Breakdown 2018



Total Assets (In Millions)



Our Brands

Waterfront Cebu City Hotel & Casino

Grand and stately, our flagship hotel is a Philippine landmark. It has 561 guest rooms, 10 food and beverage outlets, an international standard convention facility and a 6-storey entertainment/casino block.

1,119.78	2018
1,053.51	2017
951.44	2016



Manila Pavilion Hotel

An establishment rich in history, the Manila Pavilion is a world-class hotel located in the busy Manila Bay area. Watch the warmth of Filipino hospitality come to life in this distinguished and modern city structure.

62.73	2018
436.56	2017
589.24	2016



Waterfront Airport Hotel & Casino

Conveniently located right across the Mactan-Cebu International Airport, this hotel provides unparalleled accessibility and ease for business and leisure travelers. It has 166 rooms, 5 food and beverage outlets and a Casino Filipino facility.

424.03	2018
408.03	2017
363.17	2016



Waterfront Insular Hotel Davao

Cradled in a grove along the Davao Gulf, this resort hotel is matchless in its capacity to serve large business meetings and conferences with its convention facilities, 159 rooms, and 6 food and beverage outlets.

240.88	2018
196.63	2017
191.54	2016



Our Subsidiaries



Waterfront Wellness Group, Inc.

Our subsidiary engages in establishing and operating state-of-the-art sporting, fitness and recreational facilities.

11.42	<u>2018</u>
10.48	<u>2017</u>
11.62	<u>2016</u>



Waterfront Food Concepts, Inc.

Creativity driven, Waterfront Food Concepts manages our lifestyle restaurants and supplies the finest bread, pastries and desserts for our Cebu hotels and local institutional clientele.

2.19	<u>2018</u>
2.50	<u>2017</u>
1.93	<u>2016</u>



Mayo Bonanza, Inc.

This amusement and recreation subsidiary oversees the operations of VIP slot machine arcades in partnership with the Philippine Amusement and Gaming Corporation's (PAGCOR's) Slot Machine Arcade Project. The company actualized its operations on February 12, 2008.



Waterfront Hotel Management Corporation

Our hotel management subsidiary ensures that the Waterfront tradition of service excellence and its solid experience is conveyed in all new acquisitions and management ventures.



Waterfront Horizon Corp.

Formerly Waterfront Entertainment Corporation, which change of name was approved by the Securities and Exchange Commission on December 22, 2017. This subsidiary takes care of managing the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, seven days a week Central Reservations Office.



Waterfront Promotions Limited and Club Waterfront International Limited

Our wholly-owned subsidiaries were set up to promote and organize groups of foreign casino players to be part of PAGCOR's Foreign High-Roller Marketing Program. At present, the Group has temporarily suspended operations. However, the Management of WPI has given directive to provide necessary support to resume operations in the future.

The Strength to Shape A NEW FUTURE

The year 2018 ushered in unexpected challenges for our company. The main obstacle we have had to face was a fire incident at the Manila Pavilion which happened in the first quarter—in March—affecting the group's performance for the rest of the year.

However, the Waterfront group, coming into the year with unbridled optimism and the drive to improve our company, dealt with these challenges unfazed, with the intention to bring our company into a new state of resilience, achievement and purpose.

Using these challenges as a springboard, we realigned our operations to focus on our strengths in our provincial properties and leverage our competitive advantages in terms of service, strategic location and overall quality in order to bring about positive results and achieve milestones in productivity and profitability.

While the year was decidedly one of mixed results, our provincial hotels came through as its star performers, bringing the positive momentum and revenue we needed to rebalance our operations and set new standards of achievement.

The performance of our provincial hotels proves our unwavering ability to persist through any predicament, and even exceed our own expectations by breaking performance records.

Our flagship property, Waterfront Cebu City Hotel & Casino (WCCHC), broke monthly revenue records this year. Waterfront Airport Hotel & Casino (WAHC) and Waterfront Insular Hotel Davao (WIHD) each delivered unprecedented monthly figures that set new revenue highs for the group.

Our provincial properties continue to demonstrate the level of robustness of our company as a whole, anchoring its stability and proving to be dependable assets as we move the company forward.

Waterfront Cebu City Hotel & Casino (WCCHC) continues to outperform previous records in gross revenue—once again with gross earnings past the billion-peso level this year. WCCHC generated PHP 1.12 billion in 2018, an increase of 6.29% from PHP 1.05 billion in 2017. Rooms revenue increased by 11.46% from PHP 359.42 million in 2017 to PHP 400.61 million in 2018. F&B income likewise

increased, from PHP 348.54 million the past year to PHP 400.19 million currently—a positive variance of 14.82%. GOP in 2018 is PHP 420.29 million and net income is PHP 152.82 million. One must note that the preceding figures include revenue generated from PAGCOR rental.

The year 2018 produced the highest monthly revenue streak in the history of WCCHC for both Rooms and F&B. Nine (9) out of twelve (12) months in the year generated the highest Rooms Revenue streak, and a succession of seven (7) out of twelve (12) months in the year also produced the highest F&B revenue records. The year also recorded one of the highest-ever single monthly Rooms Revenue for the hotel—in August 2018, WCCHC achieved PHP 37.5 million in Rooms Revenue produced in a ten-year span. The month of December 2018 recorded the highest monthly F&B revenue in the hotel's history with PHP 49.5 million generated. YTD total hotel revenue also surpassed records—this year it is at PHP 837.7 million. It is important to note that these figures are non-inclusive of casino rental or PAGCOR-generated income. These are stellar achievements worth celebrating.

Waterfront Airport Hotel & Casino (WAHC) remains a strategic asset with an increasingly valuable contribution to the group's portfolio. In 2018, WAHC generated PHP 424.03 million in gross revenue, up 3.92% from 2017's PHP 408.02 million. The property also demonstrated a considerable increase in Rooms Revenue with PHP 170.73 million in current income, an increase of 9.07% versus PHP 156.53 million in the past year. F&B revenue also increased from PHP 77.52 million in 2017 to PHP 80.44 million in 2018—a growth of 3.76%. GOP is at PHP 195.15 million and net income is PHP 100.61 million.

WAHC also had an impressive year in terms of its month-on-month performance. The hotel generated the highest Rooms Revenue streak for a straight twelve (12) months. The year's total Rooms Revenue at PHP 170.73 million is a record for the hotel in history. The top three (3) performing months in terms of Rooms Revenue are August 2018 with PHP 15.25 million, followed by July 2018 at PHP 15.13 million and May 2018 at PHP 14.94 million. F&B revenue performance is also worth noting for WAHC. This year, month-on-month five (5) out of twelve (12) months recorded the highest F&B revenue in the hotel's history

at PHP 80.44 million. Total revenue, inclusive of casino-generated (PAGCOR) income was the highest for the hotel by far in its history at PHP 424.03 million. Nine (9) out of the twelve (12) months in the year produced the highest month-on-month streak in WAHC's history.

Waterfront Insular Hotel Davao (WIHD) also demonstrated a stellar and notable performance this year. Gross Revenue rose by 22.50%, from PHP 196.63 million in 2017 to PHP 240.88 million in 2018. Rooms revenue is up by 20.75%, from PHP 84.62 million in the past year to PHP 102.18 million currently. F&B revenue increased 24.04% from PHP 106.98 million in 2017 to PHP 132.70 million in 2018. Net income of the property increased from PHP 12.09 million in 2017 to PHP 17.33 million this year—a positive variance of 43.31%. GOP is at PHP 34.44 million—up 19.48% versus 2017's PHP 28.83 million.

WIHD recorded milestones in terms of annual and monthly performance, similar to our other provincial properties. The year 2018 registered the hotel's largest revenue to date at PHP 240.88 million. December 2018 was the highest monthly revenue to date in the history of WIHD at PHP 26.42 million.

In terms of Rooms Revenue, 2018 was a significant year. Eleven (11) months out of twelve (12) the hotel enjoyed its highest-earning streak ever, with March in particular breaking records as the highest-earning period in history at PHP 9.35 million.

F&B likewise had a very profitable streak—ten (10) out of twelve (12) months recorded some of the highest month-on-month revenue in the hotel's history with December setting a record revenue of PHP 16.90 million.

Waterfront continues to invest in the improvement of each of its provincial properties. Our capital expenditures this year have focused on preventive and operational maintenance, ensuring that our hotels are in their best shape and operating order.

One of our main priorities this year has been to invest in IT-related capabilities and the expansion of our online accessibility, marketing support and reach. We have also invested in internal systems that create more efficiency in our operations.

Our Waterfront website has been refreshed, to reflect the newly updated branding and to improve user experience. Alongside the site, our mobile app has also been refreshed to be more user-friendly and current.

We have adopted the Human Resource Total Solutions (HRTS) system for the company. A web-based solution, it includes HR records, timekeeping, payroll, recruitment, training and appraisal modules. It is accessible by all employees, with functionality that includes filing and approval on their individual portals using e-formats to save on paper cost and speed up response times.

The Manila Pavilion Hotel (MPH) experienced one of its most difficult years, because of the fire that occurred last March 2018. Prior to the event of the fire in March, the hotel recorded PHP 62.73 million in gross revenue. In the brief span prior to March, it earned PHP 30.74 million in Rooms Revenue, PHP 15.19 million in F&B, PHP 8.24 million in rent and related income and PHP 8.57 million in other income.

Several improvement projects were implemented in the property that unfortunately succumbed to the accident included valuable IT infrastructure such as the GPON (Gigabit Passive Optical Network)—a cabling infrastructure project that set up fiber-optic cables in every guest room in a multi-point concept capable of enabling WiFi, telephone, video and other room automation. The PABX upgrade project was a software implementation that uses hybrid technology to enable both analog and VOIP phone capabilities. The prerequisite of this project was to upgrade the hotel trunk lines from analog to SIP which runs on an IP-based telephone line. A GPON infra-reliant WiFi enhancement project was also implemented that used the In-Room Access Point to eliminate dead spot signal issues in guest rooms and includes all public areas and the poolside. To complement the WiFi enhancement, an additional bandwidth of 50MB was added.

All in all, these are technologies that will greatly improve guest experience, speed up the internet in all areas, and bring our hotels to a new level of modernity and efficiency. The same technologies are going to be implemented as the standard across all our hotels. While the many efforts to upgrade MPH were neutralized by the fire, Waterfront is determined



to bounce back from this unforeseen incident by leveraging its existing strengths—especially its talented pool of dedicated people, a real advantage in an industry primarily built around good service. Our steady pool of talent is a valuable resource to be utilized during future openings and pre-openings of our facilities. Waterfront is also an old hand in the Philippine hotel industry, with over twenty (20) years of founded hotel management experience, which will be invaluable as we hit the ground running as MPH is rebuilt.

Having a good grasp of the market and the local and international business climates, already having access to a massive distribution network both online and offline, maintaining solid, years-long relationships with many trade partners and carrying an in-depth understanding of the market and local consumers, we are confident that we have the tools to move forward a better and stronger organization.

To further bolster our organization, we maintain a strong peer training and development program, ensuring that we keep our people up-to-date on global standards of service, while we maintain the signature Filipino warmth and hospitality we are known for. In 2018, we surpassed our training index targets. Our annual requirement is 90 hours per person. This year each property proudly went beyond the required hours. WCCHC has the top spot in terms of training hours, with an average 186.6 hours per person. WAHC is second at 164.04 hours per person on average. WIHD completed 142.17 hours, also well above the required target. Our people underwent comprehensive programs under basic skills, upgraded and advanced skills, inductive programs, supervisory programs, management training, leadership programs and modules for health and wellness.

MPH will be rebuilt and remodeled to emerge more formidable than ever. This challenge in our history is an opportunity to start anew, to begin on a clean slate and create a property that will be more modern and captivating than was envisioned before. For the rebuild, we are tapping the top world-renowned hospitality design firm, HBA, ranked number one globally. With many international awards and recognitions under its belt, HBA reintroduces the MPH brand with an enigmatic design prospect worthy of its accolades. We are also working with Skala Architects, a Philippines-based firm known for

their modern and highly captivating designs.

The new Manila Pavilion will be a commanding presence in the skyline—appearing as the abstract representation of a dragon, a mythical being emerging out of water, its surface embodies a texture and flow that represents the natural flowing waves of water as well as the power, ethereal quality of a being associated with luck and prosperity. The interiors will be spectacularly modern, chic and sharp—a fresh take on the Waterfront brand.

Our revival strategy of MPH goes hand in hand with leveraging our existing strengths in our provincial hotels to maintain the profitability and resilience of the entire Waterfront group. We have survived and surpassed our challenges in 2018—weathering over nine (9) months of suspension of operations of one of our properties by working hard and offsetting our losses through the enhanced performance of our provincial hotels. It is remarkable that we have steadied and even grown in many aspects by relying on the strength of our provincial-based operations. I commend the entire organization for this feat.

Looking into the future, I believe we have much to be excited about.

Our online production keeps on growing and is quickly outstripping the pace of traditional sources of revenue as a new means of access to our products. Overall, 2018 was another growth year as total online revenue for our provincial properties was at PHP 302.85 million compared to PHP 257.24 million in 2017, this year's revenue grew by double digits at 18%.

The group's total online revenue per source based on category is as follows: 1) From online travel agencies (OTAs) and GDS, revenue reached PHP 285.18 million, an 18% growth from 2017's PHP 242.30 million in the same category 2) Website-generated revenue was PHP 17.67 million, up 21% from the previous year's PHP 14.62 million. All online revenues are based on raw data from PMS-Opera.

The top online performer of the year was WIHD, reflecting the highest growth rate of 41%, earning PHP 33.7 million this year versus PHP 23.88 million in 2017. It is followed by WAHC with a revenue growth rate of 21%, from a total revenue of PHP 67.87 million in 2017 to PHP 82.43 million in 2018. WCCHC also had a strong online performance with revenue at

PHP 186.70 million in 2018, 13% above PHP 165.49 million in 2017.

The remarkable double-digit online growth in all of our provincial properties is a bullish sign on this particular medium as the next frontier of our efforts to bring the Waterfront experience to our customers. It is also reflective of the times we live in, when consumers are increasingly preferring online means of purchase, information retrieval and access to their desired brands.

We are committed to ensuring that our online revenue grows further in the coming years, with MPH potentially contributing substantially to future online-driven profitability. The newly-rebuilt hotel with hundreds of new rooms, all-new facilities, and a fresh new experience coupled with an ideal location in Manila's historical district with proximity to many of the Philippines' tourism areas is a value proposition that attracts a large clientele. Through proven techniques to scale our online reservations that involve optimization and partnership with the right platforms, we will continue to aggressively sell our provincial properties located in key cities of the Philippines, as well as promote our newly-reconstructed and thoroughly modern property at the heart of Manila's cultural district, scheduled to be completed in a few years' time.

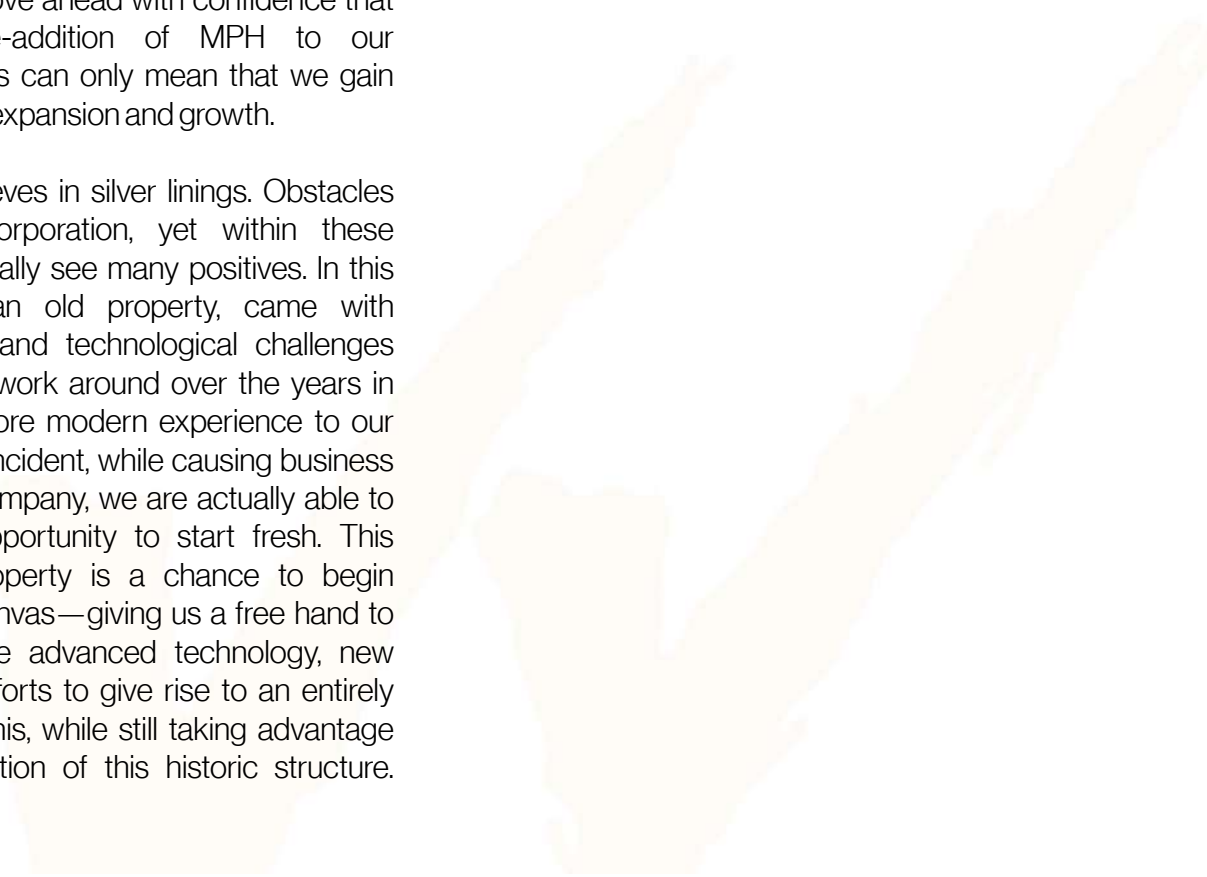
As we leverage our strengths in our provincial properties, we can move ahead with confidence that the revival and re-addition of MPH to our high-performing hotels can only mean that we gain new opportunities for expansion and growth.

Our organization believes in silver linings. Obstacles happen in every corporation, yet within these situations we can usually see many positives. In this case, MPH being an old property, came with numerous structural and technological challenges that we have had to work around over the years in order to provide a more modern experience to our customers. With this incident, while causing business interruption for our company, we are actually able to make use of the opportunity to start fresh. This rebuilding of the property is a chance to begin anew, with a blank canvas—giving us a free hand to implement and infuse advanced technology, new furnishings, new comforts to give rise to an entirely new experience. All this, while still taking advantage of the premium location of this historic structure.

This is all about celebrating our present achievements, and radically reimagining the future. To our shareholders, partners and peers, I sincerely thank you for your support throughout our company's incredible journey. *We will continue to strive towards an ever-improving and ever-evolving brand that changes, adapts and gets better with time.*



Renato B. Magadia
Waterfront Philippines, Inc.



Rise and Rebirth

In a company's history, there are unexpected challenges that test its mettle and compel it to rethink its direction. In the course of new renovations, and while on track for a promising phase of growth as a result of its nearly completed improvements, the Manila Pavilion Hotel (MPH) encountered such difficulties that brought business to a halt: a fire happened on the property on March of 2018 and unfortunately destroyed a significant part of the hotel.

In light of the incident, and even as our company is well-covered against risks to infrastructure and business interruption, MPH needed to temporarily freeze operations. We took the time to decide on how best to approach the repairs to the physical damage brought by the fire. It was imperative for the company to revisit its entire strategic roadmap. With the decision to rebuild lay an opportunity to do more: we didn't want to just build anew—we wanted to build better.

We took care to ensure that the necessary measures to stabilize operations in the wake of this sudden incident were in place. This called for the entire Waterfront organization to band together and create ways to safeguard the strength and operational security of the group, capitalizing on provincial operations to drive a rebalancing of support.

As a strong and experienced team, we rose to the occasion, determined to create something better out of this difficulty. We took this opportunity to open a new phase in Manila Pavilion's long and historic existence, having been a revered establishment for over fifty (50) years. Its latest incarnation today is in the hands of Acesite and the Waterfront group--a responsibility of stewardship that we treasure.

The historic hotel's prime asset is its location, prized for its proximity to many local landmarks and cultural gems. It is within the vicinity of Manila's most dynamic areas. It is valued for its visibility along the heart of Manila's "heritage walk"—a district filled with old enclaves, important architecture, museums and historical sites, and within a short distance of the vibrant scene of Manila's nightlife. It is also the perfect place for both business and leisure travelers who seek the novelty of being in a backdrop of cultural richness while still having convenient access to Manila's busiest business hubs and shopping centers--the best of both worlds.

Banking on these innate advantages, we plan to renovate and rebuild on a much greater scale. We want to revolutionize the Manila Pavilion experience—to dream bigger and offer more. We envision a new experience, a far more modern take on the hotel's legacy and history.

Combining the best of the past and the future, we have commissioned the world's top hospitality design firm, HBA. HBA interprets the idea of the Manila Pavilion's revival through a stunning, striking facade that will dominate the skyline. It is inspired by a powerful design emblem that will captivate everyone's imagination.

The new hotel facade is fashioned as a dragon-like creature rising out of water—it has sculptural layers that move up and facets that lead the eye on a journey of ascendance. This enigmatic mythology is paired with an equally striking modern aesthetic. Blended with the sculptural aspect are clean lines, beautiful mood lighting, and highly streamlined modern interiors that introduce guests to a whole new experience of perks, comforts and luxuries in this state-of-the-art masterpiece. Joining HBA in this design and architectural revival is Skala Architects, adding a Filipino touch to the high taste and modernity of the new building.

As this exciting and groundbreaking revival is going on, we rely on the backbone of our provincial properties, which have done exceedingly well this year. Waterfront Cebu City Hotel & Casino (WCCHC), Waterfront Airport Hotel & Casino (WAHC) and Waterfront Insular Hotel Davao (WIHD), delivered beyond expectations, breaking month-on-month revenue performance records and demonstrating overall positive growth.

While the Manila Pavilion Hotel discontinued operations in March, revenue generated in the roughly two and a half months prior to the incident are as follows: gross revenue at PHP 62.73 million; rooms revenue at PHP 30.74 million; PHP 8.24 million in rent and related income; PHP 8.57 million in other income, and PHP 15.19 million in F&B revenue.

There were also upgrades that were already in place by that time, including GPON (Gigabit Passive Optical Network), a multi-point concept enabling WiFi, telephone and video channels at the same time,

with fiber-optic cables already installed in the guest rooms. PABX upgrades were also installed. This hybrid technology enables dual analog and VOIP phone capabilities, useful in improving hotel trunklines. The hotel also underwent a GPON infra-reliant WiFi enhancement project utilizing an In-Room Access Point to eliminate the common hotel issue of dead spot signals. This was implemented as well in all public or shared areas of the hotel. In order to augment the WiFi enhancements, the hotel was in the process of adding bandwidth from RISE; however, this phase did not reach completion. These were great improvements that would have greatly improved guest experience in terms of uninterrupted connectivity.

Nevertheless, these connectivity enhancements are planned to be the standard across all our properties, and are envisioned to create a seamless wireless technology experience for our guests, who deserve only the best. We continue to take the Waterfront brand and its standards to new heights.

Well-supported by our reliably robust provincial operations, and banking on our strong organization, and our technological and online growth, Acesite and the Manila Pavilion will rise again, overcoming challenges by starting a new revolution—and that is the rebirth of the Manila Pavilion Hotel brand.

In the pages of this annual report, you will see the plans and perspectives of this exciting revival. Reinvention is a process of creation—the opportunity to forge something entirely new—and this will be demonstrated by our stylish, state-of-the-art amenities, clever design choices, upgraded technology and redefinition of luxury.

Rest assured that we are making use of this opportunity for change to the best of our advantage. We are using it as a stepping stone to create radical improvements, the likes of which were never possible before with the legacy infrastructure. Today, we have a blank canvas, to make the Manila Pavilion into the greatest it has ever been. *It will be a new incarnation that symbolizes the most innovative addition to the Waterfront brand of excellence, its Filipino warmth and beauty, its enduring purpose and above all its values of passion and resilience.*

The Manila Pavilion Hotel's new structure, fittingly inspired by a powerful, mythical being, will be the inspiring beginning of a bold new chapter, shaped by brave choices.



Arthur M. Lopez
Acesite (Phils.) Hotel Corporation



Who we are

Throughout its more than 20 years of existence, Waterfront Philippines, Inc. has kept a steady vision and an unwavering set of values. Our core benefits provide the tenets for our continued growth and success.

Our Vision

- To be the premier entertainment and business hotel destination committed to provide excellent Filipino hospitality towards total customer satisfaction.
- To be the leader in the tourism industry committed to provide gracious Filipino hospitality towards total customer satisfaction.

Our Core Values

- Increase in Revenue
- Cost Effectiveness
- Improve Guest Satisfaction Index
- Peer's Development

Our Corporate Motto

Excellent service begins with me.

We are a Leading Filipino Hotel Chain Owner and Operator Dominating the Market with a Premium Product.

Owned and managed by Waterfront Philippines, Inc., Waterfront Hotels & Casinos is one of the largest Filipino-owned and operated hotel chains in the Philippines. Hotels under the brand are located in the key cities of Luzon, Visayas, and Mindanao. In Cebu, we have Waterfront Cebu City Hotel & Casino and Waterfront Airport Hotel & Casino, Mactan; in Davao, Waterfront Insular Hotel Davao and in Manila, Manila Pavilion Hotel. Overall, Waterfront offers and operates 1,226 guestrooms, employs 1,161 personnel including subsidiaries, and has over 29,385 sqm. of convention and gaming space.

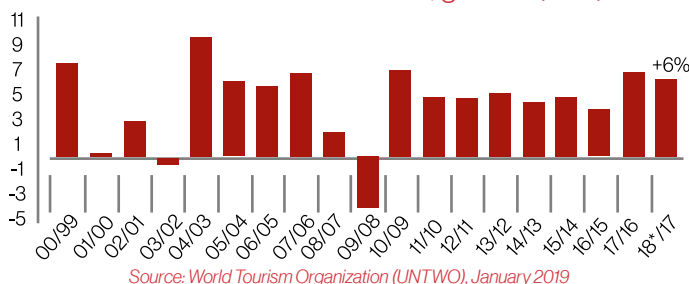
Competitiveness in the Midst of Global Growth.

As global tourism continues on its growth trajectory, building on competitive advantages has never been more important.

The year 2018 marks yet another period of unprecedented growth for the global tourism industry. The number of international tourist arrivals worldwide has reached 1.4 billion, an astounding two (2) years ahead of schedule.¹ This figure went beyond the UN WTO forecast issued in 2010.

In 2017, a growth rate of 7% was recorded in just one year. This year, 2018, echoes this trend and in fact ended the year with a +7% growth rate--the second highest since 2010.¹

2018 Second Best Year since 2010
International tourist arrivals, growth (in %)



Among the most important regions this year are the Middle East and Africa. Middle East arrivals increased by 10% and Africa rose by 7%. Arrivals in Asia-Pacific and EU aligned with the world average of 6%. A growth of 3% is reported in the Americas.

International Tourist Arrivals 2018



This growth is attributed to a favorable economic climate and "strong outbound demand from major source markets," according to UNWTO.¹

THE YEAR IN REVIEW Industry Overview

Reported outbound expenditure has been highest from the Russian Federation (+16%), France (+10%) and Australia (+9%). These groups recorded among the highest rates of increase in total outbound expenditure in 2018. Both the United States (+7%) and the Republic of Korea (+6%) were also among the world's top spenders.

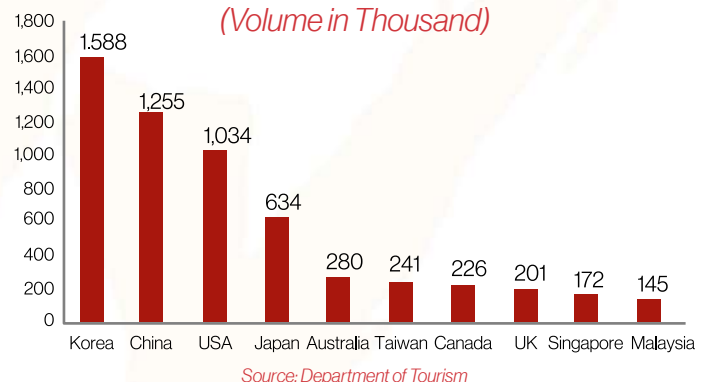
Among the other drivers of this growth, as stated by the UNWTO, are: "consolidation of the recovery in key destinations affected by previous crises, enhanced connectivity and increased visa facilitation".

Asia-Pacific accounts for 30% of the world's international tourism receipts, according to the WTO. The region's share has nearly doubled since the year 2000, when it was at 17%. One of the most important features of this Asian regional dominance is its leadership in the shift from the industrial to the technological age.

Zooming in to the Southeast Asian region, intra-travel is becoming a bigger trend. The Philippines recorded higher arrivals in 2018. According to the Department of Tourism (DOT), international tourist arrivals to the Philippines increased by 7.7% to 7.1 million visitors in 2018, a little short of DOT's original target of 7.4 million visitors, compared to the previous year's number of 6.6 million tourist arrivals.

The Philippines' top market is South Korea, amassing a 22.3% share of total Philippines arrivals for the year, or 1.59 million visitors. The second tourism market is China, contributing 1.26 million visitors. The US ranks third with 1.03 million. Japan recorded 631,801 visitors and Australia reported 279,821.

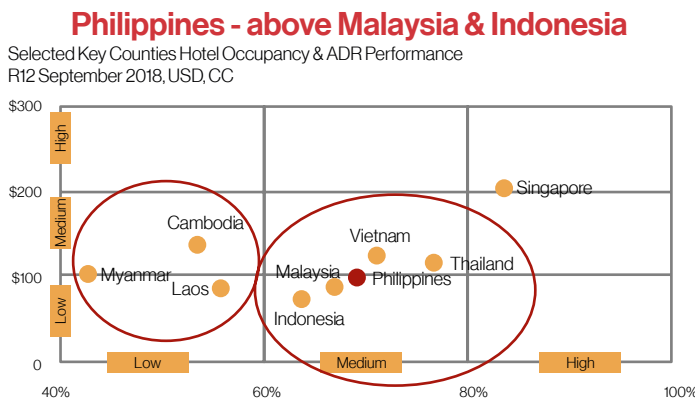
Tourist Arrivals to the Philippines, FY 2018
(Volume in Thousand)





January recorded the highest number of tourist arrivals at 732,506, while September had the lowest figure of all the months in the year at 512,240.2

In comparison to other Southeast Asian countries, the Philippines has some competitive advantages. These are beginning to show when compared to Malaysia and Indonesia, where the Philippines ranked higher in terms of hotel occupancy and ADR performance.



Source: Southeast Asia Market Trends: Hotel Data Essentials to Unlock Potentials for 2019.
A Presentation for General Membership Meeting for PHOAI by STR

2018 marked a historic year in the Philippines' tourism sector. With its aim to create sustainable tourism and to shift from mass tourism perspective into high value tourism, the government ordered the closure of Boracay Island, our flagship destination that welcomed 80,000 visitors per month. In the same year, three Philippine islands – Siargao, Boracay, and Palawan, were listed on Conde' Nast Traveler's list of Asia's best islands. The three islands were ranked first, second, and third, respectively. With the Boracay closure, Cebu and Bohol experienced a higher demand. Other alternative destination were also developed such as Iloilo, Palawan, La Union, Romblon and Siquijor.

In Cebu and Mactan, the Mactan-Cebu International Airport (MCIA) which is the second largest airport hub in the country opened its Terminal 2 in July 1, 2018, servicing international flights. The terminal can serve 4.5 million passengers per year. The new facility increased MCIA's current passenger capacity to a minimum of 12.5 million passengers per annum. Both international and local air carriers opened and increased its international flights to Chinese destinations – Hangzhou, Shenzhen, Beijing, Shanghai, Chengdu, Changsa, Macau, and Taiwan. Additional flights also emerged for Narita, Japan.

This year, the Department of Tourism recorded 8.1 million visitor arrivals in Central Visayas. There were 3.6 million foreign visitors to Central Visayas who went to Cebu (2.8 million), Bohol (0.646 thousand), Negros Oriental (0.116 thousand) and Siquijor (0.067 thousand). From the 4.5 million domestic tourists in Region VII, Cebu got the 2.8 million domestic visitors followed by Bohol (0.850 thousand), Negros Oriental (0.767 thousand), and Siquijor (0.077 thousand) domestic visitors. 66.8% of the total tourist arrivals in Central Visayas or 5.6 million tourist visited Cebu, a 14.3% increase compared to the 4.9 million visitors in 2017. Majority or 1.7 million local visitors stayed in Cebu while 1.3 million foreign travelers stayed in Lapu-Lapu City. Average daily expenses for a domestic traveler is Php 1,200 per day while foreign traveler spends an average Php 6,597 a day. These 8.0 million visitors contributed to Php 44.2 billion in the region's economy.

Koreans are still the top foreign visitors in Central Visayas with a 50.05% growth rate in tourist arrivals in 2018 reaching 1,344,154 visitors. There are 188 flights per week from Cebu to Incheon, Busan and Muan in South Korea. Top 2 are the Chinese visitors, who have a 44.88% growth rate, reaching 621,993 tourists. China's 12 cities including Beijing, Shanghai, Nanjing, Wuxi, Hangzhou, Shenzhen, Chengdu, Xiamen, Fuzhou, Kunming, Sichuan, and Wenzhou have flights to Cebu. The other top foreign visitors in Central Visayas are Japanese, Americans, Taiwanese, British, Germans, French and Canadians.

The influx of local and foreign tourists has driven the demand for more leisure investments such as hotels and serviced residences. In 2018, Cebu opened over 600 new hotel rooms bringing the room inventory to 10,500 rooms in the province. In 2019, Cebu City is expected have an additional 811 rooms and Mactan will have an additional 1,619 rooms mostly from international hotel chains like Dusit Thani, Sheraton Mactan and Savoy Hotel.

On the other hand, in Davao, 2018 welcomed 2.39 million visitors, almost 20% more than the 2 million visitors in 2017. Of the 2.39 million guests, 89% are domestic travelers. The highest among foreign nationals are Americans (21,324 visitors), Japanese

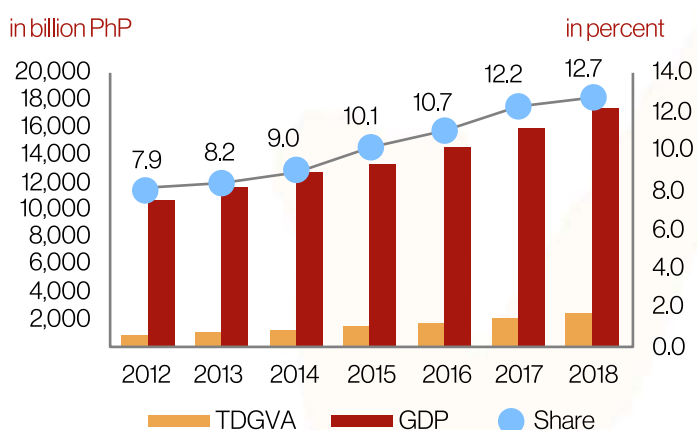
(12,800), Chinese (10,827), Koreans (8,936), Australians (7,117), Indians (6,509), Canadians (5,392), Singaporeans (4,985), British (4,287), Emiratis (2,703), Malaysians (2,449), Germans (2,398), Thais (2,338), Saudi Arabians (2,242), and Taiwanese (1,868).

Davao is packaged and promoted as an enjoyable destination to tour and a safe place to stay. It attracted 2 new international flights last year - Davao-Hong Kong flight of Cathay Dragon which started in October 2018 and Davao-Quanzhou flight starting December 2018 by Xiamen Air.

The city government of Davao has also invested in strengthening its brand as a preferred MICE destination in the country. Aside from the assistance from the MICE Desk, several incentives are also offered to the organizers. To support this growth, several hotels and convention facilities are being constructed. More international chains will open in Davao such as Dusit Thani, Swiss-Bel and Marriott Hotel.

More than the increase in foreign tourist arrivals, the Philippines also had a 14.1% year-on-year increase in domestic tourists to 110 million in 2018, exceeding the National Tourism Development Plan's target of reaching 89.2 million tourists by 2022.

Tourism industries contribute significantly to the Philippine economy, amounting to 12.8% when comparing share of Tourism Direct Gross Value Added (TDGVA) to the Gross Domestic Product (GDP). According to the Philippine Statistics Authority (PSA), TDGVA is a way of measuring the value-add of different industries relative to tourism activities of both inbound and domestic visitors in the Philippines. In 2018, the TDGVA was PHP 2.2 trillion. This figure signifies an increase of 14.3% versus the record-setting value of PHP 1.9 trillion achieved in 2017.3.



However, according to the same report by the PSA, spending by inbound tourism has decreased by 1.6%, from PHP 448.6 billion in 2017 to PHP 441.4 billion in 2018. Domestic spending on the other hand, increased significantly, grew by 21%, from PHP 2.6 trillion in 2017 to PHP 3.2 trillion in 2018. These key figures provide important insights in the direction of the tourism industry in the country, as well as the activity of both overseas and domestic markets.³

Being part of a growing global ecosystem, a dynamic ASEAN region and an increasing local market, Philippine players in the hospitality industry must find their niche and take advantage of the opportunities created by these three scenarios.

Tourism today is booming, and is fueled by changes in technology, travel preferences, consumer behavior, the exponential effects of digital channels both for marketing and distribution and the increasing variety, novelty and independence of the travel experience, which is also getting more personalized.

This picture of overall growth also implies stiff competition among many players. The Philippines, to remain competitive, needs to define its niche in a wide range of markets and targets. The slight decrease in inbound spending could be reversed by offering new packages, experiences and improvements in infrastructure, while enhancing what the Philippines is already known for--its abundance of rich biodiversity, value for money, convenience, facilities and the warm service and hospitality of its people.

For hotels to stay in touch with these fast-paced changes, innovation is key. Part of this innovation is making sure that the culture, technology and infrastructure of the company is in keeping with the global demand, and up to the standards of a burgeoning market that is in need of new experiences and unassailable value propositions.

Sources:
 1. UNWTO. (January 2019). World Tourism Barometer and Statistical Annex. Retrieved from <https://www.e-unwto.org/doi/pdf/10.18111/wtobaromztereng.2019.17.1>
 2. STR. (23 October 2018). Hotel Data Essentials to Unlock Potentials for 2019.
 3. Mapa, Claire Dennis. (6 June 2019). Contribution of Tourism to the Philippine Economy is 12.7 percent in 2018. Retrieved from <https://psa.gov.ph/tourism-satellite-accounts-press-releases>



Our Company in 2018

Waterfront is a robust organization that has demonstrated its strength during challenging times and its ability to find opportunities within these challenges. The year 2018 was a test of strength, and our company passed with flying colors. Weathering change and unexpected incidents, we have emerged better, enriched with lessons, and ready to take on whatever comes our way.

We are always innovating and creating value for our customers, peers and shareholders. Because of this, we remain the top Filipino-owned hotel chain, committed to keeping our leadership in the industry and nurturing our well-known brand of Filipino excellence in the field of hospitality.

The year was one of mixed results, where we accomplished many milestones in our company, and also had to face some issues involving business interruption in one of our properties that we swiftly and strategically addressed. In 2018, our flagship property, Waterfront Cebu City Hotel & Casino, remains a great source of pride and stability, once again breaching the billion-peso mark in its gross earnings.

This year, perhaps more than any other, we have relied on our provincial properties to both anchor the company and sustain our growth momentum. Our provincial hotels delivered on the task, and generated some of the best month-on-month revenue performance each property has ever had in the hotel's history.

Waterfront Cebu City Hotel & Casino (WCCHC), our flagship property, leads the way in growth, with its gross revenue surpassing the billion-peso mark at PHP 1.12 billion. This reflects a 6.29% increase from the previous year's figure. Rooms revenue and F&B income also increased. The hotel also produced an unprecedented monthly revenue streak for both Rooms and F&B. In 2018, the hotel generated the highest Rooms revenue record streak for nine (9) out of its twelve (12) months. *(For further information, see details per hotel under "Our Brands".)*

Waterfront Airport Hotel & Casino (WAHC) also delivered positive results with increases in gross

revenue, Rooms revenue and F&B revenue. The property remains one of our most strategic assets, positioned adjacent to a major international airport and travel hub. WAHC's month-on-month performance was remarkable. The hotel produced its highest Rooms Revenue streak on record for a successive twelve (12) months. Other record-setting achievements are: Rooms Revenue (highest in the hotel's history) and its F&B revenue month-on-month growth streak. *(For further information, see details per hotel under "Our Brands".)*

Waterfront Insular Hotel Davao (WIHD) increased its gross revenue by double digits this year: 22.50%, from PHP 196.63 million in 2017 to PHP 240.88 million in 2018. Rooms revenue, F&B revenue, GOP and net income have also grown by double digits. For the hotel, this has been an exceptional year. It achieved record annual and monthly performances. *(For further information, see details per hotel under "Our Brands".)*

Due to the fire incident at the Manila Pavilion Hotel, however, there was a moderating effect on overall operations. Business interruption due to unforeseen circumstances affected the company's overall revenue goals. In spite of this fact, the company managed to pull through, and even succeed over and above expectations.

While the overall picture of growth has been mixed, Waterfront remains confident in its competitiveness and stability. Our ability to turn around a potentially difficult situation into a positive growth streak signifies the strong commitment of our organization to stay robust and in a position of leadership.

We are proud of our signature Filipino brand of service. We enhance this with a globally-oriented standard that uplifts the level of quality in all of our properties and touch points. We showcase world-class sensibility in all of our hotels. Each property is dedicated to delivering the best value to our guests. This dedication to an elevated standard ensures that product and service conforms to the highest benchmarks to make each hotel the best in its class.

The group's marketing campaigns this year carried forward the previous year's effort to solidify the

Waterfront brand. Through continued online and offline marketing and event campaigns, our hotels showcased the newly revamped corporate design. By constantly relaying new experiences through our refreshed content, we ensured a continuance of our brand messaging towards our global customers. The company remains true to its tagline “We’re at the center of it all.” ensuring that all marketing efforts direct activity towards Waterfront as a business, tourism, dining and recreation hub. Our brand collateral remains communicative of our optimism, confidence, dynamism, strength and brand unity.

Our product reaches consumers worldwide through the advantages provided by technology. The global rise in tech adoption and change in consumer behavior reflects the growth in our online channels.

The group’s online channels remain highly productive, and continue to enjoy another year of growth. Guests appear to be migrating their bookings to online channels even more. This trend also reflects our company’s effectiveness in tapping online platforms to source more revenue channels.

Online expansion remains a high priority as a growth engine for the company. We recognize the massive opportunity for expanding our markets through these new channels. Our website is an efficient tool for directing more bookings. Our customized mobile app and various other online distribution channels have aggressively delivered, reflecting another year of overall growth, adding to our bottom line. Technology-enabled booking facilities have strengthened our company and proven that innovation is the way to maintain a leadership position in the industry. We remain dedicated to enhancing our technology-driven tools to ensure that we harness the power of online tools to strengthen our consumer base and invite more people around the world to experience the Waterfront brand.

The year 2018 has been the year that demonstrated the sturdiness of our organization and the particularly resilient character of our team. We were able to leverage our talented pool of people, our market expertise--having over twenty (20) years’ experience in the industry and being highly specialized in the local market, and our vast network of online

and offline partners which comprise a foundation of strong relationships. We have emerged victorious in the effort to re-strategize and divert productivity to our provincial hotels. For this, we are extremely proud.

Our provincial properties form the bedrock of our operations, with a focus on absorbing the tourism industry’s growth. Tourism interest continues to be high in our provincial hubs. Improvements in airport infrastructure, aggressive international marketing via various independent agencies, a political climate that favors provincial growth and increased tourist engagement in these destinations contribute to the success of these properties.

Our re-selling and cross-selling strategies among our properties are reliable, tested approaches that contribute to the growth figures. Integrated marketing of our properties is a means of providing more convenient options and driving a seamless experience for the customer. This strategy enhances customer loyalty and increases their brand engagement.

In order to constantly enhance product quality, we consider the training of our people—whom we call our Peers—a high priority. This is vital to maintaining our service above industry standard. We consistently exceed annual required training hours for nearly all key positions. The Waterfront brand value endures through our people. Our service is the ultimate touch point to convey our Filipino heritage, alongside a global sensibility that encompasses the experience of convenience, practicality, tech-savviness and luxurious modernity.

In order to maintain our company’s health, cost control is another vital priority, reflected in our decisions and operations. We particularly focus on energy, sales and manning costs. Among our energy-saving measures are: optimal thermostat setting, preventive maintenance, proper handling of equipment at function rooms, monitoring of electricity use and avoidance of wasteful practices. The consistent implementation of these measures reliably add up to significant energy cost savings.

In order to reduce cost of sales, we leverage our suppliers, employ integrated bulk buying strategies, effectively negotiate long-term supply agreements,



strictly limit spoilage and wastage in all departments, conserve all aspects of our resources and engage in effective large-scale planning and resource management.

We have effectively managed our cost centers. Costs have been well-managed in relation to our growth and scale of operations. Total costs and expenses for our hotels is PHP 1.36 billion, a reduction of 1% versus the previous year's PHP 1.37 billion. Total costs and expenses for our subsidiaries is PHP 26.25 million. This is a 44.58% decrease from the previous year's figure, which was PHP 47.36 million. Consolidated costs and expenses for 2018 is PHP 1.39 billion. This reflects a reduction of 2.13% compared to 2017's PHP 1.42 billion.

Overall energy costs decreased by 10%, from PHP 339.74 million in 2017 to PHP 306.05 million in 2018. Personnel costs dropped from PHP 326.88 million in 2017 to PHP 299.57 million in 2018, a decrease of 8%. Consolidated rental cost increased from PHP 37.41 million in 2017 to PHP 43.68 million in 2018, an increase of 17%. Consolidated rooms cost decreased from PHP 30.34 million in the previous year to PHP 26.48 million in the current year--a reduction of 13%. F&B cost is at PHP 231.06 million, an increase of 4% from PHP 222.57 million in 2017. Repairs and maintenance cost is at PHP 68.09 million. Other costs are at PHP 415.54 million versus 2017's PHP 415.15 million. Overall, costs were controlled effectively, because the consolidated figure reflected a decrease of 2.13% from 1.42 billion in 2017 to 1.39 billion in 2018. Most of the individual increases matched the requisite figures to support the aggressive month-on-month growth on our properties.

To enhance product quality, we invest on product improvements. For each property, we have ensured that transportation facilities, connectivity (WiFi and bandwidth) and call systems are up-to-date. (See *details under Facility Upgrades.*)

Our well-known hotels are located in the Philippines' principal hubs for tourism and economic expansion. We strategically leverage our location advantage in order to increase market share. Our effort is continuous to improve our service in the maintenance

of our customers and the engagement of new clients through our marketing distribution. We aim to create brand new value for our shareholders by opening new markets through new ideas and experiences. We believe that through this, we are unlocking the true potential of our prime properties, situated in the best areas in the country.

As an operator of world-class hotels in the Philippines, we lead the way in providing an integrated experience of beautiful accommodations, entertainment, convention facilities, wellness, dining and business convenience. As a strong Filipino hotel chain and trusted brand, we contribute to the country's economic growth by providing a unique Filipino-inspired experience category for local and international guests. The Waterfront experience is something that is unique and is present country-wide. We are able to provide our guests with a greater number of services and options, all with the assurance of Waterfront's signature quality. Waterfront is, as our slogan states, the center of it all: a business hub, an accessible meeting point, a recreation center, an entertainment destination, a MICE-friendly institution and a wellness and dining destination in one, offering the best possible range for all types of guests.

Hotel Performance

Decades of experience in the industry assures our hotels' resilience and ability to weather challenges. Consistent implementation of best practices, efficiency in resource management, aggressive online expansion, intensified marketing, strategic cost control and dedication to keeping the quality of our product have all contributed to our stability this year.

We have been keen to leverage our strong organization and talented people, and our foothold in key cities to cushion the impact of the interruptions that our business has faced. Our hotels have done this successfully, and even managed to demonstrate unprecedented performance records in important areas. We ended the year with impressive growth in many key indicators, thanks to our provincial properties.

In 2018, Waterfront reports a mixed overall

performance. The general upward trend of the previous year's continues to reflect among our provincial hotels. We credit this to the cumulative advantages rendered by the expert management of our resources, and the optimization of our strengths and talent. These have enabled us to quickly bridge gaps in performance especially and allow a path to a stronger organization driving its momentum.

We place a high priority on driving a culture of innovation. We constantly seek to provide fresh experiences, and new options. This is an opportunity to re-energize our brand. The Manila Pavilion Hotel (MPH), while experiencing a temporary cessation of operations, will pave the way for something better and grander. The hotel will be fully transformed--its infrastructure newly built from the ground up. This is a chance to create a new facility that will fully embody the Waterfront brand.

We innovate by integrating new technology-driven channels to drive productivity. Our management's strong commitment to building an ever-increasingly efficient organization is an important component Waterfront's strength and enduring brand value. We are bridging traditional channels with new, exponentially growing technological avenues, ensuring the extension of our brand into the online space, and the careful curation of our brand as we explore digital platforms and assets.

Consolidated gross revenue for 2018 is PHP 1.85 billion. Our subsidiaries generated PHP 13.61 million in gross revenue, a growth of 5% in comparison to PHP 12.98 million generated last year.

Group GOP is at PHP 459.44 million this year. Consolidated NOL is at PHP 111.93 million.

Consolidated costs and expenses are at PHP 1.40 billion, a reduction of 2.13% from the total expenses of the previous year which amounted to PHP 1.42 billion. Cost and expenses for subsidiaries amounted to PHP 26.25 million, reducing expenses by 44.58% from the 2017 total of PHP 47.36 million.

Waterfront Cebu City Hotel & Casino (WCCHC) accounts for 61% of total hotel revenue this year, increasing its contribution to hotel revenue by 11%

compared to last year, where it contributed 50%. The strength of our flagship property is reflected in this. It has once more passed the billion-peso mark. It earned a total of PHP 1.12 billion, an increase of 6% from last year, where it also made over a billion pesos in gross revenues, at PHP 1.05 billion. Once again, this is a stellar achievement for this property.

Manila Pavilion Hotel operated only up to early March of 2018. Within slightly over two months of operation, gross revenue amounted to PHP 62.73 million, 3% of the total gross revenue of our hotels. The hotel is currently undergoing reconstruction with a completely new design and vision to take it forward. (See *details under Our Brands.*)

Waterfront Airport Hotel & Casino (WAHC) contributes the second highest share among our properties. This year the hotel was responsible for 23% of hotel-generated revenue. Continuing on its impressive growth trajectory, WAHC made PHP 424.03 million in gross revenue, a 4% increase from its earnings of PHP 408.02 million in 2017.

Waterfront Insular Hotel Davao (WIHD) has contributed 13% of total hotel revenue, up 4% in total contribution. In 2018, the hotel earned PHP 240.88 million, a remarkable double-digit growth of 23% compared to 2017's PHP 196.63 million.

All properties with the exception of MPH have increased their revenue from the past year. (See *further details per property.*)

The Guest Satisfaction Index (GSI) in 2018 shows an overall satisfactory performance for our hotels. The system has 4.00 as the passing mark, with 5.00 as the highest possible rating.

WCCHC earned a GSI of 4.33 for overall hotel experience, well above the standard passing score. The hotel was rated a 4.21 yearly average score for its guest rooms. F&B earned a very high 4.60 rating, an increase of 1.32% from 4.54 in 2017. C&E is at 4.41. Under rooms, the average rating combining categories in the guest form covering "Efficiency of Service", "Friendliness of Staff" and "Guestrooms" is 4.06.

WAHC also performs well with ratings above the



standard level. The Rooms dimension ratings are as follows: 4.19 for Efficiency of Service; 4.26 for Friendliness of Staff and 4.16 for Guest Rooms. Average rating under Rooms is 4.20. F&B GSI for this hotel remains the highest in the group for a second year at 4.63, an increase from the past year's F&B rating of 4.62. C&E is at 4.55. Overall hotel experience is at 4.16. WAHC'S GSI ratings are consistently well above the passing level.

WIHD reports the following GSI ratings: Under Rooms, the overall score is 3.13; F&B rating is at 4.44, an increase of 2.07% from 4.35 in 2017. C&E is at 4.49, an increase of 2.5% from 4.38 in 2017. Overall hotel experience is rated at 3.01.

MPH GSI scores for the year will not be reported due to insufficient data.

Under the online GSI reviews facilitated via Revinate, our properties have garnered positive ratings. WCCHC recorded a 4.09 score. Out of 3,511 responses, 71% were positive. The property ranks #12 out of 100 on popular site Tripadvisor. WIHD scored 3.88, earning 63% positive reviews out of 1,438 submitted and WAHC earned an overall review rating of 4.13. A total of 75% out of 2,086 reviews were positive, ranking #9 out of 38 in its category on Tripadvisor.

Rooms

Our rooms combine luxurious comfort, generous space, beautiful views, excellent amenities and beautiful touches in their design and materials that distinguish them above the rest.

Consolidated rooms revenue is PHP 704.25 million. Rooms have also contributed to a larger portion of gross revenue this year, providing 38% of our consolidated gross income versus 36% in the previous year.

There continues to be an upward trend in the group's occupancy, Revpar and ARR. In 2018, the occupancy rate for the group demonstrated a growth of 5%, from 72% in 2017 to 76% in 2018. Group Revpar increased from PHP 1,852 in 2017 to PHP 1,935 in 2018--a growth rate of 4%. ARR also increased from PHP 2,512 in 2017

to PHP 2,636 in 2018 – a growth rate of 5%.

Beyond convenience in location and ease of modern comfort, Waterfront prides itself in providing a room experience unlike any other. Our spacious suites—consistently larger than those in similar categories among hotels in our class—and modern and well-designed amenities satisfy the taste of the sophisticated leisure and business traveler.

We continue to intensify our marketing efforts to drive better rooms sales. We are constantly expanding our marketing channels through online touch points in order to convey our message of quality, convenience and comfortable stays in the country's top urban centers.

We are proud of our guest rooms' ability to make our guests feel at home and on a different level of relaxation. Generating consistent positive feedback, they are praised for their comfort and spaciousness—our notable large floor area offers far more than the usual space for any city hotel. For guests who desire larger floor areas, our rooms provide that added feeling of relaxation, freedom of movement and luxury. Waterfront gives its guests the rare experience of a home away from home, a private urban sanctuary that is generous in square footage.

Waterfront's famous signature bed, the "Slumber Splendor Bed", is specially designed for blissful sleep and an ultra-comfortable stay, giving unrivaled comfort and a consistent favorite among guests.

Our luxury suites stand out for their impeccable interiors. These suites also boast of a large square footage. Giving our elite patrons a feeling of greater opulence. Their sophisticated design combines the perks that bring about modern relaxation with intricate highlights and rich accents that communicate grand taste.

Our business floors and well-designed exclusive business spaces offer convenience for elite business travelers, giving them a space to conduct work, while never losing sight of the desire for luxury. Their exceptional quality and style, a mix of relaxed taste and sophisticated chic, makes for a memorable stay for the business traveler and jetsetter.

Waterfront is also in a position to provide more dedicated room categories that specifically suit different clientele. Our facilities fully maximize their spaces, being some of the largest hotels in the country. Whether it is an executive suite at an exclusive floor with dedicated all-day dining and office features, or a posh room at our entertainment area situated conveniently in proximity to our gaming spaces, or an affordable room category dedicated to our group bookings and MICE-related stays that provide well-appointed rooms at an accessible price point, our flexibility enables us to address the varying needs of our guests.

Food & Beverage

Our dining outlets are reinvigorated each year to introduce new and exciting experiences to our clientele. We have recently refreshed our international chef roster and menus, allowing guests even more options. Each professional chef lends his or her expertise in creating new ways to experience global cuisine.

Our company's continued investment in F&B training makes for a culture of constant improvement, leading to a dining experience that is unique and infused with the flavor of different tastes and cultures, yet grounded in a Filipino sensibility.

Our restaurant and lobby lounge menus, being responsive to trends and constantly reviewed for quality, pique guest interest as well as improve our F&B revenue. F&B has become one of the highest contributors to overall revenue, which is a sign that our efforts are paying off.

Our on-board chefs bring their respective culinary specialties. Our F&B managers deliver international caliber management capabilities to our outlets, having undergone constant trainings and certifications in the Philippines and internationally.

To promote our F&B outlets, we use a mix of traditional placements and new media strategies that are becoming the source of increasing engagement and patronage. Waterfront employs influencer marketing by inviting prominent social media ambassadors to spread the word about our themed dining promotions and other activities.

F&B remains a source of revenue growth for the company. In 2018, F&B provided PHP 630.70 million in revenue, a 0.21% increase compared to PHP 629.40 million in 2017.

F&B this year contributed 34% of the entire group's gross revenue, a figure that jumped 4% versus its 30% contribution last year.

Our Brands

Waterfront Cebu City Hotel & Casino. An unrivaled property at the heart of Cebu's business hubs, our flagship property is a standout choice when searching for both business and leisure. A sprawling and grand edifice located at Cebu City's prime area, right across Asiatown IT Park and within minutes of Cebu Business Park, it boasts of a first-rate location and an ideal choice for anyone who values accessibility, security and mobility.

The hotel is among the largest in the country, and remains the largest facility with one of the most rooms in the Visayas-Mindanao area. It proposes an unbeatable package of sophisticated business travel, round-the-clock entertainment and unmatched variety of dining options. WCCHC is also a convention hub, whose convention facilities boast among the country's highest capacities, able to host a wide variety of MICE-related functions with the added advantage of being a one-stop urban hotel with well-rounded facilities for business, entertainment, wellness and recreation.

In 2018, hotel's occupancy rate grew by 4%. Occupancy is at 77% this year versus 73% in 2017. Revpar is currently at PHP 1,956--up 6% compared to PHP 1,852 in 2017. ARR increased by 6% from PHP 2,530 in 2017 to PHP 2,674 in 2018.

Gross Revenue for this property has increased by 6%, from PHP 1.05 billion in 2017 to PHP 1.12 billion in 2018. The property has managed to cross the billion peso threshold for the second time—building on its remarkable milestone from the previous year.

F&B income continues to enjoy double-digit growth. It surged 15% from PHP 348.54 million in 2017 to PHP 400.19 million in 2018, another remarkable achievement. Rent and related income is



PHP 313.10 million. Income from other operating departments is at PHP 5.89 million.

WCCHC's contribution to the group's total hotel revenue is at an all-time high at 61%. This is up by 11% from the previous year's contribution percentage to income at 50%. This reflects the property's robustness, importance and ability to fulfill revenue targets beyond expectations.

GOP is PHP 420.29 million. Net income for the year is PHP 152.82 million.

Manila Pavilion Hotel and Casino. The year 2018 ushered in many challenges and difficulties--the fire in March of 2018 was a huge setback for the hotel and Acesite Corporation, halting operations and causing the company missed revenues and losses from property damage.

MPH's revenues during its operating period January to mid-March are as follows: Rooms revenue at PHP 30.74 million; F&B income at 15.19 million; rent and related income at PHP 8.24 million; other income at PHP 8.57 million.

With a strong belief in silver linings and opportunity in adversity, Waterfront is determined to turn this around by engineering a resurgence of the Manila Pavilion Hotel--to rebuild it better than it ever was.

The company is hiring world-class experts to reimagine the Manila Pavilion Hotel, and transform it into a new structure befitting of its history and importance in the Waterfront portfolio.

MPH is poised for reinvention in the hands of a global leader. We are working with the world's top hospitality design firm, HBA.

A multi-awarded firm, HBA brings its extensive global expertise to the table by redesigning Manila Pavilion Hotel into a building that is distinctive in form and much larger in scale, a structure that is befitting of its importance among its international clientele.

Skala Architects Philippines is complimenting HBA to add its local knowledge and flair for sharp modern design to work on various spaces of the building and add a subtle Filipino touch that is made contemporary by a sophisticated global citizen mindset.

The new structure will be a sight unlike any other. The Manila Pavilion's exterior is going to revolutionize its locale by becoming a powerful, captivating image to reshape the skyline. Its design theme is an abstract representation of a mythical dragon-like being, which, like the Manila Pavilion Hotel in its current history, rises out of the past into a more vibrant, reimagined future.

The surface texture of the building emulates the scale-like body and wave-like motion of a dragon emerging out of flowing water. This is supposed to symbolize motion, strength, elegance, luck and prosperity. To complement the magnificent exterior, the interior design is envisioned to be a masterpiece in modernity--embodying the aesthetic of a sophisticated clientele and representing the future of the Waterfront brand.

The Manila Pavilion Hotel sits on its prime location as a landmark ready to rise again and reinvent itself. This time, it will not just be a historical piece, but a landmark due to its stunning architecture. It is designed to be the most prominent building in Manila's historic district--a bustling area with a rich storyline and tourist activity. This vibrant, eclectic tourism hub is the perfect backdrop to complement its magnificent architectural presence.

The goal for the hotel is to go beyond what has been achieved before, to rise higher and create a brand new unexpected experience that was not possible with an older property. There are many technological upgrades that can now be implemented with ease through the construction of a new building. Guests can expect much more from the new Manila Pavilion Hotel's connectivity systems, guest services, ambiance, business centers, recreational areas, F&B, and others. There is room for more function areas, more flexibility for F&B options, fitness, wellness and recreational features and other highlights of one's stay.

Now that MPH has the chance to truly start fresh, Waterfront is taking advantage of the opportunity to build a new magnum opus for the group--both in architecture and guest experience--a dynamic show case of its brand, representing the best of Waterfront's founding values, and a source of pride for the Philippines' hospitality industry in the country's busy capital.

WaterfrontAirportHotel&Casino.WaterfrontAirport Hotel & Casino (WAHC) is one of the most strategically located of the Waterfront properties. In proximity to the modern Mactan-Cebu International Airport (MCIA), it is the perfect complement to this new travel hub, the prime international gateway to the Southern Philippines.

MCIA's massive improvements, expansion and modernization impact the hotel with increased tourist traffic from all over the world. This influx undoubtedly requires the convenience of an airport hotel. The property also has the most number of rooms for a hotel in its class in the area, assuring its ability to cater to larger bookings.

WAHC is consistently one of our best-performing properties. GOP is PHP 195.15 million. NOP (after tax) is PHP 100.61 million.

Occupancy grew 1% this year from 97% in 2017 to 98% currently. Revpar is at PHP 2,818. ARR rose from PHP 2,927 in 2017 to PHP 3,181 in 2018—a 9% annual increase.

Rent and related income is PHP 157.58 million. F&B income grew by 4%, from PHP 77.52 million in 2017 to PHP 80.44 million this year. Other operating departments report a total income of PHP 15.29 million, up 14% versus PHP 13.36 million in the previous year.

Cost and expenses at the property amount to PHP 228.89 million. Personnel cost is at PHP 40.82 million. Energy cost is at PHP 56.03 million.

WaterfrontInsularHotelDavao.WIHDdemonstrated notable growth in 2018. Gross revenue is up 22%, from PHP 196.63 million in 2017 to PHP 240.88 million this year. GOP is at PHP 34.44 million--up 19% versus PHP 28.83 in 2017. NOP (after tax) is at PHP 17.33 million, an increase of 43% compared to PHP 12.09 million in 2017.

The hotel reports a 79% occupancy rate--a double-digit 10% increase from 69% in 2017. Revpar grew by 15%, from PHP 1,530 to PHP 1,761--another double-digit increase. ARR increased by 4% from PHP 2,212 in 2017 to PHP 2,311 in 2018.

Rooms revenue is at PHP 102.18 million, reflecting a 21% growth versus PHP 84.62 million in 2017. F&B revenue grew by 24%, from PHP 106.98 million in 2017 to PHP 132.70 million in 2018. Income from other operating departments including rental is at PHP 6 million, an increase of 19% from PHP 5.02 million in the previous year.

Cost and expenses for the hotel amounted to PHP 206.43 million. Energy cost for 2018 is PHP 33.58 million. Personnel cost for the property is PHP 29.71 million, a reduction of 0.63% from PHP 29.89 million in 2017.

WIHD is a prominent establishment and key presence in a city we consider to be a major gateway to Mindanao and Southern Philippines. It is a strategic placement of the brand at an economic hub. The hotel exudes iconic style rooted in history with picturesque views of the sea. It is an emblem of the Filipino brand of luxury and hospitality.

Marketing Highlights

Waterfront Cebu City Hotel & Casino celebrated its 20th anniversary and organized a prominent event series for the entire year in Cebu. Having served as the preeminent venue of the grandest events in Cebu, such as wedding receptions, debuts, corporate conferences, brand launches, fashion shows, sold-out concerts and other red-letter events, the hotel thought it fitting to celebrate its one-of-a-kind role and dominance in the market by launching a series of events to commemorate its twenty (20) years of success.

Last February, WCCHC brought together many of Cebu's and the Philippines' VIPs to celebrate the hotels milestone in a grand toast dedicated to the establishment and its management that has provided quality service and magnificent memories to its guests for twenty years.

Dubbed the "Timeless at Twenty" bash, its official celebration was kicked off in February and slated to mark a grand beginning for the event series of the year. The party theme was the roaring twenties, as the 1920s was an era of glamour and jazz where women dressed in stylish cocktail dresses and men looked



dapper while smoking cigars in their three-piece suits. That evening, the esteemed guests of Waterfront were all decked out in their party attires to pay tribute to the Great Gatsby theme. A red carpet spanned the length of the grand ballroom's foyer, and with a captivating photo wall setup to welcome the who's who on the guest list.

In keeping with its anniversary event series, the hotel also organized the biggest and grandest Cebu Wedding expo, "Weddings at the Waterfront". The bridal fair and two-day expo was held last October 5 and 6, 2018. It highlighted over a hundred wedding vendors and companies that offered the best of their services to soon-to-wed couples.

A bridal fashion show concluded the first day of the expo. Entitled "Intemporel", it featured nine (9) of the city's brilliant fashion designers such as Edwin Alba, Harvey Cenit, Hanz Coquilla, Rei Escario, Bree Esplanada, Mel Maria, Lord Maturan, Mike Yapching and Humberto Villegas.

The second day of the expo focused on workshops which were free to join. These workshops were marketing opportunities to engage the audience and provide a platform for the event sponsors. Among the featured workshops were: a talk about "the Importance of Self- confidence" by Banjoe del Rosario of Philippine Airlines; "The Essentials of a Brand" by Neil Felipp, the designer whose minaudieres became internationally famous, and "Depths of Beauty makeup Workshop" by Arnaulogy.

There was a table setup competition participated in by Cebuano schools. The participating schools were University of Cebu Banilad Campus and the University of San Jose - Recoletos (USJR). The latter won for the second year in a row.

Culminating the expo was the most-awaited World Class Bridal Fashion Show. Co-presented by Diagold Jewelry and Emirates, this momentous pinnacle event for the anniversary year showcased five of the most sought-after and world-class Filipino designers: Michael Cinco, Francis Libiran, Furne Amato, Ezra Santos and Cary Santiago.

Among the models who walked the runway were Miss World 2013 Megan Young, Miss International, 2016 Kylie Verzosa, Miss Maja Pilipinas 1992 Marina Benipayo, Mister World 2012 Francisco Escobar and Supermodel Ria Bolivar.

The night was well-attended by prominent personalities.

Highlighting our convention and events facilities, **Waterfront Insular Hotel Davao** continues to break records by holding a successful wedding and celebrations fair in 2018 called the Beautiful Beginnings which brought together 20 of the city's most qualified event providers in an exquisite showcase at the Garden Pavilion, a prime venue for most of the hotel's convention and events. This three day exhibition highlighted the first fashion gala entitled "Insulares de Mayo" featuring Davao's rising designers. The event produced a net income of PHP 321,238 and total media value of Php 273, 276.

WIHD also supports arts and culture during its annual Kadayawan festivities, it launched Davao's Artist's Belgium exhibit, a one-man show featuring the vibrant works of visual artist, Victor Secuya in a 10-piece series preview.

Our hotels apart from seasonal promotions, also showcase their products through special launches. This year, Waterfront Insular Hotel Davao showcased celebrity chefs, Chefs Rolando and Jackie Laudico's culinary fusion featuring distinct dishes made of local produce while **Waterfront Airport Hotel & Casino** showcased their F&B offerings by participating as one of the partner hotels during the Inauguration of Mactan-Cebu International Airport Terminal. The hotel also joined the year's Lapu-Lapu tourism Expo.

Our Subsidiaries

Our subsidiary companies are valuable operations complementing our hotels by providing support services and products. They are independent brands in themselves too, and add important streams of revenue. Privately managed and known for the quality, novelty, unique value-added experience and service quality they bring to each hotel, these diversified services contribute significantly to our brand

experience, company profitability and business efficiency.

These companies develop alongside our main business, contributing a priceless support network. They deliver services, experiences and revenue opportunities, making the Waterfront organization much more dynamic and agile, able to innovate and expand in various industry-related areas.

Waterfront Wellness Group, Inc. (WWGI) offers a sports and recreation facility in our Cebu City property with top-of-the-line equipment and 24-hour fitness with in-house spa and wellness services. In 2018, Citi gym achieved a gross revenue of PHP 11.42 million, an increase of 9% versus PHP 10.48 million in 2017. GOL is PHP 7.48 million. NOL is PHP 7.62 million. Cost and expenses are at PHP 18.90 million, a reduction of 4% versus last year's PHP 19.66 million.

Gym membership revenue is at PHP 8.11 million, up 27% from last year's PHP 6.38 million. Our wellness facility generated revenue of PHP 1.97 million. Pool revenue is at PHP 0.78 million, a growth of 9% versus PHP 0.72 million in 2017. Other income generated by WWGI is PHP 0.56 million.

Total assets for this subsidiary is currently valued at PHP 21.54 million.

We intend to innovate further and create enticing packages for gym memberships, introducing wellness programs that are on-trend and offer great value.

Waterfront Food Concepts, Inc. (WFC) streamlines sourcing and production for our food outlets, creating fresh, scalable, high-quality culinary products and improving the efficiency of our dining options.

In 2017, WFC posted gross revenues of PHP 2.19 million. GOL is at PHP 2.28 million. Net loss is at PHP 2.32 million.

Cost and expenses are at PHP 4.46 million, a decrease in cost of 52% compared to last year's PHP 9.35 million. Total assets under the company are valued at PHP 5.93 million.

Waterfront Hotel Management Corporation ensures that the Waterfront tradition of service

excellence and its solid experience is conveyed in all new acquisitions and management ventures. It was established to oversee the thrust of instituting an all-Filipino chain of hotels in the country and to manage local and independent hotels. The company is currently seeking new investment and expansion opportunities.

Waterfront Horizon Corporation formerly Waterfront Entertainment Corporation which change of name was approved by the SEC on December 22, 2017. Successfully established the country's first ever integrated hotel reservations and booking system featuring a full-service, round-the-clock, 7-days-a-week Central Reservations Office. This centralized automated system with full contact center support offers a better way of servicing our wide global clientele, giving them ultra-convenient booking while assuring us of better ability to track our business.

Mayo Bonanza, Inc. in partnership with Philippine Amusement and Gaming Corporation (PAGCOR) aggressively taps into slot machine segment potentials in the gaming market. Under contract with Atlantic Dynamo of the British Virgin Islands, it leases space and VIP slot machine arcades for PAGCOR. Total assets under the company are valued at PHP 3 million.

Waterfront Promotions LTD and its wholly-owned subsidiary Club Waterfront International Limited, Inc. was founded to focus on the international gaming market, promote Philippine casinos and organize special groups to participate in PAGCOR's Foreign High Roller Marketing Program. The group has temporarily suspended operations with directive from WPI management to give necessary support to resume operations in the future.

Our Strengths

Our strengths move us forward and keep us ahead of the competition. The Waterfront brand offers a unique value proposition: the integrated experience of luxury, leisure, comfort, convenience, service excellence and an unsurpassed national presence.

Leading operator of first class Filipino hotels in the country.



We are the largest Filipino-owned and operated group of top-rated hotels and convention facilities in the Philippines. We provide the biggest gaming space to PAGCOR in our country's prime locations. Our positions in key cities in the Philippines give us leverage to market our brand locally and internationally, plus cross-sell our hotel services to travelers in the local market.

Unfaltering hotel performance.

Our consistent operating record and integrity speaks for our brand. We make sure that all our profitability markers are at par with our targets. We aim to serve our shareholders with conscientious effort to maintain top value through top performance, navigating industry and economic factors. Our growth is evidenced by profitable figures and the upkeep of our reputable brand image.

Proven and experienced management team.

Our top management is passionate and highly driven. We have an experienced and qualified team with successful track records, spread across our different departments. This team has successfully developed and enriched our business through consistent performance, innovation and the establishment of strategic alliances that enable us to weather difficult times in the industry.

We continually improve our capacities by participating in international trainings and seminars, keeping pace with new trends and applying these locally. Such practices result in a global outlook, which is incorporated in our operations.

Wide customer base.

Our brand appeals to a broad market, whether it is tour groups or premium leisure travelers. This is because we are able to integrate many types of experiences into our hotels. We are flexible and convenient, while at the same time a benchmark of value and quality.

We cater to both local and international guests, giving our markets their desired experiences and maintaining competitive rates. We value and nurture

our Filipino customer base. Local guests are highly loyal to our hotels. On a consolidated basis, over 50% of our room nights production is from Filipino customers. The rest is spread across a range of nationalities that varies year to year but our top three Geographic's has remained consistent across the three provincial hotels which are Japan, Korea, US or China.

We also have a solid customer base of corporate clients and local and international travel agencies. We strive to achieve continuous growth through nurturing our Manila Sales office teams who sell our Cebu and Davao properties and also facilitate the cross-selling of services between hotels.

To further grow our customer base, we have entered into profitable agreements with domestic corporate clients to provide rooms for their employees at customized rates during special booking periods. Through our ability to provide flexible terms, we intend to develop brand loyalty and create a strong referral network.

Our company continues to optimize technology as a means to reach a wider range of customers. We set up an online distribution system that allows us to develop and reach out to new market segments online and makes booking and payment fast, convenient and easy. In addition, we are in partnership with several alternative distribution systems and a global distribution system to expand our marketing reach.

Responsive to dynamic market change.

Our competitive position is strengthened by our dynamic organizational philosophy, as well as our ownership structure. We are flexible and highly responsive to market factors, able to make critical decisions and interventions at a quicker pace. Our facilities and wide range of services as well as the independence of our subsidiaries provide us with many tools for adjustment of the guest experience, which aids in customization and responsiveness to our market's needs.

Opportunity to benefit from economies of scale.

Our size and market leadership allows us to benefit from economies of scale. Through the use of our bulk purchasing policy, we are able to secure contracts and services, and procure supplies on favorable terms and prices. This helps us efficiently manage our operating costs in relation to linen products and consumables, such as paper products, food and beverages. Profitability is maximized. Revenue driven contracts also benefit from this feature as we use our inventory as leverage to enter into guaranteed sale contract.

Competent management and operating systems.

We have streamlined our operations to make it more efficient. Marketing and room reservations are managed through our central reservation system and our real-time reservation system online. We make use of the latest advances in technology to facilitate higher efficiency. We are the first hotel chain in the country to implement a Corporate Fidelio shell and use OPERA for our Property Management System (Front Office) and Marketing (Sales and Catering).

Through a centralized procurement and bulk purchasing policy, we ensure a consistent quality standard of goods supplied to us. Moreover, standardizing the products used in our hotels provides guests with confidence in the quality of each hotel and helps us efficiently manage our operating costs. Our strong presence in the Philippine hospitality industry has been able to develop procurement channels that allow us to obtain value-for-money goods and services catering to the needs of our hotel operations.

Our systems, procedures, and activities are supported by a complete and comprehensive set of operating manuals that are strictly adhered to by all our companies.

Strategic locations.

Our properties are centrally located in the central business districts of the three prime Philippine regions, namely: Manila, Cebu and Davao.

These are the key cities of the country with the highest tourism traffic. As such, our location gives us access to a greater number of foreign and local travelers as well as enables us to attract ideal markets.

Capable acquisition strategies.

Our management team has substantial management experience in the acquisition of equity interests in hotels in the Philippines. We have enjoyed considerable success in formulating and implementing clear acquisition strategies, and seizing opportunities to explore market potential of the hotel industry.

Our acquisition strategy remains sound as it takes half the time to acquire and renovate properties as it does to conceptualize, construct and pre-open new properties. With our expertise in hotel management, and our partnership with an investment group that is premised on the transfer of clean properties with minimal business risks, we are confident in our ability to improve operations and enhance the value of acquired assets.

Dynamic growth approach.

We see our revenue to grow further from the expanding opportunities in the gaming industry and by consolidating our partnership with the Philippine Amusement and Gaming Corporation. We believe the gaming industry is poised to become a major contributor to the Philippine economy, especially with the establishment of many global casino operators operating in the Philippines and the growth impetus ascribed to tourism by the national government. We intend to continually grow and improve together with the new trends in the gaming industry and somehow complement this with our existing product and services.

Integrated company support services.

Our company stretches across several subsidiaries that provide important support services for our properties. *(See Our Subsidiaries section for details.)*

Growth Strategies

Waterfront is passionate about improving the quality of our product. We believe this is essential for continued growth and sustainability. This year we focused on sustaining product quality to improve guest satisfaction and ensure our profitability and staying power.



Facility upgrades in recent years have served to pique consumer interest in our hotel experience. Guest feedback has consistently been encouraging, motivating us to continue improvements in all our properties.

The year 2018 is all about sustainability in all of our properties. Having instituted key renovation and improvement efforts in previous years, the year is all about maintaining our lead as a unique hotel chain experience. Alongside our property improvements, we believe that the key elements to growth reside in strategic acquisitions, constantly seeking new distribution channels and new trends in marketing for increase in revenue, efficiency in cost and consistent training of our personnel to preserve a standard of excellence in our organization and increase guest satisfaction index.

Facility Upgrades.

Following major facility renovations in the past years, Waterfront conducts its annual developmental projects to assure the quality of its product.

WCCHC invested PHP 4.68 million on transportation facilities upgrades.

WAHC invested a total of PHP 6.28 million in hotel improvements for 2017. Capital expenditures included improvements in room amenities and added facilities to accommodate increasing demand for various hotel services.

WIHD invested PHP 6.31 million in various improvements, which includes transport, amenities, facilities and equipment.

MPH spent PHP 33.80 million on IT improvements, facilities and amenities. Several improvement projects were implemented in the property that unfortunately succumbed to the accident included valuable IT infrastructure such as the GPON (Gigabit Passive Optical Network)—a cabling infrastructure project that set up fiber-optic cables in every guest room in a multi-point concept capable of enabling WiFi, telephone, video and other room automation. The PABX upgrade project was a software implementation that uses

hybrid technology to enable both analog and VOIP phone capabilities. The pre-requisite of this project was to upgrade the hotel trunk lines from analog to SIP which runs on an IP-based telephone line. A GPON infra-reliant WiFi enhancement project was also implemented that used the In-Room Access Point to eliminate dead spot signal issues in guest rooms and includes all public areas and the poolside. To complement the WiFi enhancement, an additional bandwidth of 50MB was added.

Across our Hotels, an increase in bandwidth was undertaken this year with an additional of 50mb each for Waterfront Cebu City Hotel & Casino and Waterfront Insular Hotel Davao.

All in all, these are technologies that will greatly improve guest experience, speed up the internet in all areas, and bring our hotels to a new level of modernity and efficiency. The same technologies are going to be implemented as the standard across all our hotels.

The Peers and Development Department across our hotels also had a system upgrade using the Human Resource Total Solutions or HRTS. The system is the enhanced solution of HRIS (Human Resource Information System) which runs on the web browser. Modules of the HRTS includes; HR Records, Time keeping, Payroll, Recruitment, Training & Appraisal. All employees can now access, file and approve on their individual portal using the e-form to save paper cost.

Such attention to the care and maintenance of our facilities go a long way in retaining high guest satisfaction and making sure that the Waterfront brand is properly curated with every detail.

Peer Development.

Our company's excellence is rooted in our ability to continually nurture and maintain professional excellence and high service standards among our people, whom we call our "peers".

Mindful of the highly competitive standards within the hospitality industry, Waterfront focuses on knowledge and skills training that enables its peers to provide an unforgettable customer-focused experience.

The Peers' Training and Development programs are geared towards preparing our peers to conform to ever-changing and globally diverse service standards. This continuous upgrade in service competency is reinforced by our own local passion to convey the signature warmth of the Filipino hospitality.

We adopt programs to strengthen the skills that each employee needs to develop. The focused training and development efforts for the year resulted in the group surpassing the training index target of 90 hours per person in 2018.

Leading the group with the highest training Index is WCCHC with 186.16 hours per person, 96.16 more than what is required; followed closely by WAHC with 164.04 hours and WIHD with 142.17 hours. Training hours were gathered through the different stages of our training and development programs, categorized as: inductive programs, basic skills, upgraded and advanced skills, supervisory and management programs, leadership programs and health and wellness programs.

For successive years now, WHC through WIHD, received another training grant of almost PHP 1 million from the Tourism Industry Skills Program, a project by the Department of Tourism, Government of Canada and Asian Development Bank. WIHD hosted the 7-Star Luxury Butler Service by Magnums Butler Academy whose principal and trainer is the first woman butler, Josephine Ives, whose clientele includes the Queen of England. On the same event, our Waterfront Insular Hotel Manager, Mr. Bryan Yves S. Lasala was awarded the GOLD status in 7-star Luxury Butler Service.

Certification for Guest Service Professionals was also acquired through the training grant. The same grant also enabled Sales Professional Certifications from the American Hotel and Lodging Educational Institute (AHLEI) and WHC's participation in the Global Sustainable Tourism Council Forum held in Davao.

Known for building relationships with the academe to hone the future leaders of the hospitality industry, WCCHC was once more requested by the Department of Education – Mandaue and TESDA to hold their teachers' immersion activities in the hotel.

The immersion was aimed to expand the participating educators' knowledge on housekeeping, F&B service and production. The departments with their years of combined knowledge and experience in the different aspects of hotel operations led the immersion program. This assured top-caliber and practical learning among the participants. Two batches from Jobstart, a program from DOLE and ADB were also welcomed by Waterfront. This not only helped the youth in the community but also supplemented WCCHC's manning needs after the trainees passed their apprenticeship phase as required by the Jobstart program.

Department heads from the three Visayas-Mindanao properties: WAHC, WIHD and WCCHC also joined a seminar on project management. The seminar honed their ability in initiating, planning, executing, controlling and closing the work of a team to achieve specific goals within given constraints. Safety was also a top priority in 2018. In-house programs on safety and security were given to all peers, while the trainings for the Emergency Rescue Team and Crisis Management Team were improved and augmented. The DOLE accreditation for safety officers was also achieved by the safety and security managers of all the properties.

Across all properties, the Data Privacy Orientation was conducted for peers to be well-versed of the new Data Privacy Act. Other training programs to raise social awareness were also initiated. With the latest innovations in service, several in-house training programs were established to keep the peers up-to-date with the added modern guest amenities.

Waterfront believes in employee engagement and involvement in Corporate Social Responsibility (CSR) activities. Through company-wide CSR activities, peers participate in a holistic developmental program. (See CSR section "Giving Back" for details.)

All these are consistent with the Waterfront goal of excellence in Peers' Training and Development. Peers are embraced as the group's strategic partner throughout our operations. The program is key to the development of effective and result-driven interventions and initiatives aligned with the ongoing transformations that all the hotels are undergoing in



order to uphold our competitive and distinctive advantage in the hospitality industry.

Business Diversification.

Master Planners have been tasked to evaluate and create strategies to derive the true value of our prime properties. This business decision has been embarked on in recent years, and is expected to reshape the direction of Waterfront as a group as we decide on more strategic transformations in the future.

We hope to increase our overall real estate value by unlocking the true potential of our assets. This will be done through several approaches, including the determination of best use capacity, the setting up of diversified revenue streams, and various ways of complementing, enhancing and improving on our core business. Being located in several key cities in the country, this is a massive undertaking to reinvigorate the Waterfront brand in all of our locations.

This is part of our commitment to deliver ever-increasing shareholder value and to remain dynamic as a company, constantly moving from strength to strength.

Expanding Distribution.

In 2018, our online channels have allowed the continued growth and expansion of our company. Our profitability is anchored on our innovative and bold efforts in marketing and distribution, ensuring that we reach our market where it produces the most appreciable results.

Total online production has successfully remained robust among all our properties—this is an aggregate of production rates from our Global Distribution Service (GDS), Online Travel Agencies (OTAs), website and mobile app.

Online production continues to contribute significantly to total revenue year on year. Online revenue in 2018 remains strong among all our properties.

Through combined online channels, the group generated PHP 323.04 million in 2018, reflecting an

overall double-digit growth rate of 26% compared to PHP 257.24 million in 2017. WCCHC generated PHP 186.70 million in online segment revenue, an increase of 13% versus PHP 165.49 million in 2017. WAHC online segment revenue in 2018 is PHP 82.43 million, a 21% increase compared to PHP 67.87 million the previous year. WIHD's online revenue grew by 41% at PHP 33.72 million, compared to PHP 23.88 million in 2017. MPH generated PHP 20.19 million during the months of its operation.

For the entire provincial group, online segment room nights rose from 86,850 in 2017 to 95,667 in 2018—a growth rate of 10%.

There have also been significant increases in total room nights production among each of our provincial properties. WCCHC room nights booked online rose from 56,690 in 2017 to 58,798 in 2018—a 4% growth rate. WAHC online-booked room nights in 2017 tallied 19,967, a figure that grew by as much as 15% in 2018, which amounted to 22,904. WIHD room nights increased by a remarkable 37%, from 10,193 in 2017 to 13,965 in 2018.

For the entire provincial group, online segment ARR increased from PHP 2,962 in 2017 to PHP 3,166 in 2018—a growth of 7%. WCCHC online segment ARR increased from PHP 2,919 in 2017 to PHP 3,175 in 2018—a 9% growth rate. WAHC ARR from online channels also increased—from PHP 3,399 in 2017 to PHP 3,599 in 2018, reflecting a rise of 6%. WIHD reported a 3% growth in online segment ARR from PHP 2,343 in the past year to PHP 2,415 in the current year.

As to its contribution to the total Rooms gross revenue, total percentage of online contribution to rooms grew by 5%, from 42% contribution in 2017 to 44% contribution in 2018. Rooms' revenue contribution by online channels also grew per property. WCCHC demonstrated an increase of 2%, from 45% in 2017 to 46% contribution in 2018. WAHC recorded an 11% increase in online contribution to Rooms revenue. The percentage increased from 43% in 2017 to 47% in 2018. WIHD recorded the highest online contribution growth of the year, with 32% online-generated income contributing to total Rooms

revenue, versus 28% the previous year--a growth of 17%. All online production numbers are driven from our PMS-Opera system.

This proves that online channels have become a strong avenue for growth and continue to gain relevance as customer behaviors and preferences change with popular technology.

The Waterfront website enjoys a continued stream of patronage. The site is well-maintained and constantly updated to improve user experience and ensure current information. We enjoy visits from countries such as the Philippines, USA, Japan, Australia, South Korea, Singapore, Canada, UK, India and UAE.

Our websites' booking engine continues to improve with more room options, more information on room rates, booking guarantee via credit card, improved contract information on Terms of Service and Privacy Policy sections and overall ease of data management have all contributed to increased patronage of the app. Data derived from the app assists the company in making better decisions and developing dynamic marketing policies.

Waterfront established new online distribution and management systems in recent years, which are now well integrated and are effectively performing for the company. For WCCHC, WAHC and WIHD, we continue to use the Channel Management System that has been implemented, with the rate parity tool and booking engine provided by Compass Edge. These systems offer greater efficiency and speed guaranteeing ease of management and better integration of our booking systems.

The group produced a steady stream of website room nights and revenue this year. WCCHC generated 2,901 room nights in 2018 compared to last year's 2,577 room nights, a growth rate of 13% with a revenue of PHP 11.43 million versus last year's PHP 8.98 million, a growth rate of 27%. While WAHC room nights in 2018 is at 942 and revenue of PHP 4.25 million. On the other hand, WIHD generated 760 room nights versus last year's 566 room nights, a growth rate of 34% with revenue production of PHP 2 million compared to last year's PHP 1.5 million, a similar growth rate of 34%.

The hotel continues to engage Compass Edge to maintain the simplified site in Chinese to cater to the Mainland market. The page is published under the hotel's sub-domain, www.waterfrontcebucityhotel.com.cn and has been live and translated by Mainland Chinese professionals, and used Search Engine Optimization via Baidu, where it was submitted for indexing. The site is mobile-friendly and is responsive in order to cater to various displays on desktop, tablet and mobile. Marketing is also expanded through social media channels, as the site is linked to Chinese social media accounts on Weibo, with promotional posts in simplified Chinese.

Waterfront continues to generate steady sales volume through its Central Reservations System (CRS), which makes us the only integrated network of hotels in the country with a powerful presence through our 24/7 toll-free number. Anyone can book using a single 1-800 number, 1-800-WFRONT8 (9376688), for all Waterfront Hotels nationwide. This channel caters to guests who prefer booking by phone.

In 2018, the number of calls received through our Central Reservations Office (CRO) amounted to 84,350 compared to last years' 2017 calls of 98,950, a decrease of 15%. While the calls have decreased, we see this trend as calls shifting to online booking transaction as our email numbers significantly increased by 14% from 394,156 emails in 2017 to 449,694 in 2018. These emails and calls are a combination of dealings such as inquiries, revisions, cancellations, and converted bookings catering to both online and offline generated calls or emails.

Among the properties, WCCHC received the highest number of calls at 59,184. WAHC received 10,141. WIHD received 5,083. MPH received 2,772 calls despite its limited time of operation. The origin of the calls according to our CRO information include India, Australia, Egypt, Germany, Kuwait, China, Taiwan, Qatar, Japan, Malaysia, the Philippines, Singapore, Guam, South Korea, Iraq, Sweden and UAE.

We maintain a partnership with our B2B and B2C Online Travel Agencies (OTAs) across strong markets such as Korea, Japan, China, and Europe/US. We are currently working with Sabre as our global distribution partner. It is the world's largest online sales, marketing



and distribution service for hotel groups. Sabre's hospitality solutions platform, delivered primarily as a Software-as-a-Service (SaaS) model, enables our hotel to take advantage of an integrated global reservations system, as well as marketing and distribution services that help us boost our revenue. It is a tool where we can reach travel managers of different corporate and travel accounts greatly improving our Sales' customer service. Using the SynXis Central Reservation System in tandem with Sabre's global distribution system, we are able to reach a global market in the most efficient and savvy means possible.

This system provides the best and most comprehensive search facilities for agents in the hotel and resort industry, assisting them in making thousands of customized searches and generating instant confirmations. These partnerships support a strong distribution network for the company, ensuring solid growth infrastructure.

Based on the group's online production report, Global Distribution Services (GDS) and Online Travel Agencies (OTA) contribution data in 2018 continues to contribute significantly to overall revenue. For WCCHC, GDS and OTA - generated room nights increased from 54,044 in 2017 to 55,897 in 2018. This reflects a growth rate of 3% on the total room nights booked through these channels. Average rate per room via GDS and OTA is PHP 3,136 from 2,892 in 2017, an 8% growth rate. Total revenue from these channels is PHP 175.27 million, an increase of 12% from the previous GDS and OTA channel revenue of PHP 156.32 million in 2017.

For WAHC, Global Distribution Service (GDS) and Online Travel Agencies (OTA) contributed room nights of 21,962, a growth rate of 16% over last year's 18,895 room nights. It generated a total revenue of PHP 78.18 million for 2018 versus 2017's PHP 63.63 million, a positive growth rate of 23%. These rooms were booked at an average rate of PHP 3,560 compared to last year's PHP 3,368, a growth rate of 6%.

Simultaneously, WIHD got 13,205 room nights via Global Distribution Service (GDS) and Online Travel Agencies (OTA) in 2018, an increase of 37% versus 9,608 room nights generated in 2017. Total revenue

through GDS and OTA channels for WIHD increased 42% from PHP 22.35 million in 2017 to PHP 31.73 million in 2018. Via these channels, WIHD booked at an average rate of PHP 2,403 versus last year's PHP 2,326, a 3% growth rate.

Our marketing, sales and reservations offices are the backbone of our revenue, representing our properties and facilitating cross-selling of our hotels and services. We ensure that our sales service is integrated, flexible, on point and always with that Filipino touch of excellence.

Overall we continue to expand in innovative ways, using technology and new media to our advantage as a cost-effective way to expand our market share, explore new markets and ensure the strength of our brand presence locally and internationally.

Focus on the Business Traveler

Waterfront gives a wide range of business-related conveniences to ensure that our guests enjoy a productive stay. Our special attention to detail, well-equipped business centers, accessibility, unrivaled facilities and presence in major cities of the Philippines make us best positioned to cater to the business traveler's needs.

We are located throughout the country's major cities, in proximity to international airports. No other hotel chain in the Philippines has the reach and presence of Waterfront Hotels. Our hotels are located ideally within a short distance from major international airports, the Ninoy Aquino International Airport (NAIA), the Mactan-Cebu International Airport (MCIA) including the new Davao international airport, the Francisco Bangoy International Airport, being a close distance to our hotel. Whether it is in Manila, the country's biggest tourism hub and its political, social and economic center, or in Cebu, considered the gateway of tourism in Southern Philippines and the fastest-growing destination in the country, or Davao, a major city in the Mindanao area and an ideal base for business in the area, Waterfront is able to provide business travelers with first class accommodations and convenience expected of a business-savvy hotel.

Our capability to accommodate large numbers of

travelers for all types of business gathering for all types of meetings and conventions. No other hotel chain can boast of having the facilities to handle small, medium and large-scale gatherings with ease.

Our unrivaled facilities for MICE. We have the largest international convention center in the Visayas-Mindanao area, unparalleled and pillar-less for its size and available facilities. The convention center readily accommodates over 4,000 people. Throughout our hotels, we maintain a consistent focus on travelers with the MICE objective. We are flexible and efficient, able to provide all technical equipment and assistance necessary for business functions of any scale.

Urban recreational facilities. We have all the facilities that a business traveler requires to relax and unwind. Throughout our hotels, we maintain wellness facilities: gyms, spas, swimming pools and gaming areas that put the business traveler at ease. We know how important it is for guests to find an oasis in the city, and Waterfront, throughout its urban locations, provides sophisticated facilities for wellness, exercise and relaxation.

Connectivity. Our hotels offer free WiFi in rooms and in its public areas. Our widespread connectivity service, whether in our rooms or our public spaces has been a necessary amenity we continually increase bandwidth. This year, we have increased and upgrade our bandwidth requirement from 6mb to 30mb under PLDT and an additional 20mb from Globe in our flagship, Waterfront Cebu City Hotel & Casino. We also placed 100mb in Waterfront Airport Hotel & Casino while an upgrade from 6mb to 30mb from PLDT and an additional 20mb from SKY for our Davao property, Waterfront Insular Hotel Davao.

Nothing satisfies a business traveler more than a reliable, readily available Internet connection that enables him to work anytime, anyplace.

Fully equipped business centers. Our business centers are equipped to accommodate the business traveler's needs for Internet access, secretarial functions, copying services and communication. We take pride in being able to provide an "office away from the office", while maintaining that relaxed hotel ambience.

International gaming facilities. We provide gaming options to the international traveler. Our hotels give you the enticing option to discover the unique thrills of gaming while on your business trip. Our newly expanded PAGCOR Casino block at WCCHC boasts more gaming options and recreational space, ensuring an even more enjoyable stay.

A wide range of dining options. Being able to cater to a wide range of tastes and food preferences is a source of pride for our hotels. Business travelers and leisure travelers who have unique preferences will find themselves at home in our dining outlets which serve international cuisine, from Chinese to Italian to Japanese. Menu customization for those with special dining requirements is done by our highly competent F&B staff. We provide a wide range of menu options for business functions to suit your preference and budget.

Affordability and competitiveness. We have successfully remained within the business traveler's reach by staying true to our commitment of value for money. We continue to be highly competitive and best in class, giving our guests luxurious stays that are reasonably priced and appealing to our target market. This is especially relevant in today's business climate, where companies are adjusting their budgets and looking to find the best value for business travel.

Online ubiquity. Waterfront now boasts of an expanded online presence. We touch base with our clientele through our web and mobile tools that are designed to capture our market through well-strategized user interfaces. Bookings and payments are made secure and easy through constant improvements in our software. Our online booking facility also allows convenient reservations 24/7, enabling the global traveler ease in planning his stays. We are progressively increasing our online presence so we can serve the business traveler better.

Furthermore, we add priceless touches to the business traveler's stay. Our rooms and suites are specially furnished to please the jetsetter with sophisticated taste. The contemporary design aesthetic is prevalent throughout our hotels, adding an element of freshness, modernity and style that contributes to an unmatched experience.



The Ambassador Lounge is a highlight of our business stay. It offers the privilege of a top-floor location with splendid city views ideal for the corporate guest. Furnished with modern office equipment, state-of-the-art computers, audio polycom service, high-speed WiFi access, exclusive buffet breakfast, light afternoon snacks and full convention & secretariat support, the experience is perfect for on-the-go business executives.

Fresh new touches from our recent renovations convey our commitment to guest satisfaction.

Whether it is the stunning, expansive new lobby at our Cebu flagship hotel or the beautifully renovated rooms at MPH, or the progressive improvements in all of our properties, you are assured of a warm touch that cares for your every whim.

The unique combination of sensible sophistication, convenience, expanded F&B options, integrated gaming, wellness facilities, excellent service and attention to detail all adds to the signature touch that is unmistakably Waterfront.

Accolades

NOMINATIONS, AWARDS & CITATIONS	YEAR	ORGANIZATION	PROPERTY
Top Producer in Cebu	2018	Expedia.com	WCCHC
1st MICE Venue Standard Award, in a Hotel Category Setting	2018	ASEAN	WCCHC
Best Events Venue	2018	Sun.Star Publications' Best of Cebu Awards	WCCHC
Token of Appreciation	2018	iCanServe Foundation Cebu	WCCHC
Best in Airport Hotel	2018	World Luxury Hotel	WAHC
Best in Airport Hotel	2018	Haute Grandeur Global Hotel Awards	WAHC
Best Business Hotel	2018	Haute Grandeur Global Hotel Awards	WAHC
"8.3 out of 10" Guest Review Award	2018	Booking.com	WAHC
"8 out of 10" Loved by Guest Award	2018	Hotels.com	WAHC
"5.3 out of 6" Holiday Check Award	2018	Holiday Check travel website	WAHC
Top 21, Lapu-Lapu Taxpayers Award	2018	Bureau of Internal Revenue – Lapu-Lapu	WAHC
Grand Champion	2018	Davao Culinary Cup	WIHD
Loved by Guests	2018	Hotels.com	WIHD
Best Events Venue	2017	Sun.Star Publications' Best of Cebu Awards	WCCHC
Token of Appreciation for Corporate Social Responsibility	2017	iCanServe Foundation Cebu	WCCHC
Chinese Preferred Hotel	2017	C-Trip.com	WCCHC
Bronze Award, Gross Sales	2017	Rakuten Travel	WAHC
Bronze Award, Customer Review Scores	2017	Rakuten Travel	WAHC
Best Chinese Restaurant (Grand Slam)	2016	Sun.Star Publications' Best of Cebu Awards	WCCHC
Golden Circle Award	2016	Agoda	WCCHC
Loved by Guests Award	2016	Hotels.com	WIHD
Best Gym	2016	Best of Cebu Awards by Sun.Star Publications	WWGI



Giving Back

Our Corporate Social Responsibility (CSR) program remains an important part of our mission to give back as a company, not just through developing local business and providing employment, but through various efforts to improve the community. Each of our hotels regularly selects relevant causes to include in our CSR agenda—projects that reflect our corporate values and respond to the exigencies of the time. We update our CSR priorities according to the changing needs of the community.

We believe in starting where we are - to make a difference within the local areas that are in the vicinity of our business. We pay special attention in responding to the needs of the immediate community and ensure that we contribute to its continued growth and improvement.

The group has also adopted ecological awareness as part of its business philosophy. We believe that environmental sustainability of our business operations goes hand in hand with profitability and best practices.

Waterfront Cebu City Hotel & Casino (WCCHC). In 2018, WCCHC sponsored various events covering different causes such as cancer awareness and fundraising, focused on breast cancer awareness and community support.

In partnership with the ICanServe Foundation, the “Waterfront Goes Pink” campaign was organized. The campaign was a month long initiative to raise both awareness and funds in the fight against one of the most prevalent cancers today.

The First Pink Charity Ball was the main highlight of Breast Cancer Awareness Month featuring the collections of one of Cebu’s renowned designers, Philipp Tampus. The hotel also offered “pink promotions” for the whole month of October. The Pink October room promotion dubbed as “Pink Escape” was a package full of perks and included a Php 100.00 donation to ICanServe Foundation per room per night. The Lobby Lounge also offered A Pink Affair where guests enjoy luscious pink pastry

delights paired with their choice of tea or coffee that also offered a percentage donation to our breast cancer foundation of choice.


To add to all the activities in support of Breast Cancer Awareness Month, the hotel held an awareness forum for its employees in cooperation with ICanServe Foundation. Apart from its wide-reaching breast cancer awareness efforts, WCCHC continues to work with Kapwa ko Mahal ko Foundation-Cebu to help develop a healthy community by reaching out and awarding financial assistance to families in dire need. The main goal for this year was to create a sustainable delivery and logistics system to help children with cancer get the services and assistance they need.

Ecological preservation has always been an important priority for the hotel. Every year, the hotel reevaluates its energy efficiency and finds ways to improve its environmental footprint, never ceasing in its effort to cut carbon emissions and reduce energy use. Not only does this make sound business sense—more importantly, it contributes to lesser human impact on the environment.

The property participates in Earth Hour this year, as it has committed to doing every year, turning off exterior lights and dimming the lights at the Grand Lobby during the designated period. In-house guests were encouraged to participate in energy-saving by switching off lights and other electronic devices in the rooms. Earth Hour’s successful adoption lowers energy cost for the establishment and more importantly, through collective participation of commercial establishments and private volunteerism, diminishes energy consumption worldwide. It is also a program that teaches people globally to be aware of energy-saving practices.

WCCHC also organized relief operations, facilitating donations for the landslide calamity in Naga City, Cebu which happened in September of 2018.

Waterfront Airport Hotel & Casino (WAHC). One of the main CSR efforts of the year for WAHC was the outreach program supporting the Philippine Air



Force Headquarters, a noble salutation to the 560th Airbase Group and the CSR activity called “WAHCares: Project Water” in Coahagan Island which paved way to a more rational solution to save one of life’s basic necessity – water.

Every year, the hotel takes part in Earth Hour. Lights in large public areas are switched off. Instead of electric lights, candle centerpieces were used for lighting, and still as minimally as possible throughout the property. To heighten awareness of this cause, a thirty-minute educational video presentation was shown to explain the significance and impact of the campaign to all participating guests.

Waterfront Insular Hotel Davao (WIHD).

Waterfront Davao continued its breast cancer awareness advocacy through “Pink Matters”—a fundraising initiative and event series. ‘The Pink League’ dinner event on October 19, 2018 was a partnership with the Davao Occidental Tigers. The Tigers team donned ‘Real Men Wear Pink’ tees to pledge their support for the breast cancer movement. Proceeds garnered a total of Php47,900.

Childhood cancer treatment in Mindanao continues to be one of the region’s biggest health challenges being one of the most under-funded, with lower survival rates than the rest of the country due to the indigent state of most patients. However, statistics for survival among children with pediatric cancer have begun to improve in recent years, jumping from 10% to 50%. Better coordination among government agencies, charity groups and private organizations should be able to deliver even more promising results in the years to come.

The partnership between WIHD and the House of Hope Foundation for Kids with Cancer turned eleven (11) years old. Over the years, the Hotel has laid out initiatives for the benefit of the foundation, which helps children cope with the many difficulties of the disease, as well as provide survivor support. Proceeds from hotel offers and promotions have also been donated to the beneficiaries for their much needed treatment fund. In November, forty-five (45) beneficiaries of the House of Hope Foundation were

led to a joyful holiday experience, complete with arts and crafts and other entertaining activities. It has been a timeless tradition for the hotel to partner with the Davao Children’s Cancer Fund, Inc.. The proceeds this year amounted to PHP 55,600.

WIHD is the first hotel in the Philippines to achieve a breakthrough using solar energy. The hotel is lauded as the first in the country to utilize solar power in its water heating processes and to supplement its other energy needs. This vital program cuts our energy use and over time has generated tremendous savings both for the company and the environment.

Along with all other Waterfront properties, the hotel showed solidarity in its support for Earth Hour by conserving energy during the designated time. All lights in and around the property were dimmed during Earth Hour to participate in the global drive to conserve energy.

The hotel also partners with government agencies to continue on its coastal clean-up drive. Together with the Environmental Management Bureau XI (EMB) of the Department of Environment and Natural Resources (DENR), Brgy. Hizon and Brgy. Pampanga. It regularly implements a joint coastal clean up to preserve the surrounding marine environment.

The long-term objective of this project is to reduce the incidence of flooding in Davao and to preserve the environmental integrity of its coastal waters. Floods are responsible for sudden and extensive environmental, economic and public health emergencies. Pollution and environmental degradation contribute to the deterioration of health and living standards and destroy the ecological diversity of the area. WIHD believes in implementing regular cleanup and mangrove-planting measures to mitigate the effects of pollution and urbanization.

Waterfront supports environmental sustainability and invests in the Philippines’ present and future potential. We are fully committed to environmental and community causes, believing that successful business ownership entails a responsibility.

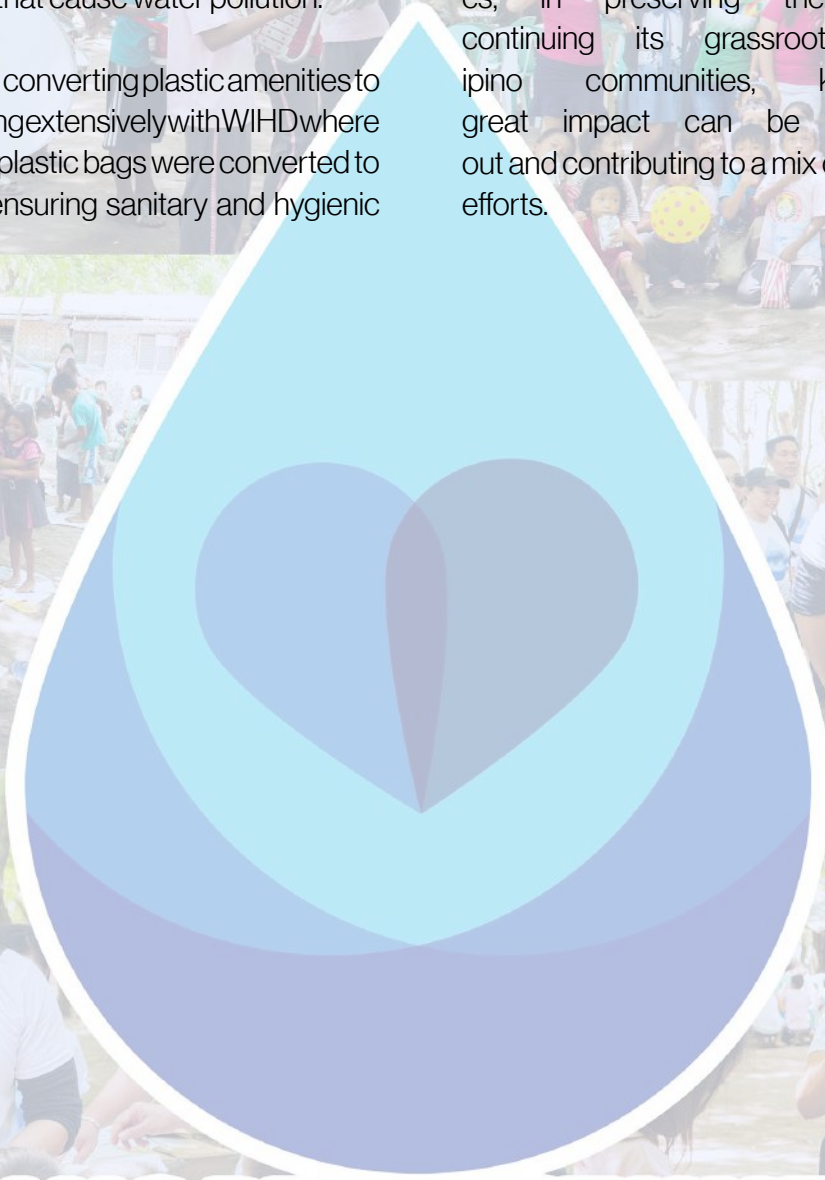


The hotels continues to leave subtle “Save the Environment” cards in all rooms. It is both an information drive to raise environmental awareness among guests, encouraging them to reuse towels and linen to limit water consumption and a program to limit the use of detergents that cause water pollution.

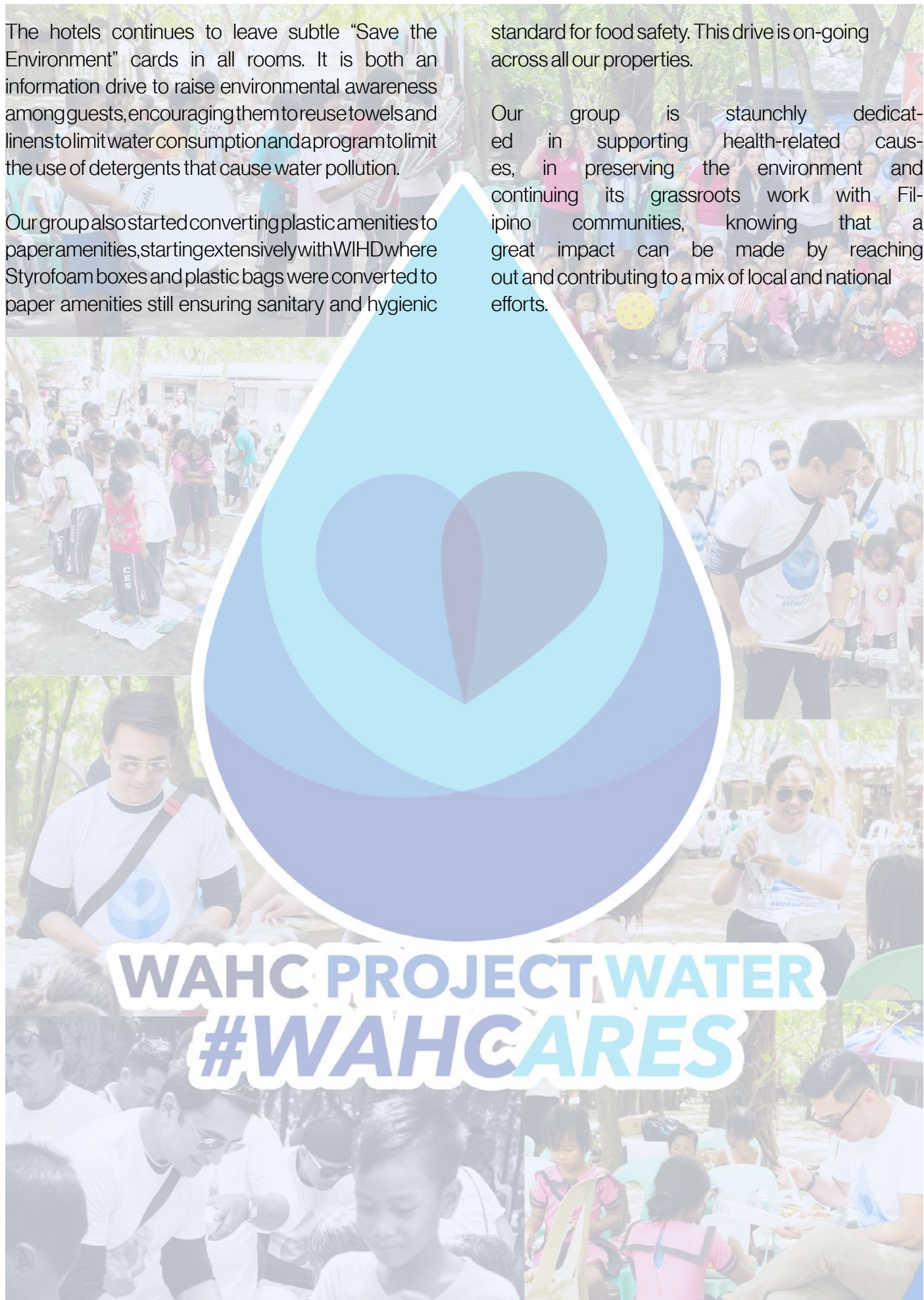
Our group also started converting plastic amenities to paper amenities, starting extensively with WIHD where Styrofoam boxes and plastic bags were converted to paper amenities still ensuring sanitary and hygienic

standard for food safety. This drive is on-going across all our properties.

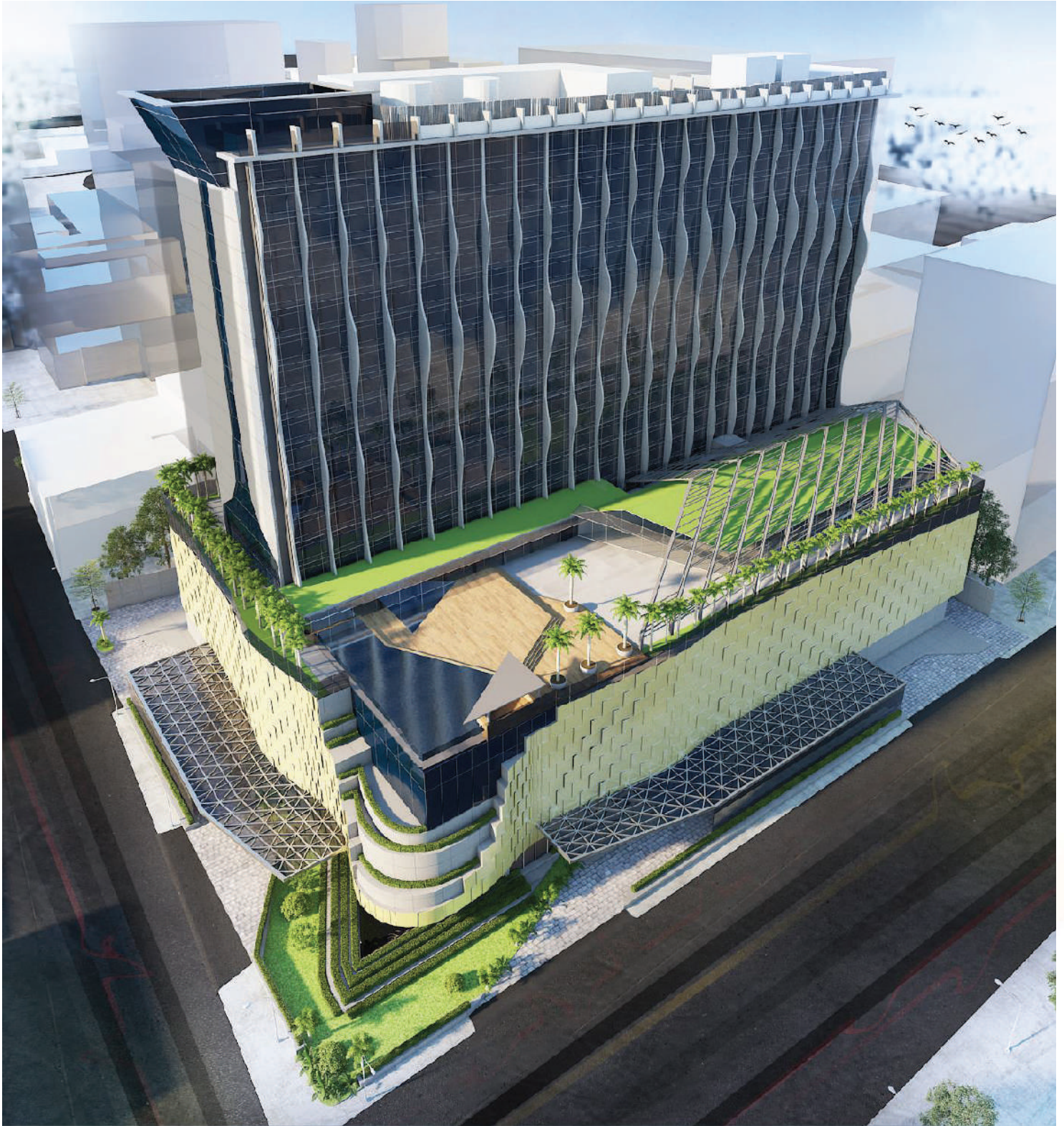
Our group is staunchly dedicated in supporting health-related causes, in preserving the environment and continuing its grassroots work with Filipino communities, knowing that a great impact can be made by reaching out and contributing to a mix of local and national efforts.



WAHC PROJECT WATER #WAHCARES



Waterfront Manila Hotel & Casino Architect's Perspectives



Waterfront Manila Hotel & Casino Architect's Perspectives



Lobby Reception



Lobby Lounge

Waterfront Manila Hotel & Casino Architect's Perspectives



Deluxe Twin



Deluxe King



Deluxe Premium King



Ambassador Suite King



Executive Suite



Presidential Suite



WATERFRONT
HOTELS & CASINOS